2024
Sustainability Report

China Mengniu Dairy Company Limited

GREEN



Stock Code: 2319





About This Report

Reporting Period

This report covers the period from 1 January 2024 to 31 December 2024, with some content and data going back to previous years as appropriate.

Organizational Coverage

Unless otherwise specified, the disclosure scope of this report is consistent with the scope of the 2024 annual report of China Mengniu Dairy Company Limited, including China Mengniu Dairy Company Limited and its subsidiaries.

References

This report was prepared in accordance with Appendix C2 *Environmental, Social and Governance Reporting Guide* ("ESG Reporting Guide") of The Stock Exchange of Hong Kong Limited ("HKEX") *Main Board Listing Rules* and with reference to the Global Reporting Initiative (GRI)'s *Sustainability Reporting Standards* ("GRI Standards"). This report responds to and adheres to following Report Principles:

Materiality: The report has identified key stakeholders and their sustainability topics in the preparation process and made targeted disclosures in this report according to the relative importance of their concerns.

Balance: This report objectively discloses both positive and negative information, ensuring that the content reflects our sustainable development performance within the given time frame without bias.

Quantitative: This report adopts quantitative information to disclose the key performance indicators ("KPI") in the environmental and social aspects. The measurement standards, methods, hypothesis and/or calculation tools, and the source of conversion coefficient used for the KPIs are explained in their respective paragraphs.

Consistency: The data disclosed in this report follows the same statistical method as previous years, and explanations have been made for individual changes to ensure the principle of consistency.

Abbreviations

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

Data Sources

All information and data quoted in this report are from official documents, statistical reports, and financial reports of the Group. The material in this report has been provided by Mengniu employees and partners, and is only used for the disclosure of Mengniu's sustainability management progress, not for commercial purposes.

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

Website: www.mengniu.com.cn

Investor relations website: www.mengniuir.com

Contents

- Message from the CEO 04
- Statement of the Board 05
- Corporate Profile 06
- Corporate Culture 07
- Mengniu GREEN Sustainable Development Strategy 08
- 2024 Performance Highlights 09

01 Governance-Sustainability

- Sustainable Development Governance 12
- Risk Management 15
- Business Ethics 17

02 Responsibility-Common Prosperity

- Exceptional Workplace 21
- Rural Revitalization 29
- Charity 32

03 Environment-Carbon Net-Zero

- Climate Action 38
- Sustainable Water Management 55
- Circular Economy 60
- Green Operation 65

04 Ecosystem-Collaborative & Accountable

- Sustainable Procurement 68
- Sustainable Agriculture 75
- Biodiversity Conservation 79

05 Nutrition-Supreme & Inclusive

- Nutrition and Health 82
- Excellent Quality 91
- Superior Services 97

Appendix

- Index of HKEX ESG Reporting Code 100
- Index of Global Reporting Initiative GRI Standards 106
- Mengniu Key Sustainability Performance Data 110



Message from the CEO

In 2024, the Chinese dairy industry was under severe challenges amidst a complex and ever-changing environment. However, the increasing awareness of green, low-carbon and nutritional health among consumers is also bringing new opportunities to the sector. China's determination to pursue a sustainable development path remains unwavering, and global sustainability efforts keep advancing. As a leader in China's dairy industry, Mengniu is steadily proceeding its "One Core, Two Wings" strategic layout, comprehensively improving quality and efficiency, and implementing sustainable development concepts across all dimensions of corporate governance and operational production. This positions Mengniu to lead the Chinese dairy industry into a new stage of development.



Consumer-Centric, Developing High-quality Health Products

Providing nutrition and promoting health for consumers is the lifeline of dairy enterprises. Mengniu, adhering to the core value that "Consumer First", continuously refines production processes and optimizes nutritional components through innovation-driven research and development. We integrate the concept of nutritional health into every step of the "from a blade of grass to a glass of milk" industrial chain . In recent years, we have strategically focused on the "greater health" sector, delving into advanced dairy processing, synthetic biology, and other technological breakthroughs. Significant progress has been made in key areas such as key materials, probiotics, sports nutrition, and specialised medical nutrition, accelerating the formation of new, high-quality production capabilities and striving to offer consumers more comprehensive and specialised nutritional solutions. Simultaneously, we are deepening the construction of a quality culture, leveraging digital intelligence technologies to continuously enhance quality control standards and improve lifecycle quality assurance. With a rigorous scientific approach and stricter standards, we are committed to delivering products of exceptional quality to consumers.

Guided by Long-termism, Creating Sustainable Shared Value

Actively undertaking social responsibility and giving back to consumers' trust is the foundation of Mengniu's business. In its history of 23 years, Mengniu has consistently carried out the "Inclusive Nutrition Plan", evolving from simple product donations to a comprehensive public welfare model encompassing "nutrition donations + education + environmental protection + food literacy". In addition to improving the nutritional status of children in underdeveloped regions, Mengniu also supports the balanced development of local education. On the industrial front, Mengniu has thoroughly implemented the "2025 Value Sharing" strategy for its ecosystem, promoting the skill enhancement of farmers and herders, as well as the integrated development of the industrial chain through technological empowerment, financial support, and benefit-sharing mechanisms. In 2024, the Mengniu Foundation efficiently and compliantly fulfilled its social responsibilities in the dairy industry and was recognised as a "4A-level charitable organisation". Moving forward, we will continue to adhere to long-termism, pooling every effort to drive the sustainable development of public welfare initiatives and create shared value for society.

With a Green and Low-carbon Blueprint, Co-building a Brighter Future for the Ecosystem

Harmonious coexistence with nature is the cornerstone of Mengniu's high-quality development. Anchored to the goals of "carbon peak by 2030 and carbon neutrality by 2050", Mengniu collaborates with upstream and downstream partners to jointly paint a green development blueprint. We have established 37 national-level green factories and the world's first dairy "Lighthouse Factory" . At the same time, we leverage our position as a "chain leader" to integrate critical issues such as forest conservation and circular economy into supply chain management. This enhances supply chain resilience and fosters a sustainable ecosystem. In 2024, Mengniu conducted its first assessment of the dependence and impact of each link in the upstream and downstream of the industrial chain on nature, further evaluating nature-related risks and opportunitiesin the industrial chain. We also facilitated China Modern Dairy's purchase of China's first "zero-deforestation" soybeans, contributing to reducing tropical rainforest deforestation risks. Additionally, Mengniu released its first "Green Packaging Value Report", working with packaging partners to promote the circular economy and drive green transformation.

"Promise a Healthier World" is Mengniu's sustainable development vision. The Company will continue to strive to innovate more product offerings, develop product categories, and create new consumption scenarios, providing consumers with a wider range of nutritious and healthy options, and driving the dairy industry's transition from "basic nutrition" to "greater health". Simultaneously, Mengniu is committed to enhancing its social and environmental value, working alongside partners in the industrial ecosystem to explore a sustainable development path that harmonizes green grow th with prosperity. By building a more dynamic, resilient, and efficient industrial chain, Mengniu aims to continuously advance the high-quality development of the global dairy industry.

Gao Fei
CEO and Executive Director

Statement of the Board

Mengniu recognises the importance of environmental, social and governance issues for the long-term and stable operation of the Group, highly values sustainability management, and has established an effective sustainable development governance mechanism. The Board of Directors has set up the Sustainability Committee as the highest decision-making body for the Group's sustainability work, to review the Group's sustainable development strategy, goals and risk management, review and monitor the progress of achieving sustainable development goals, and explore a new sustainability model combining sustainable development with the Group's business model. Under the leadership of the Sustainability Committee of the Board of Directors, the Sustainability Executive Committee, the Secretariat of the Sustainability Executive Committee, and the task force on key topics are responsible for the implementation of sustainable development matters.

Mengniu has established timely and transparent communication and response channels with stakeholders, actively paid attention to stakeholders' demands, regularly evaluated important topics, and formulated the Mengniu's "GREEN Sustainable Development Strategy" (the "GREEN strategy") and integrated the implementation of the implementation of the GREEN strategy into daily operations. The Sustainability Committee participates in the evaluation of the identification results of important topics, regularly reviews the GREEN Sustainable Development Strategy, and guides the undertaking of the GREEN strategy and the Group's overall strategy. This year, in response to the topic of sustainable water management, the Group set up a cross-departmental Working Group and regularly reported to the Sustainability Committee on the progress of its work, along with important issues such as green packaging, low-carbon development, and responsible sourcing.

Mengniu has set goals linked to its business during the implementation of the GREEN Strategy, and managed and tracked the progress on the implementation of the goals. The Sustainability Committee periodically monitors and reviews the achievement of relevant goals in the GREEN strategy.

Mengniu attaches great importance to the potential significant impacts that sustainable development risks and opportunities may have on the Group, continuously evaluates the possibility and extent of such risks and opportunities, and develops plans and measures to mitigate sustainable development risks associated with the business operations. The Board of Directors participates in the evaluation of sustainable development risks and opportunities, and oversees the effective operation of the Group's risk management and internal control systems.

This report discloses in detail the progress and effectiveness of Mengniu's sustainable development work in 2024, which has been reviewed and approved by the Board of Directors on 26 March 2025.



Corporate Profile

China Mengniu Dairy Company Limited (Stock Code: 2319) is a leading dairy company, ranking among the top ninth dairy companies in the world. Founded in 1999 in Hohhot, Inner Mongolia Autonomous Region, China, the Group was listed in Hong Kong in 2004 and was a constituent of the Hang Seng Index, Hang Seng China Enterprises Index, and Hang Seng Corporate Sustainability Index.

Mengniu focuses on providing nutritious, healthy and delicious dairy products to Chinese and global consumers, forming a diversified product matrix including liquid milk products, ice cream, milk formula, cheese and other categories. We have well-recognised brands such as Milk Deluxe, Just Yoghurt, Champion, Yoyi C, Shiny Meadow, Mood for Green, Reeborne, Bellamy's, Milkground, and M-ACTION. It has a leading market share in segments such as high-end pure milk, chilled yoghurt, high-end fresh milk, cheese and liquid protein. In addition to Mainland China, Mengniu products have also entered international markets in Southeast Asia, Oceania, etc. In 2024, Mengniu recorded revenue of RMB 88.67 billion throughout the year.

Mengniu has a total of 45 production bases in China and production bases in Indonesia, Australia, the Philippines and New Zealand, with a combined annual production capacity of 13.99 million tons. Mengniu has also made efforts to integrate high-quality resources and has made strategic investments in large dairy groups such as China Modern Dairy and China Shengmu, etc. Mengniu also actively deploys high-quality milk sources overseas, owning raw milk processor Burra Foods and organic infant food seller Bellamy's in Australia.

Mengniu has carried out strategic cooperation with many well-known scientific research institutions at home and abroad to jointly tackle key problems in forage planting, breeding and processing, basic dairy science, product innovation and other fields, and has made great progress in intelligent manufacturing, raw milk preservation, probiotics, quality control technology and other fields. The Group continuously improves its quality management system of the entire industry chain "from pasture to milk cup", covering breeding, processing, logistics and other links with digital and intelligent means, with full closure monitoring of production and dynamic inspection of the whole process, to ensure that every product is of excellent quality and superior quality.

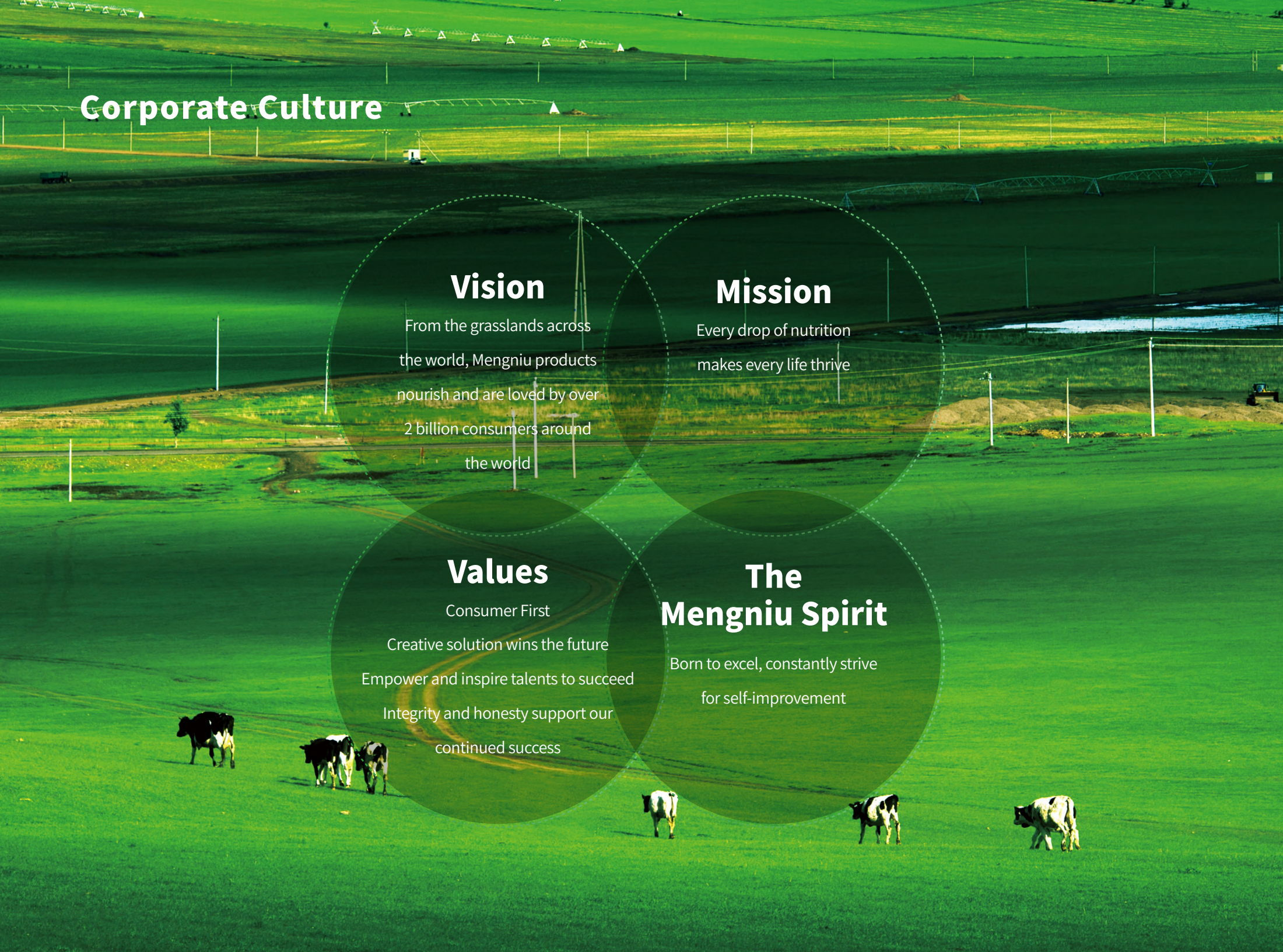
Mengniu's first-class quality and brand value are widely recognised at home and abroad. Mengniu is the global partner of Olympic, the official global sponsor of FIFA World Cup, the official partner of the Chinese Football Association China National Team, the strategic partner of China's aerospace industry, the official dairy partner of Shanghai Disney Resort, the official partner of Beijing Universal Resort.

Mengniu aligns with the United Nations Sustainable Development Goals (SDGs) , focusing on five directions: Governance-Sustainability, Responsibility-Common Prosperity, Environment-Carbon Net-Zero, Ecosystem-Collaborative & Accountable, and Nutrition-Supreme & Inclusive, to comprehensively promote GREEN Sustainable Development Strategy, to boost the revitalization of the dairy industry, to assist rural revitalization and realise common prosperity. Mengniu firstly releases industry-leading dual-carbon strategic goals of achieving carbon peak by 2030, carbon neutrality in the whole industry chain by 2050, actively helps the country achieve its dual-carbon goals, and promotes the sustainable development transformation of the upstream and downstream of the industrial chain.

During the 14th Five-Year Plan period, Mengniu, standing at a new stage of development and implementing new development concepts, 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, an international Mengniu, a Mengniu with strong sense of responsibility, a Mengniu with strong cultural gene, and a digitalised Mengniu and to continuously 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



Vision

From the grasslands across the world, Mengniu products nourish and are loved by over 2 billion consumers around the world

Mission

Every drop of nutrition makes every life thrive

Values

Consumer First

Creative solution wins the future

Empower and inspire talents to succeed

Integrity and honesty support our continued success

The Mengniu Spirit

Born to excel, constantly strive for self-improvement

Mengniu GREEN Sustainable Development Strategy

Mengniu has always taken "Promising a Healthier World" as its vision, and taken "More Nutritious Products, A Better Life, A More Sustainable Planet" as our core mission. Combining with its own business and deeply benchmarking against the sustainable development goals of the United Nations, Mengniu has formed the "GREEN Sustainable Development Strategy", which includes 5 pillars, subdivided into 16 topics and 21 key actions.

In 2024, in response to the Company's "One Core, Two Wings" strategic layout and to effectively address the evolving demands of rating agencies, investors, the supply chain, and consumers, Mengniu has iteratively upgraded its GREEN strategy by consolidating the 26 key actions into 21, further focusing on the priorities of sustainable development and enhancing management efficiency and execution effectiveness.

Meanwhile, all departments of the Group are collaborating efficiently. Guided by the 2023 to 2025 goals, we benchmark against international practices and continuously perform 21 key actions to ensure the full implementation of the GREEN strategy and promote in-depth integration of sustainable development principles into corporate operations.

Governance - Sustainability	Responsibility - Common Prosperity	Environment - Carbon Net-Zero	Ecosystem - Collaborative & Accountable	Nutrition - Supreme & Inclusive
Sustainable Development Governance	Exceptional Workplace	Climate Action	Sustainable Procurement	Nutrition and Health
Risk Management	Rural Revitalization	Sustainable Water Management	Sustainable Agriculture	Excellent Quality
Business Ethics	Charity	Circular Economy	Biodiversity Conservation	Superior Services
		Green Operation		



2024 Performance Highlights



ESG Rating

- MSCI ESG rating maintained **AA** level, leading Chinese dairy industry
- Hang Seng Corporate Sustainability Index rating reached **A+**
- S&P Global ESG scored at **60 points**
- CDP scores: **Climate Change B, Water Security B, Forests B**
- **Ranked first** among Asian companies in the FAIRR Protein Producer Index



Honors

- Awarded National Enterprise Management Modernization Innovation First-class Achievement
- Recognised as the Dairy Industry's First "Front Runner" Enterprise in Carbon Peak Achievement
- Selected by China Association for Public Companies as the "Sustainable Development Best Practice Case for Listed Companies in 2024"
- Successfully included in People's Daily Online Best Corporate Responsibility Fulfillment Cases in 2024
- Honored as an "Outstanding Aerospace Public Welfare Enterprise" at the 2024 Aerospace Public Welfare Ceremony
- Awarded "Outstanding Enterprise of the Year" at the 3rd CSO Forum and Sustainability
- Received the 2024 Sedex Reform Promotion Award
- Received the KPMG Sustainable Supply Chain Pioneer Award
- Mengniu Ningxia factory has been approved as the world's first "Lighthouse Factory" in the dairy industry and has been selected as one of the first batch of excellence-level intelligent factories by the Ministry of Industry and Information Technology
- Successfully granted approval for construction by the State Administration for Market Regulation as the only Enterprise-Backed National Key Laboratory
- Awarded the 2024 IAQ Quality Sustainability Award (QSA)
- Awarded the second prize of the National Science and Technology Progress Award for "Key Technological Innovation and Application of Excellent Lactic Acid Bacteria Germplasm Resource Mining and Industrialisation"
- "Prebiotic-Probiotic" research achievements won first prize in the Science and Technology Progress Award by the Chinese Institute of Food Science and Technology
- Awarded the "Green Logistics Innovation Leadership Case" by the China Federation of Logistics and Purchasing
- Won the Gold Award at the 2024 Asia International Organic Product Expo

Join the Global Initiatives

- Joined the United Nations Global Compact (UNGC)
- Joined Supplier Ethical Data Exchange (Sedex) platform, promoting sustainable supply chain development
- Joined the Pathways to Dairy Net-Zero (PDNZ) global climate initiative jointly launched by the Food and Agriculture Organisation of the United Nations (FAO), the International Dairy Federation (IDF) and the Global Dairy Platform (GDP)
- Joined the Roundtable on Sustainable Palm Oil (RSPO), committing to reducing the risk of deforestation on the value chain, and promoting the production, trade and consumption of sustainable palm oil
- Joined the Consumer Goods Forum (CGF) Golden Design Rules Acceleration Program to drive circular economy implementation

Hosted the Global Dairy Conference at the China International Import Expo, driving the transformation and upgrading of sustainable consumption in the dairy industry

Mengniu attended the China International Import Expo (CIIE) for the seventh time, joining global partners to explore pathways for sustainable development in the dairy industry. Together, they aim to drive the industry's green transformation and foster innovative collaborations, sharing a new future of high-quality development for China's dairy sector.



Participated in the COP16, sharing Mengniu's experience in biodiversity conservation

As the only Chinese dairy enterprise invited to the 16th Conference of the Parties (COP16) to the United Nations Convention on Biological Diversity, Mengniu officially launched the "Oasis Project," a biodiversity advocacy initiative. This project seeks to collaborate with consumers to achieve the shared vision of "a piece of oasis for everyone".



Collaborated with AWS to lead China's sustainable water management into a new chapter

Mengniu also signed a strategic memorandum of understanding with Alliance for Water Stewardship (AWS). The two parties will collaborate on AWS's sustainable water management certification, consumer awareness campaigns for sustainable water management, and the development of industry standards for sustainable water management in the dairy sector. This partnership aims to set a new benchmark for sustainable water management in China.



Governance-Sustainability

Mengniu is committed to building sustainable corporate governance. Under the pillar of "Sustainable Corporate Governance" in the GREEN strategy, we collaborate with various stakeholders to integrate sustainable development principles into every aspect of business decision-making and execution. Focusing on three key areas—sustainable development governance, risk management, and business ethics—we have established a comprehensive governance framework and efficient operational mechanisms for sustainable development. We identify and manage sustainability-related risks and adhering to high standards of business ethics, we actively and steadily advance the implementation of sustainable development initiatives.

SDGs We Focused in this Section:



Sustainable Development Governance

- **Optimized and consolidated 26 key actions into 21**, further focusing on sustainable development priorities to enhance management efficiency and execution effectiveness.
- **Established the Specialised Task Force on Key Sustainability Topics**, improving performance in key areas such as sustainable water management, responsible procurement, and green packaging.
- **Held 1 Sustainability Committee meeting and 2 Sustainability Executive Committee meetings** to discuss and make decisions on key sustainability topics.
- **Conducted the annual Sustainability Conference** to recognise and honor departments and project teams with outstanding performance in sustainability during 2024.
- Organised over **30** sustainability-themed meetings with sustainability-focused investors and rating agencies, along with more than **200** investor meetings and sell-side analyst meetings.
- Conducted a dual materiality assessment for sustainable development, resulting in a **materiality matrix for dual materiality sustainability development**.

Risk Management

- We annually generate a **risk list** to identify group-level major risks, covering prevention, control, and emergency response processes, ensuring clearly defined risk mitigation objectives.
- Optimize and revise **internal audit management systems** to continuously enhance the standardization of audit work and ensure the quality of internal audit and control processes.
- Implement a **risk management empowerment program** to improve overall employee awareness and preventive capabilities in risk management.

Business Ethics

- Established the **Corporate Governance by Law and Compliance Risk Management Committee**, responsible for formulating strategic plans, conducting research, and deploying initiatives to ensure legal compliance, as well as guiding, supervising, and evaluating the Group's legal system development and compliance risk management efforts.
- Established **a compliance officer team** covering all business lines, **empowering and training compliance officers** through the "Compliance Certification Plan".
- Implemented thoroughly the *Management Measures for Compliance Assessment, Evaluation and Commendation*, **linking compliance assessment results to executive performance evaluation**.
- Successfully passed the **annual review of ISO 37301 and GB/T 35770 compliance management system certification** by the China Quality Certification Centre and SGS, maintaining the validity of the certifications.
- Conducted **38** specialised inspections on business corruption risks, issued **67** rectification proposals, and improved **53** business processes, covering all subsidiaries and business operations across the Group.
- Provided compliance empowerment training for **board members, supervisors and senior executives, managerial staff, non-management employees and new hires,** focusing on key areas such as anti-corruption, anti-commercial bribery, integrity compliance, performance of duties by directors and supervisors, and environmental compliance.

Sustainable Development Governance

Mengniu strictly adheres to the laws and regulations in the place of its operation and the listing rules. In line with the Group's development, we continuously refine our sustainable development governance structure to support advancements in business management and pursue long-term commercial interests.

The Board of Directors (the "Board") of the Group is the highest governing body for the Company's overall development strategies and policies. It establishes performance and management objectives, evaluates business outcomes, and oversees the performance of the management team. To provide focused supervision and professional guidance in key areas, the Board has established five functional committees: the Audit Committee, Nomination Committee, Remuneration Committee, Strategy and Development Committee, and Sustainability Committee. These committees offer essential support to the Board within their respective areas of expertise.

1.1 Board Independence and Diversity

Mengniu's Board consists of 9 members, including 2 executive directors, 4 non-executive directors, and 3 independent non-executive directors. The Company provides support to ensure that independent directors can effectively perform their roles of independent oversight and inspection. Independent non-executive directors constitute one-third of the Board, playing a crucial balancing role in the decision-making process and offering independent and objective perspectives for the Board. The chairpersons and all members of the Group's Audit Committee and Remuneration Committee are independent non-executive directors, ensuring the independence and fairness of decision-making.

We recognise that having board members from diverse backgrounds, experiences, and professional fields brings broader perspectives and rich knowledge resources to the Company, facilitating more comprehensive and objective decision-making and planning for Mengniu's future development. To promote board diversity, Mengniu has established the *Board Diversity Policy*, guided by the principle of "merit-based personnel appointments". When nominating board candidates, we comprehensively consider a wide range of factors, including gender, age, cultural, education background, ethnicity, professional expertise, industry experience, management skills, knowledge level, and tenure. Among the current board members, there are 2 female directors, and the members possess expertise and experience in areas such as risk management, marketing, human resource management, financial management, investment, law, corporate governance, stakeholder relationship management, innovation mechanism evaluation, responsible economics, and sustainable development.

1.2 Sustainability Governance System

Leveraging a robust corporate sustainable development management system, Mengniu continuously advances the implementation of its sustainable development strategy through the collaborative efforts of the governance, management, and execution levels. This approach significantly enhances the Group's overall sustainability performance, creating long-term value for all stakeholders and fostering a harmonious coexistence of corporate long-term value and societal value.

Governance

Mengniu has set up the Sustainability Committee at the level of the Board, chaired by Non-executive Director Ms. Lillie Li Valeur, with other members including two executive directors, namely Mr. Gao Fei and Ms. Wang Yan, and independent non-executive director Mr. Li Micheal Hankin. The Sustainability Committee is responsible for assessing the Group's GREEN sustainable development strategy, objectives and risks, and reviewing sustainability-related disclosures.

Management

Mengniu has established the Sustainability Executive Committee in the management level, composed of core executives of the Group, which is mainly responsible for promoting the Group's sustainable development management and strategy, supervising the progress of the strategy implementation, and approving the annual action plan. Meanwhile, Mengniu set up the Secretariat of the Sustainability Executive Committee, which updates its management structure annually. The Secretariat includes representatives from key departments closely related to sustainability work, responsible for the overall planning, coordination, and implementation of sustainable development initiatives.

Execution

Mengniu's routine sustainability efforts are undertaken by its 24 sustainability-related departments and 48 sustainability officers and liaisons, who set corresponding goals and plans, and implement the Company's strategies. Additionally, Mengniu has established the Specialised Task Force on Key Sustainability Topics, to enhance performance in critical areas such as sustainable water management, responsible procurement, and green packaging.

We incorporate sustainability KPIs as a key performance and incentive mechanism for management. Aligning with business development priorities and sustainability goals, these KPIs are integrated into the annual performance agreements of the management team, covering critical areas such as nutritional product innovation, building eco-friendly model factories, reducing carbon footprints, and promoting responsible marketing. Tailored performance evaluation weights are assigned to senior executives based on their specific roles in advancing sustainability. Annually, the performance of the senior management team is comprehensively assessed, and sustainability KPIs are refined and upgraded based on evaluation results and the Company's actual development needs to incentivize management's continuous progress in sustainability. These KPIs are also embedded in the evaluation system for middle management, and sustainability performance is a key criterion for recognizing outstanding managers during annual awards ceremonies.

In 2024, Mengniu held 1 Sustainability Committee meeting and 2 Sustainability Executive Committee meetings to report progress on sustainability initiatives to the Board and senior executives of the Group, discussing and making decisions on key sustainability topics. In January 2025, the Group convened its annual Sustainability Conference to recognise departments and project teams with outstanding performance in sustainability during 2024. Additionally, the Group organised a call for best practices across the organization, forming a selection committee to evaluate and showcase these cases, culminating in the selection of the most valuable "Top 10 Sustainability Projects of 2024".

1.3 Gathering Consensus for Sustainable Development

In order to enhance the sustainable development awareness and capabilities of all staff, Mengniu integrated internal and external resources and actively carried out various sustainable development thematic co-creation, awareness publicity and training activities. We released the sustainability related training video on the "Worth-It" online platform, with around 14,000 participants by the end of 2024. Seven young employees of the Group participated in the "SDG Innovation Accelerator for Young Professionals" project organised by the United Nations Global Compact (UNGC), identifying business challenges related to the Sustainable Development Goals (SDGs) and designing innovative solutions.

Sustainability Enabling

In 2024, Mengniu organised a series of sustainability enablement activities for all employees, sharing insights on macro sustainability trends, industry-leading practices in key sustainability areas, and the Group's strategic plans, focus areas, and best practices in sustainability. These initiatives strengthened the Group's sustainability capabilities, fostered the integration of sustainability principles into business operations, and enhanced the overall competitiveness of the Group in sustainability.

1.4 Stakeholder Communication

We maintain communication with stakeholders to understand and address their concerns regarding Mengniu's business dynamics and operational performance. Based on Mengniu's business nature, industry development, and operational status, we have identified multiple stakeholders, including employees, consumers, shareholders and investors, government and regulatory bodies, suppliers, distributors, and communities.

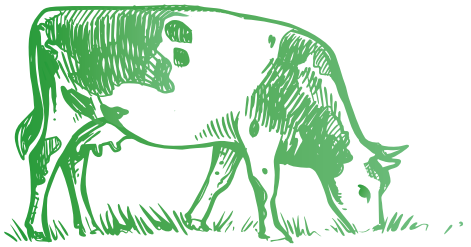
Mengniu adheres to relevant laws and regulations, regularly publishes reports, and ensures timely and compliant disclosure of significant developments within the Group to ensure full communication wit investors. In 2024, we actively communicated with the capital market through emails, conference calls, questionnaires, and face-to-face meetings. Throughout the year, we conducted over 200 investor meetings and sell-side analyst meetings, as well as more than 30 sustainability-themed meetings. These efforts effectively and comprehensively communicated Mengniu's achievements in high-quality development, business strategies, sustainability strategies, sustainability practices, and long-term value to the capital market.

Investors Visit Mengniu

Mengniu actively engages with stakeholders to enhance the transparency of its sustainability execution and disclosure. In 2024, Mengniu invited over 20 institutional investors and securities analysts to visit its Qujing Zero-Carbon Factory and participate in discussions. During this event, Mengniu's senior executives held in-depth exchanges with investors, placing high importance on stakeholders' suggestions for managing sustainability issues. They also shared the practical implementation of Mengniu's sustainability strategy across the entire industrial chain, such as achievements in smart manufacturing and green production initiatives, thereby increasing the capital market's understanding and recognition of Mengniu's sustainability practices.



Investor Tour at Mengniu Qujing Zero-Carbon Factory



1.5 Dual Materiality Assessment

In 2024, Mengniu conducted a dual materiality assessment for sustainable development. Through four steps—topics identification, research interviews, questionnaires, and validation—we analysed the impact of various sustainability issues on the Group's sustainable development and the level of stakeholder concern. After consolidation and prioritisation, we selected 21 strategic issues most conducive to achieving the Group's sustainability goals. These issues formed a sustainability dual materiality matrix, guiding targeted management and actions based on the matrix insights.

Topics Identification

Based on Mengniu's strategic priorities, industry characteristics, business focus and in alignment with relevant sustainability frameworks, exchange requirements, rating agencies concerns, domestic and foreign policies, we incorporated feedback form external stakeholders to determine the Group's material issues list.

Research Interviews

Through interviews with sustainability experts and relevant department heads, we gained in-depth insights into the key concerns of stakeholders.

Questionnaires

Separate questionnaires for assessing impact materiality and financial materiality were designed to conduct surveys tailored to different research categories.

Validation

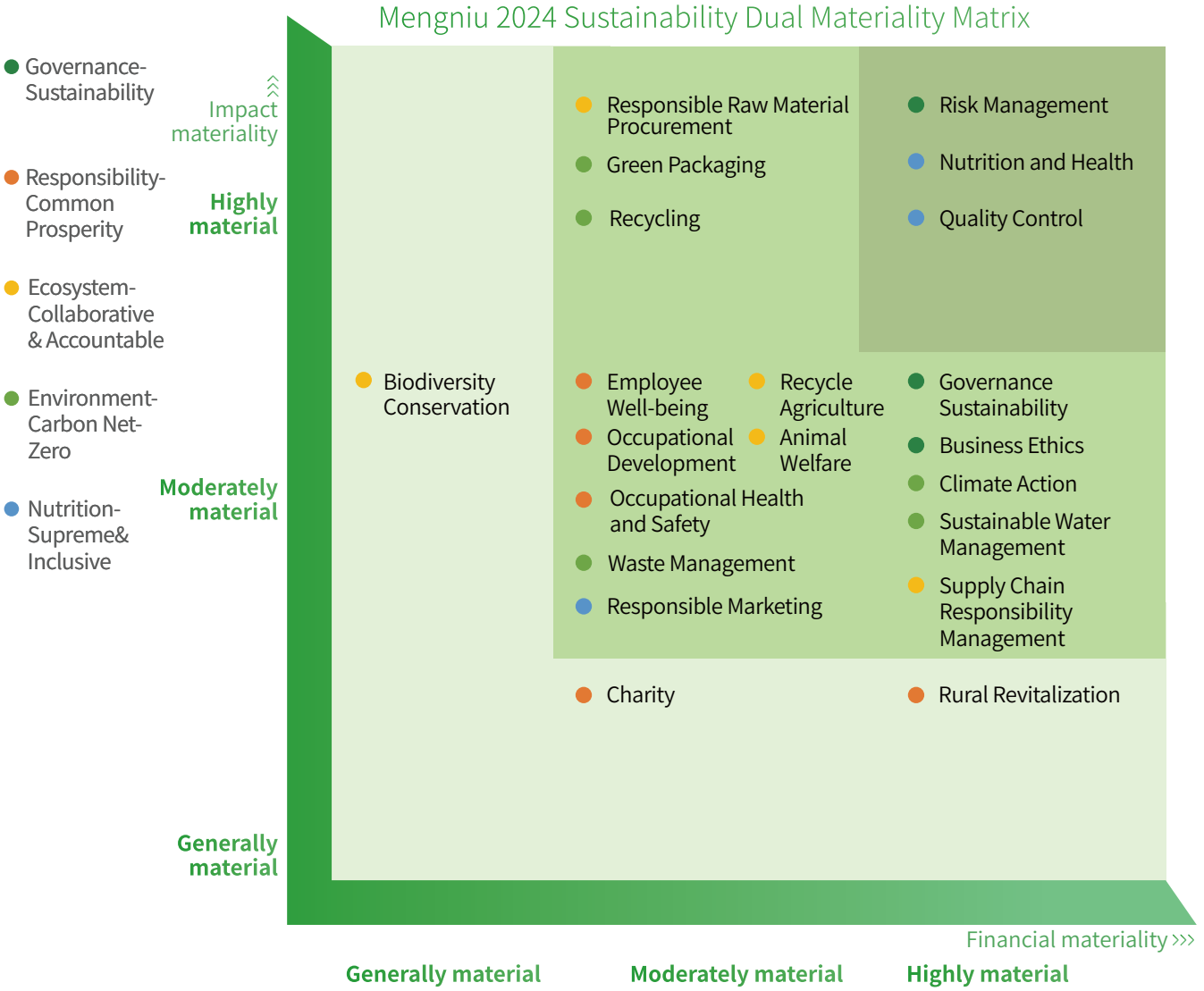
Mengniu Sustainability Committee along with experts' review, selected material topics most relevant to the Company.

Impact Materiality Assessment

Through stakeholder surveys, we evaluated the "degree of impact" of sustainability issues on stakeholders in environmental, social, and governance levels, collecting 1,993 valid responses.

Financial Materiality Assessment

We surveyed experts across eight categories, setting a financial materiality threshold based on Mengniu's operating profit margin. Considering the degree of impact of the issues and likelihood of occurrence, we assessed the risks and opportunities each issue posed to Mengniu's financial performance, collecting 40 valid responses.



Risk Management

Mengniu continuously improves its internal control and risk management , strictly adhering to laws and regulations related to its operations. We have established a risk management system that involves all employees, conducting risk identification and control in response to internal and external environmental changes. We update risk response strategies in a timely manner, assign responsibilities at all levels, and effectively prevents and controls risks.

2.1 Risk Management Framework

The Audit Committee of the Board oversees the overall risk management process. Adhering to the internationally recognised COSO [1] risk management framework, and according to the business needs of the Group, Mengniu has continuously consolidated the "three lines of defense" of risk management，and clarified hierarchy and division of risk management work. The Group has integrated and established the Corporate Governance by Law and Compliance Risk Management Committee as the highest authority for risk management, chaired by the president of the Group, with core executives and the Chief Compliance Officer serving as members. Major business risk events are incorporated into relevant management performance evaluations. Annually, we report the effectiveness of the risk management system and the control of significant risks to the Audit Committee of the Board.



*【1】COSO: Committee of Sponsoring Organisations of the Treadway Commission.

Mengniu continuously improves its end-to-end risk management cycle, encompassing "multi-dimensional risk identification, integrated risk assessment, collaborative risk response, consolidated supervision and inspection, and coordinated rectification and optimization." Risk management requirements are integrated into business management and decision-making processes. The Company has developed the *Group Risk Management Manual*, which controls risks through six major risk management processes: risk identification, risk assessment, risk response, risk monitoring, risk response evaluation, and risk reporting. It also strengthens the supervision, inspection, and evaluation of risk management and response measures. In 2024, the Company made targeted adjustments to the *Risk Management System*, optimizing risk management processes while retaining the five core processes. This integration of effect evaluation and internal evaluation has enhanced the coherence and efficiency of the evaluation system.

Mengniu adheres to conducting top-down risk assessment with full participation in the way of "business self-assessment identification, professional risk prediction, and overall evaluation by senior executives". Each unit organises its employees to identify risk points based on their respective business activities and internal control conditions. Through internal discussions and consolidated analysis, departmental risk points are formed, reviewed, and confirmed by business unit leaders at all levels to ensure the objectivity, accuracy, and focus of the Group's judgment on major risks.

Annually, we generate a risk inventory to predict group-level major risks, which is then reviewed and approved by the Corporate Governance by Law and Compliance Risk Management Committee. Our risk response strategies cover prevention, control, and emergency response processes, implemented throughout the pre-event, during-event, and post-event stages to ensure clearly defined risk mitigation objectives. Additionally, we comprehensively evaluate the effectiveness of risk response measures each year from three dimensions: self-assessment by project teams, feedback from service party, and professional reviews by the risk management department. This evaluation serves as a reliable basis for optimizing future risk management activities.

In terms of audit supervision, we adhere to the principles of "key control, important risks and effective coverage" , sort out key business areas and key management modules from three perspectives that are strategy, operation and support, and carry out supervision and inspection in an orderly manner to optimize audit resource allocation. We continuously strive to expand audit coverage, improve work quality, and enhance supervision effectiveness. Focusing on the sales domain, we strengthen foundational business management, refine internal control processes, and continuously solidify audit rectification efforts. By addressing the root causes of issues identified in audits and proposing improvement recommendations, we drive management enhancements and support the achievement of business objectives.

In 2024, we optimized and revised our internal audit management system, continuously enhancing the standardization of audit work. We established a unified audit guideline framework and integrated practical experiences from various audit departments and outstanding audit professionals to ensure the quality of internal audit and control efforts.

2.2 Risk Management Empowerment Training

Mengniu has launched a risk management empowerment program, covering all levels from board members to employees and from the Group to holding companies. The program aims to deepen the risk management culture and enhance employee's awareness and preventive capabilities in risk management. We engage in annual in-depth discussions with board members on the fundamental principles and policies of risk management, spread risk management concepts, and incorporate valuable feedback from directors. Simultaneously, we assess major risks and develop countermeasures.



Business Ethics

Mengniu understands that business ethics is the cornerstone of business stability. Upholding the core values of "Our integrity and honesty support our continued success", we strictly adhere to laws and regulations related to business ethics. We have established and strictly complied with compliance guidelines such as the *Integrity and Compliance Manual*, the *Corporate Governance Compliance Manual*, the *Compliance Manual on Duty Performance of Directors and Supervisors*, the *Environmental Protection Compliance Manual*, the *Anti-Commercial Bribery Compliance Manual*, the *Anti-Monopoly Compliance Manual*, the *Code of Conduct for Business Partner*, the *Compliance Manual for Business Partners*, the *Handbook of Compliance Guidelines for Personal Information Protection*, continuously update and refine internal management regulations such as the *Anti-Commercial Bribery Compliance Manual* and the *Anti-Monopoly Compliance Manual*, and have publicly released the *Anti-Commercial Bribery and Anti-Corruption Policy.* These measures standardise the behavior of Mengniu and its stakeholders, working together to build an honest, compliant and friendly business environment.

3.1 Business Ethics Management System

Mengniu has established the Corporate Governance by Law and Compliance Risk Management Committee, responsible for formulating strategic plans, conducting research, and deploying initiatives to ensure legal compliance, listening to the reports on the rule of law and compliance and risk control, guiding, supervising and evaluating the Group's rule of law and compliance and risk control management work, and leading the Accountability Office in handling penalties for major irregular operations and investments and responsible personnel. The Committee is chaired by the president of the Group, with core executives and the Chief Compliance Officer serving as members.

The Group has established a compliance officer team covering all business lines, totaling 283 members, and issued the *Measures for the Management of Compliance Commissioners*. Through the "Compliance Certification Plan", we empower and train compliance officers. Additionally, we have developed compliance-themed educational courses for newly promoted managers and continue to implement the *Management Measures for Compliance Assessment, Evaluation and Commendation*, linking compliance assessments to executive performance evaluations.

We have obtained ISO 37301 and GB/T 35770 compliance management system certifications issued by the China Quality Certification Centre and SGS. These certifications cover all compliance management activities related to the Group's operations, and we successfully passed the annual certification review, ensuring the continued validity of the certificates in 2024.

Holds **ISO 37301** and **GB/T35770** compliance management system certifications.

3.2 Anti-Corruption Management

Mengniu always adheres to the concept of legality, compliance, and ethical norms, and pursues a "zero tolerance" attitude toward any form of commercial bribery and corruption. The Audit Committee of Mengniu's Board of Directors oversees the Company's anti-commercial bribery and anti-corruption efforts. Upholding the principle of "Audit first, discipline inspection follows," we establish a two-level supervision system between the Group and the business department, strengthen the joint supervision by discipline inspection, auditing, finance, compliance, human resources, and other departments, and fully improve the working mechanisms for information communication, clues transfer, and results sharing, so as to form a joint supervisory force. Meanwhile, Mengniu has continually perfected the supervision system, strictly abiding by applicable laws and regulations, and revised and promulgated a number of management procedures. In 2024, Mengniu revised and improved the *Measures for Disciplinary Punishment of the Enterprise* , the *Measures for the Implementation of the Anti-corruption Agreement*, and the *Measures for the Management of Mengniu Dairy Gifts* , strengthened special supervision and inspection of business corruption risks, and created a market environment for fair competition.

Both the Group and the business department have set up investigation organs, which are respectively responsible for the supervision and prevention work of managers at different levels. In 2024, Mengniu focused on overseeing corruption risks among grassroots managers and key business areas, with a particular focus on materials procurement, labor outsourcing, and road transportation, and made recommendations for improvement. During the year, the special supervision and inspection of business corruption risks has been covered by the Group to all subsidiaries and all businesses, and a total of 38 special supervision sections have been carried out, 67 rectification suggestions have been put forward, and 53 business processes have been improved.

This year, we formulated the *Mengniu Dairy's Working Mechanism for Handling Cases of Duty Violations and Crimes* , which established a process for handling law-related cases headed by a company-level investigation team, achieved cross-departmental coordination and unified management, ensured smooth investigation, prosecution, and trial of cases, effectively safeguarded the Company's interests, and cracked down on criminal acts. We have joined the Trust and Integrity Enterprise Alliance [1] and have put on the "black list" those involved in illegal acts such as accepting bribes and embezzlement on their duties. We have strengthened the admonitory education on honesty internally, regularly reported typical cases, organised and convened admonitory education meetings, and held reminder talks on honesty to continuously enhance employees' awareness of honesty. In 2024, the Group had one concluded corruption litigation case in which the person involved was legally sentenced and the case did not have a significant impact on our business.

For more information and content on partner's anti-corruption management, please refer to the section headed "Sustainable Procurement" under "Ecosystem-Collaborative & Accountable" of this report.

38 special supervision sessions were carried out,
67 rectification suggestions were put forward and
53 business processes were improved.

* 【1】 Trust and Integrity Enterprise Alliance was jointly launched by a number of well-known enterprises to jointly combat corruption, fraud, counterfeiting, and information security crimes through Internet means, and to improve the anti-corruption governance standards of the alliance members.

3.3 Reporting and Compliant Management

We have formulated the *Management Regulations on Letters and Visits Reporting and Problem Clues Disposal*, and the *Approval Measures for Treatment and Punishment Procedures*, and revised the *Measures for Disciplinary Punishment of the Enterprise* this year to further standardise the management mechanism for reporting and complaints. The Group, the divisions and the sharing and holding companies have designated special personnel to accept and handle complaints and reports. The reporting information received by other departments and personnel shall be uniformly handled by the inspection department of the Group.

Business Ethics Reporting Channels

We attach great importance to the smooth internal and external information feedback mechanism, and strive to discover and eliminate improper behaviors related to the Company and employees, such as corruption, bribery, favoritism and malpractice etc., and protect the legitimate rights and interests of the Company, employees and third parties. We provide a smooth real-name and anonymous reporting mechanism, place a high value on the protection of the identity of those seeking help, and conduct timely investigations into clues, investigate and promptly address violations, if necessary, protect the rights and interests of the Company, employees and third parties through legal channels.

We provide an independent 24-hour reporting hotline, and publish ways of receiving complaints and reports through multiple channels, such as Mengniu's official website, WeChat official account, anti-corruption agreement signed with partners, irregular typical case reports, important festival node notices, customer mailboxes, customer service platforms, DingTalk work groups, integrity reminders, integrity training materials, integrity scoring schemes, publicity materials to encourage employees, business partners and the public to report violations of laws and regulations.

Through information sharing, publicity and notification, etc., we ensure that every Mengniu employee and partner is familiar with Mengniu's reporting and complaint channels. In response to the problems found in the reporting and complaints, the Group formulated measures in a timely manner to block the management loopholes.

Reporting hotline: **0471-7393612** Mailbox: **mnjw@mengniu.cn** Postal code:**011517**

Email address: **Room 311, Mengniu Dairy Milk Source Building, Helinger Shengle Economic Zone, Hohhot, Inner Mongolia**

Whistleblower Protection Mechanism

Mengniu strictly complies with laws and regulations, safeguarding the legitimate rights and interests of whistleblowers at every stage of information applications and reporting, and strives to provide protection and legal aid to whistleblowers. We have set up a "protection mechanism for whistleblowers" in our management measures such as the *Integrity Compliance Handbook* and the *Management Regulations on Letters and Visits Reporting and Problem Clues Disposal*, which strictly keep confidential the names, workplaces, home addresses, and other relevant information of the whistleblowers and the contents of the reports. The reporting materials are classified as confidential documents for management. No reporting material is allowed to be transferred to the reporting department or the person be reported, nor copy, reproduce, destroy or leakage of reporting materials is allowed.

Mengniu advocates for real-name reporting while also accepting anonymous reports, and strictly prohibits any department or individual from obstructing, interfering with the conduct of reporting, or withholding reporting materials. The Company will strictly deal with any act of cracking down on the whistleblowers in accordance with the system, and will legally transfer those suspected of criminal offenses to judicial authorities, so as to severely crack down on such acts and protect the safety and rights of the whistleblowers.



3.4 Business Ethics and Cultural Construction

The Group continues to strengthen business ethics and cultural construction. Through training and warning education, we enhance the integrity and compliance awareness of all staff, and create a clean and fair working atmosphere. We convey the key points of Group's compliance knowledge in a timely and efficient manner through WeChat public account, Ding Talk announcement, computer desktop, road flags and other ways.

Business Ethics Training

We are committed to raising the level of business ethics among all employees and helping the Group to further manage risks through enhanced daily training. Mengniu conducts multi-level, multi-field, and multi-form compliance training for directors, supervisors and senior management, managers, non-management employees, and new employees, covering key areas such as anti-corruption, anti-commercial bribery, integrity and compliance, performance of duties by directors and supervisors, and environmental protection compliance. Mengniu's business ethics training covers the Company and all employees, including all regular and part-time employees, as well as contractors.

In view of directors, supervisors and senior management, the Group carried out anti-corruption training such as China Mengniu Anti-Commercial Bribery and *Integrity Compliance Handbook*. In view of personnel in the key areas of anti-commercial bribery compliance management, we carry out special compliance empowerment to further enhance the consciousness of integrity and anti-corruption among employees at all levels and in all categories, and constantly strengthen the defense line of commercial ethics management.

We have strengthened the awareness of integrity among young employees, and carried out integrity education for Blue Sea project students, Qingma engineering students, Future Star management trainees, and newly recruited young cadres, so as to help young employees tie up the buttons of integrity. In addition, through the "Worth-It" online training platform, we have disseminated online courses such as *Basic Compliance Knowledge on Anti-Commercial Bribery* and *Integrity Compliance Handbook* to all employees.

Integrity Warning Education

Mengniu attaches high importance to integrity education, addressing issues at an early stage to prevent them from escalating. Mengniu has formulated the *Integrity Warning Education Work Plan* and the *Reminder Talk Work Plan* to promote that all employees and partners consistently adhere to the bottom line of integrity and self-discipline. In 2024, the Company held four group-wide integrity warning education meetings.

- Conducted **7** sessions of integrity education for middle and senior management and young managers, covering **270** participants.
- Conducted similar warning education of the same level for overseas business department personnel, covering **42** overseas managers and employees.
- Conducted pre-appointment integrity reminders to **5,601** newly recruited (promoted) employees, and a total of **207** integrity commitment letters were signed.
- Conducted integrity education for **3,726** family members of management personnel and **3,159** partners, effectively strengthening the integrity awareness of family members of management personnel and partners.
- For grassroots employees, the Group provided "warning and education at every meeting" and conducted **2,011** sessions of integrity warning and education through pre-shift meetings, work meetings, internal propaganda, covering all employees including all part-time and outsourced personnel.

Responsibility-Common Prosperity

Mengniu actively fulfil its corporate social responsibility, providing comprehensive support for employ health and development. Leveraging the advantages of the dairy industry chain, the Company contributes to rural revitalization and shoulders the era's responsibility of promoting common prosperity. Under the "Responsibility-Common Prosperity" pillar of its GREEN strategy, we focus on the three key topics of creating an exceptional workplace, advancing rural revitalization and engaging in charitable activities. By constantly improving employees well-being, driving the development of the industry chain, and carrying out public welfare initiatives, Mengniu is taking concrete actions to build a more prosperous future.

SDGs We Focused in this Section:



Exceptional Workplace

- Employed **41,058** employees, including **23,564** male employees and **17,494** female employees.
- The proportion of female executives has reached **25%** (Group assistant vice president and above).
- The employee training coverage reaches **100%**, with a total training duration of **3,654,162 hours**.
- **Employee Experience Handbook** was released to promote inclusive and diverse culture and help managers gain a deeper understanding of and meet employee needs.
- **100%** of Mengniu's self-operated factories have passed the certification of ISO 45001 Occupational Health and Safety Management System, **7** factories have passed the reassessment as a National Safety Culture Demonstration Enterprise.
- Mengniu continued to actively build a healthy workplace, with a cumulative total of **20** enterprises receiving provincial-level honors and **14** enterprises receiving municipal-level recognition.

Rural Revitalization

- Conducted **37 sessions** of technical enabling programs to enhance breeding techniques, benefiting over **4,000 individuals**.
- Collaborated with financial institutions, and cumulatively provided nearly **RMB 2.4 billion** in financial assistance to upstream partnered farms, injecting vital financial support into their development.
- Supported "Mengniu · Harvest Cup" Harmony Rural Basketball Tournament in Yinchuan, attracting **76** farmers basketball teams with **912** farmer athletes.
- Launched the "Nutrition for All Initiative", a milk donation program covering **19 provinces, 39 cities and 66 districts**, benefiting **118,243 individuals**.

Charity

- Youth football charity programs covered **32 provinces**, attracting **over 1,000** teenagers; Donated **11** football fields of different specifications to Rongjiang County, Guizhou, to promote the development of youth football.
- Participated in **over 10** emergency disaster relief donation activities, covering **10 districts and counties across 6 provinces, municipalities and autonomous regions,** benefiting approximately **1,2000 people.**
- The Mengniu Foundation donated a total of **RMB 53.4149 million** (including in-kind contributions).
- Recognised as an **Outstanding Aerospace Philanthropy Enterprise.**
- Mengniu received the **"2024 Social Responsibility Pioneer Award " and the "2024 Public Welfare Project Award" at the 14th Charity Festival**.
- Mengniu Foundation was rated as a **4A-level** charitable organization.



Exceptional Workplace

Mengniu always prioritises talent development as the cornerstone of its growth, and adheres to a "people-oriented" development philosophy. We foster a diverse, equitable, and inclusive workplace environment for all employees, continuously building a comprehensive compensation system that aligns with business goals. This includes offering competitive salaries, differentiated performance, diverse rewards, flexible benefits, and a fulfilling employee experience. By safeguarding employee rights and enhancing their sense of happiness and belonging, Mengniu strives to attract world-class talent in the dairy industry.

1.1 Employee Well-Being

Mengniu strictly adheres to laws and regulations, scientifically formulates internal management systems, and ensures rigorous control over every process—from recruitment and employment to safeguarding employee rights—to guarantee compliance and orderly operations. With a focus on its long-term development and the genuine needs of its employees, Mengniu demonstrates heartfelt care for employee health, safety, and well-being, creating a diverse, inclusive, equitable, and open workplace environment. The Company continuously promotes democratic management, fostering smooth and transparent communication channels for employees. Additionally, Mengniu provides ample opportunities for career growth, supporting employees in their professional development

1.1.1 Respect for Human Rights

Mengniu strictly complies with relevant laws and regulations, including the *Labor Contract Law of the People's Republic of China* and the *Labor Law of the People's Republic of China*. The Company has established internal management systems such as the *Labor Contract Management System* and the *Leave, Attendance, and Working Hours Management System* to effectively safeguard the legal rights and interests of its employees. Mengniu recognises and respects the fundamental principles outlined in the *International Bill of Human Rights*, the *ILO Declaration on Fundamental Principles and Rights at Work*, the *UN Global Compact Ten Principles*, and the *UN Guiding Principles on Business and Human Rights*. To implement these principles, the Company has developed management documents such as the *Employee Code of Conduct* and the *Employee Handbook*, executing human rights protection measures.

The Group explicitly forbids the recruitment of child labor and the use of forced labor, and prevents the occurrence of child labor employment at the source of recruitment through identity verification and other measures. If any issue of child labor is discovered, we will immediately assist in contacting the legal guardian for resolution. If any illegal employment practices are found, we will conduct thorough investigations and strictly handle them in accordance with laws and regulations as well as the Group's requirements.

We regularly identify potential human rights risks across our business operations, including risks related to forced labor, human trafficking, child labor, freedom of association, collective bargaining rights, equal pay for equal work, discrimination, and occupational health and safety. We conduct periodic assessments of human rights risks for employees at all stages of our operations and prioritise the identified risks. Timely and specialised rights protection plans are developed to mitigate significant human rights risks. In the event of incidents involving child labor, forced labor, occupational health hazards, or other violations of employee rights, the Group will intervene immediately, conduct thorough investigations, and handle the matters appropriately. We provide suitable and reasonable remedies for those affected and conduct reviews to analyse the causes and responses, reducing the likelihood of recurrence. This year, we conducted detailed reviews of our systems related to human rights, working conditions, employment risks, and labor contract compliance, and identified no potential human rights risks.

1.1.2 Employee Care

Mengniu prioritises the physical and mental well-being of its employees, continuously improving systems such as the *Employee Benefits Management System* and the *Leave, Attendance, and Working Hours Management System* . The Company ensures timely and full payment of statutory benefits, including social insurance and housing provident funds, and provides additional benefits such as bereavement condolences, meal allowances, communication subsidies, transportation allowances, and paid leave. In 2024, to further enhance the employee experience, Mengniu upgraded its "Mengniu Life Full Lifecycle Care Map" to create a better workplace environment and foster a warmer, more harmonious atmosphere for employees. We have developed a one-stop employee experience platform that covers the entire employee lifecycle, from onboarding to offboarding, enabling employees to conveniently access information and support. Additionally, we released the *Employee Experience Handbook*, offering comprehensive guidance to managers. This handbook promotes workplace equality and an inclusive, diverse culture, helping managers better understand and meet employee needs, so as to build a positive, dynamic, and vibrant workplace environment.

Mengniu is committed to conducting regular market salary surveys to assess the cost of living and the competitiveness of employee compensation. We strive to continuously provide a compensation system that is externally competitive and internally equitable for employees.



Mengniu 2024 Spring Festival Condolence Activity

Happiness 365 + Employee Care Work System

In 2024, we continued to deepen our "Happiness 365+" employee care initiative by formulating the *Mengniu Group Union Employee Care Work Guidance Plan*. This plan outlines specific care measures and standards, providing a structured framework for grassroots unions to carry out care activities in a standardised and consistent manner. We implemented targeted care measures for various employee groups, including female employees, young employees, overseas staff, key position holders, frontline workers, employees facing serious illnesses or difficulties, couples working in different locations, and those in extreme temperature environments. Additionally, we actively promoted six major happiness programs, such as the "Baby Care" and "Filial Piety" initiatives. During traditional festivals like the Spring Festival and Mid-Autumn Festival, we conducted inclusive care activities for all employees, benefiting over 200,000 employees throughout the year.

The Company places great emphasis on caring for female employees by providing exclusive monthly subsidies, Women's Day benefits, and various training and enhancement activities. We have thoughtfully developed the "Love Her" initiative, which focuses on four key areas: "Warming Her Heart, Uniting Her Strength, Unleashing Her Brilliance, and Protecting Her Rights." This initiative aims to empower women in the workplace and safeguard their rights. During the Employee Representative Assembly, we signed the *Special Collective Contract for the Protection of Female Employees' Rights*, highlighting the important role of female employees in building a harmonious society and promoting their development alongside the Company. Additionally, we collaborate with unions nationwide to conduct interviews, themed discussions, health lectures, and other activities tailored to female employees. These efforts help us better understand the needs of women in the workplace and enhance their sense of happiness and security.

Women's day activity

This year, under the theme "Resilient Roses, Her Power, Passionate and Radiant Brilliance," we meticulously planned a series of activities to celebrate International Women's Day, focusing on three dimensions: "Recognizing Her Power, Honoring Her Strength, and Listening to Her Voice." We also honored 20 "May Day Female Role Models" and 10 "May Day Female Role Model Teams," expressing Mengniu's respect for women in the workplace.



Mengiu Women's Day Activity themed "Resilient Roses, Her Power, Passionate and Radiant Brilliance"

In accordance with the law, we provide maternity leave and parental leave for employees, and encourage family members to accompany female employees during their maternity and breastfeeding leave periods. Additionally, we offer various benefits to support employees in balancing work and family life, including spousal living allowances for employee with relocation assignment or rotation, marriage leave, children's marriage leave, family visit leave, reunion leave for couples living apart, nursing leave for both single-child and non-single-child parents, and Children's Day leave.

We care deeply about the physical and mental well-being of working mothers, providing comprehensive support and protection for female employees throughout their pregnancy and postpartum periods. We have introduced "Mengniu babies" care service for working mothers, offering parenting tips delivery, maternity leave handbooks, reimbursement guides, psychological counseling courses, and baby-related benefits from the early stages of pregnancy. We also provide guidance on handling necessary documentation. In the workplace, we ensure nursing mothers have access to safe and private lactation rooms and sufficient breastfeeding time. Currently, we have established 56 "Mommy Rooms," with 4 recognised as municipal-level model sites and 8 awarded provincial-level model site titles. Additionally, we offer congratulatory bonuses to employees who have a second or third child and provide free milk power for newborns under one year old. We also purchase supplementary commercial insurance for eligible employees' children, offering extra protection and easing family pressures. In compliance with local laws and regulations, we provide maternity and parental leave, such as offering at least 10 cumulative days of parental leave for both female and male employees at the Helin office, as well as nursing leave for breastfeeding mothers.

"Doing Practical Things for Employees" Initiative

To better enhance employees' sense of happiness in their daily lives, we issued the *Notice on Carrying Out the "Doing Practical Things for Employees" Practical Initiative*, encouraging grassroots unions to implement at least one highly inclusive, employee-satisfying, and impactful project each year. In 2024, we completed over 160 practical initiatives for employees, fostering a culture of care and solidarity that inspires employees to strive forward.

Warm City Initiative

Mengniu has implemented the "Warm City Initiative" for frontline sales employees, delivering care through organised empowerment activities, special attention to employees living alone, and distributing exclusive care packages. In 2024, the initiative reached 11,000 participants, significantly enhancing the happiness and sense of belonging among frontline sales staff.

Warm Journey Initiative

In line with our business operations, we launched the "Warm Journey Initiative" to deepen collaboration and integration with partners across the dairy supply chain. This initiative focuses on caring for milk truck drivers during their journeys, effectively boosting their motivation and well-being. In 2024, we extended our care to over 500 milk truck drivers, warming their journeys with tangible actions.



Mengniu "Warm Journey Initiative" Milk Truck Drivers Care Event

1.1.3 Equality, Diversity and Inclusiveness

Mengniu is committed to fostering an inclusive and diverse workplace environment. We have updated the *Employee Handbook* to set higher standards for combating discrimination and harassment in the workplace. Discrimination or differential treatment based on ethnicity, religion, gender, age, nationality, genetics, disability, or any other factor is strictly prohibited, as is any form of harassment. We have established open feedback and complaint mechanisms to encourage employees to actively report incidents of discrimination or harassment. Upon receiving a complaint from any employee, we will assign relevant personnel to investigate, resolve the issue promptly, and provide feedback. Disciplinary action will be taken against those involved, depending on the severity of the incident. Additionally, the Group regularly conducts diversity and inclusion training for all employees, fostering a culture that values and embraces diversity and inclusion among all employees.

Mengniu actively promotes mutual understanding among employees of different nationalities and cultural backgrounds, building bridges for cross-cultural communication. At Mengniu's overseas factory in Indonesia, we fully respect the cultural and religious beliefs of local employees. The factory is equipped with dedicated prayer rooms, provides Ramadan allowances, and arranges prayer times for employees while ensuring smooth work operations.



Group photo of employees from Mengniu's factory in Indonesia

1.1.4 Democratic Management

Mengniu implements the Employee Representative Congress system in accordance with laws and regulations, fully respecting the central role of employees and enhancing their democratic awareness. We ensure that employees enjoy comprehensive rights to information, participation, expression, and oversight, fostering their enthusiasm, initiative, creativity, and autonomy. This approach drives the efficient and high-quality operation of the Company's democratic management system.

Mengniu 3rd meeting of the 7th session of Employee Representative Congress and Trade Union Representative Conference

In August 2024, we successfully convened the 3rd meeting of the 7th Session of Employee Representative Congress and Trade Union Representative Conference. The Group's management leaders and 359 official employee representatives from factories across the country attended the meeting. During the congress, five work reports and 11 employee-related policies were reviewed and approved. Prior to the meeting, a specialised collective wage negotiation session was held in accordance with the law, ensuring the legitimate rights and interests of both the Company and its employees are effectively protected.

During the congress, the Group President and the Union Chairman signed the *Special Collective Wage Agreement*, which covers wage levels, wage standards, overtime pay, and bonus distribution methods. This agreement provides strong legal protection for safeguarding employees' legitimate rights and promoting harmonious corporate development. In 2024, the collective agreement covered all Mengniu employees.

1.1.5 Employee Communication

Mengniu places great importance on communication and engagement with employees, striving to create smooth and transparent channels for communication and complaints. We have established multi-dimensional communication platforms, including employee proposals, thought surveys, executive face-to-face meetings, and employee mailboxes, encouraging employees to share suggestions and work-related feedback. We support employees in raising concerns about personal performance evaluation results, workplace misconduct, and other issues, with a well-defined investigation process to ensure prompt and effective resolution. In 2024, we successfully addressed 8 employee complaints.

Communication Channel

- Group HR hotline and mailbox
- Group trade union hotline and mailbox
- Group disciplinary committee hotline and mailbox
- Ideological survey
- Employee seminars
- Employee voice mailbox



Mengniu convened 3rd meeting of the 7th session of Employee Representative Congress

Employee Engagement Survey

Mengniu places a strong emphasis on employee job satisfaction and well-being, regularly conducting employee satisfaction surveys to identify needs and develop improvement plans.

Every month, Aice of Mengniu actively communicates with employee representatives on working environment, employee benefits, relationship between superior and subordinates through the staff exchange forum, to understand and meet employees' needs in time and efficiently, which significantly reduces the employee turnover rate. In 2024, Aice achieved a Net Promoter Score (NPS) of 91.6%.

Milkground, another subsidiary of Mengniu, conducts annual employee satisfaction surveys covering all staff. The surveys assess areas such as organisational innovation, management efficiency, cultural development, and employee care. Based on the survey results, Milkground develops satisfaction improvement plans and accountability systems, regularly tracking progress in satisfaction improvement to continuously enhance employee engagement and morale.

1.2 Occupational Development

Mengniu is committed to building a diversified development platform for employees by improving career growth pathways and enhancing training systems, creating a comprehensive talent development framework. In 2024, we upgraded the Mengniu BLOOM talent philosophy, deepened the cadre management system, and continuously optimized the talent development framework. We advanced talent rotation programs, strengthened the performance management cycle, and accelerated all-round, multi-dimensional talent development. By integrating leadership, professional, and general competency training programs, we accelerated talent cultivation and deployment. Additionally, Mengniu actively collaborates with universities and industry partners to create diverse learning platforms, meeting employees' varied learning needs and driving their career growth and professional skill enhancement. Together, we grow and develop with our employees.

1.2.1 Talent Cultivation

To build Mengniu's competitive advantage in talent, the Group has systematically enhanced its talent development initiatives, implementing a comprehensive, career-long talent cultivation strategy. We continue to focus on the integrated development of leadership, professional, and general competencies, with special attention to trainings for new hires. This year, we fully upgraded our online learning platform, driving the digital transformation of talent development. Additionally, we collaborated with industry partners to jointly promote the cultivation and growth of industry talent.

Leadership Talent Development	Leadership talent development aims to cultivate leading management talents. It focuses on creating a Blue Ocean Program for succession candidates, establishing a full-cycle talent development system through precise selection, accelerated trainings, and process evaluation. Diverse initiatives are implemented to accelerate talent growth, enhance understanding of the entire value chain, and develop versatile management professionals. The program also strengthens managers' compliance, public opinion control, and integrity awareness, fostering a culture of ethical leadership and significantly improving the readiness of the core management succession pipeline. In 2024, a total of 235 core management reserve talents were cultivated.
Professional Competency Development	Professional competency development leverages two learning centers, Huqitu and Huxiuqi, to empower core high-caliber professionals in sales, marketing, and supply chain. It establishes a comprehensive professional sequence and continuously builds a curriculum system to drive internal talent growth. In 2024, based on sales practices and marketing expertise, sales and marketing experts developed 54 professional courses, covering the full-cycle learning needs of key marketing roles and benefiting over 2,000 professionals. The Huxiuqi Learning Center targets plant managers, quality, equipment, safety, and environmental management personnel, as well as core business leaders across multiple domains. It focuses on cutting-edge topics such as quality cost, Quality 4.0, and low-carbon environmental protection, aligning with industry trends and corporate strategies. Over the past three years, the center has accumulated over 1,000 courses and trained more than 600 internal trainers. It has conducted over 70 specialised empowerment activities, benefiting 43,000 participants.
General Skills Trainings	General skills trainings focus on the foundational competencies required for Mengniu employees. Six core capabilities were defined based on their professional scenarios. In 2024, 218 internal trainers were certified, and 10 online-enabling courses were developed, covering 100% of employees. Additionally, by establishing an internal trainer platform, a total of 3,450 internal trainers were cultivated, and 2,441 high-quality courses were refined. This initiative has facilitated the continuous accumulation of Mengniu's knowledge assets and talent development, fully meeting the teaching needs of key talent programs and extending empowerment across all business aspects.
New Employee Trainings	Through a blended form combining online and offline all-round enabling methods, the online learning map achieved 100% coverage for employees at level seven and above. Offline training camps are set up with courses such as on-site visits and sharing by "Mengniu experts" to enhance employees' experience and sense of belonging. In 2024, trainings reached over 2,100 employees.
Digital Empowerment Online Trainings	Taking digital technology as a core driver, Mengniu comprehensively advanced the digital transformation of talent development. Prompt word engineers trained nearly 500 employees and cultivated a talent team capable of harnessing AI through innovation competitions. Currently, nearly 3,000 intelligences have been constructed by employees and have been used more than 500,000 times, thus successfully establishing a work atmosphere that embraces AI. The "Worth-It" online learning platform has propelled a full-scale digital layout in value delivery, operational methods, organisational mechanisms, and talent cultivation, strongly supporting the construction of Mengniu's strategic talent pool. In 2024, the "Worth-It" platform underwent a comprehensive upgrade, with annual active users reaching 38,596 and an average completion of 82.8 learning hours per user. Leveraging virtual classrooms, the "Worth-It" platform successfully hosted 626 live training sessions, effectively overcoming the challenges of offline centralised trainings and ensuring the continuity and effectiveness of training empowerment.

1.2.2 Occupational Development

Mengniu adheres to the principle of "fairness and integrity, with virtue as the priority," and implements a talent selection philosophy centered on "upright character, a thirst for knowledge and innovation, and a collaborative mindset." We provide growth opportunities for outstanding talents. Our promotion model, which combines a "points-based system with rigorous review", ensures scientific and meticulous processes. By handling the entire process online and maintaining data records, we achieve flexibility and transparency in promotions. Additionally, we have optimized the promotion mechanism for overseas talents, specifically increasing promotion opportunities for frontline employees and international staff to support the Group's strategic goals.

In 2024, we further refined our cadre management system, selecting and appointing competent leaders for key positions. We continue to build a robust talent development framework, solidifying the "Thousand Talents Plan" and comprehensively developing six talent teams: leading management talents, top-tier marketing talents, pioneering supply chain talents, outstanding young talents, strategic international talents, and breakthrough innovative talents.

In 2024, we remained committed to the principle of gender equality, ensuring that the promotion gap between male and female employees remained minimal. At the same time, we focused on the growth of young talents, prioritising promotion opportunities for them and actively selecting outstanding young professionals to enhance the quality and reserve of young cadres. In key functional areas such as marketing, R&D, digitalization, and strategic management, the promotion rates for young talents and cadres exceeded the Group's average promotion rate. Throughout 2024, we continued to advance our talent rotation and development program. By designing cross-functional career development paths and activating internal talent pools, we facilitated internal talent mobility, creating a multi-dimensional employee growth ecosystem. This approach accelerated the cultivation of versatile talents and provided employees with more open and diverse career development support.



Mengniu Launches "Future Star" Training Activity

Mengniu has established a comprehensive performance evaluation system that aligns with corporate strategy, departmental planning, collaborative projects, and role responsibilities. The Group's overall objectives are cascaded down to every employee, with regular assessments, feedback, and reviews conducted to ensure synergy between organizational and individual performance. We place great emphasis on employee performance assessment feedback, engaging in timely communication with employees regarding their performance to help them develop personalised career plans and tailored pathways for skill enhancement. We implement a multi-dimensional 360-degree evaluation process, covering three key areas: leadership, values, and collaboration , which aims to provide objective assessments and open feedback, enabling individuals to unlock their potential and gain a holistic understanding of their strengths and areas for improvement. Based on the 360-degree evaluation reports, managers and the HR department jointly offer coaching and feedback, clarifying personal development goals and creating customized improvement plans. This structured approach systematically supports employees' professional growth.

We have systematically built a talent development responsibility framework for managers, consistently promoting the philosophy that "managers are the primary responsible persons for talent development." By establishing talent development performance indicators for managers, we ensure that every leader actively participates, collectively supporting the professional growth of every Mengniu employee.

For fresh graduates, we launched the Mengniu "Future Star" program, selecting and nurturing talents with international perspectives, exceptional learning abilities, and professional expertise. This initiative enhances young talents' leadership, communication, and execution skills, strengthening Mengniu's strategic reserve of young professionals. In 2024, among the "Future Star" members who participated in the management trainee program, 140 individuals were successfully promoted, achieving a promotion rate of over 80%.

1.2.3 Talent Motivation

Adhering to the management concept of "creating value wholeheartedly, evaluating value scientifically, sharing value reasonably", and on top of offering competitive compensation for all employees, Mengniu has established an incentive mechanism guided by strategic positioning and driven by value contribution. Through diversified incentive methods, including short-term rewards, long-term incentives, and non-monetary recognition, we effectively inspire greater vitality, unlock greater value, and share developmental achievements with our employees.

1.3 Occupational Health and Safety

Mengniu strictly complies with occupational health and safety-related laws and regulations, establishing a comprehensive occupational health and safety management system. Following international standards such as the ISO 45001 Occupational Health and Safety Management System and the *International Labour Organisation (ILO) Core Conventions*, we rigorously implement the requirements outlined in the *Mengniu Group 2023-2025 EHS*[1] *Three-Year Plan and the Work Report on Safety Production and Occupational Health*, comprehensively advancing safety production and occupational health protection to ensure low risks in occupational health and safety.

Mengniu has established a robust safety production governance framework, forming a Safety Production Committee chaired by the President and co-chaired by relevant Vice Presidents, with the primary leaders of functional management departments and business units serving as committee members. To ensure the implementation of occupational health and safety responsibilities at all levels, we have appointed full-time and part-time management personnel in the safety management departments at the group, business unit, and factory levels. In 2024, we optimized the organisational structure, empowering the Safety and Environmental Protection Office of legal entity factories to drive and execute safety, environmental protection, low-carbon initiatives, and occupational health management across all factories within complex facilities. This ensures the effective implementation of measures and effectively enhances the management efficiency and service effectiveness of functional organisations. Additionally, we have developed and continuously improved occupational health and safety performance indicators, integrating action plans with quantifiable goals to provide clear objectives and management guidance for the Group's safety production efforts.

This year, all of Mengniu's self-operated factories [2] achieved a 100% certification rate under the ISO 45001 Occupational Health and Safety Management System. Seven factories of Mengniu have been re-recognised as National Exemplary Enterprises for Safety Culture Development.

1.3.1 Safety Risk Control

Mengniu always prioritises safety risk prevention and control, and has implemented multiple measures to continuously enhance the Group's safety management compliance system. We have established a three-tiered safety management framework at the group, business unit, and factory levels. Through a vertical management model, we efficiently drive the implementation and execution of safety risk control measures.

Mengniu adheres to the bottom line of risk prevention, and focuses on the control of three high-risk areas: liquid ammonia, fire hazards, and confined spaces. We implement multiple measures to ensure compliance in high-risk operations, mechanical injuries, and in-plant traffic management. Building on the foundation of "safety production standardization," we strengthen the safety management system and enhance its foundational capabilities. Through "safety production informatization," we improve the quality of system operations, enabling safety early warnings and scientific decision-making. Guided by "safety culture development," we foster a strong safety culture, deepen safety management principles, and ensure stable safety environment.

Based on the dual prevention mechanism, we have established a five-level inspection model for identifying and addressing potential hazards. Through external inspections, group-level inspections, business unit inspections, daily assessment checks, and daily position checks, we implement a risk control strategy that combines regular, specialised, and external safety expert support. This approach comprehensively covers all positions, work sites, and production activities, achieving graded risk management. Leveraging a robust hazard identification mechanism, we encourage factories to independently conduct risk inspections and reporting, ensuring timely detection, rectification, and reward or penalty measures. Additionally, for potential safety production risks, the headquarters centrally manages the reporting of near-miss incidents, conducts in-depth analysis of their causes, and implements preventive measures to prevent production safety accidents at their source.

All Mengniu factories have established comprehensive emergency response plans for production safety incidents and formulated annual emergency drill plans. In 2024, various units conducted multiple emergency drills, including scenarios such as fires, liquid ammonia leaks, and mechanical injuries, effectively enhancing the emergency response capabilities of all employees.

1.3.2 Wellness Management

Mengniu prioritises the health and safety of its employees, strictly adhering to national laws and regulations to advance occupational health management. We also provide convenient health testing services for employees, offering real-time monitoring of physical conditions, personalised health recommendations, and preventive measures to safeguard their physical and mental well-being. In pilot factories, we have established "Health Stations," divided into six areas: health exercise, physical examinations, empowerment, consultation, medication, and sleep, fully addressing employees' occupational health needs. Additionally, we are gradually implementing an enterprise-assisted management model for chronic diseases, helping employees correct unhealthy behaviors, promptly identify and intervene in health issues, and enhance their health awareness and self-management capabilities.

In 2024, Mengniu continued to actively build a healthy enterprise, with four of its subsidiaries receiving provincial-level honors and eight units earning municipal-level recognition. As of 2024, a total of 20 units have been awarded provincial honors and 14 have received municipal honors nationwide. Additionally, six enterprise cases were selected as outstanding examples in the national health enterprise construction initiative, showcasing Mengniu's exceptional performance in employee health management.

As of 2024, **20** subsidiaries of Mengniu received the provincial-level "Healthy Enterprise" honor, and **14** awarded municipal-level honor. Additionally, **6** of its enterprise cases have been selected as outstanding examples in the national health enterprise construction initiative.

* 【1】 EHS refers to environment, health and safety

* 【2】 Including all self-operated factories of Mengniu Group, spanning categories such as ambient-temperature products, low-temperature products, ice cream, fresh milk, cheese, and milk powder.

1.3.3 Occupational Health and Safety Culture Development

Mengniu, based on its business characteristics and operational needs, and in compliance with relevant laws and regulations, has developed a series of training courses on safety production and occupational health for professionals at all levels, aiming to enhance the safety awareness and professional capabilities of relevant management personnel. In 2024, we created 11 occupational health and safety management courses and organised three in-person training sessions for key groups, with a total of over 1,400 participants completing the trainings. Through diverse, multi-level, and comprehensive promotion of safety production and occupational health management concepts, the Group focuses on grassroots operations and acts as an "booster." This initiative cultivates environmental and safety professionals who are capable of responding effectively and taking decisive action at any time, thereby solidifying the foundation of safety.

We actively organise a variety of health and safety cultural activities, including the "Safety Production Month," "119 Fire Safety Day," "Ankang Cup" competition, "Occupational Disease Prevention and Control Law" awareness week, and "Mengniu Health Year" themed events. Through these diverse activities, we aim to enhance employees' awareness and capabilities in safety.

"Mengniu Health Year" initiative

Mengniu has launched the "Mengniu Health Year" initiative, offering a variety of health-related services throughout the year, including diverse health lectures, medical check-up appointments, and report interpretation. This integrated program provides employees with a one-stop experience for commercial insurance policy inquiries, claims, and value-added services. We have also organised health-themed exchange events, offering on-site workplace therapy and traditional Chinese medicine consultations. By monitoring multiple dimensions such as employee participation rates in health check-ups, disease incidence rates, health topic click-through rates, and employee satisfaction, we deliver comprehensive and multi-faceted health guidance. This initiative aims to enhance employees' overall health and quality of life.



Mengniu Organises "Law on Prevention and Control of Occupational Diseases" Popularization Week



Mengniu Organises "Ankang Cup" competition



Mengniu Participates in Fire Safety Publicity Month and Micro Fire Station Martial Arts Competition



Mengniu Factory Conducts Safety Oath-taking Activity During the Safety Production Month

Occupational Health and Safety Trainings in 2024

Regulation Trainings	Interpreting and publicizing safety production policies, occupational health-related regulations, and guidelines for healthy enterprises building standards, for EHS supervisors and dedicated managers.
Management Trainings	Enabling contractors management and competency enhancement validation, attempted incidents control and prevention, process hazard analysis, occupational health and safety management system internal audit and management review implementation, environmental factors identification of hazardous sources, and risks and opportunities evaluation.
Technology Trainings	Focusing on difficulties, pain points and control methods of three types of major risks, namely liquid ammonia, fire and limited space, electrical safety accident analysis and emergency response, the key points of healthy enterprise building and excellent case sharing.
Practice Trainings	Learning the technical points of safety management of common hazardous chemicals, hazards and control of physical and chemical factors.

Rural Revitalization

Mengniu has established a comprehensive rural revitalization framework encompassing industrial revitalization, cultural revitalization, inclusive nutrition, and party-building collaboration, driving rural economic and social development. By creating a full industry chain from "a blade of grass to a glass of milk," we have built a closely-knit benefit-sharing mechanism with farmers and herders, helping them increase their income and achieve wealth growth. Meanwhile, we have been providing nutritional support for a long time to economically underdeveloped regions, improving national nutrition and health standards.

2.1 Industrial Revitalization

Mengniu is actively advancing the implementation of its "2025 Value Sharing" strategy for the dairy ecosystem, deeply rooting itself in agriculture and animal husbandry, and earnestly addressing the interests of farmers and herders. By leveraging technology to enhance the professional skills of farmers and herders, collaborating with financial institutions to resolve funding challenges, and strengthening the connection of interests with upstream and downstream farmers and herders, Mengniu promotes the integrated development of the primary, secondary, and tertiary industries. This approach increases the participation and benefits of farmers and herders within the industrial chain.



"Golden Key" Dairy Cow Demonstration Event by Mengniu

Technology Empowerment

Mengniu is committed to driving technological advancements across the entire dairy industry chain and enhancing management efficiency together with its farm partners. By integrating expert resources from the National Dairy Industry Technology System, China Agricultural University, and other institutions, Mengniu conducts activities such as the "Golden Key" Dairy Cow Demonstration, Advanced Trainings for "Farm Successors", and Modern Online Training Sessions, guiding farms toward scientific breeding and efficient management.

During the reporting period, the Group promoted the newly revised and released the *Mengniu Milk Source Division Farm SOP Upgrade Guidance Manual* (refer to the section headed "Sustainable Agriculture" under "Ecosystem-Collaborative & Accountable" of this report) to its partnered farms, providing guidance on the application of SOPs and significantly improving the management standards of these farms. In 2024, Mengniu provided comprehensive technical empowerment to farms, organizing five "Golden Key" Dairy Cow Demonstration Events, two Advanced Training Sessions for "Farm Successors," and a total of 37 technical-enabled sessions aimed at enhancing breeding techniques. These initiatives benefited over 4,000 individuals.

Funding Assistance

To address the financing needs of upstream farms, Mengniu leverages its industry chain advantages to coordinate internal and external financial resources. By collaborating with financial institutions such as Niuxiangrong Financing Guarantee, Mengyuan Commercial Factoring, Bank of China, Agricultural Bank of China, and China Zheshang Bank, Mengniu implements financial relief policies including "extended deadlines, reduced interest rates, and increased credit lines", and has continued to provide financial support to the upstream co-operative farms. In 2024, Mengniu provided nearly RMB2.4 billion in financial support to its upstream partnered farms. This funding meets various financial needs of farmers and herders, such as purchasing equipment, breeding high-quality livestock, acquiring feed, building digital and intelligent farms, and facilitating transformation and upgrades. These efforts inject financial "liquidity" into farms development.

In 2024, Mengniu provided nearly **RMB 2.4 billion** in financial support to its upstream partnered farms.

2.2 Cultural Revitalization

Mengniu remains committed to its original aspiration of "strengthening the dairy industry and revitalizing agriculture," innovating rural revitalization models. Through a series of sports and public welfare activities such as "Village Runs," "Village BA," and "Village Super League," Mengniu aims to improve the physical fitness of farmers and herders, enrich rural cultural life, and contribute to the construction of "harmonious and beautiful villages" and a healthy China.





Mengniu Launches the "Harmonious Village Health Run" (Village Run) Activity

Empowering Rural Cultural and Sports Development

This year, we supported the Yinchuan "Mengniu · Harvest Cup" Harmonious Village Basketball Tournament, which spanned five months and attracted 76 farmer basketball teams with 912 farmer athletes. The event fully unleashed the basketball enthusiasm of farmer athletes, showcasing the "new era, new farmers, and new style" spirit of harmonious villages, and comprehensively driving rural revitalization.

The tournament also featured high-quality agricultural product exhibitions, integrating the event with folk festivals, cultural activities, and sports. This approach deepened the fusion of farmer fitness initiatives with rural industries, rural culture, and rural tourism, achieving the goals of promoting culture, tourism, and industry through sports.

In 2024, Mengniu partnered with One Foundation for the "Inclusive Nutrition" public welfare initiative—bringing the "One Foundation Sports Program" to schools. Mengniu donated a multifunctional sports field to Zerong Town, Xingyi City, Guizhou Province, benefiting sports development in remote areas and contributing to the revitalization of rural education.



Mengniu supports the "Mengniu · Harvest Cup" Harmonious Village Basketball Tournament



Mengniu donates multifunctional sports fields



Mengniu supports the "Village Super League" sports public welfare activity in Guizhou



Mengniu supports 2024 Chinese Farmers' Harvest Festival Activity

2.3 Inclusive Nutrition

Mengniu remains committed to its "Inclusive Nutrition Plan," continuously donating milk to underdeveloped regions and remote mountainous areas to help local young students improve their nutritional status and physical fitness, thereby promoting balanced and high-quality education. Over the past 20 years, the project has benefited 25 million students across 28 provinces, autonomous regions, and municipalities in China.

In 2024, Mengniu's Inclusive Nutrition Plan supported the healthy growth of young people through milk donations, sports public welfare, and educational empowerment. The project has covered 66 districts and counties in 39 cities across 19 provinces, benefiting 118,243 individuals.

The Bell Ringer · Rural School Principals Empowerment Program

To better empower rural education and promote comprehensive rural development, since 2022, Mengniu Student Milk and the Mengniu Foundation, in collaboration with Southern Weekly, have launched the "Bell Ringer · Rural School Principals Empowerment Program." This three-year initiative has already reached 160 schools and 500 principals across 21 provinces, autonomous regions, and municipalities.

This year, the project recruited nearly 100 rural school principals nationwide over a two-month period to participate in a five-day "Bell Ringer · Educational Development Source Exploration Tour" in Beijing. Through activities such as visits to renowned schools, principal seminars, and expert lectures, Mengniu and Southern Weekly aimed to enhance the educational philosophies and management skills of rural school principals. This effort promotes balanced development in rural education, helping rural school principals better address the challenges of rural education and improve its quality.



Mengniu's "Bell Ringer · Educational Development Source Exploration Tour" Activity

"A Drop of Milk, A Touch of Warmth" care initiative

To further enhance mutual understanding and trust across the industry chain and fulfill the responsibility of being a "national team" in the dairy industry, Mengniu, together with local Party committees, governments, agricultural and livestock departments, and partnered farms, organised the "A Drop of Milk, A Touch of Warmth" care initiative. The program donated dairy products worth over RMB 3.8 million to nearly 60,000 farmers, herders, elderly individuals, and children in need.



Mengniu's "A Drop of Milk, A Touch of Warmth" Care Initiative

2.4 Party Building

Taking the Party-building guidance as the "red engine" driving rural revitalization, Mengniu thoroughly implemented joint Party building model featuring "Four Joint & Three Promotion" across industry chain, established a Party building alliance with partners in the upstream and downstream industries. On-going measures were taken to promote partnership and joint efforts in Party building.

In April 2024, Mengniu established a functional Party branch of leading enterprise in the dairy industry chain with a partnered farm and a feed company, effectively promoting the integration of internal resources and laying an organizational foundation for Party-building collaboration.

To further enhance the level of Party-building across the upstream and downstream of the dairy industry chain and strengthen the political leadership role of Party-building, the Party General Branch of Mengniu Milk Source Division assisted farms in creating Party-building collaboration hubs based on their existing office facilities. In 2024, more than 10 farms across five major milk source regions were selected as "Three-Function" Party-building model demonstration farms (units) that are open for visits and exchanges, learning and imitation, and brand promotion. These hubs provide high-quality Party-building environments for Party members and the masses of the dairy industry chain.

In 2024, **more than 10** farms across **5** major milk source regions were selected and developed into "Three-Function" Party-building model demonstration farms (units) that are open for visits and exchanges, learning and imitation, and brand promotion.

Charity

Mengniu, guided by its mission to "Promising a Healthier World", focuses on five key areas of public welfare: educational initiatives, community support, emergency relief, volunteer services, and overseas philanthropy. By pooling efforts from all corners, Mengniu promotes the development of public welfare. In 2024, the Mengniu Foundation was recognised as a 4A-level charitable organization, with public welfare expenditures (including in-kind donations) reaching RMB53.4149 million. Mengniu volunteers participated in over 10,000 volunteer service activities, contributing nearly 24,000 hours of service.

We have established the *China Mengniu Public Welfare Donation Management System* to professionally manage donation activities, standardise volunteer service guidelines, and encourage employees to actively participate in volunteer initiatives. To date, we have formed over 120 Mengniu Youth Volunteer Teams across the country, actively engaging in social welfare activities in various regions. Through these efforts, we embody the spirit of volunteerism—"dedication, friendship, mutual assistance, and progress"—in action.

3.1 Educational Philanthropy

Guided by its responsibility and belief in strengthening the physical and mental well-being of the nation, Mengniu actively engages in educational public welfare initiatives. Through a variety of activities such as sports education, literacy education, food education, and aerospace science popularization, Mengniu supports the healthy growth of young people and empowers them to explore a broader world.

Nutrition and Health Education Public Welfare

In 2024, Mengniu, in collaboration with COFCO Nutrition and Health Research Institute, the China Space Foundation, and the Central Committee of the Communist Youth League's Future Network, launched the "Chinese Student Nutrition and Health Education Public Welfare Campaign in Thousands of Schools Across Hundred Cities." Integrating education with aerospace science popularization, this program enhances teenagers' nutrition and health awareness as well as their aerospace science literacy in form of school-organised offline classes. Since the project's inception, nearly 260 themed lectures have been conducted both online and offline, covering 48 cities across 20 provinces and benefiting over a million young people.

The "Chinese Student Nutrition and Health Education Public Welfare Campaign in Thousands of Schools Across Hundred Cities" is not only a campaign to popularize nutrition and health education but also a grand feast of aerospace science popularization. It allows teenagers to absorb nutrition and health knowledge in a joyful and relaxed atmosphere while experiencing the charm of aerospace technology.



Mengniu Conducted "Chinese Student Nutrition and Health Education Public Welfare Campaign in Thousands of Schools Across Hundred Cities"

Project Hope · Mengniu Youth Football Public Welfare Activity

Mengniu, in collaboration with the China Youth Development Foundation, Guizhou Village Super League, and the Inner Mongolia Mengniu Foundation, organised the "2024 Project Hope · Mengniu Youth Football Public Welfare Activity." This event selects children passionate about football to support the development of Chinese football. This year's summer camp recruited 200 young football players nationwide for intensive trainings, and 10 were ultimately selected to form the "Spark Dream Team" and travel to the Paris Olympics, providing a platform for these young players to explore a broader world. Additionally, Mengniu donated 11 football fields of various sizes to Rongjiang County, Guizhou, where the summer camp was held, partnering with Guizhou Village Super League to promote the development of youth football.

To date, the project has covered 32 provinces and attracted over 1,000 young participants.



Launch Ceremony of the "2024 Project Hope · Mengniu Youth Football Public Welfare Activity"

Future Star Growth Program

Mengniu actively responded to the national call for promoting quality education and industrial culture by launching public welfare initiatives centered on comprehensive literacy. These programs aim to support the holistic development of young people through diverse educational activities.

Study programs

We actively explore innovation, building on the 28 courses covering the upstream and downstream knowledge of the dairy industry chain in 2023. In 2024, we continued to collaborate with the Ministry of Industry and Information Technology on developing 8 courses suitable for all ages, covering vocational education, Party-building, sustainable development, digital transformation, and dietary nutrition. Through the promotion and implementation of these courses, we aim to enhance public awareness of the dairy industry and support its high-quality development.

Digital platform

Mengniu has built a "smart study ecosystem" through the "Study Future Star" platform, enabling digital management of study program processes and conducting online and offline integrated study activities. By leveraging digital tools to empower the education industry, Mengniu contributes to the improvement of national quality education.

In 2024, 6 online events were hosted through the "Study Future Star" platform. 1 online-offline event, "Imagination Caller", the production of Olympic-themed environmental art, and creative milk carton events attracted participation from over 64 schools, 96 classes, and more than 2,000 students, receiving over 6,000 original works. Outstanding artworks were exhibited by the Mengniu team at the Paris Olympics.



Outstanding Olympic Environmental Artworks from Mengniu's "Imagination Caller" Initiative

"Journey to the Distance" activity

Mengniu, in partnership with the Adream Foundation, continues to explore new models of project-based learning through the "Journey to the Distance" initiative. This program integrates industrial study with sustainable development concepts, focusing on five themes for extension of study topics: industrial development, nutrition and health, green environmental protection, ecological harmony, and career awareness. From 2023 to 2024, the project empowered 45 teachers and 1,800 students from 18 schools in Acheng District, Harbin, Heilongjiang Province, and Dayi County, Chengdu, Sichuan Province. Ultimately, 20 study teams comprising 109 teachers and students traveled to Mengniu farms and factories for exploratory study trips.



"Journey to the Distance" Project Visits Mengniu Meishan Factory

3.2 Community Charity

Mengniu pays close attention to social issues, tailoring nutrition and health products and activities for different groups to promote harmonious social development.

Stray cat homing project

Mengniu keeps paying attention to animal protection and supports stray animal rescue efforts. In March 2024, Mengniu's brand Shiny Meadow's sub-brand "Xiaoxianyu" together with the Beijing TA Foundation for Animal Protection, officially launched the "Small Kind Thoughts, Great Good Deeds, Help Stray Cats Find Homes" program . The program pledges to donate a portion of proceeds from each bottle of "Xiaoxianyu" sold to support the establishment and improvement of adoption platforms and promote nationwide offline adoption events. By February 2025, together with consumers, we helped over 6,000 stray cats end their lives on the streets and find warm, loving homes.



Mengniu Helps Stray Cats Find Homes

Empowering employment of special groups

This year, Mengniu's Shiny Meadow and Bear Claw Coffee joined hands to create the first wheelchair barista training base in Shanghai, empowering special populations to find employment. By providing professional coffee training, career development support and employment resources, the base helps wheelchair baristas acquire professional skills and realise their self-worth in the workplace. This year, we provided a stage for wheelchair baristas to demonstrate their professional skills in the fourth "Extraordinary Barista Competition" in Shanghai, raising society's awareness and understanding of the special needs of people with disabilities.



Wheelchair Barista Shop

Special children care initiative

Mengniu's brand "Shiny Meadow" focuses on the growth and development of special children, assisting children with autism in showcasing their talents and bringing the most vulnerable groups to larger stages. In 2024, Shiny Meadow and Shanghai Feiye Art Special Education Center sponsored a care initiative for children with autism, hosting an online charity art exhibition featuring works by children with autism. Every view and share by online audiences brought a contribution of high-quality nutrition and love to these children.



Mengniu Hosts Online Charity Art Exhibition for Children with Autism

3.3 Emergency Disaster Relief

In 2024, Mengniu participated in over 10 emergency disaster relief donation activities, covering 10 districts and counties across 6 provinces, municipalities, and autonomous regions in China, benefiting approximately 12,000 individuals. Mengniu quickly and accurately matched supply with demand in the immediate aftermath of disasters, providing timely nutritional support to affected residents and firefighters.

The Mengniu Foundation swiftly responded to emergency disaster relief needs with concrete actions, embodying the spirit of "When the nation faces difficulties, Mengniu will always lend a hand." In June and July 2024, regions such as Guangxi, Hunan, and Shaanxi experienced severe flooding. Mengniu continuously monitored the flood situation and endeavored flood relief efforts. Mengniu promptly delivered nutritional supplies to affected residents and firefighters, addressing urgent needs and joining hands to build a "love dam" of solidarity.





Mengniu Supports Flood Relief Efforts

3.4 Volunteer Service

Mengniu actively engages in nutrition and health volunteer activities, widely focusing on and caring for various social groups. Through the power of nutrition in even the smallest details, Mengniu aims to illuminate the brilliance of every life.

Building "Benefit Together with Mengniu" charity brand

Mengniu actively builds its "Benefit Together with Mengniu" public welfare brand, organising over 10,000 young volunteers to participate in charitable activities such as love donations, voluntary tree planting, public blood donation, beach clean-ups, and Learning from Lei Feng initiatives.

We delve deeply into and widely promote the good deeds and positive stories within the Group. In 2024, we held the "Top Ten Volunteer Service Projects" commendation ceremony and volunteer service work exchange meeting to share experiences from outstanding projects and guide Mengniu volunteers in vigorously promoting the spirit of volunteerism.

For the sixth consecutive year, we collaborated with multiple organisations to donate to Mengzi City in the Honghe Hani and Yi Autonomous Prefecture of Yunnan Province.

Youth volunteer service activity

Mengniu pays close attention to the nutritional and health needs of the elderly population and conducts respect and care for the elderly activities annually. In October 2024, we carried out "care for elderly" activities across multiple regions in China. Volunteers brought milk and other comfort items to nursing homes and senior apartments, allowing the elderly to feel warmth and care while demonstrating the traditional virtues of respecting and caring for the elderly through practical actions.



Mengniu Conducts Love Donation Activity at Xin Yingzi Primary School

3.5 Overseas Responsibility Fulfillment

As a leading Chinese dairy enterprise with significant influence on the international stage, Mengniu actively takes on social responsibilities overseas. In overseas regions where it operates, such as New Zealand and Indonesia, Mengniu actively engages in public welfare and charitable activities, continuously improving the quality of life for local residents.

In 2024, Aice, a brand of Mengniu, worked closely with partners such as the Indonesian government and the government and educational institutions in the Philippines to advance public welfare and charitable initiatives. These efforts focused on areas such as love donations, tourism promotion, nutrition and health education, and post-disaster reconstruction, contributing to the socio-economic development of local communities.

For the fourth consecutive year, Aice was honored with the "Top CSR Award" and received special recognition from the Indonesian Minister of Youth and Sports for its relentless efforts and outstanding contributions to supporting sports development in Indonesia.

For six consecutive years, Mengniu's brand Aice has regularly hosted the "15th Health Aice Sharing Day" every month. This initiative spans multiple regions in Indonesia, with a focus on providing health and educational support to those in urgent need.



Scene from "15th Health Aice Sharing Day"activity

In response to the severe challenges brought by torrential rains, floods, and landslides caused by a powerful typhoon in the Philippines, Mengniu's brand Aice swiftly initiated disaster relief efforts. The team ventured into the hardest-hit areas to carry out rescue and relief operations, addressing critical issues such as food shortages, safe drinking water, and power outages for the affected communities.

3.6 Honors

- Awarded the "2024 Pioneer in Social Responsibility Award" and the “Public Welfare Project Award” at the 14th Charity Festival"
- Recognised as "Best Responsible Corporate Brand" on China Education List at Responsibility 100·2024 8th CSR (Corporate Social Responsibility)
- Horned as "Outstanding Aerospace Public Welfare Enterprise" at the 2024 Aerospace Public Welfare Ceremony
- Selected as a "Best Corporate Responsibility Fulfillment Case" by People's Net in 2024
- Aice brand has been honored with the "Top CSR Award" for four consecutive years

Environment-Carbon Net-Zero

3

Adhering to the concept of green development, Mengniu built a green production system that covers the entire industry chain and collaboratively promotes the green transformation of the industry chain. Under the pillar of "Environment-Carbon Net-Zero" in its GREEN strategy, Mengniu focuses on four key areas: climate change, sustainable water management, circular economy, and green operation. Together with industry chain partners, Mengniu actively addresses climate change, supports the development of a circular economy, and safeguards the sustainable environmental benefits of the planet.

SDGs We Focused in this Section:



Climate Action

- Mengniu's Qujing Factory was certified as a **zero-carbon emission factory** for the **third consecutive year,** and Wuhan Factory was certified as **five-star zero-carbon emission factory** for the **first time**.
- Mengniu's carbon emission data quality control has received **"measurable, reportable, and traceable"** certification from third party.
- Mengniu has completed carbon footprint calculations for **core products** across all product categories. In 2024, the Company conducted carbon footprint certifications for **18** products and carbon neutrality certifications for **8** products.
- Mengniu's energy-saving and emission-reduction management covers **100%** of its self-operated production sites.
- The cumulative installed capacity of photovoltaic systems exceeds **28.03 MW**.
- The construction of low-carbon farms is progressing steadily, with **173** carbon reduction measures implemented, reducing carbon dioxide emissions by approximately **138,000** tons.
- **All** of Mengniu's self-operated factories that have commenced official operations have obtained the ISO 50001 Energy Management System certifications.

Sustainable Water Management

- Mengniu has conducted water footprint certifications for **1** type of factory and **3** types of products.
- A total of **27** Mengniu enterprises have been recognised as water-saving enterprises or water-saving model enterprises.
- **7** Mengniu factories have initiated "AWS" (Alliance for Water Stewardship) water management certification, with **4** factories already achieving "AWS" Gold-level certification.
- The annual water savings amount to **1.51 million** tons, including **814,500** tons of social water savings.

Circular Economy

- Mengniu's recycling initiatives for consumers have covered **27** cities, with nearly **100,000** participants successfully recycling approximately **20,000 kilograms** of dairy product packaging.
- Mengniu has released **the *Green Packaging Value Report***.
- A total of **13** Mengniu factories have been recognised as **"Zero-Waste Factory" demonstration units**, and **8** factories have achieved **"Zero Landfill Factory" certification**.

Green Operation

- **All** of Mengniu's self-operated factories that commenced official operation have obtained the ISO 14001 Environmental Management System certification.
- Mengniu has been approved as a national-level green factory for **37** of its facilities.



Climate Action

In order to cope with global climate change and respond to the national dual-carbon target, Mengniu has established a "dual-carbon" governance structure, and set a dual-carbon strategic plan of "achieving a carbon peak by 2030 and achieving carbon neutrality by 2050". Focusing on raw milk, production, packaging, transportation, products and other links, we integrate climate-related risk response and opportunity action considerations into the Group's strategic planning and daily operational decisions. We are also working with upstream and downstream partners in the value chain to explore innovative solutions to climate change, to improve climate resilience in the Group's operations and upstream and downstream value chains, and to explore diversified green and low-carbon transformation.

1.1 Climate Governance

To effectively address climate-related risks and opportunities, we have integrated climate-related initiatives into the Group's sustainable development governance framework. This framework is led by the Board of Directors, with Management at its core, and includes functional departments such as the Dual-carbon Management Department, as well as various business units and factories. These entities oversee, coordinate, and execute climate change and related matters. Climate-related risks and opportunities are incorporated into Mengniu's sustainable development strategy, major transaction decisions, risk management procedures, and policy formulation, ensuring solid progress in climate change response.

Governance

Comprised of members of the Group's Board of Directors, whose responsibilities include:

- Responsible for the comprehensive supervision of matters related to climate change;
- Reviewing and approving the Group's transformation plans and major policies related to climate
- Overseeing the response, implementation and performance of climate-related matters;
- Regular review of climate change-related targets;
- At least once a year listening to management reports and recommendations on climate change related work.

Management

Comprised of the Group's core senior management, whose responsibilities include:

- Conducting overall deployment and systematic promotion of the Group's climate change-related work;
- Coordinating the formulation and review of transformation plans and major policies related to climate;
- Managing climate change-related risks and opportunities targets;
- Clarifying the climate change-related functions of the Group's different business departments;
- Receiving reports from the executive level on climate change matters and reporting to the Board of Directors;
- Approving and reviewing climate-related targets and key initiatives at least once a year.

Execution

Set up the "Dual-carbon" Action Promotion Team comprised of responsible personnel from relevant functional departments, business units and holding companies, whose responsibilities include:

- The dual-carbon management department is responsible for the implementation of various decisions, arrangements and daily work; preparing the Group's low-carbon development plan and climate-related transformation plan, setting and breaking down the Group's emission reduction targets,uniformly coordinating and deploying carbon emission management, and regularly reviewing the implementation progress of related work;
- All functional departments, business divisions and holding companies are responsible for undertaking, transforming and promoting various work, identifying risks and opportunities related to climate change, implementing climate change response plans and carbon reduction measures, and quantifying the effect of emission reduction measures; reporting the effectiveness of work and the achievement of greenhouse gas emission targets;
- Each manufacturing operations implements the low-carbon development measures of the division, conducts statistics on the carbon emission data of the factory, ensures the realization of the carbon goals of the division, and reports the progress to the division.

Mengniu holds at least one annual meeting of the Sustainability Committee to monitor the management of climate change matters and report to the Board on the progress of climate change work. We incorporate climate-related key performance indicators into the management personnel performance appraisal system to ensure that they fully implement the climate strategy in their daily work. We disclose the greenhouse gas emission information in scope one and scope two every year, and continue to promote new technologies for energy conservation and consumption reduction, adjust the energy structure, and increase the proportion of renewable energy used. At the same time, on the basis of considering the Group's strategic development goals, business operations and value chain impact, we assess the substantive risks and potential opportunities of climate-related risks and opportunities to ensure effective progress on climate issues.

1.2 Climate Strategies

Mengniu closely monitors domestic and international policy trends and actions progress in addressing climate change. By aligning our operational conditions with key reference factors in mainstream climate scenario analyses, Mengniu systematically identifies, assesses, and responds to climate-related risks and opportunities. We integrate climate-related considerations into our dual-carbon strategic planning to enhance the Group's climate resilience while committed to continuously strengthening our supply chain partners' capacity to respond to climate change.

1.2.1 Climate-related Risks and Opportunities

Based on a comprehensive consideration of the Group's strategic development goals, business operations, and value chain impacts, we continuously refine the process of identifying climate-related risks and opportunities. We analyse the substantive risks and potential opportunities from climate change and its challenges, and assess the resulting financial impacts.

Process for Identifying and Assessing Climate-related Risks and Opportunities



*【1】Acute and chronic physical risks are marked with " P + number"
*【2】Transitional risks are marked with "T + number"
*【3】Climate opportunities are marked with "O + number"

Build a List of Risks and Opportunities

Through a holistic evaluation of our business model, value chain, industry practices, and stakeholder engagement outcomes, we systematically screen and identify climate-related risks and opportunities. We clarify their concentration across the Company's operations and value chain, build a list of risks and opportunities, and continue to monitor and manage them.

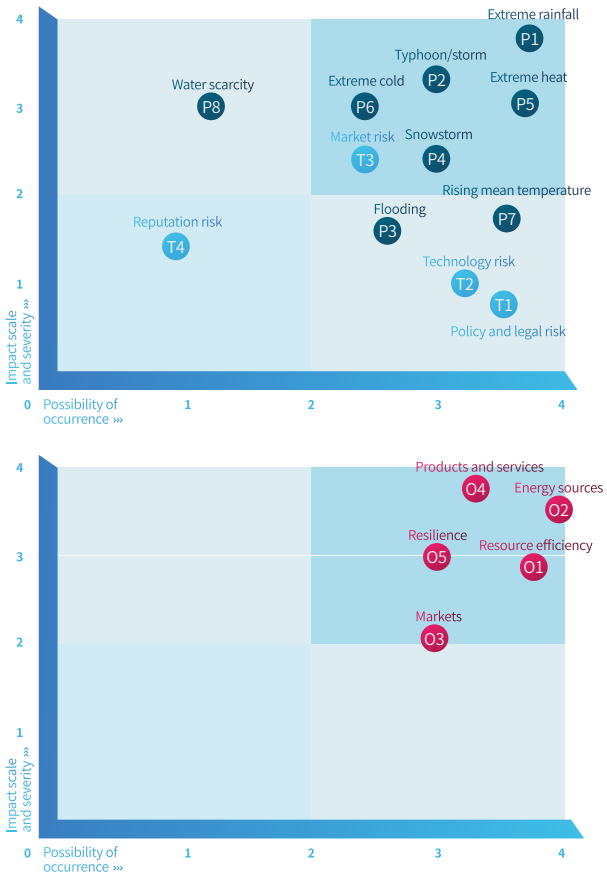
Through interviews with business units and value chain stakeholders, we have identified 17 categories of climate-related risks and opportunities applicable to Mengniu, including 8 acute and chronic physical risks, 4 transitional risks, and 5 climate opportunities.

Type	Risk and opportunity identification list	Corresponding code
Acute physical risk【1】	Extreme rainfall	P1
	Typhoon/storm	P2
	Flooding	P3
	Snowstorm	P4
	Extreme heat	P5
	Extreme cold	P6
Chronic physical risk	Rising mean temperatures	P7
	Water scarcity	P8
Transitional risk【2】	Policy and legal risks	T1
	Technology risk	T2
	Market risk	T3
	Reputation risk	T4
Opportunities【3】	Resource efficiency	O1
	Energy sources	O2
	Markets	O3
	Products and services	O4
	Resilience	O5

Category	Upstream	Own operation	Downstream
	Dairy farms and raw and auxiliary materials supply and transportation	Production and processing of dairy products	Sales terminal and product transportation
Physical risk impact	Excessively humid environment resulting from extreme rainfall may affect the physical state of the cattle, causing negative impact on milk yield and quality (P1) Flooding risks increase in farms and factories in low - lying areas,and probabilities of logistics and transportation disruption or delay also increase (P3) The stress response of dairy cattle increases in extreme heat and extreme cold weather,which causes limited milk production and affects milk yield and quality (P5, P6) Snowstorms cause damage to farm infrastructures and facilities, as well as raw material supplies (P4) Water resources pressure caused by extended period of high temperature and drought may cause reduction in production of feed for cows, such as soybean, corn (P7) In water-stressed regions, water shortage and over reliance on water resources may impact farming environment and cause an increase in water costs (P8)	Extreme weather causes severe disruption of production water or power supply facilities, resulting in partial shutdown of factory production lines and other business operations, and in turn reducing productivity (P1, P2, P3, P4) Employees face increased risks during outdoor work, with higher susceptibility to heatstroke and frostbite (P5, P6) Additional energy input is required to maintain suitable temperature in workplace,while high temperatures shorten outdoor working hours for operators on site, demanding stricter cooling and heatstroke prevention measures (P7) In water-stressed regions,water shortage and over-reliance on water resources may cause a reduction in productivity and an increase in water costs (P8)	Extreme weather disrupts the transportation and distribution of products, affecting the product quality (P1, P2, P3, P4) Extreme heat and rising mean temperature may lead to product deterioration, imposing higher requirements for the cold chain logistics,leading to higher transportation costs (P5, P7)
Transitional risk impact	Climate change impacts on raw material supply and pricing (T3)	As the implemented carbon reduction policies andregulations become increasingly stringent, enterprises face increasing compliance requirements (T1) The Company's ability to continuously adapt to, iterateand use low-carbon technology may significantly impact production and operations (T2)	With increasing consumers' awareness of low carbon, the demand for low-carbon products such as plant-based or non-dairy alternatives may increase (T3) With more and more stakeholders (such as regulators, shareholders, partners, customers, the public, etc.) paying attention to climate change, failure to implement appropriate measures to facilitate appropriate climate-related response may negatively impact the Group's reputation (T4)
Opportunity influence	Improving transport efficiency by optimizing the transport structure and transport routes can effectively reduce fuel consumption (O1) Explore renewable energy applications with partner farms, gradually increase renewable energy usage ratio , reduce the use of fossil energy, and achieve significant reduction of carbon emissions in the value chain (O2) Develop sustainable agriculture enhances farms' adaptability, improve sustainable procurement management, and strengthenthe resilience of the Group's supply chain against climate change risks (O5)	The use efficiency of water and energy can be effectively improved by developing energy conservation and emission reduction technologies and deploying intelligent operation systems (O1) Actively respond to public incentive policies, including financial subsidies, tax incentives, loan incentives, quota system, etc., from which the Group may receive subsidies or financial support (O3) Improve climate change risk management capabilities, seek green technology, improve, production efficiency, optimize production processes and develop new products, so as to diversify the Group's products portfolio and marketing activities, and strengthen the resilience of traditional dairy enterprises (O5)	Improving transport efficiency by optimizing the transport structure and transport routes can effectively reduce fuel consumption (O1) Continue to develop low-carbon products, promote the business development of green products, improve the competitiveness of products in green attributes and environmental footprint, which can bring additional income and benefits, and allows better adaption to the market trend of changing consumer preferences (O4)

Prioritize Risks and Opportunities

Based on the results of identification, we assess the priorities of climate risk and opportunity in two dimensions: possibility of occurrence, and scale and severity of impact on the Group's business and value chain.Specifically, through internal research, we assess the frequency and scale of climate-related events at factory and farm levels, and evaluate their financial impacts using official meteorological data. These analyses help us focus on material climate risks and opportunities and develop targeted response measures.



Financial Impact Analysis

Current Financial Impact

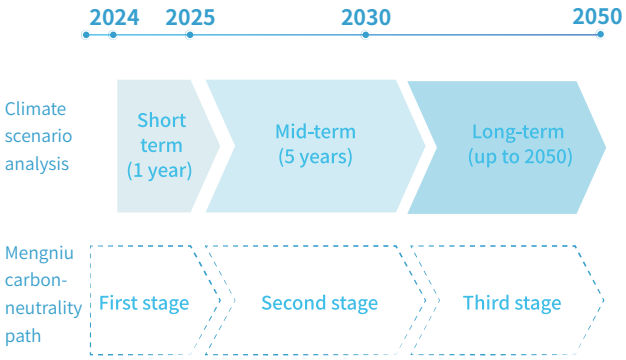
Due to the frequent extreme weather in recent years, we have estimated the material financial impact of physical risks such as extreme rainfall and typhoon on Mengniu's production and operation in this year. For example, Typhoon "Yagi" has caused losses of milk products the year, and extreme rainfall has caused damage to buildings and equipment in multiple factories. These losses have been covered by commercial insurance within the year. We found no material risks that require significant adjustments to the carrying value of assets and liabilities in the next annual financial statement.

Climate risk	Typhoon / storm	Extreme rainfall
Impact on the Group's business	Loss of milk products and damage to buildings and equipment	Lead to the loss of raw materials and dairy products, damage to buildings and equipment, and additional costs for equipment cleaning
Financial impact range (CNY)	800,000 - 1,000,000	1,500,000 - 2,000,000

Anticipated Financial Impact

Mengniu integrates climate scenario analysis into the process of identifying and assessing climate risks. By referencing the Shared Socioeconomic Pathways (SSP) from the Intergovernmental Panel on Climate Change (IPCC) and publicly available climate change scenarios from the International Energy Agency (IEA), we have selected appropriate low-emission and high-emission scenarios to comprehensively analyse the impacts of climate-related risks and opportunities on Mengniu's strategy, business operations, and value chain.

We use the IPCC SSP1-2.6 and SSP5-8.5 scenario models to assess potential physical risks, and the IEA Net Zero Emissions by 2050 (NZE) and Stated Policies Scenario (STEPS) models to evaluate potential transition risks. We also analyse the material financial impacts of climate-related risks and opportunities on operational models and the value chain over short-term (approximately 1 year), medium-term (approximately 5 years), and long-term (up to 2050) timeframes.



Results of the Financial Impact Analysis of Climate Scenarios

Physical risk type		Financial impact on the business model	Climate scenario	Time frame			Financial impact on the value chain	Time frame		
				Short-term	Mid-term	Long-term		Short-term	Mid-term	Long-term
P1	Extreme rainfall	• Increasing maintenance costs due to equipment damage • Increased construction costs for factory protection against extreme rainfall and flood drainage design • Extreme weather conditions such as flooding cause increased insurance costs, and areas with recurrent risks may face challenges in obtaining insurance coverage	SSP1-2.6	Extremely low	Extremely low	Low	• The interruption of production and logistics of factories on the value chain can cause supply interruption, resulting in unstable product delivery cycle,and then affect the sales revenue • Extreme weather affects the production and quality of milk, resulting in increased raw material procurement costs	Extremely low	Extremely low	Low
			SSP5-8.5	Extremely low	Low	Medium		Extremely low	Low	Medium
P2	Typhoon / storm		SSP1-2.6	Extremely low	Extremely low	Low		Extremely low	Extremely low	Low
			SSP5-8.5	Extremely low	Low	Low		Extremely low	Low	Low
P3	Flood		SSP1-2.6	Extremely low	Extremely low	Low		Extremely low	Extremely low	Low
			SSP5-8.5	Extremely low	Low	Low		Extremely low	Low	Low
P4	Snowstorm		SSP1-2.6	Extremely low	Extremely low	Extremely low		Extremely low	Extremely low	Extremely low
			SSP5-8.5	Extremely low	Extremely low	Extremely low		Extremely low	Extremely low	Extremely low
P5	Extreme heat	• Heat stroke or frostbite due to outdoor-working employees may lead to additional medical expenses and subsidised expenses	SSP1-2.6	Extremely low	Extremely low	Low	• The rate of disease increases due to heat stress and cold stress reactions, resulting in additional treatment costs, and leads to increased procurement costs • Under extreme high temperatures, the use of dry ice and other consumables will increase during the cold chain transportation process, leading to an increase in operating costs	Extremely low	Extremely low	Low
			SSP5-8.5	Extremely low	Extremely low	Low		Extremely low	Low	Medium
P6	Extreme cold		SSP1-2.6	Extremely low	Extremely low	Extremely low		Extremely low	Extremely low	Extremely low
			SSP5-8.5	Extremely low	Extremely low	Extremely low		Extremely low	Extremely low	Extremely low
P7	Rising mean temperature	• Rising temperature will increase the energy consumption of the cooling system and air conditioning system, resulting in higher operating costs • Providing protection measures and heat subsidies for employees may incur additional costs	SSP1-2.6	Extremely low	Extremely low	Low	• Drought leads to insufficient feed production and supply,and rising feed prices, resulting in increased procurement costs • Rising temperature leads to an increase in vehicle maintenance frequency and temperature control system maintenance costs, as well as increased operating costs	Extremely low	Extremely low	Low
			SSP5-8.5	Extremely low	Low	Medium		Extremely low	Low	Medium
P8	Water scarcity	• The water scarcity will lead to the increase in the Group's water costs, and the development of water-saving programs and water-saving measures will incur additional costs	SSP1-2.6	Extremely low	Low	Low	• Water scarcity leads to increased water costs in farms, and increased procurement costs for the Group	Extremely low	Extremely low	Low
			SSP5-8.5	Extremely low	Low	Medium		Extremely low	Low	Medium

Transition risk / opportunity		Financial impact on the business model and the value chain	Climate scenario	Time frame		
				Short-term	Med-term low	Long-term low
T1	Policy and legal risks	• Mengniu may need to invest more resources to meet compliance requirements, causing the Group's operating costs to increase	NZE	Extremely low	Low	Low
			STEPS	Extremely low	Extremely low	Extremely low
T2	Technology risk	• The development cost of energy-saving and carbon-reduction technologies is rising	NZE	Extremely low	Low	Low
			STEPS	Extremely low	Extremely low	Extremely low
T3	Market risk	• Rising raw material prices leads to increased procurement costs; • Failure to effectively grasp the changes in consumer preferences may lead to consumer loss and a decline in, market share and product sales	NZE	Extremely low	Low	Medium
			STEPS	Extremely low	Extremely low	Extremely low
T4	Reputation risk	• Failure to take appropriate climate response measures, especially the lack of effectively communication with relevant stakeholders on climate-related topics, may lead to a reduction in access to investment and financing	NZE	Extremely low	Low	Low
			STEPS	Extremely low	Extremely low	Extremely low
O1	Resource efficiency	• Practices such as energy conservation,emission reduction,and improving the efficiency of water resources,along with the adoption of emerging low-carbon technologies, can improve operational efficiency and reduce operating costs	NZE	Low	Medium	High
			STEPS	Low	Low	Low
O2	Energy sources	• Expanding the development and utilization of renewable energy in both our own operation and value chain, such as green electricity trading, photovoltaic(PV) development, and biomass energy utilization, etc., can reduce production costs or bring additional benefits	NZE	Low	Medium	High
			STEPS	Low	Low	Low
O3	Market	• The use of renewable energy, public incentives and other channels may bring additional benefits or subsidies to the Group	NZE	Extremely low	Low	Low
			STEPS	Extremely low	Extremely low	Extremely low
O4	Products and services	• The development of low-carbon products is conducive to enhancing the Group's reputation, attracting more consumers, bringing additional market share and enhancing competitiveness	NZE	Medium	High	Extremely high
			STEPS	Low	Low	Low
O5	Resilience	• Enhance the Company's resilience, attract more investors and consumers, and support business growth • Enhance the resilience of farms may reduce the loss caused by climate risks, without affecting procurement costs and supply chain stability	NZE	Medium	High	Extremely high
			STEPS	Low	Low	Low

1.2.2 Strategies and Measures

Based on identified climate change-related risks and opportunities, Mengniu has formulated targeted response measures and actions focusing on its own operation and the upstream and downstream supply chain. These initiatives have been incorporated into overall business planning to strengthen our climate resilience.

Climate Risk Response

Risk type: Acute risk

Measures

- Develop emergency response plans for extreme weather
- Adjust production strategies during extreme heat, and activate backup generators if necessary to ensure power supply
- Provide dairy cattle with sufficient drinking water
- Establish winter safety risk prevention measures for extreme cold weather
- Maintain suitable temperatures in cattle barns
- Conduct extreme weather risk assessments for new factories and annual screenings for existing facilities
- Maintain insurance plans related to extreme weather disasters
- Predict extreme precipitation events in advance and ensure proper management countermeasures
- Develop emergency rescue plans for heatstroke during high temperatures

Risk type: Chronic risk

Measures

- Carry out a water stress assessment with Atlas, the Aqueduct Water Risk tool of the World Resources Institute (WRI), and develop a water-saving plan accordingly
- Optimize constant temperature and refrigeration system to improve refrigeration efficiency
- Farms adopting awning, fans, water cooling systems and windbreak walls to maintain appropriate temperature in the barns
- Increase the frequency of maintenance and inspection of transportation facilities
- Issue guidelines for high-temperature weather
- Provide high temperature subsidies and protective measures for outdoor-working employees

Risk type: Policy and legal risks

Measures

- Switch to renewable energy
- Continuously improve the carbon emission monitoring, reporting and audit system
- Real-time monitoring of local new policies and laws
- Promote comprehensive energy solutions
- High quality public disclosure of energy consumption, carbon emissions and other data according to regulatory rules and reporting guidelines
- Formulate reasonable environmental risk control plans

Mengniu established a "1+4" carbon emission MRV (monitoring, accounting & reporting and verification) system and developed an online management and monitoring system to conduct carbon emission monitoring, accounting, reporting and verification. At the same time, guided by *Mengniu Group Carbon EmissionManagement Measures*, the Group institutionalized the organization structure, ensured proper operation of the MRV system, and executed the "synchronised data, one record for one factory" regular accounting mechanism to ensure the timeliness, completeness, authenticity, and reliability of carbon emission data management.

Leveraging our independently developed carbon emission MRV information system along with consistent data collection and process optimization, we have implemented an integrated online system covering the four-step process, including "data collection, emission calculation, data source verification, and report generation". This has significantly enhanced our work efficiency and accuracy. In 2024, the Group adopted a problem-oriented approach to continuously improve the carbon emissions MRV mechanism, advancing the " 1+4 " framework. All business units have established a regular MRV rotation and review mechanism, achieving 100% coverage, thereby strengthening the monitoring of the carbon emissions data collection process.



Mengniu carbon emission data quality management has obtained the third party "three-ables" certification

In 2024, the Group's carbon emission data quality management obtained third-party certification for being "Measurable, Reportable, and Traceable" (the "three-ables"), validating the sustained effectiveness of our carbon management system. This ensures accurate, reliable emission data with comprehensive and granular quality control throughout the process.

Risk type: Technology risk

Measures

- Actively apply emerging technologies
- Explore low-carbon office practices
- Building low-carbon factories

Low-carbon and Energy Conservation Technology

Mengniu has extended its energy conservation and emission reduction initiatives to 100% of its in-house manufacturing operations. By implementing measures such as equipment upgrades and production process optimization, the Company has successfully reduced energy consumption and decreased carbon emissions.

Equipment upgrade and retrofiting

Shenyang Factory of Room Temperature Business Unit: By replacing the original Roots blowers with more energy-efficient magnetic levitation blowers, the factory achieved an annual electricity saving of 208,000 kWh, reducing carbon emissions by approximately 119 tons.

Tongliao Factory of Chilled Product Business Unit:Through upgrading refrigeration screw compressor units and skid-mounted refrigeration units, the factory reduced annual carbon emissions by 560 tons.

Production process optimization

By optimizing the air cooling source system and switching from series to series-parallel process, capital letter room temperature business unit factories extended the cooling source utilisation period from 3 months to 5 months, and the system efficiency was improved by over 35%. Each factory achieved annual carbon emission reduction of 3 tons.

Chilled Product Buesiness Unit implemented a production equipment cleaning process optimization project at Tai'an, Ma'anshan, and Tianjin Factories, extending the acid-washing cycle for milk tanks and pipelines by 100%, while reducing the number of acid cleanings by 50%. Significant savings in water, electricity, and steam consumption were achieved, resulting in annual carbon emission reduction of approximately 476 tons.

Ma'anshan, Beijing, and Meishan Factories under the Chilled Product Business Unit optimized the pre-pasteurisation process for milk reception, significantly reducing water, electricity, and steam consumption, and annual carbon emission of approximately 910 tons.

Tianjin Factory of Fresh Milk Business Unit implemented" cleaning parameter optimization" for its CIP (Cleaning-In-Place) equipment line, reducing carbon emissions by approximately 28 tons annually.

Building Low-carbon Factories

Zero-carbon Factory Certification

Qujing Factory of Room Temperature Business Unit has obtained zero carbon factory certification for three consecutive years, and Wuhan factory of Chilled Product Business Unit has obtained the five-star zero carbon factory certification for the first time. Building on these achievements, the Group will continue to explore and refine the operational model of zero-carbon factories, committed to extending these successful practices to other factories and promote industry-wide advancements in carbon reduction.



Mengniu Zero carbon Factory (Type I) certification certificate

Carbon neutrality management system certification

In 2023, the Beijing Factory of Chilled Product Business Unit obtained certification under the group standard T/CAS 612-2022 *Carbon Neutrality Management System Requirements,* becoming the first in the industry to achieve this certification. This year, the factory successfully passed the surveillance audit for the carbon neutrality management system certification



Mengniu Qujing Factory

China's First "Lighthouse Factory" in the Dairy Industry

Mengniu's Ningxia Factory has been successfully certified as a 'Lighthouse Factory,' making it the first dairy facility in China and the first liquid milk factory globally to receive this prestigious title.

During the construction phase, the factory adhered to relevant certification standards, conducting thorough analysis and evaluation from research and site selection to planning and design. It strictly managed material selection and green construction practices, adopting green building technologies such as solar power generation and reclaimed water recycling. The office building project at the Ningxia Factory achieved a 20%-40% reduction in carbon emissions compared to similar buildings, with an annual emissions carbon reduction of approximately 2,000 tons. It has also obtained the LEED Gold Certification from the U.S. Green Building Council. In terms of operations, the Ningxia Factory employed a smart energy system to optimize equipment quantity and reduce abnormal energy losses, achieving an overall 43% reduction in energy consumption. The factory utilized advanced technologies such as magnetic levitation, intelligent packaging control, and automated loading systems. Additionally, it pioneered the development of a smart 'lights-out' laboratory and established the dairy industry's first fully automated 'lights-out' material warehouse. These innovations integrated highly automated production processes with efficient energy utilization.





Mengniu Ningxia Factory

Low-carbon Office

Mengniu actively promotes the adoption of sustainable development strategies among its employees, encouraging them to take green practices during work, travel, and in daily lives. We also conduct a range of activities to strengthen employees' awareness of low-carbon practices and environmental protection.

Low-carbon Business Travel

Mengniu has fully improved the carbon emission and carbon reduction rules for various business travel choices, including flights, hotels, trains, and car services. On the employee travel platform, real-time carbon emission and reduction information is displayed, enabling employees to make more eco-friendly travel choices during the booking process. We have implemented a green account system, allowing employees to earn points based on our green travel rules, which can be redeemed on Mengniu's benefits mall. Furthermore, we have upgraded reports on carbon emissions, carbon reductions, personal green footprints, and low-carbon scenarios, offering multi-dimensional, in-depth data insights to accurately track travel habits and carbon reduction performances. In 2024, by encouraging room-sharing and prioritising train travel, we achieved a carbon reduction of 1,021 tons.

In 2024, through initiatives such as encouraging room-sharing and prioritising train travel, we achieved a carbon reduction of **1,021** tons

"Mengniu's Talents on Action"

"Mengniu's Talents on Action" mini-program actively promotes green commuting, green office practices, and green living among all employees, while organizing participation in green public welfare initiatives. In 2024, the mini-program recorded over 468,000 online check-ins, a year-on-year increase of 51.9%.

Through the "Mengniu's Talents on Action" mini-program, employees contributed a company-wide emission reduction of approximately 2 tons by adopting measures such as green commuting and conserving office supplies. Furthermore, through voluntary carbon reduction actions like the clean plate campaign, using reusable cup, bottle recycling, used clothing donation, employees helped avoid or reduce greenhouse gas emissions by approximately 7.2 tons across the value chain.



Mengniu Horinger factory held garbage classification education activities



Mengniu Jiaozuo factory organized to participate in the "Yiqi GO GREEN" walking activities





Mengniu Ulanhot factory organized green beach clean-up public welfare activities

Risk type: Market risk

Measures

- Reduce the impact of climate-related risks on raw material prices by adopting green procurement strategy
- Understand market preferences for low-carbon products through market trend research and surveys, aiding in product development decision-making

Type of risk: Reputation risk

Measures

- Senior management places great importance to the management and supervision of climate change response, and pays close attention to the trend of climate-related policies
- Actively participates in the formulation of national standards and industry standards, and leads the low-carbon transition of the industry
- Strengthen the communication with investors and consumers

In 2024, Mengniu participated in the formulation of several national and industry standards, including the *Technical Specification for Project-Based Greenhouse Gas Emission Reduction Assessment - Ruminant Feed Optimisation,* the industry standard *Technical Specification for Carbon Footprint Evaluation of Dairy Products, Requirements of the Greenhouse Gas Emission Accounting and Reporting - Dairy Product Manufacturer,* and *Agriculture and Rural Emission Reduction and Carbon Sequestration: Terminology and Classification.* Additionally, Mengniu contributed to the development of the group standard *Specifications for Disclosure and Quality Evaluation of Corporate Carbon Related information* and the *Guidelines for Liquid Milk Carbon Footprint Accounting and Carbon-Neutral Milk Evaluation.*

Dairy industry's first "Top Runner" for industrial carbon peaking

With outstanding achievements in dual-carbon practices and a forward-looking green development strategy, Mengniu has been awarded the title of "China's Top Runner for Industrial Carbon Peaking" setting a new benchmark for the green transformation of China's dairy industry.



Mengniu won the industry's first "Top Runner" for carbon peaking

Climate-opportunity Action

Opportunity type: Resource efficiency

Measures

- Recycling surplus energy

Improve Energy Efficiency in Production

We actively explore energy-saving potentials at every stage of the production process, utilising smart technologies to control production equipment, optimize recycling processes, allocate cooling resources efficiently, reduce energy losses during transmission, and adjust and upgrade equipment parameters to achieve energy savings. 100% percent of Mengniu's self-operated factories have obtained the ISO 50001 Energy Management System certification.

Improvement in compressed air conversion efficiency

Factories of the Room Temperature Business Unit optimized the air supply pressure of their compressed air systems, saving 1.8 million kWh of electricity annually and reducing carbon emissions by 1,026 tons.

Heating system upgrade

The Chabei Factory of the Room Temperature Business Unit upgraded its heating system to ensure balanced flow in all supply and return water systems and implemented zoned heating to maintain effective heating across all facility buildings. This led to an annual reduction of approximately 450 tons in steam consumption and a reduction of carbon emissions by approximately 135 tons.

Recycling Surplus Energy

We continuously explore and implement various energy management and technical measures, including condensate water recovery, additional heat ex-changers, and the utilisation of waste heat from air compressors, to achieve cascading use of surplus energy. These initiatives improve energy efficiency and support effective, precise energy management.

Condensate water recycling

The Ma'anshan Factory of the Fresh Milk Business Unit launched the "Steam Condensate Recovery and Utilization Project for Steam Headers," recovering thermal energy from steam condensate of steam headers in the CIP2 room. The residual heat from the condensate replaces steam for heating fresh air in the insulation room's air conditioning units, saving approximately 360 tons of steam annually.

Type of opportunity: Energy sources

Measures

- Optimize the energy structure based on our own operation status and regional conditions

Energy Structure Commissioning

Based on our operational characteristics and regional conditions, we continue to increase the number of factories covered by biomass energy and distributed photovoltaic power generation projects. Furthermore, through initiatives like biogas recovery, green energy procurement, and the adoption of green energy-saving technologies, we continue to optimize our energy structure.

Solar-energy lighting equipment implementation

The Chaozhou Factory of the Milk Powder Business Unit upgraded its outdoor lighting to solar-powered streetlights. Following the system's launch in July 2024, it saved 1,080 kWh of electricity and reduced carbon emissions by 0.62 tons in 2024. Annual electricity savings are expected to reach 2,160 kWh in the future.

Biogas boiler application

The Ningxia Factory of the Room Temperature Business Unit uses biogas generated by its anaerobic system, which is burned in a biogas boiler to produce steam for facility heating and production power. This avoids direct biogas emissions, utilizing 1.2 million cubic meters of biogas annually, producing 11,000 tons of steam, and reducing carbon emissions by 1,783 tons.

Energy structure optimization

The Wuhan Factory of the Chilled Product Business Unit optimized its steam supply model by transitioning from " natural gas boilers" to a collaborative "waste heat cascade utilisation solution." The factory partnered with a nearby power plant to transport low - and medium-temperature waste heat via a "thermal network pipeline", converting it into process steam for production. This project has been recognized as a demonstration case in the *Hubei Province Industrial Carbon Peaking Implementation Plan.*



Mengniu Wuhan Factory

We continue to expand photovoltaic (PV) power generation and direct green electricity procurement. In 2024, we have newly installed 5.97 MW of PV capacity, bringing the total installed PV capacity to 28.03 MW, a 27.1% rise compared to that of 2023. The Group's green electricity procurement reached 60 million kWh, a 454% increase from 2023.

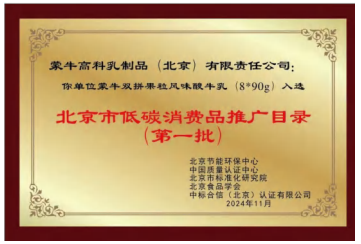
We have set a goal to increase Mengniu's installed PV capacity by 30% by the end of 2025 compared to 2023. As of December 2024, Mengniu's installed PV capacity has already grown by 27.1% compared to 2023.

Opportunity type: Market

Measures

- Apply for subsidies under national incentive policy
- Expand into emerging markets and building partnerships

The Beijing factory of Chilled Product Business Unit actively engaged in practices related to carbon emission management, carbon reduction, utilization of renewable energy, supply chain collaboration for carbon reduction, disclosure of carbon emission information , and the construction of zero-carbon factory. The factory's "Double Flavor Fruit Granule Flavored Yogurt" was selected for the first batch of Beijing's 2024 low-carbon consumer product promotion catalog.



Opportunity type: Products and services

Measures

- Strengthen the investment in the research and development of low-carbon products
- Develop plant-based products
- Develop green packaging

Mengniu evaluates the environmental impact of its products from a full life cycle perspective, gradually conducting carbon footprint calculations for core products and production stages. Building on these assessments, Mengniu has established plans to reduce product carbon footprints and introduced several carbon-neutral products, setting a new trend for low-carbon living and consumption. To date, Mengniu has completed carbon footprint calculation for core products in all product categories.

Carbon Footprint Evaluation

In 2024, Mengniu conducted carbon footprint certifications for 18 products. The assessments followed standards such as ISO 14067:2018 *Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification*, PAS 2050:2011 *Specification for the assessment of the greenhouse gas emissions of goods and servicesover their life cycle*, and GB/T 24067 *Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification*, covering five stages: raw material and packaging acquisition, production, distribution, product use, and waste disposal. Each stage's greenhouse gas emissions were identified and quantified. Among them, Mengniu's Shiny Meadow desert organic fresh milk became the first certified low-carbon organic fresh milk, achieving an 11.95% reduction in its carbon footprint.

Plant-based Product Development

Developing green, low-carbon products is key to Mengniu's dual- carbon strategy. We continued to conduct market research, increase more in R&D, and expand our product pipeline to capture future market opportunities. Mengniu has launched Everyday Fiber Oat Milk, a more low-carbon nutritional product for consumers.



Carbon Neutral Certification

This year, Mengniu completed carbon neutrality certification for 8 products, including Deluxe Frozen Cheese Milk Ice Cream and the Reeborne Jingzhi series. In 2024, Mengniu's first premium product, the Milk Deluxe Desert Organic Pure Milk, also obtained carbon neutrality certification.







Opportunity type: Resilience

Measures

- Develop sustainable agriculture, establish low-carbon farms, improve farm ecosystems and improve their adaptability to climate change
- Explore diversified measures to reduce carbon emission in logistics
- Strengthen the factory operation's resilience and adaptability to climate change
- Integrate climate risk into sustainable supply chain management

Low Carbon Ranch

As a critical part of Mengniu's value chain, dairy ranches are one of the primary sources of Scope 3 emissions. Mengniu is actively engaged in the construction and transformation of green dairy ranches, driving the low-carbon transition of partner ranches through five key measures: improving energy efficiency, optimizing manure management, enhancing herd management, adjusting feed composition, and implementing ecological carbon sequestration projects.

- Improving ranch energy efficiency: Mengniu has enhanced the digitalisation and intelligence of energy consumption management on ranches. By implementing smart sound and light control systems and energy-saving management, significant energy savings have been achieved. Additionally, Mengniu encourages ranches to increase the use of clean energy, such as adopting distributed photovoltaic power generation systems to enable a "self-generation and self-use and excess electricity to the grid" model.
- Optimizing manure management: Mengniu assists ranches adopting advanced manure treatment technologies. We promote intelligent bio-fermentation cogeneration technology and vigorously promote biogas power generation, achieving resource recycling.
- Enhancing herd management: Mengniu's partner ranches focus on optimizing herd structures by reducing cattle cull rates and scientifically managing the calving time of young cows, enhancing production efficiency per cattle.
- Adjusting feed composition: Mengniu makes adjustments to feed composition and structure to reduce carbon emissions during feeding. This includes scientifically optimizing feed formulas, reducing excessive protein intake, increasing fatty acid intake, and using additives to minimize methane emissions.
- Implementing ecological carbon sequestration projects: Mengniu works with partner ranches on initiatives such as afforestation, grassland restoration, and desertification control, contributing to the low-carbon transformation of the industry chain.

In 2024, Mengniu made steady progress in building low-carbon ranches by replacing coal-fired boilers, phasing out internal combustion engine (ICE) vehicles, conserving water and electricity, and adopting solar energy equipment. A total of 173 carbon reduction measures were implemented, reducing carbon dioxide emissions by approximately 138,000 tons.

Ranch Carbon Emission Inventory

Mengniu has expanded its efforts to inventory and calculate carbon emissions from partner ranches. The inventory focuses on direct emissions (Scope 1) and indirect emissions (Scope 2) from ranches. To date, Mengniu has successfully completed organizational carbon emission assessments for four partner ranches and obtained carbon emission data for milk production.

In the future, Mengniu plans to establish a carbon emission calculation model for ranches. This model will simplify operational processes by integrating data on feeding, energy consumption, and manure treatment to automatically calculate ranch carbon emissions. Based on this, Mengniu will develop tailored emission reduction strategies for each carbon source subject to specific circumstances of the relevant ranch and emission reduction performance, and guide ranches to implement them.

Mengniu aims to complete carbon emission inventories for 100% of its partner ranches by 2028.

To motivate ranches to actively participate in carbon reduction to give more successful examples, the Milk Source Business Unit has developed a dual-carbon implementation plan. This plan incorporates carbon reduction projects completed or promoted by business units into performance evaluations and emphasises the relationship between energy conservation, emission reduction, cost reduction, and efficiency improvement during training and business communications, guiding farms to implement carbon reductions in organized manners.



Mengniu partnered photovoltaic ranch

Low-carbon Logistics

Mengniu is committed to reducing carbon emissions in upstream raw and auxiliary material transportation, and downstream product logistics and distribution. We are driving low-carbon transformation of logistics system through measures such as upgrading to electric vehicles, optimizing transportation routes and the logistics structure, and promoting green warehousing.

Warehousing and Delivery Model Optimization

The Chilled Product Business Unit has implemented an e-commerce Direct-to-Consumer (D2C) model at its Wuhan factory, integrating the e-commerce warehouse with the factory warehouses. This reduces intermediate steps in the traditional fulfillment chain, improving product listing efficiency by 1 day and fulfillmentefficiency by 15%, while lowering carbon emissions from multiple storage and transportation.

The Chilled Product Business Unit has unified the management of mainline carriers and city distribution service providers, optimizing storage, transportation capacity, and human resources. This has reduced warehouse usage by 200 square meters, shortened single-trip distances by 70 kilometers, lowered fulfillment costs, increased product freshness by 1 day, and improved customer satisfaction by 10%.

The Ice Cream Product Business Unit stores both 2B and 2C products in some of the regional warehouses to limit internal transfers, reduce dry ice usage and improve product freshness. It has also developed a dynamic temperature-controlled packaging solution, optimizing processes for over 200,000 orders.

The Fresh Milk Business Unit has established an integrated storage and transportation digital platform for real-time monitoring and calculation of product shipments, transportation status, and warehouse temperature control, ensuring timely delivery and compliance with storage requirements.

Replacement with New Energy Vehicles

We prioritise the use of new energy vehicles and encourage carriers to upgrade their fleets through fuel replacement and energy efficiency improvements. We also recommend that carriers prioritize the purchase and leasing of electric vehicles.

The Room Temperature Business Unit has fully implemented the "Fast Guarantee, Strong Service" initiative, promoting vehicle type conversion and increasing the proportion of full-truck loads. A total of 575 new energy vehicles have been deployed, participating in 1,598 transportation trips.

In the process of selectin logistics suppliers, the Ice Cream Product Business Unit evaluated their green industrial park construction and use of new energy vehicles. It also provides suppliers with technical support on the Group's and the Business Unit's carbon emission calculation methodology to help them improve their carbon management capabilities.

Mengniu's Bellamy uses hydrogen energy vehicles exclusively to transport goods from the Chinese port to the warehouse section, effectively avoiding carbon emissions,and it is expected to reduce annual carbon emissions by 3.78 tons.

Transportation Structure Optimization

Mengniu Room Temperature Business Unit and Ice Cream Product Business Unit have formed strategic partnerships with the Railway Bureau and shipping companies. By leveraging dedicated rail lines, they have launched scheduled train services, promoted premium sea routes with mutual volume guarantees, and introduced special cargo resources to promote container production and supply initiatives. These efforts ensure stable rail and sea transportation volumes. In 2024, the Room Temperature Business Unit transported 1.85 million tons via rail and sea, reducing carbon emissions by 62,000 tons.

Transportation Routes Optimization

Mengniu's Chilled Product Business Unit has coordinated the distribution of yogurt, fresh milk, and cheese across more than 300 routes, jointly transporting over 10,000 tons of products. This has improved warehouse and vehicle utilisation, reduced total transportation mileage, and lowered carbon emissions. Through the scientific planning of its four-tier warehouse network and the optimization of over 50 transportation routes, the unit has shortened distances by more than 8,000 kilometers, reducing the carbon footprint per unit of product.

Mengniu's subsidiary, Milkground, uses intelligent planning for its distribution processes by analysing factors such as traffic conditions, cargo weight, and vehicle types to reduce transportation time and energy consumption. Additionally, Milkground improves communication with customers to reasonably arrange delivery times and locations, reducing empty-load rates and circuitous transportation. By collaborating with partners and other companies to share cold chain transportation resources, Milkground enhances transportation efficiency and further reduces empty-load rates.

Green Warehousing Establishment

Mengniu advocates for energy-saving practices in warehousing and actively develops and utilizes new energy sources. Fifteen factories under the Room Temperature Business Unit, including Horinger High-Tech Factory, Gaoke Factory, and Shangzhi Factory, have achieved the China Association of Warehousing and Distribution's Top-tier Green Warehouse Certification with a three-star rating.

Additionally, the Fresh Milk Business Unit partnered with third-party logistics companies to develop "automated warehouses," deploying robotic arms and automated guided vehicles (AGVs) to enable unmanned operations, improving warehouse turnover rate and safety.

1.3 Risk Management

Mengniu has fully integrated the processes of identifying, assessing, prioritising, and monitoring climate-related risks and opportunities into the Group's overall risk management framework, ensuring they become an integral part of the Group's risk management system. Through climate scenario analysis, Mengniu annually evaluates the prioritisation of climate-related risks relative to other types of risks, identifying material climate risks and opportunities that significantly impact its business model and value chain.

1.4 Metrics and Targets

Mengniu is taking concrete actions to mitigate and adapt to the impacts of climate change. By scientifically setting and managing climate-related metrics and targets, we formulate and implement targeted strategies while regularly reviewing and evaluating its progress, and actively and steadily advancing the achievement of carbon peaking and carbon neutrality goals.

1.4.1 Climate-related Targets[1]

With China advocating "carbon peaking" and "carbon neutrality" strategies, Mengniu has actively responded by setting clear targets to achieve carbon peaking by 2030 and carbon neutrality by 2050. In parallel, Mengniu has established phased, quantifiable carbon emission intensity goals per tonne of dairy products to ensure the effective implementation of these objectives.

Phase I:2020-2025

- Combining the Group's strategic planning, Mengniu calculates the phased carbon emissions trends, focuses on Scope 1 and Scope 2 carbon emissions reduction, and explores and deploys Scope 3 carbon emissions reduction measures to lay a solid foundation for carbon peaking. In 2025, the GHG emissions intensity of a single ton of dairy products should be within 165kgCO2e/t.

Phase II:2026-2030

- In line with the Group's phase I strategic planning and industrial structure adjustment, Mengniu continues to promote the reduction of Scope 1 and Scope 2 carbon emissions, and deepen the implementation of the Scope 3 carbon emissions reduction measures. In 2030, the absolute value of the scope 1 and 2 carbon emissions reaches the peak, and the GHG emissions intensity of a single ton of dairy products should be within 160kgCO2e/t.

Phase III: 2031-2050

- With the target of carbon neutrality, Mengniu maintains the GHG emissions reduction measures and achievements in Scope 1 and 2, and promotes comprehensive carbon emissions reduction in Scope 3. The proportion of renewable clean energy increases and the product carbon footprint decreases year by year. In 2050, Mengniu achieves carbon neutrality in Scope 1, 2 and 3.

Mengniu has also set quantitative targets for water resource utilisation, energy utilisation, forest protection, and green packaging, and regularly reviews the progress of these goals. For details, please refer to Mengniu Key Sustainability Performance Data-Environmental Performance.

To ensure the effective implementation of carbon management, the Group has established a series of policies, including the *Mengniu Group Low-Carbon Development Plan (2023-2025)*, *Mengniu Group Carbon Emission Management Method and Mengniu Group Carbon Emission Accounting Technical Guide*. These policies ensure the smooth execution of carbon management activities. In 2024, the Group further developed and released the *Mengniu Group Carbon Reduction Calculation Methodology*, providing solid foundation and unified standards for the standardised management of carbon emission data and the implementation of carbon reduction measures. This has effectively unified the granularity of internal carbon reduction data management, thereby enhancing overall management efficiency.

*【1】Climate-related targets are calculated in carbon dioxide equivalent (CO_2e), including greenhouse gases such as carbon dioxide, methane, and hydrofluoro-carbons, etc.

1.4.2 Greenhouse Gas Emission Metrics

Mengniu continues to Implement carbon emission reduction initiatives, promote innovation in energy-saving and emission reduction technologies, and adjust energy structure. This year, both the total greenhouse gas emissions and carbon emission intensity of the company have decreased. For detailed information on the Company's greenhouse gas emissions, please refer to Mengniu Key Sustainability Performance Data-Environmental Performance.

Emissions from dairy ranches are one of the primary sources of carbon emissions in Mengniu's value chain. Mengniu actively promotes carbon reduction at the dairy ranch level by adjusting feed composition and structure, managing and optimizing herd structures, improving manure management, and enhancing franches energy efficiency. These measures ensure continuous progress in managing ranch-related carbon emissions. China Modern Dairy and China Shengmu, as two major dairy ranch partners under Mengniu, are playing significant roles in the greenhouse gas emissions and management in Mengniu's value chain.

In 2024, We assessed greenhouse gas emission sources across the upstream and downstream of our value chain. Based on data availability and the significance of emission sources, we have begun calculating Scope 3 greenhouse gas emissions for key categories. We have completed the carbon emissions accounting for raw milk purchased from two core raw milk suppliers: Modern Dairy and China Shengmu.[1]

Mengniu's Greenhouse Gas Emissions from Purchased Raw Milk 2022-2024

Indicator	Unit	2022	2023	2024
Category 1: Purchased Goods and Services: Raw Milk[2]	tons of CO_2 equivalent	2,487,003.01	2,716,378.61	2,894,451.99

*【1】In accounting for greenhouse gas emissions from raw milk in category 1: Purchased Goods and Services, the calculation methodology has made reference to the requirements set out in the Implementation Guidelines for Climate Information Disclosure under the Environmental, Social and Governance Framework of the Hong Kong Stock Exchange, the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) and other related documents.

*【2】Mengniu's category 1: Greenhouse Gas Emissions from Purchased Goods and Services include only the greenhouse gas emissions generated from raw milk purchased from the two core ranches of China Modern Dairy and China Shengmu.



Sustainable Water Management

Mengniu has adopted the concept of sustainable water management, consistently adhering to the principle of "Prioritizing Water Conservation and Balanced Development." The Company has established a dedicated water resource management framework and developed specialized water-related management systems. In its production and operations, Mengniu implements various water management measures, setting water management goals and monitoring water management indicators to track and manage the Group's water management performance over the long term.

In 2024, four units of the Group were recognized as water-saving enterprises, and one unit was awarded the title of water-saving benchmark enterprise. To date, a total of 27 units have been recognized as water-saving enterprises or benchmark enterprises. Additionally, Mengniu has initiated AWS (Alliance for Water Stewardship) water management certification at seven of its factories, with four factories already achieving AWS Gold-level certification. Mengniu has set targets to achieve a 5% increase in water recycling rate and a 10% reduction in water intake per ton of product by 2030 (baseline: 2023). This year, the Company has realized a 5% reduction in water intake per ton of product compared to 2023 levels.

To date, **27** units have been recognized as water-saving enterprises or benchmark enterprises.

A total of **7** factories have initiated AWS (Alliance for Water Stewardship) water management certification, with **4** factories already achieving AWS Gold-level certification.



2.1 Sustainable Water Management Structure

Mengniu has established an Energy Conservation and Emissions Reduction Committee, chaired by the President, with the Vice President overseeing water resource utilisation strategies and performance management. The water resource management goals are broken down to various business units, and the heads of these units sign responsibility agreements. Progress is tracked monthly and annually through performance contracts and other forms, ensuring accountability at all levels and reinforcing the implementation of key water-saving measures. The Board's Sustainability Committee supervises sustainable water resource management matters, formulating strategies to ensure that Mengniu's sustainable water management efforts are effectively integrated into the GREEN sustainability strategy.

This year, Mengniu formed a dedicated Sustainable Water Management Task Force, incorporating departments closely related to sustainable water management. Starting with its own operational water management, the task force explores sustainable water management initiatives across the value chain, including water risk identification and response, supply chain water management, and product water footprint certification. These efforts aim to meet stakeholder expectations regarding Mengniu's water management performance and establish the Company as a benchmark for sustainable water management in China's dairy industry.

2.2 Water Resources Risk Assessment

Mengniu has implemented systematic management of its water usage, establishing watershed water risk maps and water flow maps to identify the water stress levels in the basins where its factories are located. This enables continuous optimization of water risk management.

Watershed Water Risk Map

Mengniu utilizes the World Resources Institute (WRI)'s "Aqueduct Water Risk Atlas" tool, which employs 12 indicators, including baseline water stress, groundwater levels, water availability, and water sustainability, to conduct water risk assessments for all its self-operated operations. By identifying high-risk indicators for each factory, the Company determines priority areas for water risk mitigation. This approach helps Mengniu better address water risk challenges and provides a foundational support system for its sustainable water management efforts.

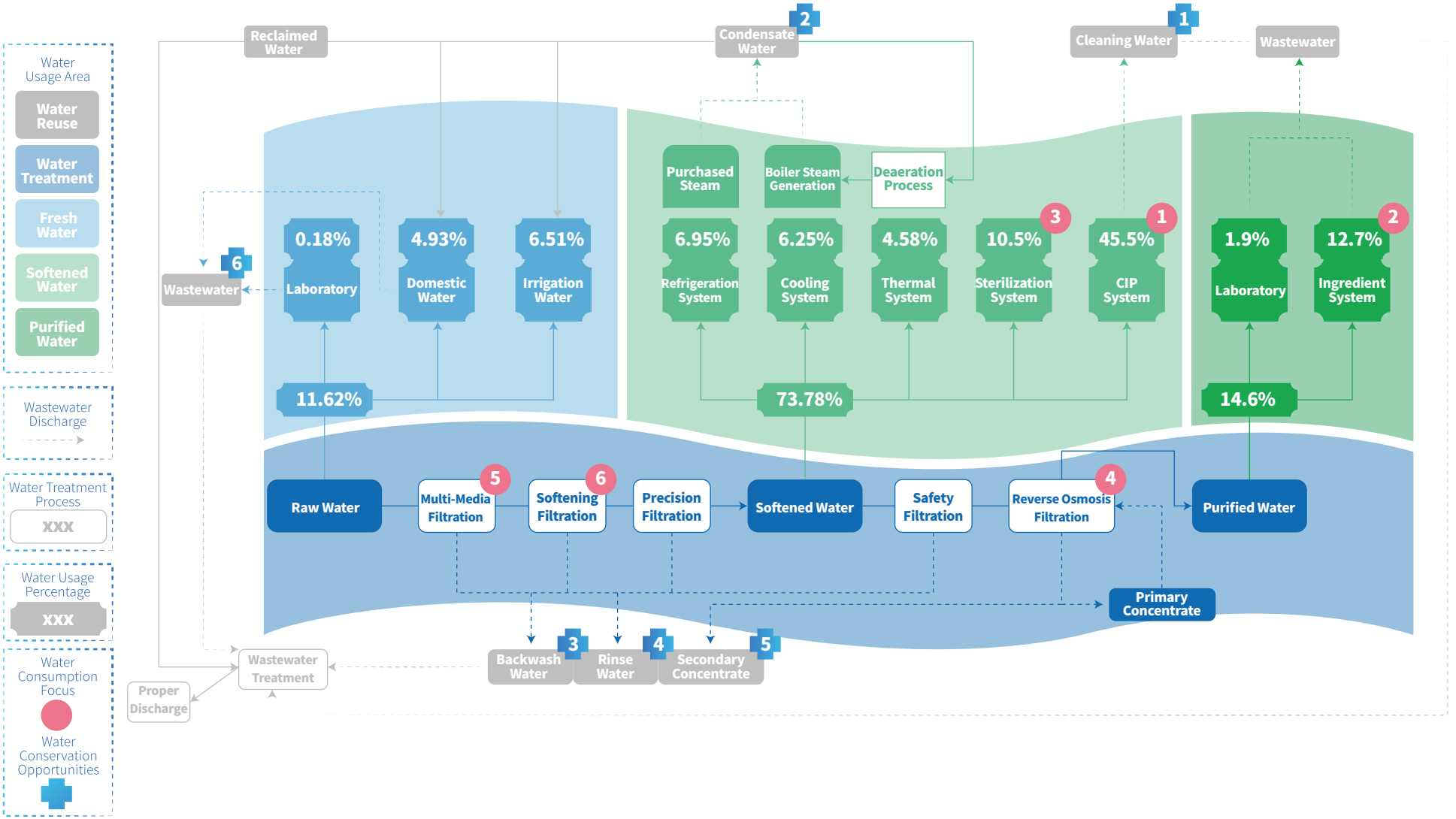
Physical risk
Risks directly impacting production, such as natural disasters, water resource shortages, and water quality issues

Regulatory risk
Risks arising from increasingly stringent regulatory requirements and uncertainties related to changes in laws and regulations

Reputation risk
Risks stemming from a crisis of trust and recognition among the public or consumers regarding the Company's environmental practices

Water Flow Map

Mengniu has developed water flow maps for all its self-operated factories, focusing on key dimensions such as identifying critical water usage stages, pinpointing water consumption hotspots, uncovering water-saving opportunities, and optimizing water treatment processes. Through this initiative, the Company has identified 10 critical water usage stages, 6 major water consumption hotspots, 6 categories of water-saving opportunities, and 5 water treatment process optimizations. By taking a lifecycle approach to water resource management, Mengniu continuously identifies potential opportunities for water conservation and environmental protection, while implementing and improving water-saving technologies.



2.3 Water Conservation Strategy

Adhering to the management principle of "determining cities, land, population, and production based on water availability," and focusing on "strengthening management foundations and promoting diverse technologies", Mengniu carries out water resource management throughout the entire lifecycle of water, including water extraction, usage, and conservation. In terms of water extraction, the Company complies with laws and regulations such as the *Water Law of the People's Republic of China*, the *Yellow River Protection Law of the People's Republic of China*, the *Yangtze River Protection Law of the People's Republic of China*, the *Regulations on Water Extraction Permits and Water Resource Fee Collection*, the *Urban Water Supply Regulations, and the Groundwater Management Regulations.*This year, Mengniu encountered no issues in securing suitable water sources. Regarding water usage, the Company prioritizes water conservation and balanced development, strengthening source and process control. It has established a three-tier management framework at the Group, business unit, and factory levels to enhance water resource management. By integrating external requirements such as dual-control water management and dairy product water extraction quotas with internal energy-saving and consumption-reduction needs, Mengniu strictly implements water quality testing, equips measurement tools, and sets up water volume alerts. The Company is steadily transitioning its water usage philosophy from "water-saving" to "sustainable." Additionally, guided by the eight water-saving measures under the 3U Water Resource Strategy, Mengniu introduces lean management methodologies into water management. It explores and adopts new technologies, methods, and processes while incorporating sustainable water management concept to persistently reduce water consumption.

2.3.1 Operational Water Conservation Practices

Mengniu has developed the *Energy Conservation and Consumption Reduction Strategy Implementation Plan* to guide its business units in adopting the best available water-saving practices. Currently, water resource management and conservation efforts cover 100% of its self-operated factories.

In 2024, the Company implemented over 70 key water-saving technical renovation projects. These projects include water-saving initiatives, such as optimization of multi-media tank cleaning, CIP cleaning process optimization, CIP system upgrades, intelligent control of domestic water usage, and RO membrane improvements. Water recycling initiatives include concentrated water recovery, homogenizer cooling water system upgrades, reuse of cooling water from filling machines, pure water recovery from workshop pipelines, and recovery of sterilizer condensate. Common use projects include water reuse and steam condensate recovery.

Room Temperature Business Unit:

- Establishment of the *Business Unit Wastewater Recycling Standards*, which provides guidance for water management, clearly defining specific water-saving directions and measures.
- Energy recovery project: At the Suqian factory, steam condensate is reused for CIP acid heating and mixing, achieving dual recovery of heat and water resources. This initiative saves 8,000 tons of water annually.
- Milk concentrated water recycling project: Milk concentrate water is redirected to the cooling system's return water pipeline, establishing an evaporation connection to reduce the need for evaporation cooling makeup water. This project saves 7,000 tons of water per year at a single factory.
- Reclaimed water reuse project: The Bayannur factory continues its reclaimed water reuse initiative for power plants, utilising 820,000 tons of reclaimed water annually with a 100% reclaimed water utilization rate.

Chilled Product Business Unit:

- Homogenizer cooling water circulation upgrade: At the Ma'anshan factory, upgrades were made to the homogenizer crankshaft and gearbox to enable the reuse of cooling water, saving approximately 45,000 tons of water annually.

Each business unit has implemented over **70** key water-saving projects, including water-saving initiatives, water recycling projects, and shared-use projects.

Ice Cream Product Business Unit:

- Steam condensate reuse: Through technical upgrades, pipelines were added after steam traps to recover condensate, which is then used for water bath heating in workshop oil tanks and chocolate tanks. This reduces steam consumption. Additionally, automatic temperature control was implemented for the oil tanks, enhancing equipment automation. This initiative recovers 2,520 tons of condensate annually.
- CIP condensate recovery and reuse: A recovery tank and pipeline system were designed, and a pump was added to enable liquid level control. This reduces steam consumption and saves 754 tons of soft water annually.

Fresh Milk Business Unit:

- Technical improvement in equipment cleaning frequency: At the Tianjin factory, an RO membrane improvement project was implemented to reduce cleaning frequency while maintaining quality standards, saving 3,053 tons of water annually.
- Water treatment regeneration flow project: The Wuhan factory carried out a project to adjust the regeneration flow of the soft water tank in its water treatment system, saving 1,440 tons of water per year.
- Cooling water reuse and mixing project for filling tanks: The Qingyuan factory implemented a technical upgrade project, saving approximately 19,519 tons of water annually. Additionally, the UHT sterilizer cooling water recovery project saved 1,162.80 tons of water per year.
- Technical improvement in equipment cleaning time: The Ma'anshan factory adjusted cleaning frequencies to reduce tap water usage while ensuring water quality, saving 28,800 tons of water per year.

Milk Powder Business Unit:

- Waste heat utilization from steam condensate: Equipment was modified to lower condensate temperature to below 25°C and use it as makeup water for cooling towers, saving about 2,138 tons of water annually.

Mengniu's water resource management and conservation efforts cover **100%** of its self-operated factories.

2.3.2 Supply Chain Water Conservation Practices

We have also enhanced water conservation management for dairy ranches and raw and auxiliary material suppliers. In terms of water management for raw milk suppliers, we introduced a new water usage standard program for cooperative ranches and implemented multiple water-saving projects. These include installing automated sprinkler systems and water recycling devices to enhance water conservation efforts. For instance, 12 ranches upgraded from manual to automated sprinklers, achieving an average water savings of over 70%. For raw and auxiliary material suppliers, we collaborated with core suppliers to conduct comprehensive water management. We thoroughly analysed water usage across various production processes for different types of suppliers and actively encouraged all suppliers to adopt water-saving practices. In 2024, Mengniu facilitated water-saving projects at 30 raw and auxiliary material suppliers, resulting in a total water savings of over 230,000 tons.

Mengniu's subsidiary, Modern Dairy, focuses on reducing water usage and exploring alternative water resources as core strategies, implementing diverse water-saving measures across its operations to enhance water resource efficiency. Additionally, Modern Dairy has integrated water resource management as a key criterion in supplier access and daily management review, evaluating aspects such as the application of water-saving technologies, wastewater treatment facilities, source control, water recycling systems, and the implementation of monitoring and assessment systems.

Reducing water resource usage:

- Livestock water usage - Installation of precision sprinkler systems: As the first in the industry to widely adopt precision sprinkler technology in cattle barns, Modern Dairy uses intelligent sprinkler systems to monitor real-time environmental parameters like temperature and humidity. Based on this data, the system automatically adjusts water usage, achieving approximately 39% water savings and 10% electricity savings. By the end of 2024, the precision sprinkler system had been implemented in over 90% of Modern Dairy's farms.
- Feed cultivation water usage - Adoption of smart water valves: Modern Dairy has deployed smart water valves across its pastures, utilising automatic pressure stabilisation to precisely control water and fertilizer supply. These valves can also detect and report malfunctions promptly, preventing prolonged system failures and unnecessary water and fertilizer waste. Compared to traditional irrigation methods, the smart system saves 25-30% in water and electricity usage per acre and reduces fertilizer usage by 10-15%.

Alternative water source utilization:

- Recycling and reuse - reusing cleaning water for flushing: Modern Dairy recycles cleaning water from milking parlors, repurposing approximately 10 million cubic meters of cleaning water annually to flush waiting areas and manure pipelines. The wastewater generated from flushing and precision sprinkling, along with cow manure, is collected in fermentation tanks to produce biogas. After fermentation and separation, the solid and liquid byproducts are used as bedding material for cattle and fertilizer, respectively.
- Circular utilization - Cooling water reuse: Modern Dairy employs air-cooled chillers and two-stage plate heat exchangers for milk cooling. During the pre-cooling stage, tap water below 18°C is first circulated through the pre-cooling section of the plate heat exchanger to exchange heat with high-temperature milk, reducing the milk's temperature. The water is then returned to a water reservoir, where it naturally cools before being reused for subsequent pre-cooling. In the deep cooling stage, the air-cooled chiller provides ice water below 2°C to fully exchange heat with the pre-cooled milk. The water is then recirculated back to the ice water system for cooling, achieving circular utilization of water resources.

Raw milk supplier water management:

- This year, Modern Dairy achieved 100% coverage in water resource audits for its suppliers and encouraged suppliers to share their water-saving experiences and achievements. The Company actively collected exemplary cases of water management from suppliers and organized water-saving promotion conferences as needed to facilitate experience exchange and collaboration, jointly promoting the efficient use and protection of water resources.
- Mengniu aims to drive supply chain enterprises to improve water resource efficiency. By encouraging core raw and auxiliary material suppliers to implement various water-saving projects—such as process optimization, equipment upgrades, circular utilization, and alternative water use—the Company has effectively reduced water resource consumption.

Mengniu collaborated with core raw and auxiliary material suppliers to carry out water-saving projects and gradually formed a long-term water resource management mechanism.

Water resources recycling and reuse:

- Worked with some suppliers to upgrade and transform their systems based on actual production conditions. Projects such as slag cooling water recovery, concentrated water reuse from water treatment stations, and condensate water recycling were implemented, saving over 120,000 tons of water annually.

Strengthening water usage control:

- Suppliers were encouraged to regularly update and replace water faucets and process water equipment to ensure efficiency. Additionally, Mengniu promoted continuous water usage monitoring among suppliers, improving water measurement systems to prevent leaks and identify water-saving potential. These efforts aim to help suppliers establish sustainable, long-term water resource management mechanisms.

2.3.3 Water Footprint Measurement and Verification

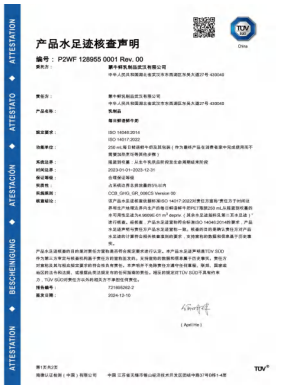
Mengniu conducts water footprint measurement and verification to understand the water usage of its operations and products. In 2024, Mengniu carried out water footprint measurement and verification for 1 factory and 2 product categories, obtaining water footprint verification statements issued by professional institutions, in addition, during 2025, all of the Company's business divisions will have completed the measurement of the water footprint of one of its major products. Additionally, the Company developed internal water footprint calculation models for both organisational and product water footprints, identifying key points of water consumption and conservation. This has improved the water footprint management records for its operations and products, uncovering water-saving opportunities across the entire lifecycle.

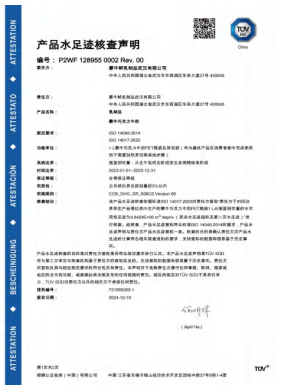
Factory water footprint verification:

- Using a "cradle-to-gate" verification boundary, the Dangyang factory of Ice Cream Product Business Unit conducted water footprint verification for upstream suppliers and the factory itself. It successfully obtained Mengniu's first *Organizational Water Footprint Verification Statement* with the factory as the verification boundary, innovatively enhancing the green attributes of its ice cream products.

Product water footprint verification and calculation:

- The Wuhan factory of Fresh Milk Business Unit conducted water footprint verification for Shiny Meadow fresh milk PET bottles and chocolate milk PET bottles, obtaining water footprint verification reports, statements, and labels. Additionally, a water footprint calculation model was established for fresh milk products.


产品水足迹核查声明
编号：P2WF 128955 0001 Rev. 00


产品水足迹核查声明
编号：P2WF 128955 0002 Rev. 00



2.4 Wastewater Management

Mengniu utilizes an online pollutant monitoring system to track wastewater discharge volumes and pollutant concentrations in real-time across its factories. This year, all of the Group's wastewater treatment plants operated stably, ensuring compliant pollutant discharge.

Upgrade of online monitoring system:

- Mengniu established a group-level pollutant discharge database, introducing real-time data dynamic monitoring and SMS alerts for abnormal data. This provides proactive management support for factory operations. Additionally, the monitoring scope of the Group's platform was expanded, and data collection equipment was updated to enhance the accuracy of monitoring indicators.

Sedimentation tank upgrade:

- The Shanxi factory of the Milk Powder Business Unit implemented a second-phase upgrade of the wastewater treatment plant's sedimentation tanks. This project reduced the discharge of suspended solids and COD (Chemical Oxygen Demand) while lowering equipment failure rates.

Rainwater and sewage diversion upgrade:

- The Horinger Factory under the Ice Cream Product Business Unit completed the renovation of rainwater and sewage pipelines, achieving separate collection and discharge of rainwater and sewage. This reduces water pollution and maximizes the treatment and reuse of wastewater.

Anaerobic treatment upgrade:

- The Saibei factory of Room Temperature Business Unit implemented an anaerobic treatment upgrade project for its wastewater treatment plant, increasing its anaerobic treatment capacity by 40%.



Mengniu Luannan Plant

Circular Economy

Mengniu has responded to the growing domestic and international concerns about green packaging, guided recycling initiatives, provided standardised procedures, and expanded the impact of green packaging recycling efforts. The Company released the *Green Packaging Value Report*, disclosing information on green packaging to showcase its achievements and future plans in sustainable packaging to stakeholders.

3.1 Green Packaging Governance

To enhance the focus and effectiveness of its green packaging efforts, Mengniu established a green packaging task force, integrating it into the Group's sustainability governance framework. Under the leadership of the Board's Sustainability Committee and the Sustainability Executive Committee, the task force coordinates green packaging initiatives, contributing to the green transformation of dairy packaging.

The green packaging task force is composed of business units, procurement departments, R&D departments, etc. It co-ordinates and promotes the Group's work related to green packaging issues, sets the Group's green packaging management targets. The task force ensures the implementation of these goals through specialized actions, covering the entire process from feasibility analysis of packaging materials, project initiation, testing, and verification to project execution.

Mengniu incorporates packaging management performance into the evaluations of relevant personnel, including metrics such as "number of innovative packaging projects, packaging quality management, innovation technology conversion rate, green packaging projects, reduction of plastic and material usage". These metrics are included in the performance evaluations of packaging R&D departments, as well as engineers, supervisors, and managers in technical and supply departments.

Additionally, Mengniu has developed the *Green Packaging Design Guidelines* and a "Sustainable Development Excellence Evaluation Program", listing green packaging as one of the key evaluation criteria to motivate employees and efficiently advance the green transformation of packaging.

In 2024, the green packaging task force established a digital packaging database, integrating information on over 6,000 packaging material items. This database enables the tracking of packaging usage, categorisation, and procurement system integration, achieving intelligent and visual upgrades for green packaging goals and key performance indicators (KPIs). It also provides real-time monitoring and anomaly alerts, significantly improving management efficiency.

3.2 Green Packaging Design

Under the concept of circular economy, Mengniu has developed the "4R1D" packaging strategy (Reduce - Reducing packaging materials usage; Recycle - Promoting recycling; Reuse - Using reusable design; Renew - Applying renewable materials; Degradable - Using degradable materials) around the goals of "addressing environmental pollution, protecting the Earth's resources and achieving net-zero emissions". Under the overarching "4R1D" packaging strategy, each business unit and product line conducts innovative research on material usage, packaging design, and production processes. This approach aims to explore and implement packaging circularity and reduction initiatives across the entire group.

Reduce: Reducing Packaging Materials Usage

To minimize the environmental impact of packaging while ensuring its functionality, Mengniu has reduced use of packaging materials.

- Reduce the weight of packaging materials per unit product to achieve lightweight packaging
- Remove non-essential components from packaging designs
- Reduce packaging elements increasing environmental burden

Recycle: Promoting Recycling

Improve packaging recyclability through design and incorporate recycled materials to maximize resource utilisation

- Increase the proportion of single-material packaging
- Enhance recyclability
- Include recycling instructions on packaging to guide the Reuse of recyclable materials
- Reuse of recyclable materials

Reuse: Using Reusable Design

Enhance the reusable value of packaging, extend its lifecycle, and reduce resource waste

- Develop consumer-facing reusable packaging designs
- Introduce reusable packaging solutions in the distribution process to minimize the use of single-use packaging

Renew: Applying Renewable Materials

Use renewable materials such as paper, bamboo fiber, and plant-based plastics to reduce reliance on petroleum-based virgin plastics and fossil resources.

Degradable: Using Degradable Materials

Apply biodegradable materials to small packaging components (e.g., straws, spoons) that are difficult to recycle, addressing pollution issues caused by their disposal.

Reduce: Reducing Packaging Materials Usage

On the basis of ensuring the functionality of product packaging, Mengniu continuously takes measures to reduce the environmental impact of packaging materials. By reducing the weight of packaging materials, eliminating harmful components such as PVC, and minimising the use of printing inks that may burden the environment, Mengniu is committed to advancing lightweight packaging and reducing the pressure of packaging on the environment at source.

- Reducing packaging weight of Mengniu large fruit yogurt helps save about 2.4 tons of packaging materials annually.
- The lid film structure of Mengniu Multi-Cup Yogurt products is optimized by adjusting the PE film formula, achieving a 15% reduction in thickness without compromising sealing strength. This change reduced plastic usage by 123.9 tons annually.
- The roof cap is removed in the packaging of Shiny Meadow 0% fat fresh milk, reducing the use of PE material by 36.3 tons annually while making the paper carton easier to recycle.
- Bellamy, a Mengniu brand, optimized infant food oil packaging by removing inner boxes, effectively reducing packaging material usage.
- The Fresh Milk Business Unit requires suppliers to switch from cardboard boxes with pallets to cartons with pallets for product delivery, reducing cardboard usage and increasing pallet reuse rates.
- Mengniu's Room Temperature Business Unit has simplified packaging forms, optimized structures, and improved processes through innovative packaging design, reducing the number of packaging layers and the amount of paper used. Products such as Milk Deluxe, Fruit Milk Drink, Children's Milk, and Just Yoghurt collectively reduced paper usage by 11,175 tons annually.
- Room Temperature Business Unit simplified gift box packaging to automatic blank carton or telescoping carton, eliminating inner liners and outer turnover boxes and reducing packaging layers and void ratio. In particular, the Deluxe 24-pack DreamCap product switched from gift boxes to telescoping carton, reducing 2 packaging layers and saving 1,013 tons of paper annually.
- Coconut milk and sweet milk launched non-laminated packaging, significantly reducing additive content and improving packaging recyclability.
- PET Fruit Milk Drink products transitioned from 21g bottles to 19g bottles, reducing plastic usage by over 40 tons and carbon emissions by over 100 tons.
- The new packaging box of Just Yoghurt uses origami padding to replace EPS (Expanded Polystyrene) padding, resulting in a reduction of 41.32 tons of EPS. Simultaneously, it increases the front-facing display area by 18%, providing consumers with a better experience.



Recycle: Promoting Recycling

Packaging recycling and reuse are not only a key environmental task for Mengniu but also for the entire consumer goods industry. Mengniu focuses on increasing the proportion of single-material packaging, enhancing the use of recycled materials, and improving the recyclability of traditionally hard-to-recycle packaging such as flexible plastics and pre-made cups. Clear recycling information is labeled on packaging to promote circular reuse and transform packaging waste into valuable recycled resources. Currently, multiple Mengniu products on the market use recyclable packaging, covering materials like PET and paper-based composites.

- At the Room Temperature Business Unit, discarded PET bottles are sent to recycling plants, where the material is reprocessed into lab coats for use in R&D labs and factory inspection areas.



Recycled PET Bottle Lab Coats

- In Beijing and Shanghai, the Chilled Product Business Unit introduced a new delivery model using EPP circular boxes + reusable bags, replacing traditional foam boxes. EPP material offers superior high-temperature resistance, anti-bacterial properties, and eco-friendly performance, naturally degrading without white pollution. This switch reduces tape usage by 30%.

Easy-to-Recycle & Easy-to-Regenerate Certification

In 2024, 17 Mengniu products received the easy-to-recycle and easy-to-regenerate certification.

- Filmed/bagged products like pure milk and Xinjiang milk achieved dual certification. The packaging of a new pure milk product became the industry's first dairy soft packaging to earn "Dual-E Excellence" certification.
- Just Yoghurt pre-made cup yogurt adopted low-barrier additive solutions to enhance recyclability, earning the certification.



Reuse: Using Reusable Design

We continue to promote the reuse value of packaging by promoting reusable design for consumers and adopting circular packaging solutions in logistics. These efforts extend packaging lifecycles and drive progress toward a circular economy. Mengniu has implemented PP (Polypropylene) reusable crates for multiple products across various business segments, achieving green, reduced, and circular packaging.

To reduce the use of disposable foam boxes in last-mile deliveries, Mengniu's Ice Cream Product Business Unit fully replaced them with frozen units for smart retail cabinet distribution. This initiative eliminated 39,000 disposable foam boxes and 156,000 units of disposable dry ice.

Aice, a Mengniu brand, reused egg roll and cone reusable containers in four factories in Indonesia and Philippine, saved approximately 359,000 reusable containers in 2024, with a weight of approximately 432 tons.

Renew: Applying Renewable Materials

Mengniu is committed to adopting renewable resources in packaging, such as paper, bamboo fiber, and plant-based plastics, to reduce reliance on petroleum-based virgin plastics and fossil resources.

In its Room Temperature Business Unit, Mengniu introduced a premium multi-bottle shared paper-based gift box crafted from fiber materials derived from waste sugarcane bagasse and bamboo pulp. This innovation decreases the use of wood pulp-based fibers, helping to conserve forest resources. The fully paper-based design not only embodies sustainability but also delivers an enhanced consumer experience.

Degradable: Using Degradable Materials

To address the challenges of scattered and hard-to-recycle packaging accessories (e.g., straws, spoons), we actively develop biodegradable alternatives. This initiative achieves dual objectives: environmental protection and cost-efficient packaging waste management while delivering both ecological and economic benefits. We successfully developed PLA/PBS composite straws, and actively explore and develop new plastic material solutions with faster degradation rates.

3.3 Recycling Initiatives

3.3.1 Consumer Awareness Campaigns

Mengniu prioritises cultivating environmental awareness among consumers through diversified packaging recycling campaigns, actively engaging them in sustainable practices. By transforming recycled materials into practical merchandise, we simultaneously reduce resource waste and environmental pollution while demonstrating circular economy principles through tangible actions to our customers—fostering a new trend of green consumption.

Packaging Recycling Activity

Through its green consumption action, Mengniu informs the public about more possibilities for recycling waste packaging, and called on more people to start from daily life to protect the earth's ecological environment. This year, Mengniu and ATRenew Group established a strategic cooperation on dairy packaging circular economy, and launched dairy packaging recycling activities nationwide. In 2024, Mengniu's packaging recycling initiative for consumers covered 27 cities, engaging nearly 100,000 participants and successfully collecting approximately 20,000 kilograms of dairy product packaging.

- Mengniu's Deluxe and Fruit Milk Drink brands have in-depth collaboration with value chain partners such as "iRecycle", Tetra Pak, and SIG Combibloc to carry out the "Milk Box Return and New Life Plan" and build a full link closed-loop model from consumer recycling to resource regeneration. Consumers deliver empty milk boxes through iRecycle smart devices and redeem them for environmentally friendly gifts. After professional treatment, the recycled milk boxes are converted into renewable resources, which are used to produce environmentally friendly products, such as notebooks, cardboard boxes, etc., thus truly realising "turning waste into treasure".



Mengniu Milk Box Return and New Life Plan

- Milkground, a subsidiary of Mengniu, joined hands with iRecycle to launch the "Snacks New Life Plan " recycling campaign to encourage consumers to recycle plastic packaging and exchange it for cheese products.
- Mengniu's Mood for Green and "iRecycle" launched the "Mengniu Packaging Plastic Reduction New Life Initiative", encouraging consumers to earn points through recycled packaging in exchange for mood for green ice cream, and converting the recycled packaging into customized merchandise for donation to left-behind children.



Mengniu Packaging Plastic Reduction New Life Initiative

Mengniu's Yoyi C partnered with GOODCYCLE to participate in the school uniform regeneration project "Spring Rain Reborn" on Earth Day, 22 April. They launched a plastic reduction initiative to consumers, collecting PET bottles to make environmentally friendly school uniforms. After a 6-month period, the project created 100 sets of school uniforms, which were donated to students at an elementary school in Kangle County, Gansu Province.



Yoyi C participate in the school uniform regeneration project "Spring Rain Reborn"

3.3.2 Operational Recycling Practices

Mengniu thoroughly implements the concept of circular economy in its own operations, actively promotes recycling management in each factory, and improves resource utilisation by implementing a series of resource recycling and reuse measures.

Utilization of Waste and Old Objects

The Beijing factory of the Chilled Product Business Unit launched the "Zero Waste Utilisation" work selection activity, advocating that everyone use a series of wastes such as old clothes, waste beverage bottles, waste paper boxes, and waste packaging materials around them for recycling and making exquisite works of art. A total of 58 works were received at the event site.

Label Recycling in Factory

The factory of the Fresh Milk Business Unit carries out the recycling of PET bottle backing paper, which is expected to reduce carbon emissions by 21.32 tons/year.

Yogurt Packaging Recycling

Cup yogurt is Mengniu Dairy's top-selling product in the Chilled Product Business Unit, with PS sheet material usage reaching 25,000 tons. For every ton of product produced, 2.1 kg of scrap material is generated. Leveraging the easy sorting and low contamination characteristics of PS material, the Chilled Product Business Unit collaborated with packaging manufacturers and the Ma'anshan factory to recycle 1,800 kg of packaging waste. The recycled material was transformed into 1,350 kg of regenerated material, used to make photo frames, pen holders, and pens, which were gifted to 460 children across 16 primary and secondary schools as New Year presents, promoting the concept of sustainable development.

3.3.3 Industry Recognition and Cooperation

Mengniu is committed to strengthening exchanges and cooperation within the industry, actively participating in the formulation and revision of national and industry packaging standards, and implementing the certification process of sustainable product packaging to ensure that packaging materials fully comply with various standards. Besides, Mengniu follows national regulatory policies and uses the resources and platforms of industry associations, societies, chambers of commerce and other organizations to actively publish knowledge insights, provide professional support, and promote the improvement of professional capabilities in the entire industry. In 2024, Mengniu actively participated in the formulation and revision of multiple national standards , including *Paper-Based Composite Materials for Liquid Food Preservation Packaging, General Quality S tandards for Multi-Layer Coextruded Films/Bags in Food Packaging, Transport Packaging: Single/Double Wall Corrugated Fiberboard Boxes* and *Requirements for Restricting Excessive Packaging of Food and Cosmetics*.

As a member of the Green Recycled Plastics Procurement Group (GRPG), Mengniu was invited to present its Green Packaging Value Report and green packaging samples at a side event during the fifth session of the Intergovernmental Negotiating Committee on Plastic Pollution (INC-5 side event).

"Mengniu's Green Packaging Management Strategy and Practices" received the "Best Project Award" from Green Circular China Campaign of the China Packaging Federation.

The "From Bottles to Bottles - Recycled rPETG Shrink Labels" project initiated by Mengniu received the "Technical Innovation Award" from the M. Success Packaging Awards, while "Multipack Yogurt Lid Film Structure Optimisation" and "Baby Milk Powder" received the "Design Innovation Award".

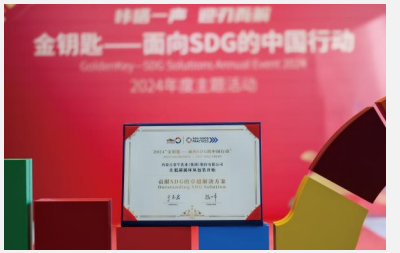
Mengniu Youyi C's Recycled Shrink Label Project won the Green Dot China 2024 Case of the Year.

Mengniu's premium paper-based gift boxes received the Reuse and Recycling Scheme Award - Silver Award at the 2024 IPIF International Packaging Innovation Conference's Blue Star Program.

Mengniu's "Starting Low-Carbon Recycling with Packaging" project was honored with the "Golden Key - China Actions for SDGs" Excellence in Solutions Award







Green Operation

Mengniu adheres to the principles of green development, strictly complies with national environmental protection laws and regulations, and strengthens the construction of a green operational system. The Company is committed to environmental protection by setting and achieving its own environmental goals to mitigate the negative impact of business activities on the environment. Through practical actions, Mengniu promotes ecological civilization and contributes to sustainable development.

4.1 Green Operation Management

Mengniu complies with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*. The Company has established the *Mengniu Manual on Environmental Protection* as the guiding document for its environmental efforts, creating a management framework and processes at the Group, functional department, business unit, and factory levels. During the reporting period, the Company focused on enhancing environmental compliance, introducing the *Pollution Source Automatic Monitoring Facility Management Procedure*, revising the *Solid Waste Management Procedure*, and optimizing the *Ecological Environmental Compliance Review Form* and the *Ecological Environmental Compliance Management Guide*. These measures provide detailed guidelines for workflows, further improving management capabilities. No major environmental incidents occurred at Mengniu this year.

Environmental Management System Certification

Mengniu continuously improves its safety and environmental management standards, identifies and mitigates potential environmental risks, and conducts environmental management system certifications. To evaluate the effectiveness of the Company's environmental management system, Mengniu employs scientific and efficient management methods to enhance EHS performance and verify compliance across all levels. In 2024, all departments, business units, and legal entities within the certification scope underwent third-party external audits, achieving a 100% pass rate.

In 2024, 100% of Mengniu's self-operated factories were certified under the ISO 14001 Environmental Management System. Seven of the Group's facilities were recognized as National Green Factories, bringing the total number of such factories to 37.

100% of Mengniu's self-operated factories were certified under the ISO 14001 Environmental Management System.
As of now, Mengniu has **37** National Green Factories.

Environmental Risk Management

To enhance risk identification and management capabilities, Mengniu further refined the *Environmental Risk Map Management Procedure*, detailing the risk identification process and establishing an environmental risk assessment system. The Company also defined risk escalation and de-escalation principles and refined evaluation methods for different risk levels, making the management tools more systematic, standardized, scientific, and regulated.

To date, the risk map management tool has effectively controlled 8 categories, 18 types, and 213 risk points. The Company has completely eliminated risks associated with coal-fired boiler emissions and downgraded total phosphorus and nitrogen treatment risks from Level 2 to Level 3 for management.

For sudden environmental incidents, each Mengniu factory has developed an *Environmental Emergency Response Plan*, conducting regular drills and training sessions, and inspecting the integrity and effectiveness of facilities and equipment.

The Group conducted comprehensive environmental risk inspections and formulated rectification plans for identified issues. Through rigorous follow-up, Mengniu ensured no major environmental risk incidents occurred during the year, with a 100% rectification rate for newly identified general risks.

Mengniu further strengthened the control requirements of its ecological environmental review mechanism, creating a tiered management list for ecological environmental protection. The Company focused on enhancing management requirements and securing funding for factories in key ecological areas. Efforts included upgrading pollution control facilities, such as wastewater treatment plants' nitrogen removal systems, air flotation machines, deodorisation equipment, and rainwater and sewage diversion systems. In 2024, Mengniu invested approximately RMB41.28 million in the operation and maintenance of pollution control facilities.

The Company remains highly committed to environmental protection and public concerns, continuously improving pollution control capabilities and optimizing the efficiency of environmental facilities. Regular self-monitoring and supervisory monitoring ensure the accuracy and authenticity of data, resulting in zero ecological environmental complaints for the year.



Mengniu Helin Factory

4.2 Waste Management

Mengniu strictly classifies solid waste, compiles waste emission data, and establishes a full-process waste management list. General and hazardous waste are handed over to licensed disposal providers.

Flue Gas Denitrification Project:

- The Room Temperature Business Unit's Tangshan factory adopted flue gas denitrification technology to reduce nitrogen oxide emissions from boiler exhaust from 50 mg/m^3 to 20 mg/m^3, cutting annual nitrogen oxide emissions by 2 tons.

Wastewater Treatment Plant Air Flotation and Sludge Press Upgrades:

- The Room Temperature Business Unit's Jiaozuo factory increased air flotation machine capacity by 25%, improved processing efficiency by 5%, reduced sludge moisture content by 5%, and decreased annual sludge volume by 5,640 tons.

Digital Platform Development:

- The Ice Cream Product Business Unit's Dangyang factory built a digital platform to categorize solid waste types and weights, enabling intuitive and visual data management. This initiative improved packaging waste recycling rates and reduced waste generation by approximately 290 tons.

Zero Waste and Zero Landfill Factory Certifications

- This year, four Mengniu factories were recognized as "Zero Waste Factory" demonstration units, and three factories completed zero landfill management system certifications. Among them, the Chilled Product Business Unit's Beijing and Wuhan factories received Diamond-level zero landfill certifications.
- By the end of 2024, 13 of the Group's factories had been designated as "Zero Waste Factory" demonstration units, and eight factories had achieved "Zero Landfill Factory" certification.

"Zero Waste Day" Activity

- In March 2024, Mengniu held the second annual "Zero Waste Day" event. The event was continuously rolled out in various sales regions and factories of the Chilled Product Business Unit. It featured activities in five areas: "Zero Waste Grocery Basket", "Turning Waste into Treasure", "Zero Waste Market", "Zero Waste Beach Cleanup", and "Zero Waste Office", showcasing a diverse range of creations.



"Zero Waste Day" Activity

4.3 Reduce Food Loss and Waste

Mengniu actively reduces food loss and waste, issuing the *Mengniu Guidelines Against Food Waste* and implementing related management practices. Initiatives like the "clean plate campaign" were promoted during World Environment Day and Low Carbon Day. The Fresh Milk Business Unit's "Clean Plate Check-in" activity has achieved approximately 500,000 activity check-ins and reduced food waste by a total of approximately 19.55 tons by the end of 2024.

Reduce Raw Material Lost

Reducing milk loss is a key focus in production management. Mengniu employs precision management, monitors production conditions, maintains equipment regularly, and develops milk analysis models and loss maps to identify and address loss points. Performance evaluations are tied to loss reduction targets, which are broken down by production lines. Additionally, the Company optimizes finished product handling to avoid waste due to product disposal.

Milk Powder Business Unit's Chaozhou Factory:

Improved process precision and production monitoring, strengthened control over raw material deviations, reduced losses due to equipment failures, and standardized workflows to minimize operational waste.

Mengniu's Aice Philippines Factory:

Enhanced ingredient yield during pre-processing by adjusting parameters based on product characteristics and providing one-on-one training to employees, solidifying operational standards and key control points to reduce raw material loss.

Ecosystem-Collaborative & Accountable

4

Mengniu collaborates with upstream and downstream partners to uphold sustainable development principles, balancing economic, social, and environmental benefits while co-creating commercial value. Under the GREEN strategy's "Ecosystem-Collaborative & Accountable" pillar, the Company focuses on sustainable procurement, sustainable agriculture, and biodiversity conservation to build a responsible supply chain and foster a sustainable industrial ecosystem.

SDGs We Focused in this Section:



Sustainable Procurement

- Total suppliers: **999** (**990** in mainland China, **9** overseas).
- **163** suppliers registered on the Sedex platform; **all** strategic raw and auxiliary material suppliers completed the SAQ questionnaire.
- **All** raw and auxiliary material suppliers signed the anti-corruption agreement.
- **100%** of sourced raw milk is traceable to farms; **9%** of purchased raw milk is organic-certified.
- **89.37%** of product inner packaging paper is sustainably forest-certified; all outer packaging cartons are made from recycled paper.
- **230,000** tons of soybean meal were replaced with alternative feed; **220,000** tons of soybean meal were sourced from low-risk regions; **51,000** tons of soybeans were sustainably certified.
- Bellamy's palm oil purchases are all **RSPO IP-certified**.

Sustainable Agriculture

- **34** partner farms are GAP-certified; **23** farms and their raw milk products are **organic-certified**.
- **All partner farms** implement manure resource utilization.
- Upgraded silage action plan covers **396** partner farms.
- Smart temperature control systems cover **100%** of partner farms.
- Standardized operating procedures cover **100%** of farms.
- Heat stress impact on cows decreased by **1.9%** compared to 2023.
- **64** farms were designated as"National Demonstration Farm for Reduction in the Use of Antimicrobial Drugs" .

Biodiversity Conservation

- Published **the dairy industry's first TNFD report**.

Sustainable Procurement

Mengniu is committed to building a responsible supply chain, expanding the influence of its sustainable procurement standards, and promoting industry-wide sustainability. To further reinforce its commitment to responsible supply chain, the Company refines supply chain responsibility management, and extensively implements supply chain ESG risk management, advances sustainable sourcing and traceability of raw milk and materials, and strives for a "zero deforestation" goal.

In 2024, Mengniu had 999 suppliers (990 in mainland China, 9 overseas).



Mengniu Helin Factory

1.1 Raw and Auxiliary Material Supply Chain Responsibility Management

The Company upholds principles of "open, fair, equitable and integrity-focused " in procurement, continuously updating supplier requirements and improving management processes based on its own development needs. Mengniu identifies and addresses ESG risks, empowers suppliers to enhance their capabilities, and strengthens the supplier responsibility management system, fulfilling social and environmental responsibility with suppliers.

Supplier Management Requirements

Mengniu's Supplier Code of Conduct is prepared according to the Ten Principles of the United Nations Global Compact, and the Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, the OECD Guidelines for Multinational Enterprises, the Core Conventions of the International Labor Organization and other international standards and criteria, combined with the Group's GREEN sustainability strategic objectives and the responsible procurement mandates set forth by the Sedex platform. Suppliers must sign the code before collaboration, which regulates upstream and downstream suppliers in environmental protection, health and safety, labor rights, human rights, and business ethics.

In 2024, Mengniu signed the Supplier Code of Conduct with all newly contracted raw and auxiliary material suppliers.

Major Issues in the Supplier Code of Conduct

Respect for freedom of association and collective bargaining, freely chosen employment, safe and hygienic working conditions, no child or forced labor, fair wages and benefits, management systems, no harsh or inhumane treatment, work rights, environmental management, business ethics, formal employment, no discrimination, reasonable working hours.

Strategic Supplier Selection

Mengniu values long-term, stable, and efficient partnerships with suppliers, prioritising those that pursue "all-round, in-depth and multi-field" long-term strategic cooperation, align with its strategic goals and support high-quality development.

In selecting strategic suppliers, Mengniu implements a rigorous evaluation framework that integrates product excellence, technological leadership, management capability and service reliability taking in full consideration of the business needs of each business unit, and required suppliers to offer stable and high-quality products and services in the long term.

1.1.1 Supplier Management Process

To standardize supplier management processes, Mengniu has established the Mengniu Dairy Quality *Management System for Purchasing Material* and the *Mengniu Dairy Supplier Management System* and other regulatory frameworks. These systems implement tiered and differentiated supplier management across four key phases: selection and access, daily management, prevention and improvement, and performance optimization and exit. They define specific operational procedures for each procurement stage and enhance the end-to-end quality management system throughout the procurement lifecycle.

During the selection and access phase, we conduct on-site supplier audits covering 13 assessment modules and 125 specific criteria, including quality assurance, production management, environmental and social risk compliance. In daily supplier management, based on the product quality risk level and management performance of suppliers, we develop an annual supplier audit plan to conduct targeted quality inspections. We conduct annual performance evaluations of supplied materials in accordance with the *Standards for Evaluating the Quality Performance of Suppliers*. According to the *Supplier Management Rules*, we are continuously optimizing our supplier management capability by adopting 6 progressively strict performance control measures, including quality assessment, supplier interview, procurement ratio adjustment, suspension and rectification of procurement cooperation, and termination or withdrawal of procurement cooperation, and blacklisting of suppliers.

Assessment Items	Main Assessment Content
Non-negotiable items	Relevant laws and regulations, and requirements on food safety management
Quality planning	Policies and objectives, leadership and commitment, establishment of management system, food safety management
Quality assurance	Compliance management, document management, internal audit, change management
Quality prevention	Food protection, food fraud, emergency response
Procurement and supply	Supplier management, raw and auxiliary material management, chemical management, outsourcing management
Infrastructure	Factory location planning, workshop infrastructure, sanitary fixtures, air quality, water and energy, waste disposal, safety and environmental protection
Production management	Design and development, process management, cleaning and sterilization, product planning, traceability management, cross contamination, pest control
Equipment management	Equipment configuration, equipment maintenance, measurement management
Warehousing logistics	Storage management, release management, transportation management
Inspection management	Laboratory facilities, inspection equipment, inspection drugs, inspection methods, inspection accuracy, sample retention management
Non-conforming product management	Disposal of non-conforming products, complaint and customer communication, recall management
Personnel management	Personnel qualification, personnel training, social responsibility
Digitization	Digitization on quality information

1.1.2 Supply Chain ESG Risk Management

A stable and resilient supply chain is critical to enhancing business performance and ensuring operational continuity. To mitigate supply chain risks, Mengniu is committed to building a comprehensive and dynamically adjusted ESG risk management system across our supply network. We have established a closed-loop risk management process covering ESG risk identification, assessment, and mitigation measures, tailored to each stage of procurement and supplier characteristics. This systematic approach ensures the sustained health and efficiency of our supply chain operations.

Risk Identification

Mengniu has established and maintains the *Risk Matrix Assessment Standard* to systematically identify and evaluate critical risk factors across procurement processes. In 2024, we conducted a comprehensive risk identification and assessment across our entire supply chain and formulated the *Group-level Major Risk Mitigation Strategy Implementation Plan*. To ensure effective and continuous risk management, we monitor supply chain risks monthly.

Additionally, we leverage the Sedex platform to conduct regular identification and management of suppliers' potential risks across environmental, social, governance (ESG), and economic performance dimensions. This enables us to ensure a stable supply chain and real-time updates and accuracy of risk profiles.

Mengniu continuously enhances ESG risk identification in procurement management and has established a bottom-up risk identification and reporting mechanism. We have dedicated procurement risk management personnel who periodically report to the Group's risk control department. We analyse risk influencing factors around business objectives, risk management processes and risk mitigation execution processes, and carry out targeted risk identification in procurement activities.

Risk Assessment

Risk Assessment System

We have developed the *Risk Matrix Assessment Standard*, establishing a multi-dimensional evaluation framework that systematically assesses suppliers across five critical dimensions: geographic and industry risk profiles, material categories and quality controls, environmental impact factors, business stability indicators and social responsibility compliance. We assess operational compliance, legal/regulatory adherence, food safety and production standards, environmental protection measures and corporate reputation management. Through applying risk factor assessment process and risk assessment model, we classify suppliers by ESG risk exposure and formulate corresponding management rules and assessment indicators, to ensure targeted and effective ESG risk assessment.

Risk Assessment Approach

Mengniu has implemented a multi-tiered supplier verification program based on supplier categories and the material-specific ESG risk exposure levels.

For domestic suppliers, we conduct on-site audits in strict compliance with Group Internal Audit Standards, and Supplier Code of Conduct requirements. Key audit components include environmental impact assessment reports, valid waste water discharge permits, food additive usage quantification, food safety risk analysis of packaging materials and child labor prevention mechanisms verification. For international suppliers, we adopt primary remote desktop review by performing detailed inspection of supplier certification and documentation and engage third party audit firm for on-site validation when necessary.

For raw materials and direct-contact packaging suppliers, we enforce pre-qualification material sampling during initial audits, and send for mandatory third-party laboratory testing to ensure they meet national product standard, corporate registration requirements and Mengniu quality standard. By the end of 2024, the Company had completed approximately 500 audits of raw material and auxiliary material suppliers, ensuring supply chain reliability and product quality compliance.

We continue to advance third-party SMETA [1] responsible supply chain audits, identifying and mitigating supplier risks through the SMETA platform to enhance supply chain responsibility management. In 2024, we conducted SMETA audits for 85 suppliers across four categories: raw materials, auxiliary materials, cartons, and packaging materials.

Risk Response

Risk Response Mechanism

Mengniu places great emphasis on addressing supplier ESG risks, making it a core component of supply chain risk management. Mengniu has developed major risk response strategies, clearly defining the responsible entities for each significant risk and ensuring that the relevant risk management departments or individuals formulate specific contingency plans. This strengthens the resilience and adaptability of supply chain risk response strategies.

We fully utilize the resources of the Sedex platform to enhance the ESG risk response capabilities of Mengniu and its suppliers. We require all strategic raw and auxiliary material suppliers to complete and update the Sedex questionnaire on the platform. Through supplier risk pre-screening and assessments of environmental and social management system maturity, we classify suppliers based on their risk levels and sustainability capabilities. Based on the questionnaire scores, we engage with suppliers to implement corrective actions, thereby improving their ESG risk response capabilities. In 2024, Mengniu continued to promote supplier registration and audits, with 163 suppliers registered on the Sedex platform. All strategic raw and auxiliary material suppliers completed the SAQ questionnaire, and no strategic suppliers were terminated due to failing assessment standards.

Keep Improvement

For suppliers with significant risks or low annual performance ratings, we provide opportunities for rectification and initiate re-evaluation processes. Continued cooperation is only permitted after successful re-evaluation. If suppliers violate the Company's non-negotiable principles or fail to meet Mengniu's ESG requirements after rectification, cooperation will be terminated.

We offer customized improvement plans for suppliers, including technical support, training, and sharing industry-leading information, to enhance their sustainability capabilities and drive overall progress in the supply chain.

As of the end of 2024, **163** suppliers registered on the Sedex platform, **all** strategic raw and auxiliary material suppliers completed the SAQ questionnaire, and **85** suppliers underwent SMETA audits.

*【1】STEMA: Sedex Members Ethical Trading Audit

1.1.3 Supplier Empowerment and Support

Mengniu is committed to growing together with its suppliers, providing tailored resources and support. We offer professional guidance during supplier access and daily management, organising training sessions on topics such as foreign object control, dairy farming, ESG management capability enhancement, carbon emission accounting, and carbon reduction measures to continuously improve suppliers'comprehensive capabilities.

We place special emphasis on supplier quality control training. Annually, we organize training for all suppliers on life cycle quality management, safety production standards, procurement material quality management, and quality culture building. Additionally, we dispatch quality supervision representatives to selected suppliers for on-site inspections and assistance in improving their quality management capabilities.

In May 2024, we collaborated with Sedex to conduct training for Mengniu procurement staff and suppliers, aligning procurement processes with supply chain responsibility management. The training involved over 500 participants.

Supplier Quality Improvement Empowerment

In line with the life cycle management requirements for raw and auxiliary materials, we provide online and offline training for suppliers on national regulations, quality improvement tools (e.g., foreign object control in pre-packaged products, microbial control solutions for fruit products), supplier food safety review standards, and case studies. The training has covered over 500 suppliers, including all suppliers with a focus on quality management. Through continuous training, suppliers gain a deeper understanding of product quality, better adhere to corporate quality standards, and reduce quality issues caused by supplier factors, thereby improving the overall quality of final products. The training also establishes effective communication channels, fostering mutual trust between suppliers and the Company and enhancing collaboration efficiency.

1.1.4 Supply Chain Anti-corruption

Mengniu treats anti-corruption efforts in the supply chain as a key strategy for maintaining compliant operations. To foster transparent and ethical supplier partnerships, we employ institutionalised management methods, implementing closed-loop compliance management throughout the entire supplier collaboration life cycle—pre-cooperation, mid-cooperation, and post-cooperation. This effectively prevents and controls supply chain corruption risks. Besides, we continuously optimize channels for reporting supplier integrity issues, offering hotlines, email, and service platforms for whistleblowing.

We require suppliers to comply with the requirements for partners outlined in the *Anti-Commercial Bribery and Anti-Corruption Policy*, and actively promote the signing of the anti-corruption agreement. Suppliers must implement effective anti-corruption measures, including adhering to laws and regulations, developing their own anti-corruption policies, participating in Mengniu's anti-bribery and anti-corruption training, and undergoing audits based on the Supplier Code of Conduct ethical requirements. As of the end of 2024, all raw and auxiliary material suppliers had signed the anti-corruption agreement.

At the same time, we continue to strengthen Mengniu's anti-corruption compliance culture, ensuring suppliers adhere to the Company's ethical requirements and promoting compliance across the entire ecosystem to elevate ethical standards in the dairy industry.

Suppliers that violate integrity principles, breach the anti-corruption agreement, or cause significant economic losses, brand damage, or reputation harm to Mengniu will have their cooperation terminated immediately and be blacklisted.

Overseas Suppliers Anti-corruption Management

Bellamy's, a subsidiary of Mengniu, ensures compliance with anti-corruption and business ethics among overseas suppliers by issuing the *Integrity Compliance Manual* . Bellamy's regularly assesses suppliers to verify their compliance with the manual's requirements, including document reviews, employee and management interviews, and on-site inspections. If non-compliance is identified, Bellamy's notifies the supplier immediately, requiring corrective actions within a specified time frame and imposing penalties as per agreements.



Mengniu Jinhua Factory

1.2 Raw Milk Supply Chain Responsibility Management

Safe and high-quality milk sources are the foundation of premium dairy products. Mengniu adheres to the *Mengniu Farm Quality and Safety Management Policy*, implementing end-to-end controls for milk suppliers from source selection, access evaluation, process monitoring, to optimization and exit.

Mengniu applies comprehensive and multi-dimensional standardized management across all cooperative farms, covering six key areas: farm quality management, access management, daily management, and optimization management. This includes 12 detailed modules such as farm selection and access, dairy cow feeding and health management, raw milk production management, storage and refrigeration management, and farm input quality supervision.

We have established the *Standard Operating Procedures (SOPs) for Milk Source Farms of Mengniu*,strictly standardising farm operations across critical areas such as farm design, disease prevention, breeding, feed management, herd management, and milking parlor management. Based on the SOP requirements, we conduct quality audits for cooperative farms, covering production processes, equipment cleaning, feeding operations, raw milk testing, disease prevention, safety, and environmental protection. By the end of 2024, we had performed quality audits on 304 cooperative farms, addressing identified issues in a timely manner through on-site guidance and process verification to improve raw milk quality.During audits, if suppliers fail to meet established requirements, we take appropriate measures based on the severity of the impact, including providing support for rectification, suspending business for improvement, or implementing exit strategies.

By the end of 2024, Mengniu had on-boarded 15 new raw milk suppliers, all new farms fully complied with the management standards outlined in the *Mengniu Farm Quality and Safety Management Policy*, achieving a 100% compliance rate.



Quality Audit for Mengniu's Cooperative Farms

Sustainable Raw Milk Procurement and Traceability

Mengniu released the *Mengniu Responsible Dairy Sourcing and Management Policy*, requiring all farms to conduct responsible dairy procurement and management across four dimensions: product safety and quality management, animal welfare, environmental protection, and industry chain support. Compliance with the policy is verified.

For raw milk traceability, we aim for 100% traceability of all dairy products back to their milk sources. Through remote farm monitoring and milk truck tracking, we implement end-to-end, multi-dimensional, and closed-loop supervision of dairy farming, disease treatment, raw milk production, storage, and transportation to ensure the traceability goal is consistently and effectively met.

In 2024, 100% of Mengniu's raw milk was traceable to its source farms, 34 cooperative farms obtained GAP[1] certification, 23 farms and their raw milk products received organic certification, and 9% of procured raw milk was organically certified.

As of the end of 2024, **100%** of raw milk was traceable to its source farms. **34** cooperative farms obtained GAP certification, **23** farms and their raw milk products received organic certification, and **9%** of procured raw milk was organically certified.

*【1】GAP(Good Agricultural Practice) is a certification for the safety control of the agricultural products.

1.3 Responsible Procurement of Raw Materials

Mengniu strictly adheres to the *Forest Law of the People's Republic of China*, the *Regulations on the Implementation of the Forest Law of the People's Republic of China*, and other relevant laws and policies on forest protection. We have formulated the *Forest Protection Policy*, committing to achieve "zero deforestation" by 2030.

Mengniu conducts systematic reviews of deforestation risks in the supply chain, identifying timber, soy, and palm oil as the primary commodities contributing to deforestation. For these key commodities, we are building a "zero deforestation" supply chain, exploring effective ways to reduce deforestation risks in procurement.

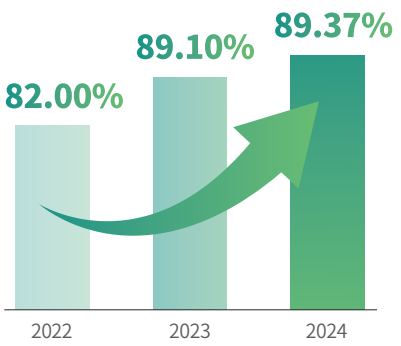
We collaborate with the Earthworm Foundation on sustainable palm oil procurement, leveraging external expertise and digital analysis to assess deforestation risks and develop actionable pathways for achieving "zero deforestation" procurement goals.

1.3.1 Timber Products

We widely use paper-based materials in product packaging, prioritising wood products with sustainable certifications such as FSC forest management system certification, PEFC, and CFCC forest certification, while actively utilizing recycled wood products.

In 2024, 89.37% of Mengniu's product inner packaging paper was sustainably forest-certified, and all outer packaging cartons were made from recycled paper.

Proprotion of sustainably forest-certified products in inner packaging paper



1.3.2 Palm Oil

Palm oil is used as a production ingredient in some Mengniu products. In 2024, Mengniu's products using palm oil account for approximately 1% of the Company's annual revenue. We have issued the *Sustainable Palm Oil Policy*, setting commitments and standards for Mengniu and its suppliers to promote sustainable palm oil management. Mengniu commits to ensuring that all procured palm oil products do not involve deforestation and/or peat land development risks post-December 2015. By tracing and obtaining sustainable certifications, we aim to achieve "zero deforestation" palm oil procurement by 2030 and encourage suppliers to participate in sustainable palm oil certification and procurement, advancing industry-wide forest protection practices.

To further reduce deforestation risks associated with palm oil procurement, we are committed to enhancing traceability and transparency, increasing the proportion of certified palm oil purchases as a key measure.

In 2024, we continued to work with the Earthworm Foundation on the traceability and deforestation risk assessment of palm oil for Mengniu's main business in mainland China.The palm oil purchased by Mengniu originates from Malaysia and Indonesia, of which 100% can be traced back to the refinery (TTR), 91.53% can be traced back to the palm oil mill (TTM) and 79.11% can be traced back to the plantation (TTP).We are committed to continuing to improve the transparency of our palm oil sourcing until 2030, with a view to achieving 100% traceability to the plantation (TTP) of the palm oil products we source.

We also plan to reduce deforestation risks by purchasing RSPO-certified palm oil, setting a target to procure 250 metric tons of RSPO MB [1] -certified palm oil in 2025. In 2024, all palm oil procured by Bellamy's, a Mengniu subsidiary, was RSPO IP [2] -certified.

As of the end of 2024, the proportions of palm oil procured by Mengniu traceable to refineries, palm oil mills, and plantations were **100%**, **91.53%**, and **79.11%**, respectively.

All palm oil procured by Bellamy's was **RSPO IP**-certified.

*【1】MB-level (Mass Balance, mixed supply chain model) monitoring of trade in RSPO-certified oil palm products throughout the supply chain. Facilitates the realisation of mainstream trading of RSPO certified oil palm products. The Mixed Supply Chain Model allows each participant in the supply chain to demonstrate commitment to RSPO certified oil palm production and to actively promote the trading of RSPO certified oil palm products.

*【2】The IP level (Identity Preseved) is the highest level of RSPO certification and requires that palm oil can be fully traced back to a specific sustainable plantation, thus ensuring that the entire chain from cultivation to processing, trade and consumption is in line with sustainability principles.

1.3.3 Soybean Products

Soybean meal, a by-product obtained after extracting soybean oil from soybeans, is one of the materials used as feed for dairy cows in Mengniu's upstream farms. We have established the *Farm Visit Classification and Evaluation Standards* and included "procurement of 'zero deforestation' soybeans" as one of the evaluation criteria to encourage partner farms to engage in zero-deforestation efforts, increase the proportion of certified product procurement, or use other meal alternatives.

We have adopted the following measures to promote the achievement of the "zero deforestation" goal for soybean meal:

- Require partner farms to gradually reduce reliance on soybean meal and increase the use of alternative feeds such as rapeseed meal, cottonseed meal, and sesame meal.
- Conduct traceability work for soybean origins, continuously improving the traceability proportion of soybean meal, and prioritise the procurement of soybeans with no deforestation risks.
- Continuously standardize the entry criteria for soybean meal suppliers and dispatch personnel to conduct on-site quality audits of soybean meal.
- Provide training on "zero deforestation" soybeans for procurement staff of the Company's raw milk suppliers to enhance their awareness of responsible procurement and reduce deforestation risks during the product selection process.

Mengniu, together with its subsidiaries Modern Dairy and China Shengmu, has jointly developed the "Soybean - Zero Deforestation Joint Action Plan for Dairy Industry Chain", covering all partner farms. The plan promotes the achievement of the 2030 "zero deforestation" goal through measures such as setting and implementing "zero deforestation" targets, planning pathways, adopting soybean reduction and substitution strategies, enforcing "zero deforestation soybean" procurement guidelines, prioritising soybeans from low-risk regions, and procuring certified soybeans. In 2024, soybean meal accounted for approximately 7% of the total feed procurement by Mengniu's partner farms, of which, 45% was "zero deforestation" soybean meal.

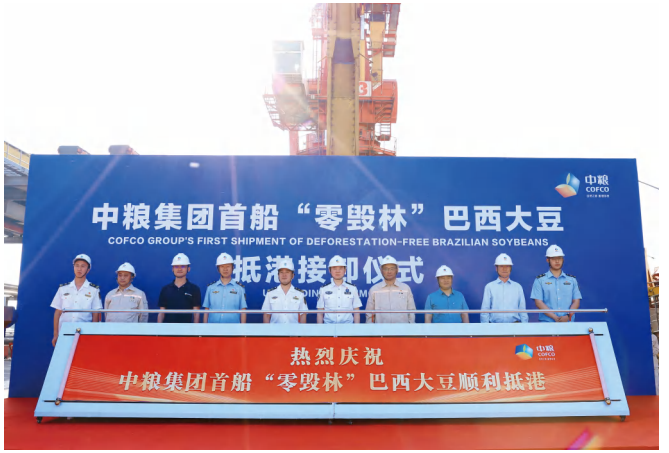
This year, Mengniu achieved a reduction and substitution of 230,000 tons of soybean meal, low-risk procurement of 220,000 tons, and certified procurement of 51,000 tons. 100% of the soybean meal procured by Mengniu's farms can be traced back to the manufacturers.

Achieved a reduction and substitution of **230,000 tons** of soybean meal, low-risk procurement of **220,000 tons**, and certified procurement of **51,000 tons**.

100% of the soybean meal procured by Mengniu's farms can be traced back to the manufacturers.

"Zero Deforestation" Soybean Procurement

In 2024, Mengniu's subsidiary Modern Dairy successfully received a shipment of "zero deforestation" soybeans. The soybean order was signed between COFCO International (a subsidiary of COFCO Group) and Modern Dairy at the 6th China International Import Expo in 2023. The soybeans originated from COFCO International's sustainable soybean supply chain in Brazil, complying with ecological protection, indigenous rights, labor rights, and other sustainability standards, as well as the "COFCO International Responsible Agriculture Standards" reviewed by the European Feed Manufacturers' Federation (FEFAC).



Mengniu' s subsidiary Modern Dairy successfully received a shipment of "zero deforestation" soybeans



CERTIFICATE

Certificate n° COFCO-STD1-01.2024

Associação Control Union Certificates certifies that

COFCO International Brasil S.A

Complies with the requirements of the following standard:

COFCO International Conversion-Free Soy Standard Module 1

Volume of 50,499.825 tons
Buyer's full name: Modern Farming (Group)Co.,Ltd

Validity: 22/04/2025

Associação Control Union Certificates declares to have audited the product(s) and volume(s) of the above-mentioned certificate holder and have found them in conformity with the standard mentioned above. This certificate covers the operation units in the authenticated annex of this certificate.

This certificate is in force until further notice, provided that the above-mentioned client continues meeting the conditions as laid down in the client contract with Associação Control Union Certificates. Based on the annual audits that Associação Control Union Certificates performs, this certificate is updated and kept into force. The validity of this certificate shall be verified via e-mail: certifications@controlunion.com.br

Date of certification decision: 22/04/2024

On behalf of the Local Manager
Declared by:

Jessica Leite Jorge

Place and date of issue: São Paulo, 22nd Apr, 2024

中粮国际 COFCO INTL

MODERN FARMING 现代牧业

CONTROLUNION

Associação Control Union Certificates
Av. Brigadeiro Faria Lima, 1485
Jardim Paulistano - 10th floor
01452-002 - São Paulo - SP, Brazil
www.controlunion.com.br
Tel.:+55 (11) 3035-1600

Zero deforestation soybean certificate

Sustainable Agriculture

Mengniu actively promotes the development of eco-circular agriculture in upstream farms to support their green and low-carbon transformation. We continue to deepen ecological cooperation with farms to jointly create a new paradigm of sustainable agriculture that respects natural resources and enhances animal welfare.

2.1 Animal Welfare

Mengniu regards ensuring the welfare of farm animals as an important part of developing sustainable agriculture. We refer to relevant documents such as the *OIE Terrestrial Animal Health Code* and the *Farm Animal Responsibility Minimum Standards (FARMS)* to issue the *Mengniu Animal Welfare Policy*, which clarifies the guidance requirements for animal welfare at the Mengniu farms. Our objective is to collaborate with our cooperative farms to continually enhance the welfare standards for dairy cows. We have set the goal of "raising millions of healthy and happy cows" and continuously promote its implementation through two main approaches: advancing animal welfare standards and enforcing veterinary drug control.



2.1.1 Promotion of Animal Welfare Standards

Mengniu aspires to collaborate with its farm partners in actively promoting the effective experiences of the "Five Welfares", eradicating practices that violate the "Five Freedoms", and continuously improve animal welfare. We have formulated the Welfare Promotion and Implementation System for Dairy Cattle in Farm as the core standard for building an animal welfare system and guiding farms to improve animal welfare levels. We also participated in drafting group standards such as *Farm Animal Welfare Requirements- Dairy Cows Regulations for Quality and Production of Whole Corn Silage* and *Heat Stress Prevention and Control Standard for Dairy Cattle*, integrating animal welfare measures into farm production practices to promote healthy industry development.

Additionally, we participated in the drafting of Inner Mongolia Autonomous Region's local standards, *DB15/T 418-2024 Technical Specifications for Rearing Management of Dairy Calves in Agro-Pastoral Ecotones* and *DB15/T 419-2024 Technical Specifications for Rearing Management of Adult Dairy Cows in Agro-Pastoral Ecotones* , clarifying the nutritional needs, feeding, and management standards for dairy calves and adult cows in agro-pastoral ecotones, promoting the transition of local animal husbandry to scientific management and sustainable development models.

Mengniu and its partner farms strive to ensure that all animals in the supply chain enjoy the "Five Freedoms" and receive the "Five Welfares."

Five Freedoms

Freedom to live without hunger and thirst	Freedom to live comfortably	Freedom to live without pain, injury, and illness	Freedom to express its nature	Freedom to live without fear and sadness

Five Welfares

01 Physiological welfare: Ensuring that cows at different physiological stages are provided with the necessary food and water to maintain good health and energy;

02 Environment welfare: Providing appropriate housing or habitats for cows to receive comfortable sleep and rest and ensure that the buildings in which the cows are located are in good condition at all stages.

03 Health welfare: Ensuring that cows are not subject to additional pain, monitoring their health status, preventing diseases, and treating sick cows in a timely manner.

04 Behavioral welfare: Enabling cows to naturally express their nature and develop corresponding management plans based on their instincts.

05 Psychological welfare: Avoiding mental pain and violent harm to cows, providing sufficient space, appropriate facilities, and ensuring natural, relaxed living conditions with peers.

This year, we comprehensively upgraded the implementation plan for the "Five Welfares," covering four aspects: silage action, heat stress prevention and control, farm SOP (Standard Operating Procedures) upgrades, and precision nutrition, to enhance dairy cow welfare measures.

- Silage action plan upgrade: Provided comprehensive support to partner farms in four key areas—seed selection and land preparation, planting management, harvesting and storage, and silo opening—assisting in screening and recommending 23 high-quality corn silage seed varieties and offering free silage testing services. By the end of 2024, the upgraded silage action plan had covered 396 partner farms.
- Heat stress prevention and control: Equipped partner farms with intelligent temperature control systems to monitor and warn of heat stress in dairy cows online, synchronize fan and sprinkler equipment, and send immediate alerts when stress is detected to ensure timely preventive measures. By the end of 2024, Mengniu's intelligent temperature control system had achieved 100% coverage of partner farms.
- Farm SOP upgrades: Revised and released the *Mengniu Milk Source Division Farm SOP Upgrade Guidance Manual* (hereinafter referred to as the "SOP Upgrade Guidance Manual"), which includes six major SOPs: milking parlor management, calf rearing, nutrition management, breeding management, veterinary care, and equipment management. Through strategies such as peer learning, visual wall boards, and customized manuals for each farm, the manual gradually enhances partner farms' understanding of animal welfare issues, upgrades farm management concepts, and strengthens animal welfare standards. By the end of 2024, the "SOP Upgrade Guidance Manual" had been promoted and implemented across all partner farms nationwide.
- Precision nutrition: Collaborated with China Agricultural University, the National Dairy Industry Technology System, and COFCO Feed Technical Service Team to provide partner farms with on-site feed ingredient evaluation, farm assessment, feed formula evaluation, and optimization, ensuring dairy cows receive precise nutrition, balanced diets, and reduced feed waste. In 2024, we provided formula evaluation and optimization services to 120 farms.

Mengniu actively guides partner farms to enhance animal welfare measures and regularly organizes annual animal welfare training activities (see the "Rural Revitalization" section in the "Responsibility-Common Prosperity" chapter). In 2024, Mengniu's partner farms made significant progress in animal welfare.

- Smart temperature control systems cover 100% of pastures
- Standardized pasture operating procedures cover 100% of pastures
- The impact level of heat stress on dairy cows decreased by 1.9% compared to 2023

2.1.2 Veterinary Drug Use Control

Mengniu adheres to the principle of "reduction and no antibiotics" in veterinary drug control and continuously implements the "Action Plan for Reducing Veterinary Antimicrobial Use" in partner farms. We require all farm veterinarians to comply with relevant laws and regulations on veterinary drug control and sign the "Quality and Safety Assurance Commitment" to strengthen the standardisation and safety of veterinary drug use.

We have formulated and released the *Regulations on Quality and Food Safety Risk Management of Milk Source Business Unit* and the *Special Initiative on Veterinary Drug Risk Mitigation for Milk Source Business Unit's Farms*, focusing on five themes: "standardized use," "dynamic testing", "disease reduction", "reduction" and "strong empowerment", to strictly enforce multiple veterinary drug control measures and guide farms in the scientific and standardized use of veterinary drugs. By the end of 2024, 64 Mengniu's cooperative farms had been awarded the title of "National Demonstration Farm for Reduction in the Use of Veterinary Antimicrobial Drugs".

64 Mengniu's cooperative farms had been awarded the title of "National Demonstration Farm for Reduction in the Use of Veterinary Antimicrobial Drugs".



Mengniu Cooperative Farms

Three Principles of Veterinary Medicine Management

- Strictly prohibit controlled drugs and disseminate the banned list of drugs to cooperative farms.
- Restrict and gradually reduce the use of veterinary medicine with quantity limits or risks during use and search for alternative drugs.
- Regulate the use of other types of veterinary drugs and ensure that the 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 Measures for Veterinary Medicine

- 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 the Quality and Safety Assurance Commitment, promising to use drugs strictly abiding by laws, regulations, and other rules.
- 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.
- Farms 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.
- Carry out laboratory monitoring of veterinary drug residues on the milk sources collected on the same day and conduct harmless disposal of unqualified raw milk.

Mengniu conducts annual trainings on the proper use of veterinary drugs, aiming to guide the scientific and standardized use of veterinary drugs on farms and regularize the management of both veterinary drugs and other chemicals. The training covers veterinary drug-related laws and regulations, safe usage norms, dosed cow management, and identification and correction of risky veterinary drugs, aiming to comprehensively improve pasture medication safety. In 2024, we conducted over 100 specialized veterinary drug training sessions, covering more than 3,000 pasture owners and practitioners.

2.2 Circular Agriculture

Mengniu focuses on strengthening pasture environmental management, promoting the reuse of natural resources in pastures, and empowering industrial collaboration to explore and practice regenerative agriculture.

2.2.1 Strengthening Pasture Environmental Management

Mengniu requires cooperative farms to strictly comply with environmental laws and regulations. This year, we updated the *Farm Environmental Protection Management Regulations* and the *Review Rules for Milk Supplier Access*, screening all cooperative farms for qualifications and terminating cooperation with those failing to rectify on time.

We regularly assess raw material quality and management practices, prioritising the management of cow excrement, urine, and biogas slurry in daily operations, and normalize oversight of pasture manure treatment. For high-risk pastures, we conduct risk identification and guidance during the first quarter of each year to enhance their environmental management capabilities, followed by comprehensive risk inspection every quarter from the second quarter onward.

We advocate for cooperative farms to establish base management systems tailored to their conditions, covering environmental elements, to continuously improve wastewater, exhaust gas, noise, and solid waste pollution management, reducing the negative environmental impact of raw milk production. Additionally, we continuously optimize pasture feed procurement management, requiring feed suppliers to develop corresponding management plans for environmental impacts arising from production, activities, or services.



2.2.2 Manure Resource Utilization

Mengniu actively responds to China's 14th Five-Year Plan, keeps advancing pasture manure resource utilisation, striving to achieve an internal ecological virtuous cycle in pastures. We guide all cooperative farms to reduce manure through fermentation, solid-liquid separation, and other reduction treatments, then convert manure into resources such as bedding, organic fertilizer, or biomass fuel for biogas power generation. This effectively reduces fertilizer usage while improving pasture soil health and resource utilisation rates. In 2024, all cooperative farms of Mengniu implemented manure resource utilisation, achieving a utilisation rate of over 92%, which are used in cow bedding materials, solid or liquid fertilizer, biomass energy and biogas production, aquaculture feed, etc..

In 2024, **all** Mengniu cooperative farms implemented manure resource utilization, achieving a utilization rate of **92%** or higher.

"Integrating seeding and breeding" solution of China Shengmu, a subsidiary of Mengniu

Some pastures of China Shengmu use spraying equipment to spray liquid manure back onto the fields. Uniform spraying can ensure that the land is fertilized evenly and there will be no waterlogging. Some pastures adopt the method of anaerobic fermentation after the solid-liquid separation of cow dung, and the cow dung bedding is backfilled into the cattle beds to ensure the comprehensive utilization of cow dung.

Manure resource utilization practice by Modern Dairy of Mengniu

Modern Dairy of Mengniu has pioneered an industry-leading green circular industrial chain of "forage grass planting – dairy cow breeding – fecal sewage treatment – biogas power generation – manure returning to the field" in manure treatment, achieving efficient resource utilization through effective transformation of emissions. Modern Dairy has equipped all its farms with anaerobic fermentation facilities for manure treatment, which mainly include fermentation systems, biogas purification systems, biogas utilization systems, and post-treatment systems. It has developed various manure fertilizer application models that utilize the organic matter, nitrogen, phosphorus, potassium, and multiple trace elements contained in the manure to improve soil fertility,forming a series of distinctive circular economy models such as "cow – biogas – grass", "cow – biogas – tea", "cow–biogas – vegetables", and "cow – biogas – fruit", creating a sustainable circular agricultural and animal husbandry industry. In addition, Modern Dairy uses the biogas residue produced after manure fermentation to produce bedding materials for cattle barns. The biogas residue can improve the bedding environment and enhance barn comfort due to its characteristics of being dry, loose, and having suit able temperature. By the end of the reporting period, Modern Dairy had achieved 100% utilization of all self-produced manure.



Modern Dairy' s Manure Treatment Facilities

Biodiversity Conservation

Mengniu adheres to its vision of "From the Nature for the Future" , committed to biodiversity conservation. We maintain sustainable use of ecological resources, implementing various biodiversity protection measures to reduce impacts and ensure the effectiveness of conservation strategies. In 2024, Mengniu released the dairy industry's first *Taskforce on Nature-related Financial Disclosures Report (TNFD Report)*, disclosing its natural resource management practices in production and supply chains.

Mengniu Biodiversity Conservation Strategy

Vision
From the Nature for the Future

Three methords

- Striving to reduce threats to biodiversity
- Sustainably using biodiversity resources
- Building consensus on biodiversity

Five key actions

- To implement ecological conservation and preservation of milk source areas
- To practice environment-friendly green production
- To promote the whole industrial chain to move towards carbon neutrality
- To develop sustainable planting and breeding
- To reach a consensus on biodiversity among relevant parties

Eight commitments

- Take positive actions to promote ecosystem restoration of cooperative farms
- All operation sites are conserved ecologically in an effective and equal manner
- Reduce pollution from various sources such as waste water, waste gas and waste residue
- Actively respond to climate change and reduce greenhouse gas emissions
- Sustainably utilize biodiversity and promote productivity enhancement in farming and animal husbandry
- Create a sustainable dairy supply chain and reduce upstream biodiversity risks
- Advocate consumers to buy green products and reduce food waste
- Strengthen public awareness of biodiversity conservation together with stakeholders

3.1 Biodiversity Risk Assessment

We continuously assess biodiversity risks in operational areas using the LEAP method (Locate, Evaluate, Assess, Prepare), evaluating 68 domestic and international factories and extending the scope to nearly 90 milk-supplying pastures offering raw milk for Mengniu along the upstream value chain. We analyse whether these locations involve endangered species, biodiversity protection zones, or other priority areas, providing foundational support for identifying and managing nature-related risks and impacts.

Using the TNFD-recommended ENCORE[1] database, Mengniu further analyses the impact and dependence of business activities on nature. We assess the significance of identified nature-related risks and impacts based on the standard(s) of the Capitals Coalition's "Natural Capital Protocol". Using an integrated evaluation process of "business self-assessment identification, professional risk forecasting, and senior management coordinated review," Mengniu determined the priority areas for nature-related risk management, which offers crucial support for formulating targeted risk management actions.

By analysing the spatial interaction between factories, pastures, and nature, we identify natural-related risks and opportunities the Company is exposed to, helping prioritize regions and locations with natural risks, providing important support for Mengniu's development of risk management countermeasures. In the long term, factories and farms operating within a 10km radius of biodiversity-sensitive areas still face significant nature-related risks. For example, adjustments to the endangered species list, changes in the scope of biodiversity-sensitive areas, or stricter government policies could expose farms and factories to compliance risks. In the future, Mengniu will implement more rigorous and systematic supervision and control over the operations of factories and affiliated farms in areas with higher nature-related risks and impacts.

Through biodiversity risk assessments, we ensure that the land managed by Mengniu poses no risk of deforestation. During facility construction and operations, we strictly adhere to national ecological protection redline regulations, avoiding any significant impact on local biodiversity levels.

*【1】ENCORE (Exploring natural capital opportunities, risk and exposure) is a database of tools under the TNFD framework for assessing the dependence and impact of firms on natural capital, identifying associated risks and opportunities, and supporting the preparation of nature-related financial disclosures.

3.2 Biodiversity Conservation Practices

We actively respond to the concepts and development goals specified in the white paper Biodiversity Conservation in China, implementing our biodiversity protection strategy, exploring pathways for biodiversity conservation, and leveraging our brand influence to fulfill social responsibilities.

Employee Volunteer Activity "Biodiversity Protection"

The Room Temperature Business Unit of Mengniu continues to carry out biodiversity protection activities, focusing on the conservation of the Three-North Shelter Forest, supporting forest rangers, protecting water sources, cleaning rivers, promoting dairy cow protection education, and removing plastic waste from migratory bird habitats. We collaborate with local government departments and affiliated volunteer teams to organise ecological and biodiversity protection activities, inviting experts to deliver lectures at our factories. This innovative "government + volunteers + enterprise" approach has resulted in the collection of over 150 bags of waste and educational outreach to approximately 1,800 people this year.

The Chilled Product Business Volunteer Service Team of Mengniu organised service teams from various factories and sales regions, launched the "Digest for the Earth" River Protection Initiative nationwide. They accumulated 51 activities on the Xunhebao mini-program, checked in at 29 river regions, and involved over 2,180 participants.

Mining Area Ecological Restoration

Modern Dairy, a subsidiary of Mengniu, collaborates with mining companies on pastureland reclamation initiative, transforming reclaimed mining land into organic forage bases and premium dairy farms. This "Farming-Recycling Integration" green industrial system restores ecosystems compromised by mining operations, including soil quality, water systems, and wildlife habitats, while addressing key ecological restoration challenges in the mining industry.

Modern Dairy also works with local governments to lease saline-alkali lands for pasture development, experimenting with diverse salt-tolerant crops and encouraging neighboring communities to grow drought-resistant and salt-tolerant silage corn, thereby improving soil quality in saline-alkali areas.

Biodiversity Co-Governance "Clear Water Factory"

Mengniu's Wuhan factory is located in Dongxihu District, Wuhan. Within a 10km radius of the factory, there are multiple endangered species, including critically endangered species listed by the IUCN (International Union for Conservation of Nature) and six Grade-I nationally protected animals under China's Wildlife Protection Law. Premised on established ecological protection red lines, the construction and planning of Mengniu's Wuhan Factory strictly adheres to national and local ecological safety baselines. It ensures rational production area layouts, avoids encroaching on sensitive ecological areas (like nature reserves and wetlands), ensures construction and operation do not harm biodiversity, and achieves a win-win for green development and ecological protection. The factory has also built an ecological wetland for wastewater treatment, creating a small river within the facility to allow treated water to "rest" before entering urban pipelines or rivers. This approach not only purifies water and conserves resources but also provides recreational, educational, and ecological benefits, transforming the factory into a habitat for wildlife.



Mengniu Wuhan's "Clear Water Factory"

Nutrition-Supreme & Inclusive

Mengniu is committed to providing global consumers with nutritious, delicious, and high-quality dairy products, promoting healthy lifestyles for millions of households. Under the "Nutrition-Supreme & Inclusive" pillar of our GREEN strategy, Mengniu focuses on three themes, namely nutrition and health, exceptional quality, and premium service to meet diverse consumer needs and enhance product quality and service standards, bringing wonderful experience for customers.

SDGs We Focused in this Section:



Nutrition and Health

- Developing a variety of **organic, reduced sugar, low sodium, low fat, reduced artificial ingredients,nutrient-fortified** and **products in smaller size**.
- Established the **first "rigid introduction" academician expert workstation in China's dairy industry**.
- Established a resource pool of academicians and experts, forming the **"Mengniu Global Expert Think Tank"** with over **10 academicians** and **100 experts**.
- Awarded **the second prize of the National Science and Technology Progress Award** for "Key Technological Innovation and Application of Excellent Lactic Acid Bacteria Germplasm Resource Mining and Industrialisation.
- At the 2024 China Dairy Industry Association conference, Mengniu received **6 awards** in nutrition and health.

Excellent Quality

- **100%** of key suppliers of raw material and auxiliary materials obtained certifications such as ISO 9001, ISO 22000, FSSC 22000, HACCP, and BRCGS.
- **33** laboratories obtained CNAS accreditation and ISO/IEC 17025:2018 General Requirements for the Competence of Testing and Calibration Laboratories certification, with testing capabilities reaching **1,127** items.
- Implemented seven major certification systems, including ISO 9001, GMP, HACCP, FSSC 22000, BRCGS, IFS, and SQF, covering 58 factories with a **100%** pass rate.
- Conducted quality training for employees, achieving **100%** coverage for safety, quality, and technical roles.
- Awarded the **"2024 Quality Benchmark Typical Experience"** by the China Association for Quality.
- Awarded the 2024 IAQ Quality Sustainability Award (QSA), **becoming the first food company globally to receive this honor**.
- Approved as the **only enterprise-led** national key laboratory for dairy quality and digital monitoring by the State Administration for Market Regulation, marking Mengniu's **first national-level laboratory** in since its founding 25 years ago.

Superior Service

- Organised **8** on-site training sessions and **35** knowledge-sharing activities, covering **over 1,000** employees, achieving **100%** coverage for intellectual property and marketing personnel.
- Conducted **2** training sessions on product claims, achieving **100%** coverage for compliance, R&D, and quality professionals.
- Achieved a **100%** complaint resolution rate in 2024.
- Achieved **0 major data breaches, 0 significant information security incidents, and 0 consumer privacy or data security complaints**.



Nutrition and Health

Mengniu actively responds to an outline for the *"Health China 2030"* initiative, formulating nutrition and health policies and releasing the *Mengniu Nutrition and Health Policy* to advance the Group's initiatives in the field of nutrition and health, and call on industry partners to jointly address public nutrition and health challenges. In 2023, we issued the *Mengniu Product Nutrition Standards*, focusing on enhancing beneficial components like calcium and protein, reducing added sugars, simplifying ingredients, and addressing nutritional deficiencies in key groups such as children and the elderly.

In response to the draft national standard *Guidelines for Front-of-Pack Nutrition Labeling of Pre-packaged Foods*, we conducted comprehensive product evaluations against five key nutrients (fat, saturated fat, sugar, added sugar and sodium), providing technical recommendations for the standard's revision.



1.1 Healthy Products

Mengniu adheres to a health-first philosophy, continuously improving production processes and nutritional content to offer healthier and more nutritious dairy products. We provide diverse products, including organic, reduced sugar, low sodium, low fat, reduced artificial ingredients, nutrient-fortified and products in smaller size, to support consumers' healthy lifestyles and diverse nutritional needs.

Revenue Share of Nutrition and Health Products in 2024

- Low-fat products account for over **10%** of revenue
- Products with no artificially added sugar or reduced sugar addition account for over **90%**
- Organic products account for over **8%**
- Products in smaller size account for over **18%**
- Products with low or no artificially added ingredients account for over **90%**
- Low-sodium products account for approximately **95%**
- Fortified nutrient products account for approximately **7%**

Low-sodium and low-fat products are products classified according to *GB 28050-2011 National Standard on Food Safety National Label Standards for Pre-packaged Food.* Organic products are products certified as organic products in China or Australia. Products in smaller size are products with packaging less than or equal to 200g or 200ml products. Low or no artificially added ingredients products are products without or fewer artificial flavors, synthetic colors, synthetic preservatives, and other controversial additives added. Nutrient-fortified products are products classified according to *GB 14880-2012 National Food Safety Standard for the Use of Nutritional FortificationSubstances in Foods.* Products with no artificially added sugar or reduced sugar addition are products with no extra sugar added, meeting the *GB 28050-2011* National Standard on Food Safety National Label Standards for Pre-packaged Food requirements for "low-sugar" or "sugar-free" labeling, or products achieving sugar reduction through nutritional formula upgrades.

Liquid Milk

Milk Deluxe Desert Organic Pure Milk



Desert organic milk source
Dual certifications for organic products from China and the European
4.0g of protein per 100ml of milk

Shiny Meadow Organic Fresh Milk



Desert organic milk source
3.6g of protein per 100ml of fresh milk

Just Yogurt



0 flavor, 0 pigment
0 gelatin, 0 milk powder

Champion Yogurt



Oats contained
Probiotics survival rate ⩾ 97 %
100% raw milk fermented

Mengniu Lactose Free Milk



0 lactose

Milk Deluxe Low-Fat Milk



60% less fat than whole milk

YO!FINE



3.3g high quality protein raw milk freshly fermented

Mengniu 12mm Jumbo Fruit Blend



IQF large fruit lock-in technology
100 million CFU of active lactic acid bacteria/100g

Three Calves High Calcium Soft Milk"DreamCap"



0 lactose
500mg of calcium per box
Vitamins added

Shiny Meadow Dual Protein Milk



Dual protein source
0 sugar
No artificial sweetener

Mood for Green Raw Milk Green Shasha



100% raw milk source
Green beans, lotus seeds, and lily bulbs added

Yoyi C 0 sugar



China patent probiotics PC01
0 sucrose, 0 fat
calcium contained
50 billion active probiotics

Milk Powder

Mengniu Reeborne Enzhi Infant Formula



A2-β casein raw milk
Innovatively formulated with maternal MLCT+ next-gen OPO
Contained lactoferrin +6 naturally occurring HMOs

Mengniu Reeborne Jingzhi Infant Formula



Zero-carbon certified
China and EU certified desert organic raw milk
Contained rare organic OPO + 5 nucleotides+ dual probiotic combination

Bellamy's Platinum Organic A2 Infant Formula



Pure Organic
A2 Protein

The Premium Version of Yourui Bone Formula Milk Powder



Colostrum Alkaline Protein Powder - CBP
Enriched with Vitamin D Added Ca HMB

Ice Cream

Ice + Electrolytes Grapefruit Flavored Slush

0 fat



Deluxe Ice Cream

No guar gelatin
No carapace
No sodium alginate



AICE Mango Slush

Low fat
Low sugar



AICE vanilla glutinous rice

No coloring
No preservative
No sweetener



Cheese

Cheese Granules

No sucrose
8.6g of protein each 100g of product
Cottage cheese content≥55%



Growth Cheese Stick

Enriched with CBP (Colostrum Basic Protein)
Vitamin A and D
5 times milk calcium



Hand-torn Cheese

High calcium content 0 lactose
598mg of calcium per 100g of product
21.5g of protein per 100g of product



Bite-sized Cheese

10.5g of protein per 100g of product (Apricot almonds)



Products in Smaller Size

Thick and Mellow Plain Yogurt

100% raw cow's milk
Probiotic fermented good yogurt



Strudents' Milk

3.3g of protein per 100ml of product



Organic Children's Milk

6.8g protein in each pack



Bass Cheese Sticks

16g of protein per 100g of product



Others

M- ACTION Beetroot Liquid

No less than 320mg of nitrate and over 99% of the original beet juice per bottle



M- ACTION Liquid Protein PRO

25g of triple protein, 5g of branched chain amino acids, 14 vitamins and minerals per bottle
Rich in lactogenic calcium, vitamin D and probiotics



Probiotic Powder

Selected China-exclusive patented probiotics
100 billion CFU high-powered active probiotic per bottle



1. 2 Nutrition Education

Mengniu actively broadened the breadth and depth of nutrition education, promoted the release of professional guidance documents on nutrition knowledge, and advocated for consumers to practice scientific diet and healthy lifestyles, contributing to the enhancement of nutritional literacy for the public.

"WOW Health +" Digital-intelligence Platform

Mengniu innovatively launched nutrition and health sector model MENGNIU.GPT, and passed the "service provider" and "technical service supporter" records of the algorithm registration of the Cyberspace Administration of China, empowering nutrition and health education with artificial intelligence (AI) technology to popularise scientific dietary knowledge and enhance public awareness of nutrition and health. Based on MENGNIU.GPT, Mengniu launched the "WOW Health +" digital-intelligence platform, creating a professional AI nutritionist family to provide consumers with multi-scenario professional nutrition and health knowledge services, including customised nutrition plans, exercise planning, personalised nutrition guidance, and advice on balanced nutritional meals , helping consumers understand healthier lifestyles and practice nutrition and health concepts. By the end of 2024, the platform had launched 21 health service scenarios, empowered 22 brands, and served over 10 million users.

- Mengniu's Yashili leverages the expertise and skills of professional infant caregivers to provide comprehensive infant care, scientific feeding, early education, and psychological behavior guidance, helping Chinese mothers with scientific parenting through personalised professional services.
- Mengniu's M-ACTION offers personalised nutrition consultations, professional guidance before, during and after events, and the development of sports techniques and training plans for sports enthusiasts, providing high-level solutions.

"A Journey of Probiotics Discovery" Nutrition Health Education

Mengniu launched the third consecutive "A Journey of Probiotics Discovery" nutrition and health education campaign, travelling to Bama, Guangxi, to trace China's indigenous MN-GUT probiotics. Its Yoyi C brand invited consumers to the Bama Longevity Village to participate in interactive activities, continuing to educate consumers about probiotics.





"A Journey of Probiotics Discovery" initiated by Mengniu's Yoyi C to trace probiotic in Bama, China

Infant and Baby Feeding Project

Mengniu's Bellamy initiated the "Organic Infant and Baby Feeding Project," aiming to promote scientific feeding knowledge through professional medical guidance and help parents master healthier parenting methods. Simultaneously, Bellamy shares feeding experiences and nutrition information on social media platforms, creating a professional and diverse health education platform to provide valuable parenting resources for parents.

Launch of "Key Information and Explanations of Milk Drinking Literacy"

Mengniu collaborated with the Nutrition Literacy Branch of the Chinese Health Promotion and Education Association to release the " Key Information and Explanations of Milk Drinking Literacy." This paper followed scientific, standardised, and rigorous evidence-based methods, engageing experts from fields such as nutrition and health, dietary nutrition, food science, health education, and health communication. Through multiple rounds of Delphi methodconsultations and discussions, key and practical milk drinking literacy points were summarised based on the actual situation of Chinese people. The paper aims to popularise milk drinking knowledge in a scientific, standardised, and easy-to-understand manner, guiding the public to foster correct milk drinking concepts and promoting healthy milk drinking behaviors.



Launch Ceremony of "Key Information and Explanations of Milk Drinking Literacy"

Launch of "Children's Age-Specific Nutrition and Health White Paper"

Mengniu supported the Children's Nutrition Working Group of the Chinese Nutrition Society in compiling and releasing the "Children's Age-Specific Nutrition and Health White Paper" to promote national nutrition knowledge popularization. Based on scientific research on the physiological characteristics and nutritional needs of children at different ages, the white paper introduces the concept of age-specific nutrition and provides nutritional guidance for children at different stages, aiming to help parents understand their children's nutritional needs and master scientific feeding methods. As a guide for scientific child feeding, the paper helps parents refine their parenting practices, safeguard children's healthy growth, and lay a foundation for adult health.



Launch Ceremony of "Children's Age-Specific Nutrition and Health White Paper"

Nutrition and Health Knowledge Popularization

Mengniu established the "Milk Knowledge Workshop," creating diverse forms of popular science content, including articles, infographics, comics, and short videos, to educate consumers on dairy knowledge and enhance health awareness and nutrition literacy. The content is widely disseminated through platforms like Weibo, our official account on WeChat, short video channel under WeChat, Douyin, and Kuaishou, achieving tens of millions of exposures.

The Chilled Product Business of Mengniu created the "Great Mom Nutritionist" science communication account, regularly publishing knowledge on low-temperature yogurt nutrition, health, and probiotic functions to help consumers choose more suitable products scientifically. In 2024, the account, targeting Mengniu's employees, frontline sales promoters, and general consumers, released over 30 episodes of educational science short videos on platforms like Douyin, Niuxiaochuang, corporate account on WeChat, and sales promoter groups, reaching over 15,000 consumers and 7,000 sales staff per video.

Mengniu's Milkground launched an online micro-classroom project, with content developed by a registered nutritionist team, releasing over 30 episodes of nutrition science short videos and 15 episodes of cheese nutrition and children's nutrition micro-classes to educate consumers on dietary health and cheese nutrition.

Health Themed Activities

Mengniu's Yourui, in collaboration with the Chinese Nutrition Society, initiated the "Two Glasses of Milk Daily, the Exclusive Brilliance for You" health campaign during National Nutrition Week. Online, over 300 nutritionists conducted live streams on middle-aged and elderly nutrition knowledge and traceability science. Offline, the campaign partnered with the Chinese Nutrition Society to host "Provincial Nutrition Week" events in Anhui, Hubei, and Jiangsu, receiving widespread recognition from society.

1.3 Nutrition Research

Mengniu consistently prioritises R&D innovation as a key strategy for the group development, continuously increasing R&D investment, expanding the R&D team, and enhancing R&D capabilities. Mengniu currently has over 400 full-time researchers, with over 80% holding master's or doctoral degrees, including over 120 with doctoral or senior professional titles and over 60 overseas returnees. The Company has established nine R&D bases at home and abroad, and formed long-term collaborative innovation partnerships with many renowned universities and research institutions in China to build a synergistic R&D ecosystem integrating industry, academia, and research.

- Mengniu continues to strengthen industry-academia-research collaboration, establishing the first "rigid introduction" academician expert workstation in China's dairy industry, setting up two postdoctoral research stations, and collaborating with institutions such as the Chinese Academy of Sciences, the Chinese Academy of Agricultural Sciences, Peking University, Shanghai Jiao Tong University, China Agricultural University, and Jiangnan University. The Company has formed nine "Joint Innovation Centers" or "Joint Laboratories" and signing an agreement to establish the "Dairy Industry Science and Technology Innovation Consortium" with 30 universities, research institutions, and leading industry technology companies.
- Mengniu has built an academician and expert resource database and established the "Mengniu Global Expert Think Tank," comprising over 10 academicians and 100 experts.

Established **9** "Joint Innovation Centers" or "Joint Laboratories," and signing an agreement to establish the "Dairy Industry Science and Technology Innovation Consortium";
Built an academician and expert resource database and established the "Mengniu Global Expert Think Tank," comprising over **10** academicians and **100** experts.

In December 2024, under the guidance of the Chinese Institute of Food Science and Technology, the Dairy Association of China, the China Dairy Industry Association, and the Department of Science and Technology of Inner Mongolia Autonomous Region, Mengniu hosted the "2024 Dairy Technology and Nutrition and Health Industry Innovation Conference" with the theme "Innovation Drives Development, New Quality Wins the Future" to promote high-quality industry development. At the conference, Mengniu reached strategic collaborations with top research institutions and universities in China such as the Institute of Biophysics of the Chinese Academy of Sciences, the China National Institute of Standardization, and the Chinese Academy of Agricultural Sciences to accelerate the R&D and application of dairy technology and drive innovation across the industry through these collaborations. Additionally, the conference launched the industry's first "Youth Innovation Fund for Dairy Nutrition and Health" to support young researchers in innovative studies in dairy nutrition and health, demonstrating Mengniu's determination and foresight in driving dairy industry innovation.



Live from the 2024 Dairy Technology and Nutrition and Health Industry Innovation Conference

In 2024, Mengniu deepened research in children's nutrition, middle-aged and elderly nutrition, probiotics, and plant extracts, collaborating with top universities and research institutions to expand R&D fields, deepen technological innovation partnerships, and advance the commercialization and industrialization of technological achievements.

Mengniu 2024 Nutrition Research Projects and Achievements:

Children's Nutrition Research

Mengniu used an immunosuppressed zebrafish model and mice to screen and validate the optimal ratio of human milk oligosaccharides (HMOs) and prebiotics for enhancing immune function. The research results were successfully applied to the development of children's milk formulas, providing scientific support for developing nutritious, healthy, and immune-protective functional children's milk. The project yielded five patents and one SCI paper, with its research results and product application technology recognised as one of the "Top 10 Advances in China's Food Science and Technology in 2024."

The Middle-Aged and the Elderly Nutrition Research

Mengniu, through the Sun Yat-sen University - Mengniu Middle-Aged and Elderly Nutrition and Health Joint Research Center, has compiled the "White Paper on the Nutritional Health Status and Exclusive Nutrition Solutions for of the Middle-Aged and Elderly People in China." This three-year research initiative, based on the latest research on the nutritional and health status of the elderly in China, was officially released at the inaugural conference of the Precision Nutrition Industry Branch of the Chinese Nutrition Society in April 2024. The publication "Exclusive Nutrition and Health for the Middle-Aged and Elderly" was officially published. The joint research center team developed and released the group standard "Exclusive Formulated Milk Powder Rich in Whey Protein Formula for the Middle-Aged and Elderly", aiming to advance "healthy aging" through stringent quality and scientific rigor.

Sports Nutrition Research

Mengniu, in collaboration with M-ACTION and universities such as Nankai University, Nanjing Sport Institute, Shanghai Jiao Tong University, Huazhong Agricultural University, and Zhejiang Gongshang University, conducted sports nutrition research projects involving population studies, cell and animal experiments, in vitro digestion simulations, and in vitro soft friction experiments, supporting multiple new product developments.

Probiotics Research

Mengniu partnered with China Agricultural University to study the digestibility and absorption of nutrients in low-temperature fermented milk and influencing factors. The project compared the effects of different processing conditions and probiotic-fermented milk on protein digestibility and absorption characteristics in fermented milk, using SDS-PAGE to analyse the distribution of proteins of different molecular weights in fermented milk samples to evaluate the impact of different processing methods on protein composition.

Functional Ingredient Research

Mengniu collaborated with China Pharmaceutical University to conduct research on functional ingredients with medicinal and edible properties. Based on scientific literature analysis, an information database for functional ingredients was established, covering six areas: bone health, immunity, gut health, blood sugar regulation, blood lipid regulation, and beauty. The database summarised structural information on approximately 400 ingredients, including biological efficacy, mechanisms, regulatory status, extraction methods, and applications.

Plant Extract Research

To promote personalised precision intervention for diabetes and address the heterogeneity of traditional hypoglycemic drugs in clinical responses, Mengniu, through the "Peking University Health Science Center - Mengniu Group Nutrition and Metabolic Health Joint Laboratory" research platform, pioneered high-throughput screening and functional validation of plant extracts targeting the inhibition of gut microbiota-derived host isoenzyme DPP4 for hypoglycemic effects. The research successfully identified safe and effective new hypoglycemic plant ingredients and patented formulas, achieving a new breakthrough in precision intervention for metabolic diseases by targeting microbiota-derived enzymes. The results have been applied in the Antang Shield™ formulated milk powder and were released at the Dairy Products Nutrition and Health Innovation Forum of the 9th China Special Food Conference in 2024.

Product Research

Mengniu collaborated with China Agricultural University, Harbin Institute of Technology, the Chinese Academy of Agricultural Sciences and Zhongyuan Food Laboratory (an innovation-driven research institution) to conduct scientific research and technological breakthroughs in key techniques for improving the quality of fresh milk. By evaluating existing production processes and key parameters, the mechanisms and effects of different types of non-thermal pretreatment and sterilization equipment were clarified, enabling targeted screening of sterilization and preservation intensity construction technologies. The research results significantly enhanced the nutritional properties, sensory quality, and shelf-life stability of fresh milk products, achieving internationally leading standards and producing one SCI paper.

Through independent R&D and collaborative innovation with partners, Mengniu is committed to creating "Three Good Milk" with "better sources, better functional ingredients, and better personalised products" to meet consumers' personalised health needs.

Better source	Based on the latest nutritional science, Mengniu thoroughly studies the high-quality nutritional components of milk from different sources, such as cow's milk, goat's milk, and camel's milk, and applies innovative biotechnologies to achieve optimal combinations of these components. Currently, Mengniu has made breakthrough achievements in the innovative application of major nutrients like sugars, proteins, and fats, with products such as goat milk powder and camel milk powder already on the market.
Better functional ingredients	To address specific functional needs like metabolic health and cardiovascular health, Mengniu continuously enriches its strain library, develops proprietary functional star strains, explores milk-derived functional components, and develops functional plant extracts to build an exclusive functional ingredient database.
Better personalised products	Using milk as a carrier, Mengniu employs functional ingredients from different sources to create targeted nutrient delivery systems for specific functions, developing personalised health functional products to meet the health needs of different groups, such as the elderly, children, and sports enthusiasts.

Honors

The project "Innovation and Application of Key Technologies for the Exploitation and Industrialization of Superior Lactic Acid Bacteria Germplasm Resources" won the "Second Prize of the National Science and Technology Progress Award."

At the 2024 China Dairy Industry Association conference, Mengniu received six honors in nutrition and health:

- "Research and Industrialization Demonstration of Sustainable Clean Label Technology and Refined Process Integration for Ambient Yogurt" and "Research and Industrialization Application of Sensory Weakening Technology for Long Shelf-Life Yogurt" won the "Special Prize for Technological Invention" and "Special Prize for Technological Progress," respectively.
- "Functional Development and Industrialization Application Key Technologies of Domestic Probiotic Strains" won a "First Prize for Technological Invention."
- Three projects, being "Development of 0 Sucrose Composite Active Probiotic Dairy Beverages," "Breakthrough in 0 Sucrose Fermented Milk Product Stability Technology," and "Breakthrough in Key Technologies for Fresh Milk Nutrition Preservation and Quality Improvement and Their Industrial Application" won the "First Prize for Technological Progress."

At the 21st Annual Conference of the Chinese Institute of Food Science and Technology, Mengniu's project "Prebiotic - Probiotic" Efficacy Synergy Technology Development and Functional Ambient Yogurt Industrialization Application" won the "First Prize for Science and Technology Progress of the Chinese Institute of Food Science and Technology." The independently developed project "Key Technology and Application of Immune Composition Based on Human Milk Oligosaccharides in Liquid Children's Formula Milk" was recognised as one of the "Top 10 Advances in China's Food Science and Technology in 2024."

At the 15th Dairy Industry Conference of Dairy Association of China, the projects "Development of Structured Fat MLCT and Novel OPO and Their Application in Infant Formula" and "Breakthrough in Human Milk Oligosaccharide (HMO) Production Technology and Application" both won the "2024 Major Dairy Industry Science and Technology Innovation Achievements".

At the FFWS2024, Mengniu's Yoyi C "Smooth", Champion, Ruiburen Enzhi Milk Powder, and Yourui Guli (Premium Edition) Formula Milk Powder won the "Annual Digestive Health Product Excellence Award," "Annual Immune Function Product Award," "Annual Infant Nutrition Innovation Award," and "Annual Healthy Aging Nutrition Product Award," respectively.

1.4 Intellectual Property Rights Protection

Mengniu complies with laws and regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*, and has established systems such as the *Intellectual Property Management System, Trademark Management System, Advertising Review Management System* and *Copyright Management System* to build a robust intellectual property management framework. This year, Mengniu revised the *Patent Management System*, released the *R&D Project Patent Management and Layout Details* and *R&D Department Patent Achievement Evaluation Standards*, and formed an anti-counterfeiting and rights protection project team to continuously optimize intellectual property management capabilities. Mengniu's compliance management system has received the highest Level 4 certification under ISO 56005 for "Innovation and Intellectual Property Management Capability.


IMSPP

IMSPP-G001IIPMC24-CN-000414-01

基于 ISO 56005 的《创新与知识产权管理能力》等级证书（4 级）

内蒙古蒙牛乳业（集团）股份有限公司

（地址：内蒙古呼和浩特市和林格尔盛乐经济园区）

经评价，已通过并达到了《创新管理 - 知识产权管理指南（ISO 56005: 2020）》及相应的《创新与知识产权管理能力分级评价指标体系》相关能力要求，特发此证书。

评价范围：乳制品、营养食品、保健食品领域创新过程中的知识产权管理

发证日期：2024-12-16

有效期至：2027-12-15

查询平台：https://grading.imspp.org.cn

评价机构：中知（北京）认证有限公司

（签章）

ZZRZ

Mengniu Intellectual Property Strategy

Mengniu has established a "navigation mechanism" for intellectual property creation guided by high-value brand innovation, supported by digital and intelligent technology platforms. It has also formed an "escort mechanism"for multi-dimensional collaborative protection of its own IP and real-time dynamic monitoring and early warning against industry peers, a "voyage mechanism" for analysing the legal environment of overseas market expansion destinations and monitoring competitors' intellectual property risks, and a "leadership mechanism" for comprehensively coordinated intellectual property management with business departments to leverage the combined effects of various types of intellectual property. These mechanisms aim to build the Group into an internationally renowned intellectual property enterprise with world-famous trademark brands and industry-leading patented technologies as core competitiveness.To ensure smooth patent protection efforts, the Group has introduced professional talents, continuously improved the intellectual property information system, and regularly organised patent database empowerment training to enhance the efficiency and accuracy of patent searches and technical novelty checks by technical personnel. This year, Mengniu has trained over 10 "Innovation Managers" meeting the ISO 56005 system certification requirements as intellectual property management talents, further supporting the upgrade of Mengniu's innovation and intellectual property management capabilities. Additionally, through employee intellectual property training and Intellectual Property Day activities, Mengniu has popularised intellectual property-related legal knowledge to all employees and implemented the Group's intellectual property management requirements.

Mengniu, while safeguarding its own intellectual property rights, consistently respects the intellectual property rights of others. We integrate intellectual property protection into the entire product development process, conducting intellectual property searches and infringement risk assessments at key stages such as project initiation, development, and market launch to respect the innovative achievements of others. Additionally, Mengniu actively participates in international intellectual property industry conferences, exchanging insights on intellectual property management and strategic planning to promote collective progress in industry-wide intellectual property protection. As of the end of 2024, Mengniu has not encountered any patent infringement cases.

As of the end of 2024, Mengniu holds a total of **1,909** valid patents. In 2024, the Company filed **706** new patent applications and was granted **427** new patents.

Honors

- Mengniu's patent leader was once again listed in the IAM 300 Global Strategic IP Leaders 2024 ranking and honored as one of IPR Daily's Top 40 IP Experts in Asia.
- In 2024, Mengniu became the first company in Inner Mongolia Autonomous Region to receive the "Patent Pre-examination Practice Base" qualification, providing a platform for exchange and learning between Inner Mongolia's patent pre-examiners and industry R&D personnel to jointly foster high-quality patent protection and output.
- In 2024, Mengniu Future Star won the National Invention Patent Silver Award, Milk Deluxe Desert Organic Pure Milk received the National Design Patent Excellence Award, and Pure Zhen was awarded the Invention Patent Gold Prize by the Inner Mongolia Autonomous Region.


内蒙古自治区专利金奖

- In 2024, Mengniu's Shiny Meadow Whole Fresh Milk (Large Gold Bottle), Ice + Brave the World Beer Ice Cream, Modern Dairy Three Calves High-Calcium Soft Milk, and Deluxe Minimalist Recipe Ice Cream won four international innovation gold awards utilizing patented technologies.

Excellent Quality

Mengniu continues to deepen the construction of its group-wide quality culture, improving quality assurance throughout the product lifecycle. Mengniu places high importance on product quality and safety management, with the Sustainability Committee under the Board of Directors serving as the highest authority responsible for product quality and safety. This year, we further solidified the 4Q Quality Management System, focusing on quality planning, quality control, quality assurance, and quality support to optimize process management, assess and rectify issues, and implement a "bottom-up identification, top-down control" dual-track management model. These measures ensure comprehensive quality assurance and risk management, covering all products to deliver "perfect products" of exceptional quality to consumers with rigorous scientific standards and strict quality management.

2.1 Quality Management and Control

Mengniu strictly adheres to laws and regulations such as the *Food Safety Law of the People's Republic of China* and the *Product Quality Law of the People's Republic of China*, establishing a series of internal rules including the *Mengniu Dairy Quality Management General Principles*, *Mengniu Dairy Quality and Food Safety Risk Management System, Mengniu Dairy Product Storage and Transportation Quality Management System*, and *Mengniu Dairy Sales Quality Management System*. These form a comprehensive quality documentation system covering the entire quality management process. In 2024, Mengniu revised 53 key quality management mechanisms, strengthening requirements in quality culture management, quality target management, import/export food quality and safety management, and farm quality and safety management to continuously enhance quality management and control standards.

Mengniu conducts regular quality management effectiveness reviews to objectively evaluate the Group's quality management level. We implemented the "Five-Level Inspection Implementation Plan," clarifying the processes, scope, methods, and tools for quality inspections at all levels. This year, Mengniu completed quality management effectiveness reviews, achieving 100% coverage across all business units.

Mengniu has established a robust product quality and safety risk management system, covering compliance risks, raw material risks, product design risks, and risks in production and delivery. Quality and food safety risk management is a core aspect of quality design, with a focus on identifying risks related to "new materials, new processes, and new equipment." Preventive measures are taken for potential quality and safety issues, and targeted inspections are conducted for critical problems to proactively mitigate risks.

We continue to advance our internationalization strategy, providing management oversight and support to overseas factories. This year, we offered management assistance and empowerment to overseas operations, thoroughly understanding their production safety and quality management practices, assessing differences between domestic and overseas standards, and implementing targeted improvements to strengthen food safety controls abroad.

To further ensure the quality and safety of raw milk, we introduced the *Raw Milk Dynamic Monitoring Plan* alongside the existing *Mengniu Dairy Raw Milk Quality Monitoring Program*, establishing a comprehensive raw milk acceptance and testing system. In 2024, we conducted on-site testing and dynamic monitoring of more than 400 indicators for seven categories of raw milk, with a cumulative total of more than 60 million pieces of data tested.

This year, quality management effectiveness reviews achieved **100%** coverage across all business units.



2.2 Product Lifecycle Quality Assurance

Mengniu continuously improves its 4Q Quality Management System, ensuring comprehensive quality control across the entire industrial chain from product design, raw material control, production and transportation, quality monitoring, and product recalls. The system ensures comprehensive quality management and supervision throughout the product lifecycle. In 2024 this year, Mengniu conducted 141 group-level inspections, covering all business units.

Product Design

Mengniu has built a new product quality design system centered on consumer needs. Starting with the discovery of quality, the system captures genuine consumer demands and identifies critical consumer indicators and their optimal ranges by translating consumer demand into technical specification. Building on this foundation, through strict control of critical production process points, we achieve dual improvements in product outcomes and process capabilities, delivering consistently high-quality products to consumers.

Raw Material Quality Control

The Group has formed a cross-departmental raw material expert team and established a raw material risk assessment mechanism to identify and evaluate food safety risks from suppliers to factories. Special emphasis is placed on assessing new raw materials, while stricter standards are enforced to elevate supplier qualification requirements. In 2024, we digitised the raw material risk assessment model, enabling online risk evaluation and tiered management of all raw materials and suppliers, enhancing raw material risk control in all aspects. 100% major raw material and auxiliary suppliers are certified under global food safety initiatives such as ISO 9001, ISO 22000, FSSC 22000, HACCP, and BRCGS, with nearly 100% of raw material and food-contact auxiliary suppliers holding dual certifications.

Production and Transportation

Mengniu promotes "Smart Quality," applying digital and intelligent management methods across farming, processing, logistics, and storage to enhance farm-to-table process quality management which enabling intelligent oversight throughout production and transportation. In 2024, we implemented online cold-chain data collection for self-managed warehouses, using data analysis to improve cold-chain management efficiency.

Quality Testing

We have established an internal testing department capable of meeting national food safety standards, focusing on advanced testing technologies and unified laboratory standards, offering precise inspection results for quality control and inspection projects. The Group has built a Quality Control System for Test Results, ensuring accurate and reliable detection through a triple-verification approach: in-lab process quality control, inter-laboratory result evaluation, and industry-wide risk prevention. This system guarantees both the detectability and precision of tests, providing accurate inspection data to support quality control across the entire industrial chain.

We are enhancing our quality technology capabilities. Mengniu has developed 60 non-standard methods to address product transition and quality control requirements and has stored up four new testing technologies, including sensory flavor analysis. Currently, Mengniu operates 34 laboratories with 1,127 testing capabilities, covering 100% of dairy product and full supply chain testing needs. Among these, 33 laboratories are accredited under CNAS[1] and certified to ISO/IEC 17025:2018.

*【1】CNAS: China National Accreditation Service for Conformity Assessment

Trace and Recall

Mengniu has established comprehensive policy documents such as the *Product Withdrawal Management System, Product Recall Management System*, and *Product Traceability Management SystemProduct Withdrawal* to safeguard consumer health and food safety. In 2024, we enhanced the application and validation of traceability tools, ensuring the effectiveness of the system. Our traceability system, based on SAP and other IT systems, links product information from raw materials (raw materials and raw milk) to first-tier distributors. The system enables one-click traceability by inputting product batch and other information, to trace raw milk, raw material, product production and outbound circulation. We also adopted a "Dual-Sourcing Procurement" strategy with backup suppliers to respond to emergency product safety incidents and ensure supply chain security and stability.

Upon identifying product safety risks, Mengniu immediately halts sales and initiates proactive recalls of affected products. Recalls are categorised into three levels based on severity and urgency, with defined processes, response times, and follow-up actions. A Level 1 recall must be initiated within 24 hours, with written reports generated daily and completed within 10 working days. A Level 2 recall must be initiated within 48 hours, with written reports generated at least every 5 working days and completed within 20 working days. A Level 3 recall must be initiated within 72 hours, with written reports generated at least every 10 working days and completed within 30 working days. For Level 2 and Level 3 recalls, if any unexpected circumstances arise that may lead to an escalation of the recall, the responsible department head must immediately report to the business unit's Food Safety Management Team and carry out the relevant recall management actions. In 2024, Mengniu did not experience any product recall incidents.

2.3 Quality and Food Safety Certification

Mengniu continues to pursue quality and food safety certifications, advancing system, product, and service certifications to safeguard food safety.

- System Certification: In 2024, Mengniu obtained seven major system certifications, including ISO 9001, GMP, HACCP, FSSC 22000, BRCGS, IFS, and SQF, covering 58 factories with a certification pass rate of 100%. Among them:
  - 100% ISO 9001 coverage
  - 100% HACCP coverage
- Student Milk Certification:Continued to promote and maintain the Student Milk logo license for 10 factories and added fermented student milk to the license, covering sterilised milk, modified milk, and fermented milk.
- EU Standard Product Certification: Continuously conducted and maintained valid certifications, covering product categories such as sterilised milk, modified milk, pasteurised milk, fermented milk, frozen desserts, beverages, processed cheese, infant formula, and modified milk powder.
- Organic Product Certification: Maintained valid national organic certifications for 33 products across 13 factories, primarily involving Deluxe pure milk, student milk, Shiny Meadow fresh milk, Future Star children's milk, infant formula, children's formula, and products under the Shengmu brand. Nine factories held dual national and EU organic certifications for total 17 products, including Deluxe, organic pure milk for student milk, Shengmu organic pure milk, Shengmu organic premium pure milk, and Reeborne Jingzhi infant formula.
- A2 Product Certification[1]: Shiny Meadow A2 products and Xiaoxianyu A2 products received the first A2 dairy processing and fresh milk production certification in China.
- Low GI Product Certification [2] : A total of 22 fermented milk and modified milk powder products received low GI product certification.
- Product After-Sales Service Certification: For the after-sales service of student milk, continuously carried out and maintained the certification of Commodity After-sales Service Evaluation System.

2.4 Quality and Food Safety Culture and Training

Mengniu adheres to the quality principle of "Trust, Excellence, and Preference" and has revised the *Mengniu Dairy Quality Culture Management System* to further deepen its "1332" quality culture strategy. Each year, the Company provides tiered and content-specific quality related training for all employees, reinforcing Mengniu's quality culture management practices. This year, we upgraded and optimized the Group's quality culture maturity evaluation model, continuously conducted quality culture maturity assessments, and refined our quality culture development.

Mengniu "1332" Quality Culture Strategy

1 Major Goal	• Inherit the precipitation of Mengniu's characteristic quality culture to create a quality culture with continuous excellence and Mengniu characteristics.
3 Major Measures	• Strengthen quality awareness through education, training, communication, and promotion. • Solidify quality behaviors by establishing quality culture management methods and tools, and setting up quality culture theme activities. • Carry out quality culture maturity assessment and continuous improvement to deepen the quality culture system.
3 Major Guarantees	• Ensure that the core concept and construction orientation of quality culture are in line with business practice. • Establish a cross-departmental quality culture task force to ensure efficient implementation of quality culture work. • Establish an incentive mechanism for quality culture work.
2 Major Foundations	• Systematic and strong corporate culture. • 4Q quality management system with continuous iteration and efficient operation.

* 【1】A2 Product Certification: A2β-Casein dairy production, processing, etc are certified by a third-party certification body for dairy producers.
* 【2】Low GI Product Certification: The GI scale typically ranges from 0 to 100, with foods scoring 55 or below considered low GI.

In 2024, Mengniu thoroughly implemented the Group's Ten Quality Behavior Guidelines and continued to consolidate and advance the annual five major quality culture initiatives.



Mengniu "World Quality of Responsibility" activity

"World Quality of Responsibility" Activity

From January to February 2024, Mengniu carried out the "World Quality of Responsibility" Activity. The Group's president, senior managements in charge of various business, business units, business segments signed the quality responsibility statement to implement the main responsibility of food safety.

"World Quality for Consumers" Activity

In March 2024, Mengniu launched the quality culture campaign themed "World Quality for Consumers" which included the ongoing third "World Class Quality Short Video Competition." The top 12 short videos achieved a total of over 2.6 million views and more than 600,000 likes, allowing more people to witness Mengniu's world-class quality.

In 2024, Mengniu innovatively conducted end-to end quality witness activities, collaborating with clients to organise four sessions with a total of 267 participants visiting farms and factories. The Company also continued its second offline Open-Day event, welcoming over 2,000 consumers to more than 60 Mengniu factories to witness Mengniu's end-to-end world-class quality.


Mengniu" World Quality for Consumers" activity



Mengniu" World Quality of Innovation" activity

"World Quality of Innovation" Activity

In May 2024, Mengniu launched the "World Quality of Innovation" quality innovation activity, hosting the first QC (Quality Control) Group Achievement Presentation Competition. An external "fast-track" mechanism was established to select outstanding QC groups and teams, directly recommending them to industry evaluation platforms to participate in industry QC achievement presentations and competitions, thereby sustaining quality innovation capabilities. During the campaign, Mengniu implemented a three-tier bottom-up evaluation mechanism at the factory, business unit, and Group levels, inviting external experts to provide guidance and judging to enhance professional-driven improvements.

"World Quality of Construction" Activity

From August to November 2024, Mengniu conducted the "World Quality of Construction" quality development activity. The activity included quality audits, technical skill competitions, participation in central state-owned enterprise quality knowledge competition and the quality culture maturity, contents all aimed at comprehensively improving quality development capabilities.

"World Quality of Craftsmanship" Activity

In December 2024, Mengniu organised the "World Quality of Craftsmanship" activity to recognise outstanding teams and individuals. A total of three quality excellence teams, three quality improvement teams, and 20 "Most Outstanding Quality Practitioners" were awarded, with honors presented at the Group's annual meeting, celebrating the achievements of Mengniu's outstanding talents.

Mengniu has established a professional technical talent training system, leveraging job knowledge maps to plan technical empowerment initiatives and regularly conducting quality and safety-related training. Through the Huxiuqi Learning Center's professional technical talent training system and online learning platform, the Company automatically generates empowerment plans, pushes courses, and monitors and evaluates learning progress to enhance employees' professional skills and competitiveness. This year, Mengniu launched 34 key projects, covering over 2,000 employees. The three-tier empowerment plan included 1,156 courses, reaching more than 8,000 core personnel. The employee training completion rate reached 100%, cumulatively covering over 43,000 participants, with 100% coverage of personnel in safety, quality, and technical-related roles. Additionally, Mengniu has improved the professional talent lecturer training system across multiple dimensions and established over 100 resource-sharing library, successfully implementing 39 shared courses to solidify the talent foundation for the Company's sustainable development.



Mengniu High Skilled Talent Development- Six Sigma Project

Mengniu actively participates in industry exchanges and collaborations to share and learn advanced quality management experiences. This year, Mengniu attended 9 industry-specific presentations hosted by the Certification and Accreditation Association, Foodmate, GFSI-CGF meetings, and other organizations, as well as industry seminars related to dairy and special foods. These events facilitated in-depth discussions on topics such as dairy deep-processing technology, standard innovation measures, and infant formula regulation.

Mengniu focuses on enhancing supplier capabilities. For details, please refer to the "Ecosystem-Collaborative & Accountable" chapter of this report, which includes sections on supplier quality assurance training.

34 quality and safety training sessions, covering **100%** of personnel in safety, quality andtechnology-related positions.

2.5 Quality and Food Safety Standard

Mengniu continues to participate in the drafting and revision of national and industry standards related to product quality and food safety, actively advancing the implementation of the "Quality Power Strategy," "Standardization Strategy," and "Healthy China Strategy."

Mengniu has participated in drafting 47 international, national, and industry standards

1 international standard: ISO 24021-2:2024 Light gauge metal containers-Vocabulary and classification- Part 2: General cans

15 national standards: GB/T 21732 Flavored Milk Beverages, Sensory Analysis Laboratory Quality Control Guidelines, Ice Cream Quality Requirements, Packaging Machinery Safety Requirements, GB 14880 National Food Safety Standard for the Use of Nutritional Fortifiers, Health Food Raw Material Probiotics, General Terminology for Food Nutrition and Health Management, etc.

31 industry standards: Quality of Oat Hay for Feed, Management Specifications for Dairy Farm Milking Parlors, General Requirements for Smart Testing Laboratories in Dairy and Dairy Products, Determination of Protease Activity in Raw Milk and Liquid Milk, General Rules for Plant-Based Foods, Processed Cheese and Cheese Products, Smart Dairy Farm Information Monitoring and Management, etc.

14 international, national, and industry standards have been released

1 international standard:ISO 24021-2:2024 Light gauge metal containers-Vocabulary and classification- Part 2: General cans

5 national standards: GB/T 43730-2024 Technical Specifications for Food Production Data Management, GB/T 24007-2024 Environmental Management - Guidelines for Determining Environmental Costs and Benefits, GB/T 44359-2024 General Technical Requirements for Lightweight PET Bottle Blow Molding Tools, GB/T 43914-2024 Green Manufacturing - Evaluation Indicators, GB/T 43902-2024 Green Manufacturing - Implementation Guidelines for Green Supply Chain Management in Manufacturing Enterprises

8 industry standards:: QB/T 8042-2024 Sterilised Milk Processing Standard, QB/T 8043-2024 Modified Milk Processing Standard, QB/T 8021-2024 Frozen Dessert — Ice Slurry, QB/T 8008-2024 Soft Ice Cream, QB/T 8044-2024 Fermented Milk Processing Standard, etc.

Honors and Recognitions

- Mengniu's "Experience of Implementing the ‘1643' Sky Quality Management Model Across the Entire Supply Chain" was awarded the "2024 Quality Benchmark Typical Experience" by the China Association for Quality.
- The Key Laboratory of the State Administration for Market Regulation (Dairy Quality Digital Monitoring Technology), which was constructed by Mengniu as a supporting unit, has been successfully approved for construction. Mengniu is the only key laboratory of the State Administration for Market Regulation to be constructed by an enterprise as a supporting unit.
- Mengniu participated in the national quality management innovation and improvement campaign for the light industry sector, with four QC groups honored as "National Light Industry Excellent Quality Management Teams" and six teams recognise as "National Light Industry Quality Trustworthy Teams."
- Mengniu's "Dairy Product Manufacturing Water Energy Recycling Full-Chain Lean Management Based on Quality 4.0 Digital Innovation" won the 2024 IAQ Quality Sustainability Award (QSA), making it the first global food company to receive this honor.

Superior Services

Mengniu implements responsible marketing practices, standardizing claims about product nutrition and health attributes adhering to the core values that "Consumer First". Meanwhile, Mengniu actively safeguards consumer rights, enhances communication channels, strengthens information security protection, and is committed to providing superior service and continue to deliver a better service experience to our consumers.

3.1 Responsible Marketing Management Mechanism

Mengniu strictly complies with laws and regulations such as the Advertising Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Food Safety Law of the People's Republic of China, and Food Labeling Management Regulations. The Company has established and regularly updates management systems, including the Advertising Slogan and Trademark Review and Filing System, Advertising Content Review Management System, Product Claim Management System, Commercial Promotion Management Regulations, and E-Commerce Compliance Management Regulations, which clearly stipulate the requirements for the expression of various types of information in marketing and publicity, such as product performance, efficacy, etc. should be based on facts, data, cases should be true and reliable and indicate the source, strictly limit the exaggeration, absolutist terminology, to eliminate false promises and misleading statements.

Based on the International Code of Marketing of Breast-milk Substitutes of the World Health Organisation, we have issued the *Mengniu Responsible Marketing Policy of Breast-Milk Substitutes*, which applies to Mengniu and partners involved in the marketing, distribution and sales of breast-milk substitutes, and promises that all advertising and marketing materials for Mengniu products will not undermine breast-feeding practices.

Mengniu has set up a strict audit process and conducts multi-level audits of marketing campaigns plans, advertising copy and material design, with internal self-correction by the planning team, followed by cross-departmental audits by the legal and marketing departments, to ensure the authenticity and compliance of advertisements and marketing content. In terms of product packaging, we conduct compliance audits of product labels through our product life cycle management system, and review and uniformly manage nutritional and health information in product labels.

E-commerce business responsible marketing management

To mitigate compliance risks in e-commerce business, the low-temperature business unit's quality and safety department collaborates with the legal department to conduct special monthly spot checks and verification of promotional compliance on self-operated e-commerce platforms. During peak shopping periods like "Double 11," the low-temperature business unit intensifies reviews to ensure that the e-commerce business strictly complies with laws and regulations and the Company's system, standardizing promotional practices and enhancing education, guidance and supervision for new retail and social commerce stores, to safeguard product quality and security and keep advancing compliance of e-commerce channels and enhancement of quality safety risk management.

3.2 Responsible Marketing Management Practices

We actively promote nutritional health claims of our products and explore clean labeling of products to provide consumers with easily dentifiable and understandable nutrition and health information of our products.

We follow the Standard for nutrition labeling of pre-packaged foods (GB 7718-2011) and the General Rules for the Nutrition Labeling of Pre-packaged Foods (GB 28050-2011), etc. All of our products' nutrition labeling use standardised tables to indicate the energy, content values of core nutrients and other nutrients, as well as the nutrient reference values (NRV [1]), so as to ensure that the nutrition and health information on product packaging is displayed in a compliant manner, and to guide consumers to make scientific dietary choices. For sports nutrition food, we follow the General Rules for the Labeling of Pre-packaged Food for Special Dietary Uses (GB 13432-2013), and the National Food Safety Standard - General Rules for Sports Nutrition Foods (GB 24154-2015) and other related standards. Based on professional research on sports diets and nutrition, we label the consumption method of products and the daily or per-meal serving amount, to provide consumers with consumption guidance of products.

In terms of front-of-pack (FOP) labeling, we follow the requirements of relevant laws and regulations in our operation regions, and reasonably use FOP labeling on pre-packaged food to simplify the display of nutrient content or nutritional quality of products, and realistically present the list of ingredients of the products, helping consumers to identify and select nutrition and health products quickly.

- We actively explore the implementation of clean labeling of products and are committed to providing consumers with more natural, concise and easily understandable ingredient lists to meet the demand for transparency and authenticity of nutrition and health information of products.
- The low-temperature business unit has implemented a full-scale audit of label content accuracy to ensure all product labels strictly comply with national laws, regulations, and standards, with no false claims or misleading consumer advertising. Meanwhile, required usage instructions, such as products with curacao aloe gel, must be clearly stated, especially for special populations (such as pregnant women).

* 【1】NRV: Nutrient Reference Values, representing the percentage of nutrients to daily demand in 100 grams/100 milliliters/per serving of food.

Responsible Marketing Training

In 2024, we continued to strengthen responsible marketing promotion and training for all employees through internal courses and policy dissemination. We organised regular specialised training sessions and legal education for employees. For event execution plans, we adopted a "1 plan for 1 event" approach to ensure clear responsibilities and efficient implementation of marketing activities. Additionally, we continuously conducted specialised training on responsible marketing topics such as advertising, trademark usage, and copyright protection. In 2024, we held 8 on-site training sessions and shared knowledge online 35 times, covering over 1,000 participants, achieving 100% coverage for personnel involved in intellectual property and marketing. We also conducted 2 training sessions on product claims, achieving 100% coverage for employees in compliance, market, R&D, and quality related to new products.

In 2024, we organised responsible marketing training and policy dissemination, including **8** on-site training sessions and **35** online knowledge-sharing sessions, achieving **100%** coverage for intellectual property and marketing personnel.

We conducted **2** training sessions on product claims, achieving **100%** coverage for professionals in compliance, market, R&D, and quality related to new products.

3.3 Consumer Services

While supplying high-quality products to the market, Mengniu is committed to safeguarding consumer rights and continuously improving service quality. We strictly adhere to the Consumer Rights Protection Law of the People's Republic of China and have established the Mengniu Dairy Terminal Market Feedback Management System to standardise the handling and response processes for consumer complaints, ensuring effective protection of consumers' legitimate interests.

Mengniu continuously broadens consumer communication channels by setting up various communication methods such as consumer hotline, Weibo, WeChat and email. We have set up dedicated departments and roles to receive consumer complaints. All complaints are forwarded timely to the person responsible for handling the complaints, and feedback of consumer complaints will be provided within the stipulated time. For complaints that have not yet been closed, we will continue to follow up until the complaint is closed. For complaints that have been closed, we carry out spot checks and return visits. By the end of 2024, the consumer satisfaction rate of complaint handling reached 98%. Meanwhile, we analyse the complaint information in depth to continuously improve our products and services. In 2024, the Group received 32,690 complaints, including 19,325 product quality-related complaints, 11,685 service-related complaints and 1,680 other types of complaints, with a 100% complaint resolution rate.

Mengniu conducts multiple distributor and consumer satisfaction surveys annually, obtaining the consumer's experience of the use of the product, suggestions and specific needs through online questionnaires, e-commerce platform product evaluation and other channels to form the improvement and enhancement plans, and constantly improve the satisfaction of distributors and consumers.

3.4 Information Security

Mengniu places high importance on the information security of the Company and all stakeholders. Centered on the goal of "making data usage safer," we have established and implemented high-standard information security management policies, actively advancing systematic construction for information protection and data security, and ensuring the implementation of information security and privacy protection measures.

In 2024, Mengniu experienced no major data breaches, no significant information security incidents, and no complaints related to consumer privacy or data security.

3.4.1 Management System

Mengniu has established a comprehensive information security governance structure, with Mengniu's Chief Digital and Intelligence Officer (CDO) responsible for overseeing the Group's internal cybersecurity strategy, the Group's Cybersecurity Leading Group responsible for leading the steady development of the Company's information and cybersecurity, the Information Security Group and Data Security Group responsible for the planning and construction of the information and data security governance system, and the Business Unit Security Group, the Functional Security Group, the Holding Unit Security Group and all employees are responsible for the implementation of all security work and cooperating with the supervision and inspection by external experts, risk audits and regulatory bodies.

In order to comprehensively improve the Group's standardised management of the entire lifecycle of data across the region, we have formulated a series of systems and management methods, including the Personal Information Protection Compliance Management Regulations, App/Mini-Program Personal Information Protection Compliance Guidelines, and Data Security Management Regulations. We improved 15 practical tools such as the Mengniu Group Data Processing Agreement and 10 practical guidelines such as the Mengniu Group Personal Information Protection Impact Assessment Guide to improve work efficiency and standardise and streamline data compliance work.

We attach importance to the standardisation of the use of AI, strictly comply with the Cybersecurity Law of the People's Republic of China and other laws and regulations, and in accordance with the Internet Information Service Deep Synthesis Management Provisions and the Interim Measures for the Management of Generative AI Services, we clearly mark “Content Generated by AI” and the filing of algorithms in a prominent position of our services to inform internal employees, external clients, and consumers. In 2024, we revised and issued a number of regulatory documents, including the Notice on Standardizing the Development and Use of Generative AI, to ensure that the Group's employees use generative AI services under the premise of legal compliance, safety and control, and to strengthen the management of the use of AI.

In 2024, Mengniu successfully passed the annual audit for ISO 37301 and GB/T 35770 compliance management system certifications issued by the China Quality Certification Center and SGS, with data compliance as a key module within the certification scope.

3.4.2 Data Compliance

Mengniu strengthens the protection of consumer privacy and information security through certifications, authorizations, audits, data encryption, and anonymization.

For Mengniu's consumer-facing applications and mini-programs, we conduct compliance checks for personal information protection. By developing risk self-assessment forms, we encourage business departments to perform regular risk self-evaluations.

For projects involving consumer personal information, we establish pre-review mechanisms, integrating key compliance checkpoints into contract review processes to identify potential data security risks and enhance personal information protection.

In order to achieve standardised management of Mengniu's outsourced data and enhance data security compliance, we formulated the External Data Asset Management Regulations to ensure that Mengniu's external data procurement complies national laws and regulations as well as the relevant provisions of the Group, and to safeguard the security of consumers' personal privacy and information.

3.4.3 Awareness Enhancement

We have incorporated information security and privacy protection guidelines into the Employee Handbook and categorised disciplinary actions based on the severity of violations, including warnings, demerits, demotions, dismissals, and contract termination. We clarify the reporting process for information security incidents, requiring employees to immediately report suspected information security incidents to the information security department for professional handling.

Mengniu prioritises raising employee awareness of information protection. In 2024, we conducted information security training for all employees, releasing a series of video courses through an online platform to disseminate security knowledge on email security, password security, network security protection, personal information protection, etc. The coverage rate of employees' learning and training assessment reached 100%.

Information security trainings achieved **100%** coverage for employees' learning and training assessment.

Index of HKEX ESG Reporting Code

Mandatory Disclosure Requirements		Pages
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG - related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG - related goals and targets with an explanation of how they relate to the issuer's businesses.	P5
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles (Materiality,Quantitative, Consistency) in the preparation of the ESG report:	P2
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	P2

"Comply or explain" Provisions			
Subject Areas	Aspects		Pages
Environmental	A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non - hazardous waste.	P65 - 66

"Comply or explain" Provisions			
Subject Areas	Aspects		Pages
Environmental	A1 Emissions	A1.1 The types of emissions and respective emissions data.	P54、P114 - 115
		A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g.per unit of production volume, per facility).	P66、P115
		A1.4 Total non - hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P66、P115
		A1.5 Description of emissions target(s) set and steps taken to achieve them.	P44 - 54
		A1.6 Description of how hazardous and non - hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P65 - 66
Environmental	A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	P55 - 64
		A2.1 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).	P115
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P55 - 59、P116

"Comply or explain" Provisions			
Subject Areas	**Aspects**		**Pages**
Environmental	A2 Use of Resources	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	P44 - 53、P117 - 118
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose,water efficiency target(s) set and steps taken to achieve them.	P55 - 59、P117
		A2.5 Total packaging material used for finished products (in tons) and, if applicable,with reference to per unit produced.	P60 - 64、P116、P118
	A3 The Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P55 - 59、P65 - 66
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P55 - 59、P65 - 66
Social	B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti - discrimination, and other benefits and welfare.	P21 - 24
		B1.1 Total workforce by gender, employment type (for example, full - or part - time), age group and geographical region.	P20、P110 - 112
		B1.2 Employee turnover rate by gender, age group and geographical region.	P20、P112
	B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that	P27 - 28

"Comply or explain" Provisions			
Subject Areas	**Aspects**		**Pages**
Social	B2 Health and Safety	have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P27 - 28
		B2.1 Number and rate of work - related fatalities occurred in each of the past three years including the reporting year.	P113 - 114
		B2.2 Lost days due to work injury.	P113 - 114
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P27 - 28
	B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work Description of training activities.	P25 - 26
		B3.1 The percentage of employees trained by gender and employee category (e.g.senior management, middle management).	P112 - 113
		B3.2 The average training hours completed per employee by gender and employee category.	P112 - 113
	B4 Labor Standards	General Disclosure Information on: (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	P21
		B4.1 Description of measures to review employment practices to avoid child and forced labor.	P21
		B4.2 Description of steps taken to eliminate such practices when discovered.	P21

"Comply or explain" Provisions			
Subject Areas	**Aspects**		**Pages**
Social	B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	P68 - 80
		B5.1 Number of suppliers by geographical region.	P67 - 68
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P68 - 80
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P68 - 80
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P68 - 80
	B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P82、P90 - 92
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P92、P110
		B6.2 Number of products and service related complaints received and how they are dealt with.	P98
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	P90
		B6.4 Description of quality assurance process and recall procedures.	P91 - 92、P98
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P98 - 99

"Comply or explain" Provisions			
Subject Areas	**Aspects**		**Pages**
Social	B7 Anti - corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P17
		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.	P17
		B7.2 Description of preventive measures and whistle - blowing procedures, and how they are implemented and monitored.	P18
		B7.3 Description of anti - corruption training provided to directors and staff.	P19
	B8 Community Investment	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.	P29、P32
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P29 - 36
		B8.2 Resources contributed (e.g. money or time) to the focus area.	P29 - 36

Climate - related Disclosure			
Core Element			**Pages**
Governance	Governance	19. An issuer shall disclose information about: (a). the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate - related risks and opportunities. (b). management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate - related risks and opportunities.	P38

Climate - related Disclosures			
Core Element			**Pages**
Strategy	Climate related risks and opportunities	20. An issuer shall disclose information to enable an understanding of climate related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short,medium or long term. Specifically, the issuer shall: (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified,over which time horizons–short, medium or long term–the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	P39 - 41
Strategy	Business model and value chain	21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	P39 - 41

Climate - related Disclosures			
Core Element			**Pages**
Strategy	Strategy and decision-making	22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation; (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	P44 - 52
		23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	P44 - 52
Strategy	Financial position, financial performance and cash flows	Current financial effect 24. An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position,financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	P41 - 43
		Anticipated financial effect 25. The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	P41 - 43

Climate - related Disclosures			
Core Element			**Pages**
		(i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to changeover the short, medium and long term, given its strategy to manage climate related risks and opportunities.	P41 - 43
Strategy	Climate resilience	26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate - related risks and opportunities. An issuer shall use climate - related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: (a) the issuer's assessment of its climate resilience as at the reporting date; (b) how and when the climate-related scenario analysis was carried out.	P39 - 41
Risk Management	Risk management	An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	P53
Metrics and Targets	Greenhouse gas emissions	28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as:	

Climate - related Disclosures			
Core Element			**Pages**
Metrics and Targets		(a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	P54
	Greenhouse gas emissions	29. An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard(2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location - based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions;and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	P53 - 54
	Climate-related transition risks	30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	-
	Climate-related physical risks	31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	P41
	Climate-related opportunities	32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	-
	Capital deployment	33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	-

Climate - related Disclosures			
Core Element			**Pages**
Metrics and Targets	Internal carbon prices	34. An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision - making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric ton of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	-
	Remuneration	35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	P13
	Industry-based metrics	36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.	-
	Climate-related targets	37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation,including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target(for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	P53

Climate - related Disclosures			
Core Element			**Pages**
Metrics and Targets	Climate-related targets	(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	
		38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) The metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions.	P38、P53 - 54
		39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	P53 - 54
		40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarburization approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target.	P53 - 54
	Applicability of cross-industry metrics and industry-based metrics	41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics and industry-based metrics.	P53 - 54

Index of Global Reporting Initiative GRI Standards

Statement of use: China Mengniu Dairy Company Limited has reported with reference to the GRI Standards for the period from1 January 2024 to 31 December 2024.

GRI 1: Foundation 2021

GRI Standard		Disclosure	Pages
1. The organization and its reporting practices	1 - 1	Organizational details	P6
	1 - 2	Entities included in the organization's sustainability reporting	P2
	1 - 3	Reporting period, frequency and contact	P2
2. Activities and workers	2 - 6	Activities, value chain and other business relationships	P67 - 80
	2 - 7	Employees	P20 - 28
3. Governance	2 - 9	Governance structure and composition	P12 - 13
	2 - 10	Nomination and selection of the highest governance body	P12
	2 - 11	Chair of the highest governance body	P5、P12
	2 - 12	Role of the highest governance body in overseeing the management of	P5、P12
	2 - 13	Delegation of responsibility for managing impacts	P5
	2 - 14	Role of the highest governance body in sustainability reporting	P5
	2 - 15	Conflicts of interest	P13
	2 - 16	Communication of critical concerns	P13 - 14
	2 - 17	Collective knowledge of the highest governance body	P5
4. Strategy, policies and practices	2 - 22	Statement on sustainable development strategy	P8
	2 - 23	Policy commitments	P8
	2 - 25	Processes to remediate negative impacts	P21、P69、P92
	2 - 27	Compliance with laws and regulations	P12
5. Stakeholder engagement	2 - 29	Approach to stakeholder engagement	P13 - 14
	2 - 30	Collective bargaining agreements	P13 - 14、P24

GRI Standard	Disclosure	Pages
3 - 1	Process to determine material topics	P14
3 - 2	List of material topics	P14
3 - 3	Management of material topics	Please Refer to the Table Below

GRI Standard	Disclosure	Pages
GRI 201: Economic Performance		
GRI 3: Management approach disclosure	Management approach on economic performance	P6
Topic-specific disclosures	201 - 1 Direct economic value generated and distributed	P6
	201 - 2 Financial implications and other risks and opportunities due to climate change	P41 - 43
GRI 203: Indirect Economic Impacts		
GRI 3: Management approach disclosure	Management approach on indirect economic impacts	P20 - 36
Topic-specific disclosures	203 - 1 Infrastructure investments and services supported	P20 - 36
GRI 204: Procurement Practices		
GRI 3: Management approach disclosure	Management approach on procurement practices	P67 - 80
GRI 205: Anti - corruption		
GRI 3: Management approach disclosure	Management approach on anti-corruption	P17 - 18
Topic-specific disclosures	205 - 2 Communication and training about anti-corruption policies and procedures	P19
	205 - 3 Confirmed incidents of corruption and actions taken	P17 - 18
GRI 301: Materials		
GRI 3: Management approach disclosure	Management approach on materials	P67 - 80
Topic-specific disclosures	301 - 1 Materials used by weight or volume	P67 - 80
	301 - 3 Recycled input materials used	P60 - 64
GRI 302: Energy		
GRI 3: Management approach disclosure	Management approach on energy	P60 - 64
Topic-specific disclosures	302 - 1 Energy consumption within the organization	P44 - 52
	302 - 3 Energy consumption outside of the organization	P44 - 52
	302 - 4 Reduction of energy consumption	P44 - 52
GRI 303: Water and Effluents		
GRI 3: Management approach disclosure	303 - 1 Interactions with water as a shared resource	P55 - 59
Topic-specific disclosures	303 - 2 Management of water discharge - related impacts	P55 - 59
	303 - 5 Water withdrawal	P55 - 59
GRI 304: Biodiversity		
GRI 3: Management approach disclosure	Management approach on biodiversity	P79 - 80
Topic-specific disclosures	304 - 2 Significant impacts of activities, products and services on biodiversity	P79 - 80
GRI 305: Emissions		
GRI 3: Management approach disclosure	Management approach on emissions	P44 - 52

GRI Standard	Disclosure	Pages
Topic-specific disclosures	305 - 1 Direct (Scope 1) GHG emissions	P54、P115
	305 - 2 Energy indirect (Scope 2) GHG emissions	P54、P115
	305 - 4 GHG emissions intensity	P54、P115
	305 - 5 Reduction of GHG emissions	P44 - 52
	305 - 7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P44、P114 - 115
GRI 306: Waste		
GRI 3: Management approach disclosure	306 - 1 Waste generation and significant waste-related impacts	P65 - 66
Topic-specific disclosures	306 - 2 Management of significant waste-related impacts	P65 - 66
	306 - 3 Waste generated	P65 - 66、P115
GRI 307: Environmental Compliance		
GRI 3: Management approach disclosure	Management approach on environmental compliance	P45 - 66
GRI 308: Supplier Environmental Assessment		
GRI 3: Management approach disclosure	Management approach on supplier environmental assessment	P68 - 78
Topic-specific disclosures	308 - 1 New suppliers that were screened using environmental criteria	P68 - 78
	308 - 2 Negative environmental impacts in the supply chain and actions taken	P68 - 78

GRI Standard	Disclosure	Pages
GRI 401: Employment		
GRI 3: Management approach disclosure	Management approach on employment	P21
Topic-specific disclosures	401 - 1 New employee hires and employee turnover	P25、P112
	401 - 2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P21 - 23
GRI 403: Occupational Health and Safety		
GRI 3: Management approach disclosure	403 - 1 Occupational health and safety management system	P27
	403 - 2 Hazard identification, risk assessment, and incident investigation	P27
	403 - 5 Worker training on occupational health and safety	P28
	403 - 6 Promotion of worker health	P27 - 28
	403 - 7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P27 - 28
Topic-specific disclosures	403 - 8 Workers covered by an occupational health and safety management system	P27 - 28
	403 - 9 Work-related injuries	P113
GRI 404: Training and Education		
GRI 3: Management approach disclosure	Management approach on training and education	P25
Topic-specific disclosures	404 - 1 Average hours of training per year per employee	P112
	404 - 2 Programs for upgrading employee skills and transition assistance programs	P25 - 26
	404 - 3 Percentage of employees receiving regular performance and career development reviews	P112

GRI Standard	Disclosure	Pages
GRI 405: Diversity and Equal Opportunity		
GRI 3: Management approach disclosure	Management approach on diversity and equal opportunity	P23
Topic-specific disclosures	405 - 1 Diversity of governance bodies and employees	P23
GRI 406: Non - discrimination		
GRI 3: Management approach disclosure	Management approach on non-discrimination	P21 - 24
Topic-specific disclosures	406 - 1 Incidents of discrimination and corrective actions taken	P21 - 24
GRI 407: Freedom of Association and Collective Bargaining		
GRI 3: Management approach disclosure	Management approach on freedom of association and collective bargaining	P24
GRI 408: Child Labor		
GRI 3: Management approach disclosure	Management approach on child labor	P21
GRI 409: Forced or Compulsory Labor		
GRI 3: Management approach disclosure	Management approach on forced or compulsory labor	P21
GRI 412: Human Rights Assessment		
GRI 3: Management approach disclosure	Management approach on human rights assessment	P21
Topic-specific disclosures	412 - 2 Employee training on human rights policies or procedures	P21
	412 - 3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	P21

GRI Standard	Disclosure	Pages
GRI 413: Local Communities		
GRI 3: Management approach disclosure	Management approach on local communities	P29 - 36
Topic-specific disclosures	413 - 1 Operations with local community engagement, impact assessments, and development programs	P29 - 36
GRI 414: Supplier Social Assessment		
GRI 3: Management approach disclosure	Management approach on supplier social assessment	P69 - 71
Topic-specific disclosures	414 - 1 New suppliers that were screened using social criteria	P69 - 71
GRI 416: Customer Health and Safety		
GRI 3: Management approach disclosure	Management approach on customer health and safety	P82 - 89、P91 - 92
Topic-specific disclosures	416 - 1 Assessment of the health and safety impacts of product and service categories	P82 - 89
GRI 417: Marketing and Labeling		
GRI 3: Management approach disclosure	Management approach on marketing and labeling	P97
Topic-specific disclosures	417 - 1 Requirements for product and service information and labeling	P97 - 98
GRI 418: Customer Privacy		
GRI 3: Management approach disclosure	Management approach on customer privacy	P98 - 99

Mengniu Key Sustainability Performance Data

Economic Performance

Indicator	Unit	2022	2023	2024
Revenue	RMB100 million	925.93	986.24	886.75
Total assets	RMB100 million	1,178.13	1,152.20	1,062.93
Profit Attributable to Owners of the Company	RMB100 million	53.03	48.09	1.05
Production capacity	10,000 tons	1,291	1,404	1,399
Traceability of non - conforming products	%	100	100	100
Pass rate of ex - factory product quality inspection	%	100	100	100
Ex - factory batches of products subject to quality and safety monitoring	%	100	100	100
Percentage of products recycled due to safety and health factors during product transportation and sales	%	0	0	0
Raw milk random sampling pass rate	%	100	100	100

Social Performance - Employment

Indicator	Unit	2024
Total number of employees	Person	41,058
Total number of male employees	Person	23,564
Total number of female employees	Person	17,494
Total number of full - time employees	Person	41,048

Indicator	Unit	2024
Total number of part - time employees	Person	10
Total number of minority employees	Person	3,509
Total number of disabled employees	Person	291
Total number of employees aged 40 and below	Person	30,156
Total number of employees aged above 40	Person	10,902
Total number of employees at overseas	Person	2,476
Total number of employees in Hong Kong, Macau and Taiwan regions	Person	7
Total number of employees in mainland China	Person	38,575
Total number of employees with master's degree or above	Person	1,712
Total number of employees with bachelor's degree	Person	17,278
Total number of employees with college's degree	Person	11,973
Total number of employees with high school education or below	Person	10,095
Total number of male employees in senior management	Person	15
Percentage of male employees in senior management	%	75.00
Total number of female employees in senior management	Person	5
Percentage of female employees in senior management	%	25.00
Total number of male employees in middle management	Person	2,071
Percentage of male employees in middle management	%	74.42
Total number of female employees in middle management	Person	712

Indicator	Unit	2024
Percentage of female employees in middle management	%	25.58
Employee turnover rate	%	18.23
Turnover rate of male employees	%	19.61
Turnover rate of female employees	%	16.17
Turnover rate of employees aged 40 and below	%	19.59
Turnover rate of employees aged above 40	%	13.15
Turnover rate of employees at overseas	%	0
Turnover rate of employees in Hong Kong, Macau and Taiwan regions	%	0
Turnover rate of employees in mainland China	%	18.23
Total training hours of employees	Hour	3,654,162.00
Average training hours of employees	Hour	89.00
Total percentage of trained employees	%	100
Total training hours of male employees	Hour	2,072,749.00
Average training hours of male employees	Hour	87.96
Percentage of male employees trained	%	100
Total training hours of female employees	Hour	1,581,413.00
Average training hours of female employees	Hour	90.40
Percentage of female employees trained	%	100
Total training hours of senior management employees	Hour	1,194.00
Average training hours of senior management employees	Hour	59.70
Percentage of senior management employees trained	%	100

Indicator	Unit	2024
Total training hours of middle management employees	Hour	216,267.00
Average training hours of middle management employees	Hour	77.71
Percentage of middle management employees trained	%	100
Total training hours of general employees	Hour	3,436,701.00
Average training hours of general employees	Hour	89.84
Percentage of general employees trained	%	100
Number of employees' complaints and reports	Case	8
Number of complaints resolved	Case	8

The statistical scope of data related to employee turnover is within Mengniu's principal business.

Social Performance - Occupational Health and Safety

Indicator	Unit	2024
Occupational disease cases	Case	0
Employee deaths due to work - related incidents [1]	Person	0 (0 for three consecutive years)
Employee death rate due to work - related incidents [2]	%	0 (0 for three consecutive years)
Total investment in safety measures	RMB 10,000	5,974.05
Dedicated safety personnel	Person	201
Occupational health and safety risk assessment	Time	31
Lost work hours due to work injuries	Hour	12,808.00

*[1] Employee deaths due to work - related incidents death data reflects the information of employees who died as a result of safety production accidents and the scope is within Mengniu's principal business.

*[2] Employee death rate due to work - related incidents = (Employee deaths due to work - related incidents / Total number of employees)*100%

Indicator	Unit	2024
Employee physical examination coverage rate	%	100
Occupational health and safety training coverage rate	%	100

Social Performance - Others

Indicator	Unit	2022	2023	2024
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Response rate to employee requests	%	100	100	100
Completion rate of procurement contracts	%	100	100	100
Response rate to consumer complaints and recommendations	%	100	100	100
Total expenditure on charity	RMB10,000	10,672.80	5,124.75	5,341.49
Total tax paid	RMB100 million	40.14	48.41	43.71

Environmental Performance[3]

Indicator		Unit	2022	2023	2024
Exhaust gas	Total exhaust emissions	Million cubic metres	945.07	1,119.31	1,164.39
	SO_2 emissions	Kg	23,630.00	27,980.00	29,110.00
	NO_x emissions	Kg	85,060.00	100,740.00	104,700.00
	Soot emissions	Kg	18,900.00	22,390.00	23,240.00

*[3] Notes on Calculation Methodology:

1. The data of exhaust gas, wastewater, GHG emissions, solid waste, energy consumption and water use covers all of Mengniu Group's self-operated factories, including room temperature, chilled dairy, ice products, fresh milk, milk formula, and cheese.
2. Total comprehensive energy consumption is calculated according to the General Rules for Calculation of the Comprehensive Energy Consumption(GB/T 2589-2020) , which is directly converted from the consumption of energy including gasoline, diesel, natural gas, electricity and purchased heat.
3. According to the internationally recognised 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 are defined as greenhouse gas emissions directly generated by burning fuels in factories, such as from self-owned boilers and vehicles, etc., and the direct energy involved include natural gas, diesel, gasoline etc. Scope 2 emissions are defined as greenhouse gas emissions from purchased electricity and steam. The GHG involved in the actual production process in Mengniu's self-operated factories include carbon dioxide, methane and hydrofluorocarbons. The GHG monitoring method complies with General guideline of the GHG emissions accounting and reporting for industrial enterprises GB/T32150-2015, the GWP (Global Warming Potential) and emission factor were selected with reference to the IPCC Sixth Assessment Report.
4. Production water intensity per ton of product is calculated based on the main production water usage.

Indicator		Unit	2022	2023	2024
Wastewater	COD discharge	Ton	1,085.75	1,106.82	1,128.57
	BOD discharge	Ton	233.87	238.40	241.26
	Ammonia nitrogen	Ton	306.84	335.81	300.90
Solid waste	Total hazardous waste	Ton	385.66	406.09	322.14
	Hazardous waste generated intensity by revenue	Kg/RMB million of revenue	4.17	4.12	3.63
	Total non - hazardous waste	Ton	51,212.24	55,888.60	49,517.90
	Non - hazardous waste generated intensity by revenue	Ton/RMB million of revenue	0.55	0.57	0.56
	Compliant treatment percentage of solid waste	%	100	100	100
GHG	Total GHG emissions	10,000 Tons CO_2 equivalent	142.57	142.33	129.42
	Scope 1 emissions	10,000 Tons CO_2 equivalent	25.37	27.04	27.75
	Scope 2 emissions	10,000 Tons CO_2 equivalent	117.20	115.29	101.67
	GHG emission per ton of products	Kg/ton	168.31	166.17	163.81
Energy consumption	Gasoline consumption	MWh	104.88	27.70	18.77
	Diesel consumption	MWh	103.00	1.00	794.99
	Purchased steam	MWh	622,340.21	804,621.30	841,067.57
	Natural gas consumption	MWh	778,254.53	857,063.25	761,559.19
	Grid electricity consumption across regions	MWh	818,780.57	1,009,520.67	881,310.96
	Generation of solar power	MWh	8,509.70	11,267.80	15,722.45
	Steam production from biomass energy	Ton	189,801.01	126,963.16	118,751.75

Indicator		Unit	2022	2023	2024
Energy consumption	Direct energy consumption	MWh	778,870.65	857,542.70	762,372.95
	Indirect energy consumption	MWh	1,444,933.32	1,819,082.46	1,738,100.98
	Comprehensive energy consumption	MWh	2,223,803.97	2,676,625.16	2,500,473.93
	Unit comprehensive energy consumption for operating revenue	MWh/RMB million of revenue	24.02	27.14	28.20

Indicator	Type	Unit	2024
Water utilisation	Total water withdrawal	Ton	30,815,328.00
	Water consumption	Ton	1,567,928.00
	Total water discharge	Ton	29,247,400.00
	Alternative water utilisation rate	%	8.33
	Water recycling utilisation rate	%	8.33
	Water withdrawal intensity	Ton/RMB million of revenue	347.51
	Production water intensity per ton of product	Ton/ton	3.55

Indicator	Type	Unit	2024
Packaging materials usage	Plastic packaging	Ton	171,732.75
	Wood/Paper fiber packaging	Ton	1,075,342.15
	Metal packaging	Ton	22,885.67
	Glass packaging	Ton	93.75

For progress on response to climate change goals, please refer to the "Climate Action" section of the "Environment - Carbon Net - Zero" chapter.

Progress on Water Resource Utilisation Goals

Category	Goal	Progress
Group operational water utilisation goals	By 2030, increasing water recycling rate by 5% compared to 2023. By 2030, reducing water withdrawal per ton of product by 10% compared to 2023.	In 2024, water withdrawal per ton of product decreased by 5% compared to 2023.
Supply chain water utilisation goals	Core suppliers Modern Dairy and China Shengmu plan to reduce water intensity per unit of raw milk production by 10% by 2030, using 2022 as the baseline.	Sustain the baseline year’ s performance.

Progress on Energy Utilisation Goal

Goal	Progress
By the end of 2025, Mengniu will increase its solar photovoltaic (PV) installed capacity by 30% compared to 2023.	In 2024, Mengniu's solar photovoltaic (PV) installed capacity increased by 27.1% compared to 2023.

Progress on Forest Conservation Goal

Goal	Progress
By 2030, Mengniu aims to eliminate deforestation risk associated with timber products, soy products, and palm oil in its supply chain.	In 2024, 89.37% of Mengniu's product inner packaging paper was sourced with sustainable forestry certification, and all outer packaging cartons were made from recycled paper. In 2024, all palm oil purchased by Mengniu's Bellamy brand was RSPO IP certified. Mengniu implemented soymeal reduction and substitution measures for 230,000 tons, low - risk procurement for 220,000 tons, and certified procurement for 51,000 tons.

Progress on Green Packaging Goals

Category	Goal	Progress
Eliminating environmentally unfriendly plastics	By 2025, completely eliminating the use of PVC and EPS in product packaging.	In 2024, the use of PVC materials was reduced by 28% compared to 2023, and the use of EPS materials was reduced by 37%.
Reducing fossil - based virgin plastics	Conducting research on lightweight packaging and bio - based materials, aiming to cumulatively reduce the use of fossil - based virgin plastics by 35,000 tons by 2030, with 2020 as a baseline.	In 2024, Mengniu's various plastic reduction projects achieved a reduction of over 6,100 tons of fossil - based virgin plastic.
Use of recycled materials	Conducting research on the application of post - consumer recycled (PCR) and post - industrial recycled (PIR) plastics, aiming to use recycled plastics in 20% of plastic packaging products by 2035.	In 2024, Mengniu increased the percentage of packaging weight containing recycled plastic to 0.95% of the total plastic packaging weight. In 2024, the share of recycled plastic materials in the total weight of plastic materials in Mengniu was 0.06%.
Application of recyclable/ biodegradable materials in packaging	Developing mono - material composite films, low - additive technologies, and biodegradable materials, aiming to achieve 100% recyclable, reusable, or biodegradable packaging by 2035	In 2024, Mengniu increased the percentage of recyclable packaging materials to 98.91% of the total packaging material weight.
End-of-package recycling of products	Actively participating in and support national and association - led packaging recycling initiatives through recycling labels and industry chain collaboration, contributing to the industry's goal of achieving a 40% recycling rate for paper - based composite packaging and over 90% recycling rate for PET bottles by 2025.	In 2024, Mengniu partnered with ATRenew to carry out recycling activities covering 27 cities nationwide, recovering approximately 20 tons of dairy packaging. In 2024, 17 Mengniu packaging formats received easy - to - recycle and easy - to - regenerate certification, which helps to improve the recycling rate of various packaging forms, such as Prepacks and prepackaged cups.



China Mengniu Dariy Company Limited

www.mengniu.com.cn