

雅士利®

Yashili International Holdings Ltd
雅士利國際控股有限公司

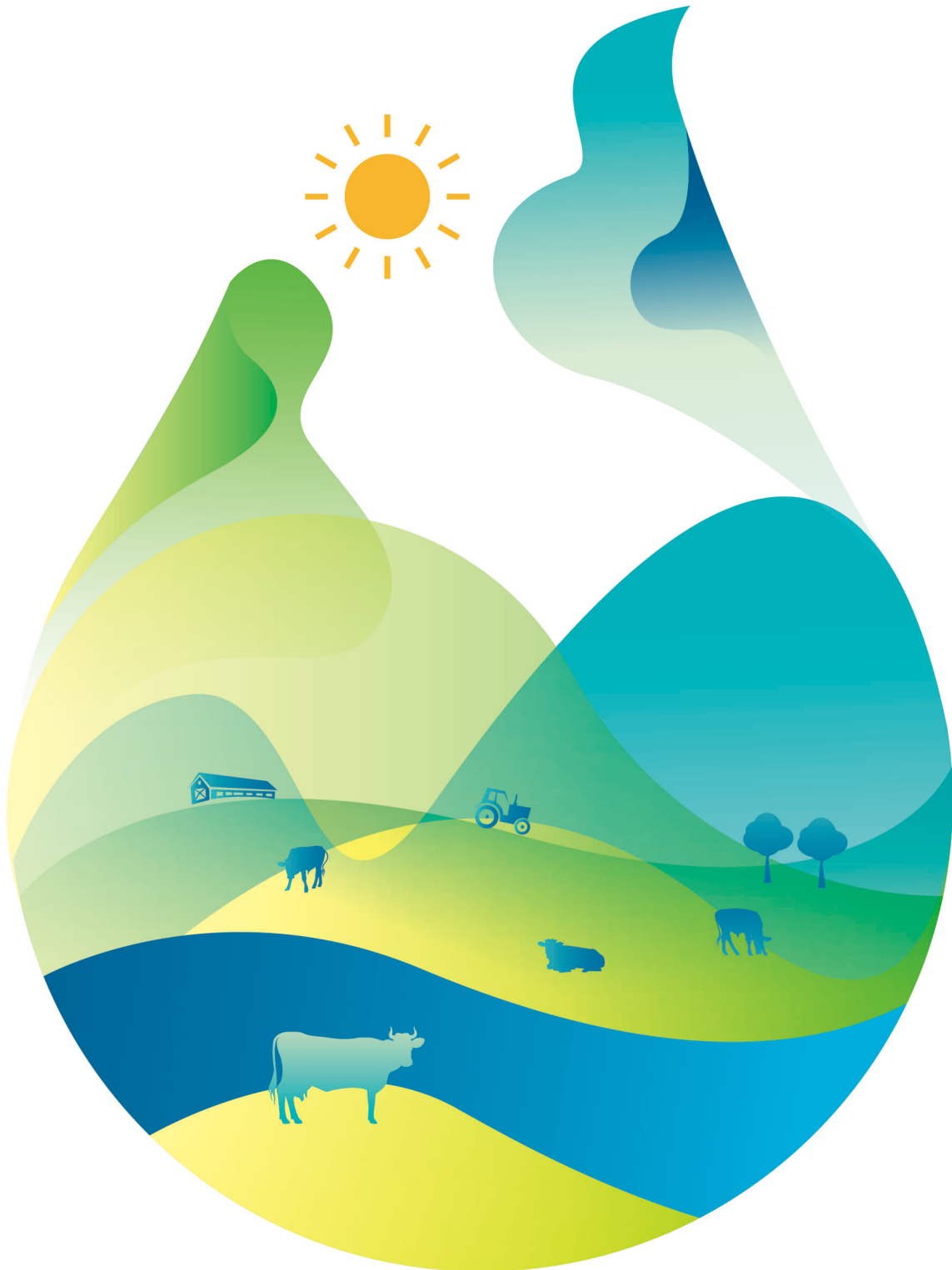
(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 01230

2020

Environmental, Social
and Governance Report



ABOUT THE REPORT

REPORTING SCOPE

The Report is annually disclosed, covering the same scope as the business scope of Yashili International Holdings Ltd, dating from 1 January 2020 to 31 December 2020, with dating back and forth if necessary.

REPORTING BASIS

The Report is prepared as per the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited and refers to Global Reporting Initiative (GRI) Standards. Meanwhile, the Report is prepared with reference to the requirements in the aforementioned standards and in the steps of industrial benchmarking, stakeholder engagement, materiality analysis, data collection, report compilation, and management review to ensure the materiality, quantification, balance, and consistency of the Report.

DATA SOURCES

All data disclosed in the Report are from the official documents, financial reports, statistics reports, and related publications of Yashili International Holdings Ltd. Yashili undertakes that the Report does not contain any false information, misleading statements, or significant omissions. The board of directors is responsible for the contents of the Report as to its authenticity and accuracy.

REFERENCE REMARKS

"Yashili", "the Company" and "We" refer to Yashili International Holdings Ltd (Stock code: 01230) and "the Group" refers to Yashili International Holdings Ltd and its subsidiaries collectively in the Report.

CONFIRMATION AND APPROVAL

The Report is confirmed by the the Sustainable Development Management Committee of the Company and the senior management, and was approved by the board of directors of the Company on 15th July, 2021.

RESPONSES TO THE REPORT

For any questions or suggestions in relation to the Report, please contact us at:

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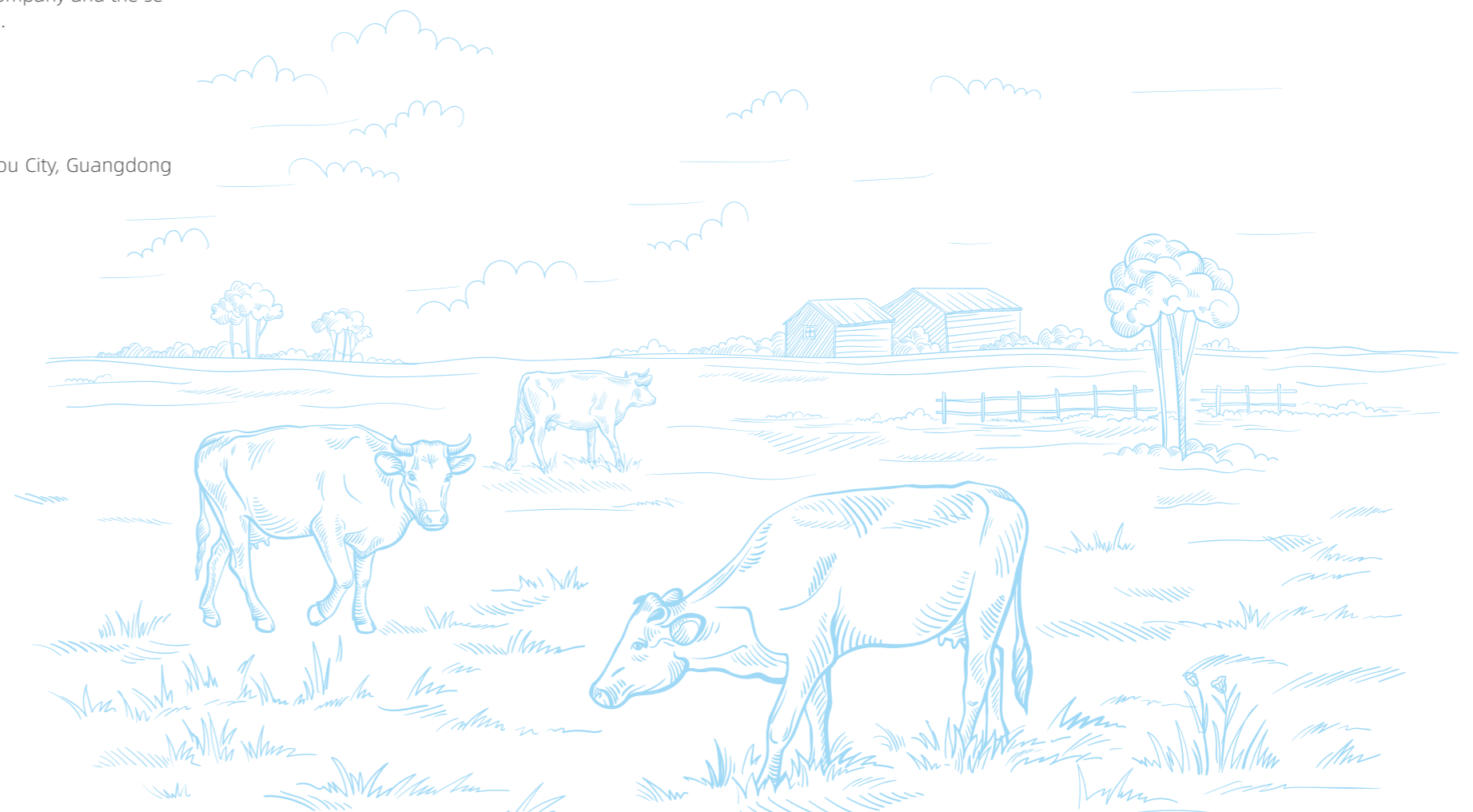
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LETTER FROM THE CEO

Dear stakeholders:

The past year was an extraordinary year. Faced with the significant impact of the outbreak of COVID-19 pandemic over the world, Yashili responded to the challenges with actions and turned the crisis into opportunity with the joint efforts of all the staff.

Over the past year, Yashili has strengthened its governance, continued to improve the integrity management system and the internal control system, provided training on business ethics codes for all employees, and advocated the value orientation of integrity and justice. Since 2019, the Company has established a Sustainable Development Management Committee under the board of directors to comprehensively coordinate the environmental, social and governance (ESG) affairs, assess ESG risks and opportunities highly related to the Company's growth and develop relevant goals and plans.

Over the past year, Yashili persisted in innovation, focused on the R&D of nutrition products, and was committed to providing consumers with accurate nutrition throughout the life cycle. During the reporting period, the Company renewed the brand of Reeborne, and contributed to global leadership of the organic dairy brand of Arla® in sales, and launched Topconic, the milk powder product with probiotics added for immunity support and health care. The Company has focused on enhancing and strengthening the differential advantages of the product, and made great progress in the registration of milk formula and the R&D of nutrition products.

Over the past year, Yashili made concerted efforts to upgrade the corporate culture in all aspects, initiated a series of family culture care programs, and paid attention to the growth and development of every employee. During the reporting period, the Company focused on the reorganization of business division structure, empowered its business and redefined the corporate vision and spirit. Based on the learning platform of "Yashili School of Business", the Company has set up five modules of learning resources for each business unit, i.e. "Management College", "Sales Study School", "Functional College", etc., and improved the promotion and training system for talents. In the past year, Yashili's talent system construction work was recognized externally and won the "Outstanding Award for HR Management" and other awards.

Over the past year, Yashili cared for the community, paid close attention to the development of the pandemic, used its own high-quality resources to help fulfill nutrition needs of areas affected by the pandemic, and guaranteed the supply of nutrition milk powder for families through all channels, such as e-commerce, customer hotlines and offline maternal and baby stores. Up to now, the Company has donated supplies worth more than RMB 46 million to all regions and frontline pandemic prevention and control personnel throughout the country. On the premise of scientific prevention and control of the pandemic, the

Company resumed work, production and business in an orderly manner, to ensure the necessary supply of nutrition products, and used its high-performance supply chains to quickly deliver donated supplies to the recipient's location.

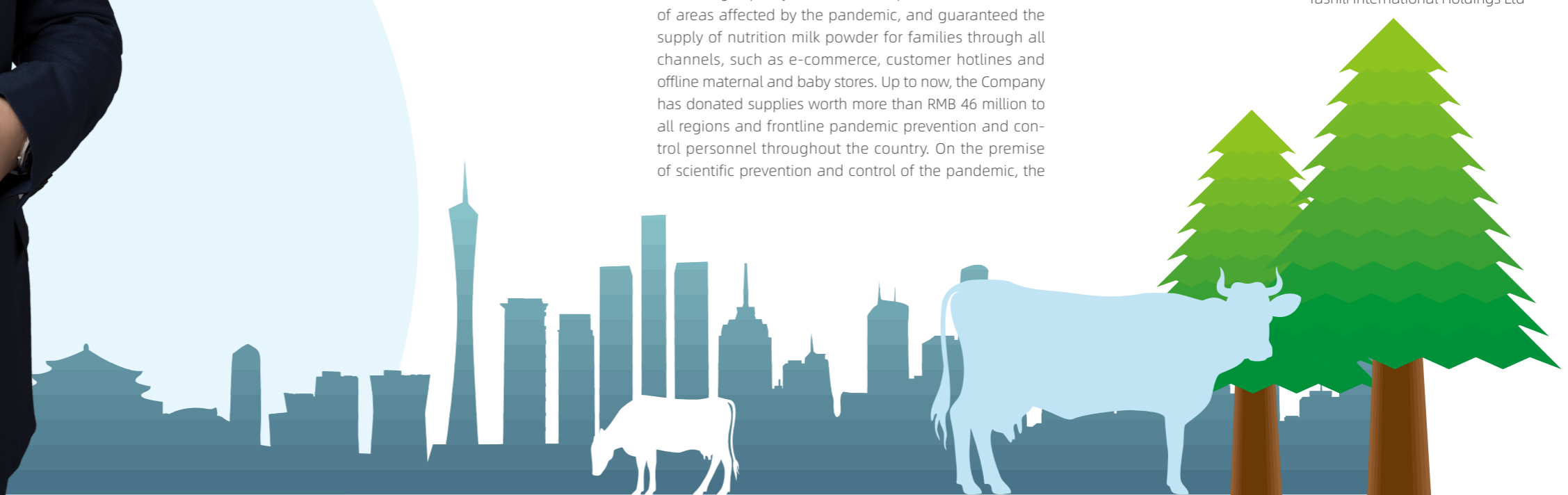
Over the past year, Yashili attached great importance to environment, health and safety (EHS) management and implemented the EHS target-based management responsibility system. The management of all manufacturers signed the Letter of EHS Responsibility, detailing the management responsibilities and objectives of all plants and key departments. The Company continues to reduce energy consumption per unit product through optimizing production line layout, automation upgrading, as well as precise production scheduling, and begins to set management goals for resource conservation and energy use. Meanwhile, with the Safety Committee as the core, the Company continues to promote the standardization of safety management, and has fulfilled all the safety management objectives of this year.

In the future, Yashili will continue to make joint efforts for a win-win situation, deepen strategic layout, empower partners to grow, gradually promote the healthy and orderly development of the whole value chain, and strive to create sustainable long-term value for stakeholders such as shareholders, employees, customers, etc.

Yan Zhiyuan

CEO

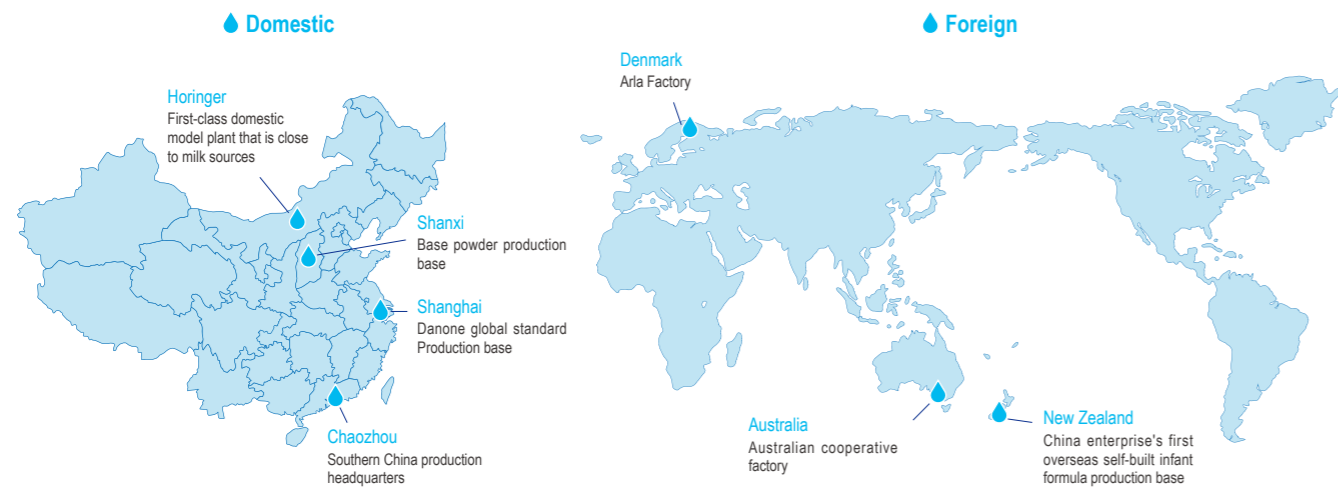
Yashili International Holdings Ltd



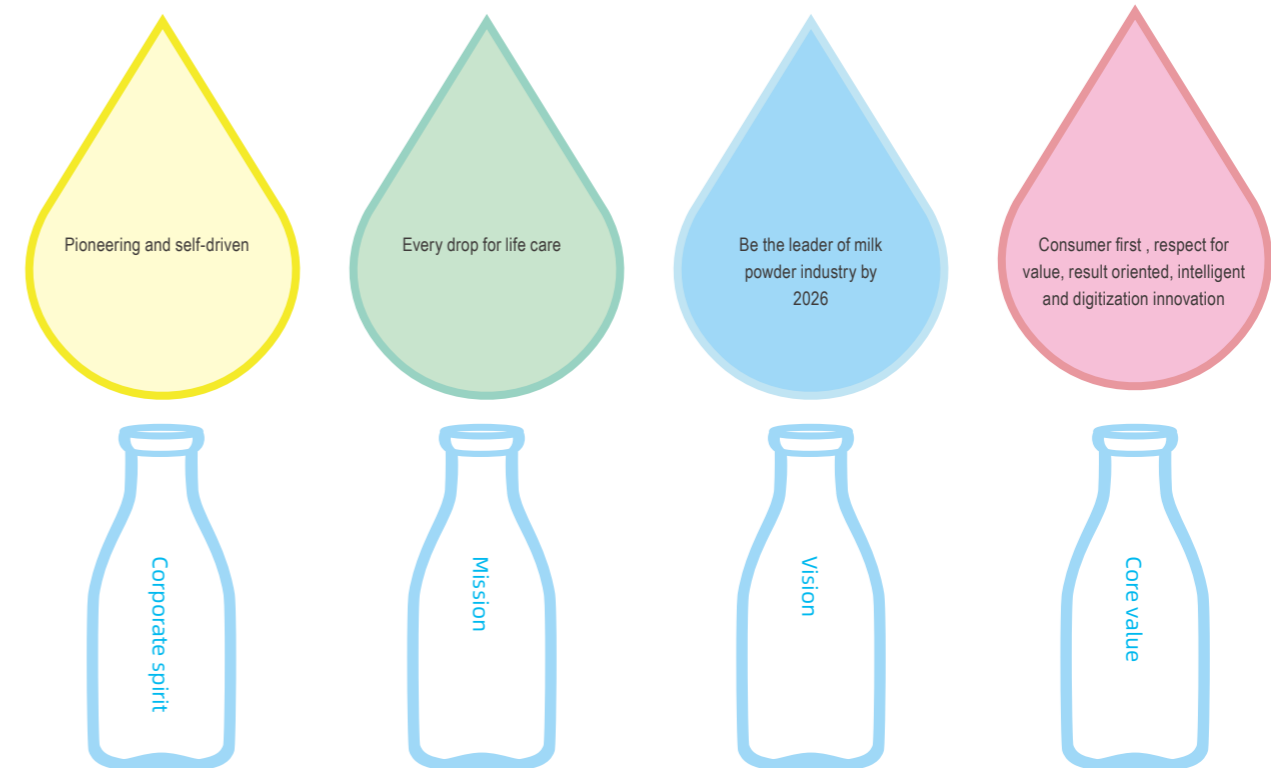
ABOUT YASHILI

OUR BUSINESS

Yashili is committed to developing healthy nutrition products worthy of consumer trust, providing diversified products that are in full range, from different places of origin and at different levels and cover the needs of the vast number of consumers from all channels. The products include the infant formula milk powder caring for the healthy growth of infants and young children, such as "Yashily", "Reeborne", "Dumex", "Doraler", "Arla", etc.; the milk powder for the adult nutrition needs, such as "Mengniu" and "Youyi"; the milk powder for the middle and old-aged, such as "Yourui", the "Zhengwei" oatmeal; and new products such as "Topconic" milk powder; "Nutrial" milk powder; M8 children milk powder and skim milk powder. By integrating resources of imported quality ingredients and original infant formula products, self-developed formulas, advanced production systems, and professional marketing teams who are familiar with local markets, the Group is committed to providing products with quality assurance and balanced nutrition for consumers all over the world.

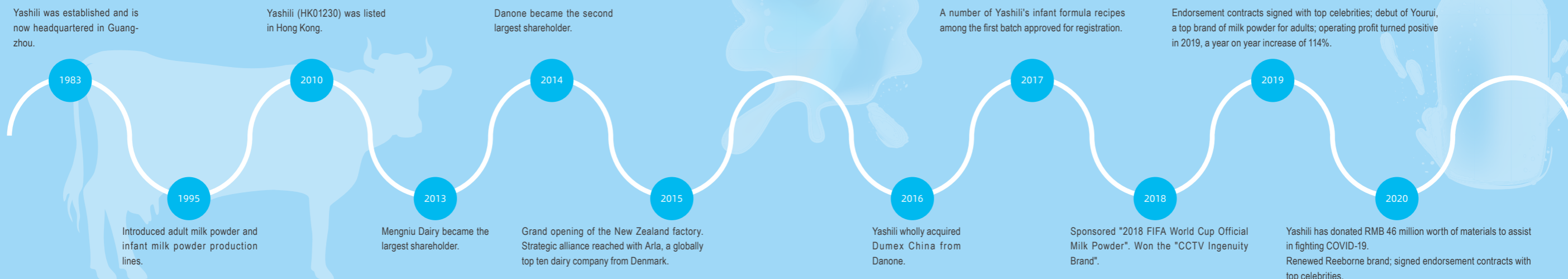


OUR CULTURE



OUR JOURNEY

Founded in 1983, Yashili has been specialized in R&D and production of nutrition products. It has 7 production bases worldwide, and has formed an international development paradigm with infant milk powder as the core product, including the large-scale overseas production base in New Zealand with a total investment of RMB 1.4 billion, being the first China-funded milk powder manufacturer built from scratch in a foreign country. Yashili cooperates with COFCO, Mengniu, Danone and Arla to form a firm strategic alliance to jointly build a maternal and infant ecosystem, devoted to the development of the infant formula milk powder market, and committed to the construction of an all-around nutrition care system including adult milk powder, nutrition products and the like, thus fully meeting the needs of consumers.



AWARDS IN 2020

Food Safety Model Corporation	Organizing Committee of Annual Conference on Social Responsibilities of China Food Corporations	December 2020
Most Searched Organic Milk Powder Brand 2020	Milk Powder Think Tank	
Most Searched Milk Powder Brand 2020	Milk Powder Think Tank	
China Enterprise Marketing Innovation Award 2020 (18th)	China Marketing Magazine	
Top Award of Chinese Infants and Children Products Industry	Zhongtong Media	
Gold Award of BIOFACH CHINA 2020 (Reeborne)	BIOFACH CHINA	October 2020
2020 Best Growing Competence Award (Securities Daily)	Securities Daily	
Reeborne Social Responsibility Pioneer Award 2020 (Focus Media)	Focus Media	
Milk Powder Enterprise Donating Supplies for Anti-pandemic 2020	Dairy Association of China	
China Dairy Industry Spirit Model Enterprise	China Dairy Industry Association	
Anti-pandemic Enterprise	Command for Prevention and Control of COVID-19 Pandemic, Chao'an, Chaozhou	September 2020
Annual Seven-star Award Reeborne	China Business Network	
Certificate	Development and Reform Bureau of Yuexiu District, Guangzhou (Material Support Division, Leadership Group for Prevention and Control of COVID-19 Pandemic, Yuexiu District, Guangzhou)	May 2020
Contract-honoring and Credit-reliable Enterprise in Guangdong (three consecutive years)	Market Supervision and Administration of Chaozhou	June 2020
2019 Value Collection - Top 10 Dairy Brands Trusted by Consumers	Rh Academy	March 2020
2019 Value Collection - Top 10 Milk Powder Product Trusted by Consumers - Mengniu Yourui Yitian Milk Powder for Middle and Old Age	Rh Academy	
2019 Value Collection - Top 10 Milk Powder Product Trusted by Consumers - Mengniu Yourui Selenium-rich and High-calcium Goat Milk Powder	Rh Academy	
2019 Customer Satisfied Excellent Products - Mengniu Yourui Selenium-rich and High-Calcium Goat Milk Powder	Ittrust Enterprise Credit Rating Center	February 2020
AAA Credit Rating	Ittrust Enterprise Credit Rating Center	
2019 Customer Satisfied Excellent Products - Mengniu Yourui Yitian Milk Powder for Middle and Old Age	Ittrust Enterprise Credit Rating Center	
9th China Charity Festival - Industry Model Award of Corporate Social Responsibility 2019	9th China Charity Festival	January 2020
Food Quality Award 2019	Xiaoshidai	
Medal and Certificate of 2019 Excellence Award of "Craftsmanship Spirit" Model in New Era, Yangcheng Evening News	Yangcheng Evening News Group	
2019 Gold Award of Infant Formula Milk Powder Brand - Reeborne and Certificate	China Dairy Industry Association	
2019 Gold Award of Infant Formula Milk Powder Brand - Dumex and Certificate	China Dairy Industry Association	
Social Responsibility Model Enterprise of Chinese Dairy Industry 2019	China Dairy Industry Association	
2019 Quality Gold Award of Yashili International Group Ltd. and Certificate	China Dairy Industry Association	
Annual Charity Enterprise Award, Annual Charity Enterprise	MY Guancha, Cherry Award Committee, MY Research Institute	
		December 2019

YASHILI SUSTAINABLE DEVELOPMENT

OUR PHILOSOPHY

Yashili is actively and enthusiastically fulfilling its corporate social responsibilities while developing its enterprise. We are committed to allocating global resources, creating a win-win industrial ecosystem, facilitating employee growth, creating value for cooperation partners, providing quality products and services for consumers, and focusing on the common growth with all stakeholders. The Company's development philosophy is highly consistent with the following goals in the United Nations 2030 Sustainable Development Goals (SDGs):

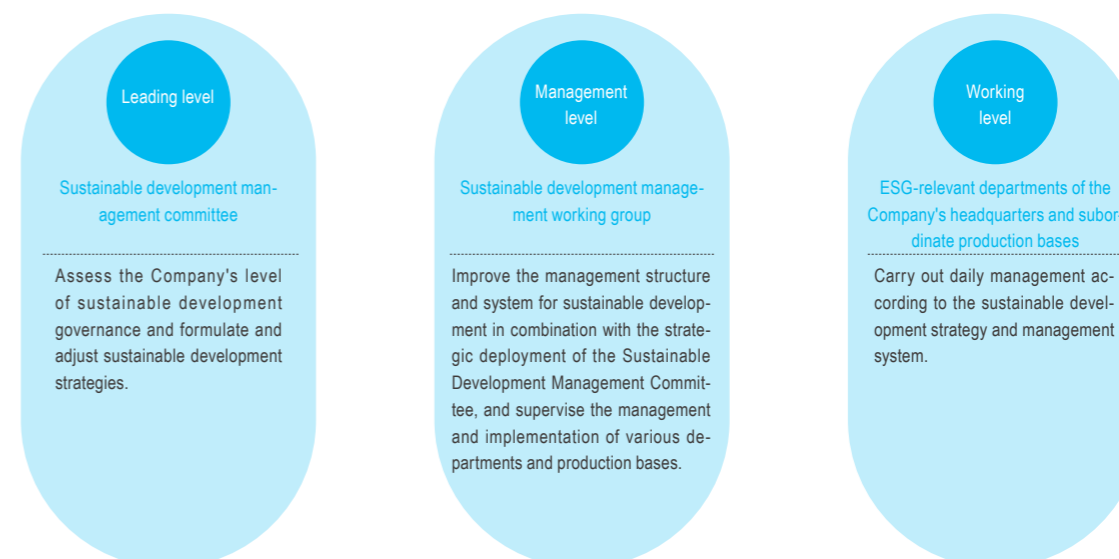


SUSTAINABLE DEVELOPMENT MANAGEMENT

Yashili has attached great importance to the enterprise's sustainable development, and has continuously improved the sustainable development management system. Since 2019, the Company has established a Sustainable Development Management Committee under the board of directors to comprehensively coordinate the sustainable development management, including formulating the Company's sustainable development strategy, coordinating internal and external resources to support the implementation of the strategy, and supervising the Sustainable Development Management Working Group to carry out daily management according to the relevant systems of sustainable development management.

Public Affairs Management Department leads the Company's Sustainable Development Management Working Group, and cooperates with the key functional departments such as Supply Chain Management Department and Strategic Development Department to continuously improve the Company's management structure and system on sustainable development topics such as environmental management, occupational safety, employee development, etc., and formulates work plans in combination with the strategic deployment of the Sustainable Development Management Committee, so as to continuously improve the Company's sustainable development management performance.

Yashili Sustainable Development Management Structure



STAKEHOLDER ENGAGEMENT

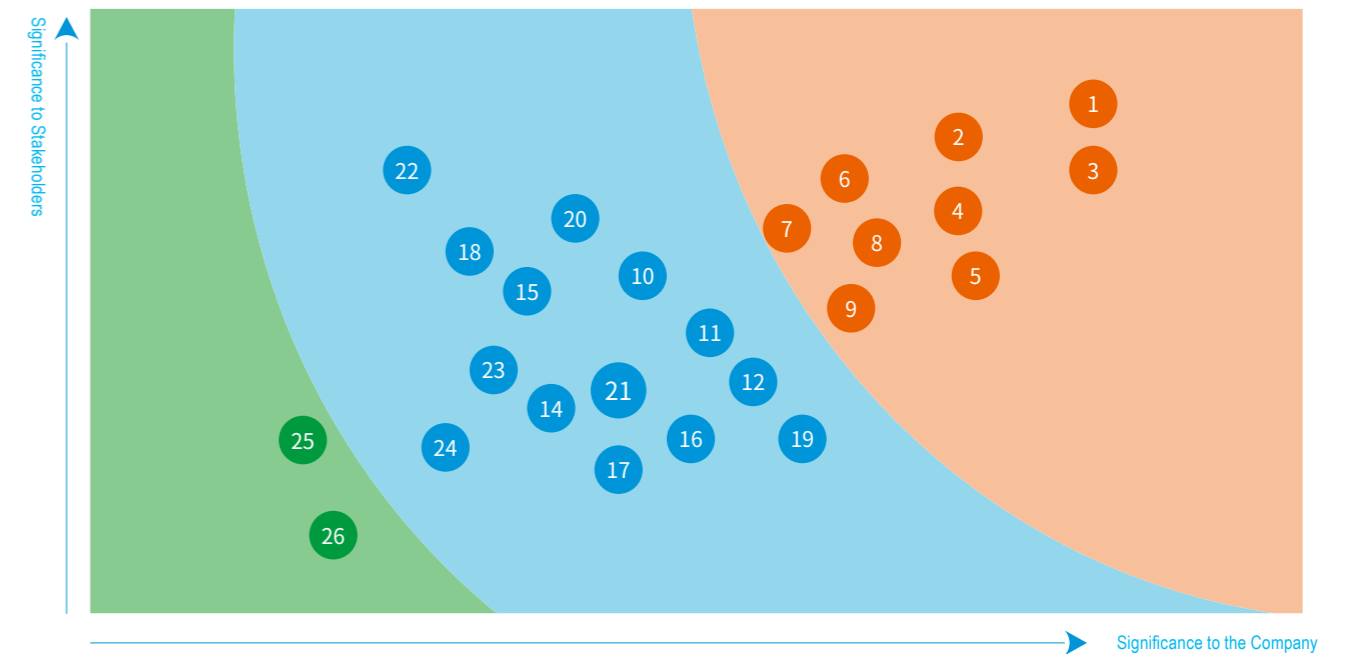
ESG requires the joint participation of all stakeholders of the Company. In order to understand the true and accurate demands of stakeholders, the Company has established a regular communication mechanism with the major stakeholders, and has engaged in communication with stakeholders through a variety of ways and channels to win the approval and support of all stakeholders.

Stakeholder	Sustainable development demands	Yashili's action
Investors/shareholders 	Shareholder value Investor relations management Information transparency and communication efficiency	Disclose company operation data Establish ESG governance structure Establish investor relations hotline
Employees 	Remuneration and welfare Corporate culture Career development Occupational health and safety	Strictly abide by employment laws and regulations Establish salary growth mechanism Improve employee training system Organize team building activities Ensure occupational health and safety management
Customers/consumers 	Product quality Product safety After-sales services	Always focus on product quality management Provide after-sales services and re-visits Conduct customer satisfaction survey Increase R&D input
Cooperation partners (suppliers/distributors) 	Integrity management Fair competition Contract performance Mutual benefits Support development	Conduct regular review and assessment Establish supplier support policies Provide distributor support
Government and regulators 	Support on national industrial policies Compliant tax payment Compliant operation	Respond to national policies Pay tax in full amount Disclose regulate information
Communities 	Job creation Local economic development support	Create job opportunities Continue to carry out charity activities
Environment 	Reduce emissions Promote nergy efficiency	Strictly abide by national laws and regulations on environmental protection Strengthen environmental management Monitor on pollutant emissions Improve energy efficiency through technology upgrading

MATERIAL TOPICS

There were no major changes on the business of Yashili during the year. During preparation of the environmental, social and governance (ESG) report of the year, the Company invited professional consultants to review and evaluate the annual sustainable development topics of the Group, and finally concluded, updated and summarized the sustainable development topics that were important to the Company this year which was regarded as the basis to prepare the Report in combination with the feedback of stakeholders on existing topics, the list of the ESG material topics of peer enterprises and the analysis results of ESG material topics in the previous year.

2020 ESG Importance Matrix of Yashili



List of material ESG topics of Yashili in 2020

High importance topics	Medium importance topics	General importance topics
① Yashili's responsible product marketing without false or exaggerated propaganda ② Yashili's wastewater volume and the measures adopted for treatment and reduction ③ Yashili's measures in intellectual property rights protection ④ Yashili's measures to reduce water consumption during company operation ⑤ Yashili's measures to ensure food safety ⑥ Yashili's output, treatment, and reduction measures of hazardous and non-hazardous wastes ⑦ Yashili's measures to protect customer information and privacy ⑧ Yashili's provisions of safe and healthy working environment for employees ⑨ Yashili's formulation of sustainable development plan and construction of the sustainable development management system	⑩ Yashili's measures to ensure production safety ⑪ Yashili's greenhouse gas emissions and alleviation measures ⑫ Yashili's provision of quality services and effective after-sales feedback mechanism for consumers ⑬ Yashili's measures to encourage diversity and ensure equal opportunities ⑭ Yashili's measures to reduce energy consumption during company operation ⑮ Yashili's measures to support community development, including charitable donation, public services and volunteering activities ⑯ Yashili's measures to protect biodiversity in and around its production bases ⑰ Yashili's compliance to labor laws and measures to prevent child labor and forced labor ⑱ Yashili's measures to reduce material consumption (e.g., packaging material) during company operation	⑲ Yashili's measures to reduce impact of business activities on the environment and natural resources ⑳ Yashili's measures to encourage fair and positive competition among suppliers ㉑ Yashili's measures in anti-corruption, anti-money laundering, anti-bribery, extortion and fraud ㉒ Yashili's positive communication and cooperation with suppliers, distributors and other relevant parties ㉓ Yashili's provision of all-rounded remuneration and welfare system for employees ㉔ Yashili's continuous improvement of its training system and provisions of fair promotional channels for employees
		㉕ Yashili's measures to attract and retain talents ㉖ Yashili's measures to protect the rights and interests of aboriginals in the areas of product bases

CREATE GOOD DEVELOPMENT FOR THE COMPANY



OUR CHALLENGE

Sincerity:
It is our challenges to maintain company reputation and strive for prosperity.



OUR PHILOSOPHY

Pragmatism:
We believe integrity and innovation are the keys to Yashili's sustainable development.

SDGs



We attach great importance to research and innovation.



We strictly practice operation compliance and anti-corruption.

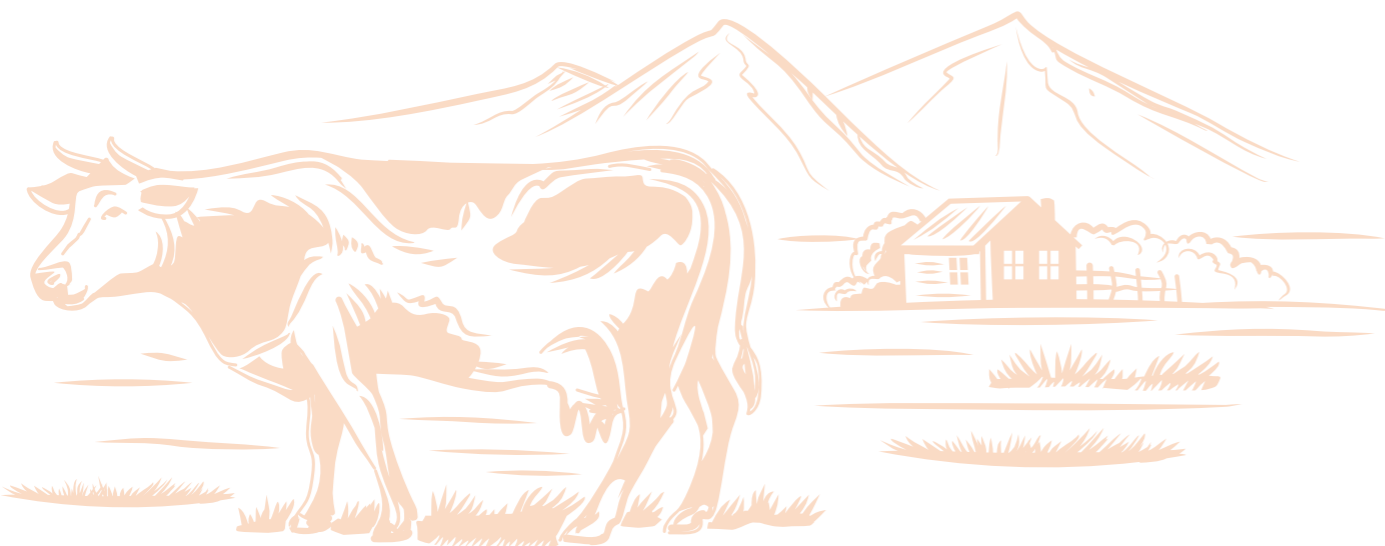
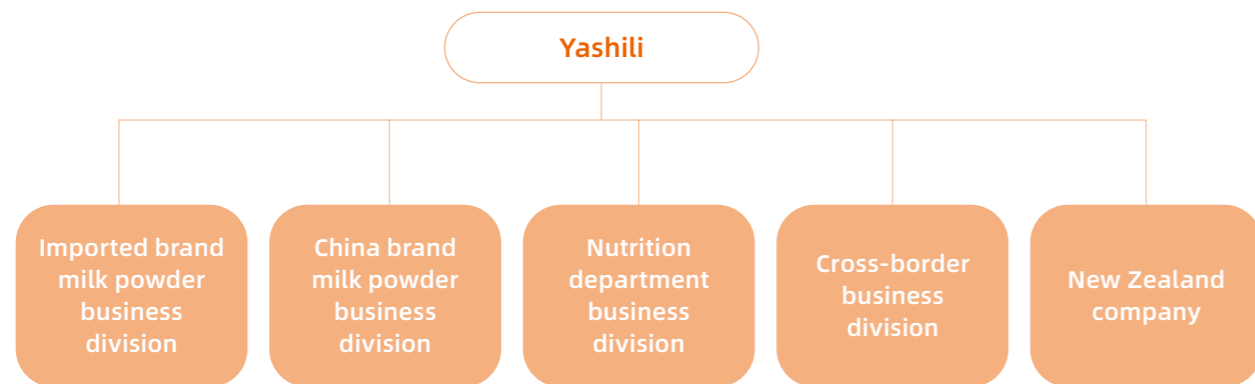


CORPORATE GOVERNANCE

Yashili is committed to maintaining high-standard corporate governance to fully protect shareholders' rights and interests. The Company has established a complete governance structure and a modern management system according to the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, with the shareholders' meeting as the decision-making body that decides on major issues, the board of directors as the strategy and policymaker responsible for goal setting and management, business performance appraisal and management performance supervision, and other committee bodies such as the Nomination Committee, the Remuneration Committee and the Audit Committee.

During the reporting period, the Company organized 7 Board meetings, 2 Shareholders' meetings, 3 Remuneration Committee meetings, 3 Audit Committee meetings, 1 Nomination Committee meeting and 1 Sustainable Development Management Committee meeting. We strive to maintain a good operational status through transparent communications, and implement and monitor comprehensive sustainable development policies.

Board meetings	Shareholders' meetings	Remuneration Committee meetings	Audit Committee meetings	Nomination Committee meeting	Sustainable Development Management Committee meeting
7	2	3	3	1	1



ESTABLISHMENT OF BUSINESS ETHICS SYSTEM

Yashili continuously establishes the Company's business ethics management system, constantly improves the internal control system, and strives to set up a value orientation of integrity and justice. The Company takes the promotion of normalized ethics education as the opportunity, and the supervision on discipline enforcement and accountability as the means to strictly implement various requirements on construction of Party conduct and incorruptible government, focus on problem prevention, promote the construction of Party conduct and incorruptible government, and create a core value of Yashili with positive atmosphere. We strictly abide by the Law of the People's Republic of China on Anti-Money Laundering, Law of the People's Republic of China on Anti-Unfair Competition, Criminal Law of the People's Republic of China, Interim Provisions on Banning Commercial Bribery, Criminal Procedure Law of the People's Republic of China and other national laws and regulations, and formulate a management system of building a clean governance within the Company accordingly. In the Code of Conduct for Employees, Discipline Inspection and Supervision Management System, the Company clearly states the responsibilities and obligations of employees during their employment, defines the prohibited behaviors of employees in each key link of the Company's operation, and prevents the occurrence of corruption.

PERFECT INTERNAL CONTROL

The Board of Directors of Yashili is directly responsible for the risk management of the Company and the internal monitoring system, and continuously reviews the effectiveness of the internal control system. The risk monitoring committee establishes a comprehensive risk management organization system, sets three defense lines for risk management, and carries out the risk identification, evaluation, response, monitoring and management reporting according to the Risk Management Workflow. The Audit Committee supervises and evaluates the implementation of risk management and internal control, and supervises the audit center to carry out the risk management organization, coordination, supervision, analysis and reporting. During the year, the audit center formulated the annual audit planning, and completed the audit for the Group and subsidiaries according to the planning.

PROMOTION OF ETHICS CULTURE

To strengthen the ethics management, the Company insisted on the anti-corruption and integrity promotion with prevention as the main, and provided inspiration and alarm for trainees through the combination of positive and opposite cases. During the reporting period, the Company carried out 22 anti-corruption trainings, covering all employees and some customers of Yashili, to fully implement the system and discipline publicity. Among the 14 offline business ethics trainings carried out by the Company, there were 7 actions of "Listening for the Future Vision" in cooperation with the business division of Chinese brands, 3 trainings for the business division of import brands, 3 new employee trainings, 1 new city manager training, and 4 pre-tenure talks of new leaders, with 1,800 person-times participating in the training in total, which created a good atmosphere of clean engagement and striving to be the first and best.

Anti-corruption trainings

22 times

Covering employees

100%

Offline business ethics trainings

14 times

new employee trainings

3 times

Pre-tenure talks of new leaders

4 times

Participating in the training in total

1,800 person-times



Case

"Propaganda for Education of Incorruptible Government" activity of Yashili in 2020

The kick-off meeting of "Propaganda for Education of Incorruptible Government" held by the Company during the year opened the curtain for the development of ethics culture by all departments, and notified the cases handled in real name, which promoted the timeliness of ethics warning, made employees understand the seriousness of discipline inspection, and strengthened the sense of trust in the discipline inspection department. The responsible department dared to stand up to feed back the problems, promote ethics education and advisory interviews before taking key posts, strengthen the standard process of system on important posts, and adhere to the principle of "the sponsor shall bear the responsibilities; the approver shall bear the responsibilities" to claim responsibilities of approval process personnel step by step, so as to realize the prevention and supervision of all employees.



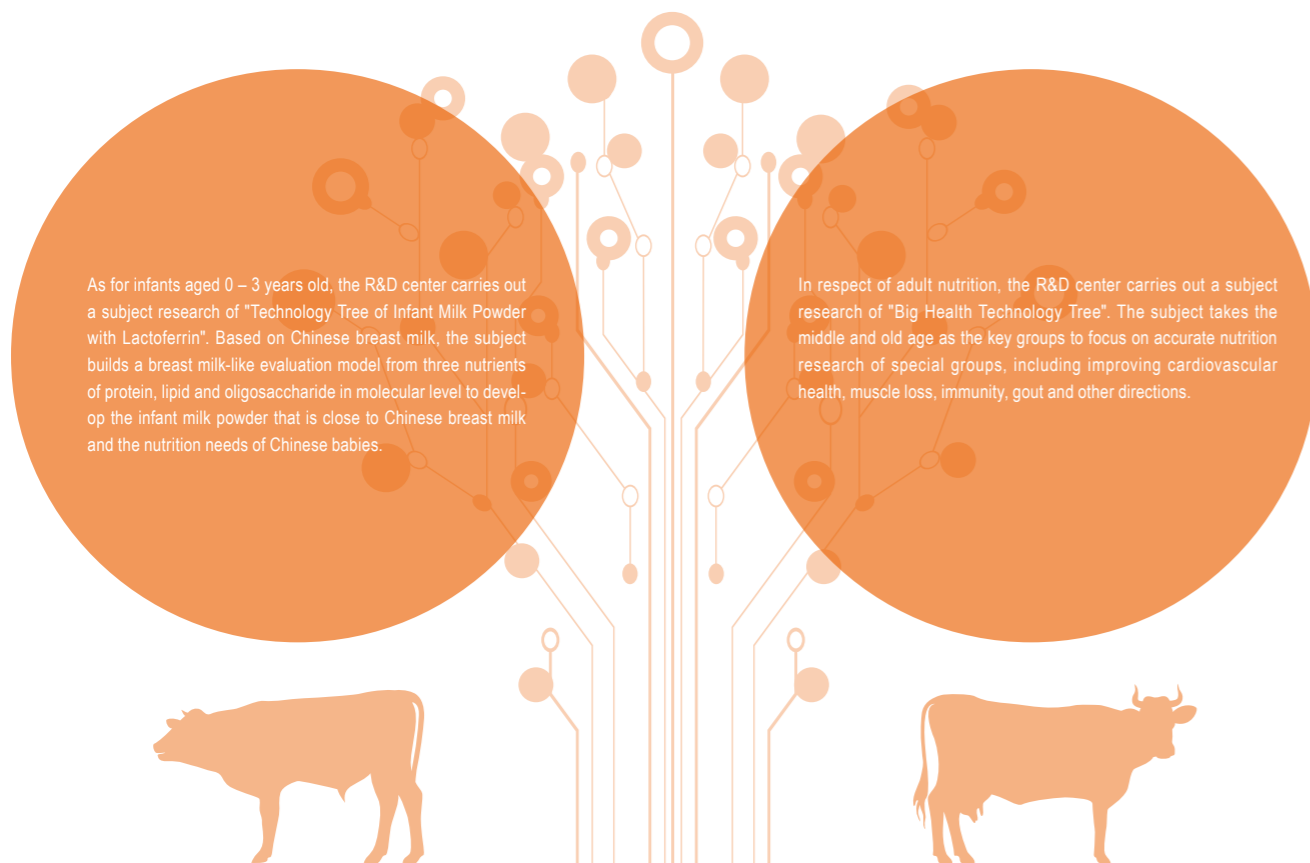
STRIVE FOR EXCELLENCE

ADHERENCE TO INNOVATION-DRIVEN DEVELOPMENT

Yashili focuses on enhancing and strengthening the differential advantages of the products to provide consumers with accurate nutrition throughout the life cycle, and made great progress in the registration of milk formula and the R&D of nutrition products during the reporting period.

During the reporting period, the Company increased the investment in R&D innovation, and respectively made strategic adjustment in the direction of R&D team structure and product innovation. The Company optimized the organization structure of R&D center to sub-divide functions and strengthen innovation. In terms of the organization structure, the initial one-stop management was subdivided into 5 functional modules, which were respectively category innovation, product development, packaging development, process development and product standard and application. Each functional department was further subdivided to mainly strengthen the work in terms of consumer insight, basic nutrition research, innovative research, product safety and scientific research. Meanwhile, to continuously improve the R&D ability, the Company strictly screened and introduced high-end talents of professional doctorates, professional masters and MBA in different directions one hand, and on the other hand, actively cultivated internal professional talents and high potential talents to make the professional ability and management ability of product R&D center to reach a new level under bidirectional promotion.

The R&D of Yashili takes "consumer first" as the core value, focuses on the nutrition throughout the life cycle, including nutrition needs of early life, 1,000 days of life cycle, children, adults and other special groups, and has launched the innovative technology tree research on maternal, infant and adult nutrition.



As for infants aged 0 – 3 years old, the R&D center carries out a subject research of "Technology Tree of Infant Milk Powder with Lactoferrin". Based on Chinese breast milk, the subject builds a breast milk-like evaluation model from three nutrients of protein, lipid and oligosaccharide in molecular level to develop the infant milk powder that is close to Chinese breast milk and the nutrition needs of Chinese babies.

In respect of adult nutrition, the R&D center carries out a subject research of "Big Health Technology Tree". The subject takes the middle and old age as the key groups to focus on accurate nutrition research of special groups, including improving cardiovascular health, muscle loss, immunity, gout and other directions.

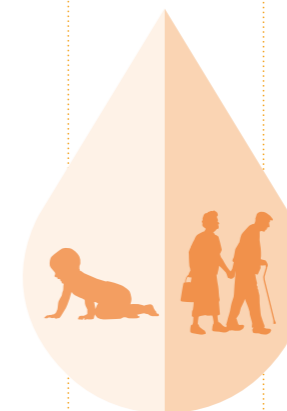
Meanwhile, the R&D center strengthens the layout of digital intelligence product innovation, including the promotion of scientific and technological products with new functions and new experience meeting new needs of consumers, new differentiated packages of Internet celebrities, special packages of Yashili and childlike packages based on the market and membership service research.

Through the continuous investment on personnel of R&D team and expenditure of R&D projects, and unremitting efforts of R&D team by the Company, there will be more scientific research achievements transforming into products and being put into the market, providing better nutrition and more choices for consumers.

R&D progress and product application in infant direction (for example, breast milk nutrient)

In terms of maternal and infant nutrition research, the R&D center of Yashili deepened the research on breast milk in molecular level in China, and achieved gratifying achievements in three levels of breast milk lipid, protein, and oligosaccharide.

In the research on breast milk in molecular level, the R&D center of Yashili closely cooperated with Jiangnan University to successfully develop a new full-price breast milk structural lipid UPU (hereinafter referred to as "breast milk-like UPU"). Compared with the breast milk, its breast milk-like nature scored more than 85, which is much higher than other products (below 75 scores) in the market. In R&D, it realized the first infant formula milk powder from single nutritional composition to comprehensive simulation of breast milk in the world; in respect of protein and oligosaccharide, the R&D center of Yashili improved the amino acid combination of infant formula milk powder based on the independent research achievements of the Group on breast milk in molecular level, and creatively put forward a new poly oligosaccharide combination to make the oligosaccharide ingredient closer to that of the breast milk level. The above research results have been applied in the formula upgrading of infant milk powder step by step, and will be completed in the product upgrading and formula registration of infant milk powder.



R&D progress and product application in the nutrition the middle and old-aged (for example, HMB calcium and acid-inhibitory bacteria)

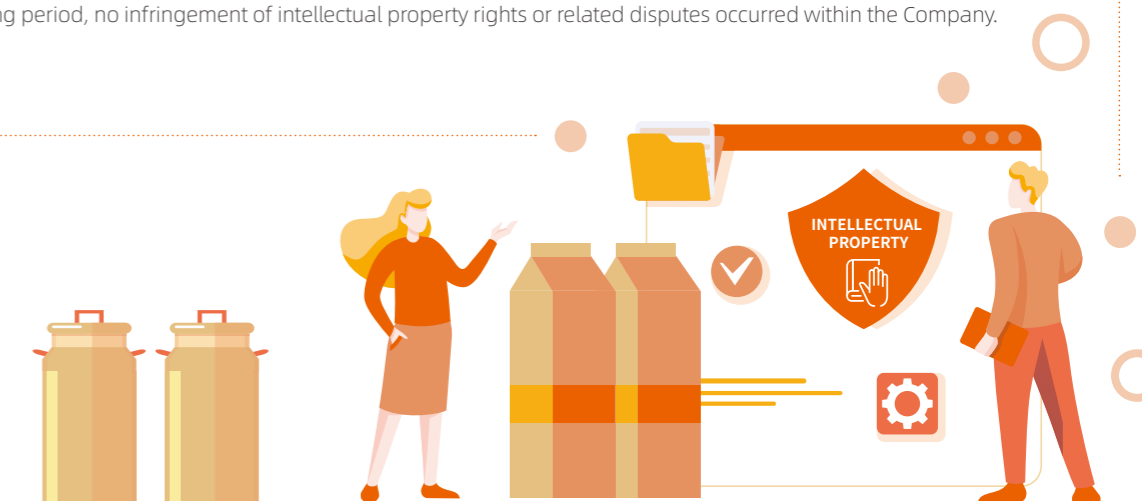
In response to the current situation of aging population in China, Yashili developed the milk powder with the brands of "Yourui Liyi" and "Yourui Xinpei" in 2020. The "calcium beta-hydroxy-beta-methylbutyrate" has been added to the Yourui Liyi milk powder to improve muscle synthesis and improve muscle loss of the middle and old aged; the "phytosterol ester" and "fish oil" that is rich in EPA have been added to Yourui Xinpei milk powder to improve cardiovascular health. Meanwhile, against the backdrop of the outbreak of COVID-19, the R&D center of Yashili launched a health food with blue hat sign of "Topconic xylooligosaccharide milk powder with bifidobacterium and lactobacillus acidophilus" which is capable of improving immunity, after the center's 10 years of development and registration efforts. The above product combination can well resolve the health problems and market needs of existing adult consumers.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The effective intellectual property protection is an important guarantee for innovative development. Yashili fully respects the external intellectual property while actively safeguarding its own intellectual property achievements. The Company strictly abides by the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China, and continuously improves the internal risk identification and protection mechanism for intellectual property rights in accordance with the Yashili Trademark Management Measures. The Company strictly regulates the application and use process of product name and trademark, and comprehensively identifies and investigates patent risks in the R&D process to avoid infringing external intellectual property achievements. At the same time, the Company actively investigates trademark counterfeiting and infringement and dynamically applies for the patent achievements of R&D work to fully protect its own rights and interests.

The Company has attached great importance to the protection of its own intellectual property. The R&D center strengthened the investment on patent application and layout, and formed a patent layout planning of Yashili through patent analysis of the industry. By the end of 2020, Yashili has independently applied and submitted 12 new patents. In addition, the Company still has multiple important technical patents in cooperation with the R&D team of Mengniu Dairy, which are being promoted closely and will be successively applied and submitted in the future.

During the reporting period, no infringement of intellectual property rights or related disputes occurred within the Company.



PROVIDE HIGH-QUALITY PRODUCTS FOR THE PUBLIC



OUR CHALLENGE

Ensure the safety and quality of every milligram of our milk powders.



OUR PHILOSOPHY

Craftsmanship: we always strive for better quality of our products and services.

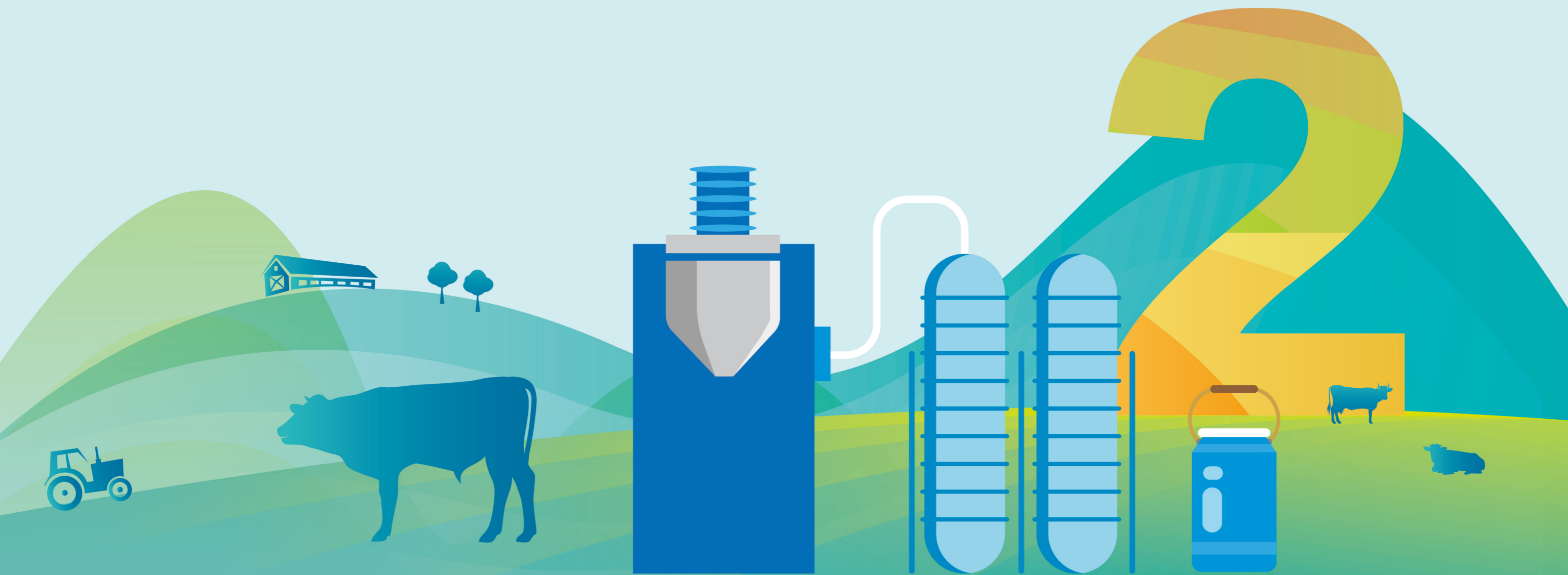
SDGs



We strictly control the quality of our products and services with zero tolerance of quality flaws.



We attach importance to our partners and actively build good relations with suppliers and distributors.



PRODUCT QUALITY

Yashili attaches great importance to product quality management, strictly abides by the Law of the People's Republic of China on Food Safety, the Product Quality Law of the People's Republic of China, the Advertisement Law of the People's Republic of China, the Measures for Management of Food Production License, the Measures for Management of Food Trading License, the Measures for Management of Food Recall, and other relevant laws and regulations in the business process, and continuously establishes and improves the Company's internal management system and articles of association in accordance with the Management Measures of Infant Formula Product Registration and other industry standards to provide systematic and standardized guidance documents for each key link of the Company's production and operation.

STRENGTHEN QUALITY MANAGEMENT

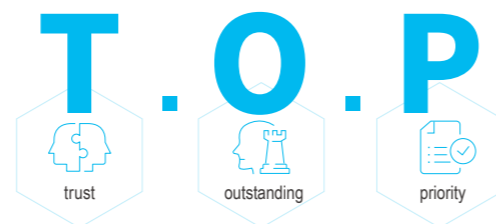
Yashili abides by the food safety regulations, formulates and implements the quality management system of Food Protection Procedures and Hygienic Control Guidance to continuously strengthen the product quality management system according to the requirements of ISO9000, HACCP and other quality system certifications. During the reporting period, the Company supplemented and updated 147 quality documents, covering the quality planning, quality control and evaluation, quality performance and improvement, quality and safety support and guarantee of the whole industry chain, to promote the standardization of production quality management behaviors, and assist the updating and implementation of docking systems of all manufacturers.

Quality System Certification of Yashili Factories in 2020	
Manufacturer	Quality system certificate obtained
Chaozhou	ISO9000, HACCP and BRC (Global Standards for Food Safety)
Shanghai	ISO9000, HACCP, FSSC22000
Horinger	ISO9000, HACCP, FSSC22000
Yashili (Shanxi)	ISO9000, HACCP, FSSC22000

2020 was the third year of Yashili to carry out the "quality year" action. The Company combined with the development strategy planning of the Group to promote the manufacture of ingenuity products, took the improvement of customer satisfaction as the work focus, improved the internal quality operation, and continuously improved the management level. During the year, Yashili remodeled the quality culture and action plan, and held the quality concept of manufacture with ingenuity and quality to be the quality standard of global milk powder industry to strive to build the first-class system, standard, quality and organization with "TOP" (T for trust, O for outstanding and P for priority) as the quality policy, and the insistence on compliance bottom line, firm construction of risk defense line, strict guarantee of quality safety and guard of corporate "lifeline" as work direction.

Meanwhile, according to the requirements of quality risk management, Yashili re-conducted risk identification and analysis for all operation links to strengthen the risk management of industry chain. The Company established a quality risk map in the manufacturer and group level to implement key management and control for high risk projects. Simultaneously, to control the compliance risks during business operation of the Group, during the reporting period, Yashili added a new compliance management system, established a compliance management team led by the Quality Control Department according to the compliance personnel capability model, completed the compliance obligation and compliance risk identification in group and factory level, comprehensively carried out compliance management and control, completed the compliance review of 61 technical documents, reviewed and found 135 problems, and reviewed for 93 times.

completed the compliance review of **61** technical documents | reviewed and found **135** problems | reviewed for **93** times



Leader of compliance management team

Implement daily management according to the regulatory requirements formulated by the Group; establish and improve the compliance management system; establish the compliance review system, and implement the compliance review.



Member of compliance management team

Implement daily compliance management, establish and improve the compliance management system of the organization, and conduct the compliance review according to the responsibility division of compliance review.

During the reporting period, Yashili accepted 752 batches of external spot checks in total, with the pass rate of 100% upon spot check. 4 domestic factories of Yashili passed the external production license, GMP, HACCP, FSSC22000, organic certification and other audits for 38 times in total. All key quality performance indexes met the requirements, and the quality management performance was recognized externally. In 2020, Reeborne was awarded "China Food Health Seven-Star Award" again, demonstrating the continuous high-level quality management standard and management ability of the Company.



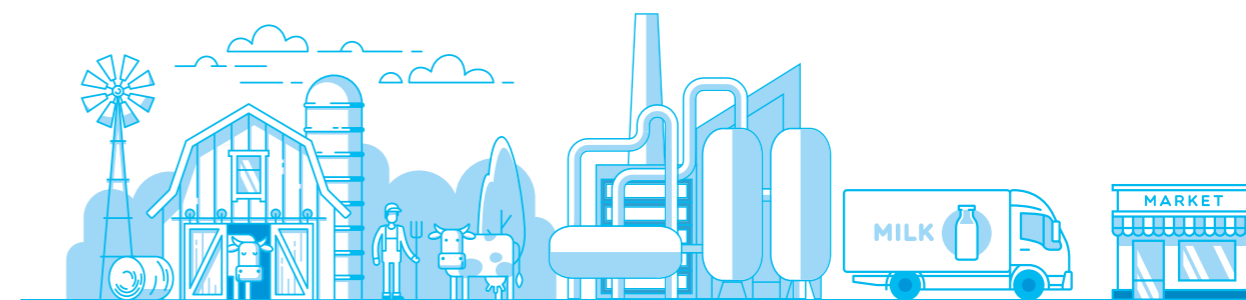
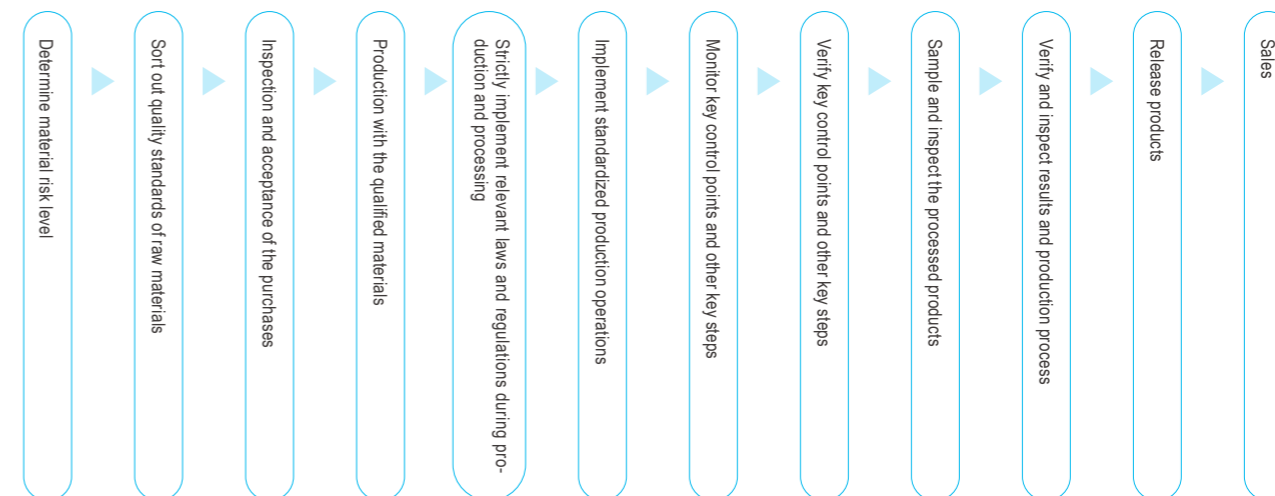
Yashili accepted external spot checks in total of **752** batches with the pass rate of **100%** upon spot check organic certification and other audits for **38** times in total

PERFORM THE VERIFICATION OF QUALITY

To ensure the product quality safety, Yashili establishes a product verification process to comprehensively improve the inspection capacity from system construction implementation, laboratory personnel capacity improvement, unified management of inspection method, laboratory audit and other aspects. According to the requirements of Mengniu system, Yashili establishes the standardized product quality verification process, and assists the implementation of all manufacturers to promote the unification and standardization of Yashili inspection management.

During the reporting period, laboratories of Chaozhou factory and Shanghai factory of Yashili continued to maintain the qualification recognized by China National Accreditation Service for Conformity Assessment (CNAS), ensuring the high-level inspection. The Company prepared to build a group-oriented laboratory information system to realize the process-oriented, normalized and standardized quality control step by step, which is planned to be fully implemented by all factories in 2021. Meanwhile, the Company established a talent training and capacity improvement plan of inspection management sequence to build the talent system of product quality verification. This year, the pass rate of external ability verification and internal blind test of all manufacturers increased significantly compared with that of last year.

Quality Verification Process of Yashili Products



To further strengthen the quality management performance of the supply chain, Yashili optimizes the quality review. The review scope covers all manufacturers and processing enterprises of the Company, and independent supervision and audit are for laboratories of manufacturers. Meanwhile, Yashili adopts the form of unannounced inspection for manufacturers with reference to supervision mode of the industry, and the senior auditors of Mengniu Dairy participates in the guidance on review to effectively improve the quality management performance of supply chain. During the year, Yashili carried out quality audit scoring for all manufacturers, the results of which improved significantly compared with previous years.



SIMULATE RECALL OF PRODUCTS

According to the Product Recall / Withdrawal Control Procedure, Yashili carries out the emergency management of recall related to product quality, and organizes the simulated recall drills to strengthen the traceability of manufacturers. In 2020, Yashili carried out trace drills to conduct difference analysis on implementation process of all manufacturers, formulate improvement measures and simulate multiple improvement cycles of trace. All factories had realized the trace on information of related raw materials, production and processing, finished goods warehouse and the logistics delivery of primary distributors within 2 hours to powerfully ensure the emergency traceability of food safety.

During the reporting period, there was no accident of product recovery due to safety and health reasons.



CARRY OUT QUALITY TRAINING

Yashili attaches great importance to the cultivation of quality management awareness for employees, and carried out quality training and publicity online, on production site, in office and other occasions to create the quality culture atmosphere of full participation. In 2020, Yashili carried out 419 trainings related to quality in total throughout the year, providing the training contents of quality management system standard, food safety regulations and other related regulations and standards for employees to assist to improve the quality management awareness and ability of employees.

Laboratory quality training

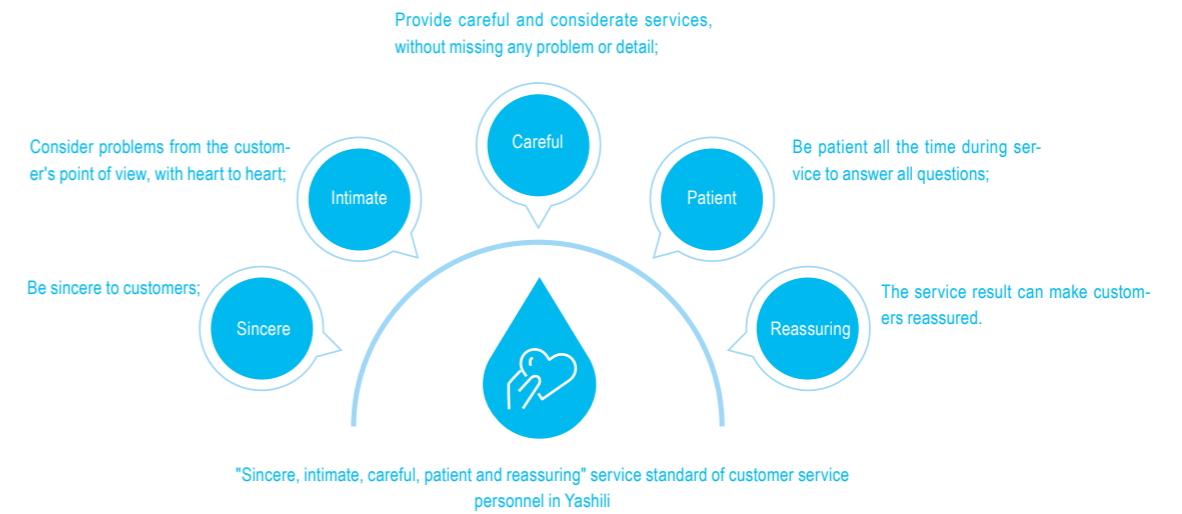
The Quality Control Department of Yashili organized a series of trainings for laboratory quality control, including laboratory inspection facilities and environmental condition control procedures, laboratory inspection equipment use and management procedures, and laboratory standard material management procedures, to continuously improve the standardized laboratory operation level of employees, and reduce the error of sample test results. In 2020, the number of participants in the training of laboratory quality series organized in group level reached 190.

Quality management training

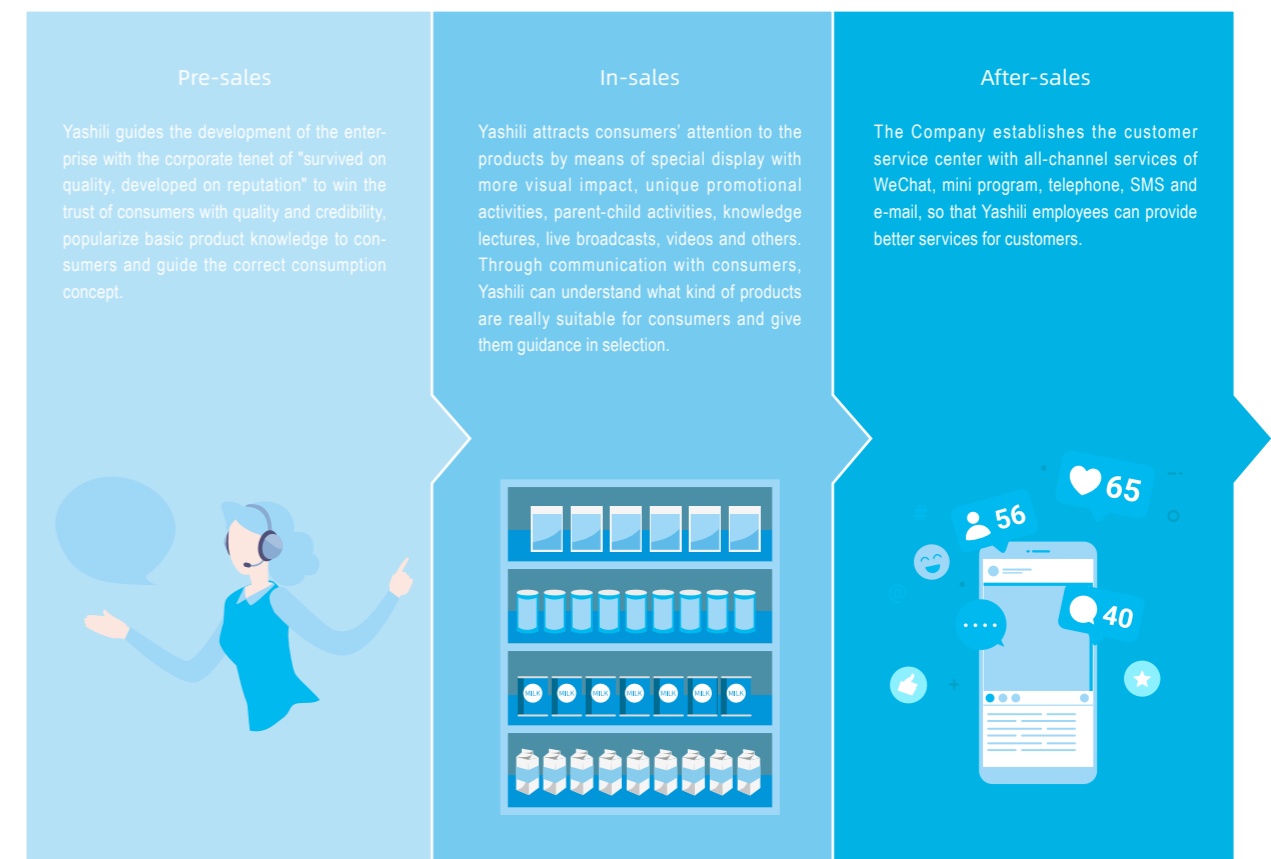
Starting from all processes of product quality management, Yashili organized a series of online trainings on warehouse and external warehouse management, and product and material identification management, production process quality control, product recall / withdraw control. Employees can replay the online courses and corresponding materials in real time to continuously improve learning effects and eliminate the blind spot of quality management.

CUSTOMER SERVICE

Yashili attaches importance to customer experience, and is committed to meeting the personalized demands of consumers and improving consumer satisfaction and brand loyalty. Yashili puts forward a "sincere, intimate, careful, patient and reassuring" service standard for customer service personnel, and builds a whole-process service system that covers pre-sales, medium-sales and after-sales service to comprehensively ensure the service quality.



Whole-process Service System of Yashili



CUSTOMER COMMUNICATION

Yashili provides multiple communication channels for customers, including 400 hotline, online customer service, baby care lectures and offline visits, to understand the feedback of customers on products and services of the Company in time, so as to better meet the demands of customers.

The Customer Service Management Department of the Company formulates and implements the Compilation for Operation Document of Membership Service. For advisory suggestions on products, the customer service specialists provide answers in real time; for complaints of customers, the Customer Service Management Department will record the feedback of customers in the form of Complaint Record Sheet, which will be transferred to the Quality Control department according to the regulations to further verify the product quality of corresponding batches.

In 2020, the completion rate of feedback and suggestions of customers by Yashili reached 100%.The result of satisfaction survey carried out by Customer Service Management Department of the Company through re-visits showed that the overall score of consumers on product consumption was 95.14 out of 100, and 91.62% of surveyed consumers were satisfied with products and were willing to choose Yashili.

the completion rate of feedback and suggestions of customers by Yashili reached

100%

the overall score of consumers on product consumption was

95.14 out of 100

91.62%

of surveyed consumers were satisfied with product and were willing to choose Yashili

Quantity of Suggestions and Feedbacks of Customers Received by Yashili in 2020



To improve the professional ability of customer service specialists, Yashili organizes customer service agents to carry out infant growth and nutrition knowledge training to more timely and effectively solve the problems consulted by customers through telephone.

Case

Infant growth and feeding knowledge training

In 2020, Customer Service Management Department carried out training on contents about infant growth, development and feeding methods for customer service agents. After the training, customer service agents can perform careful suggestions and guidance for consumers in combination with the parenting problems encountered in daily work to effectively help clients in addressing queries related to infants.



RESPONSIBLE MARKETING

Yashili abides by the Advertisement Law of the People’s Republic of China, the Law of the People’s Republic of China on Consumer Rights Protection, and the E-Commerce Law of the People’s Republic of China and other laws and regulations, insists on compliance operation during product sales, and conducts standardized training for sales team according to Training System of Nutrition Consultant, requiring to ensure the objectivity, scientificity and rigorous of product description information during product promotion, and put an end to misleading or other illegal marketing behaviors. The Company insists on the requirements on professionalism for sales team to ensure that the product information received by customers is objective and accurate, which can help customers make the appropriate choice among products meeting the nutritional requirements of different ages.

In addition, the Company abides by the Law of the People’s Republic of China on Consumer Rights Protection, formulates and implements Management Measures of Customer Information to fully protect the security of customer information privacy. We set an administration authority for employees through customer relationship management system to restrict the information in the system to be exported, so as to lower the security risk of customer privacy and personal information. During the reporting period, there was no proved accident of violating customer privacy or losing customer information in the Company.



ASSIST EMPLOYEES IN THEIR CAREER DEVELOPMENT



OUR CHALLENGE

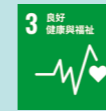
Provide employees with a sense of belonging and safety



OUR PHILOSOPHY

Meticulous care:
We always strive for the "people-oriented" to provide meticulous care and vocational training for employees.

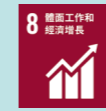
SDGs



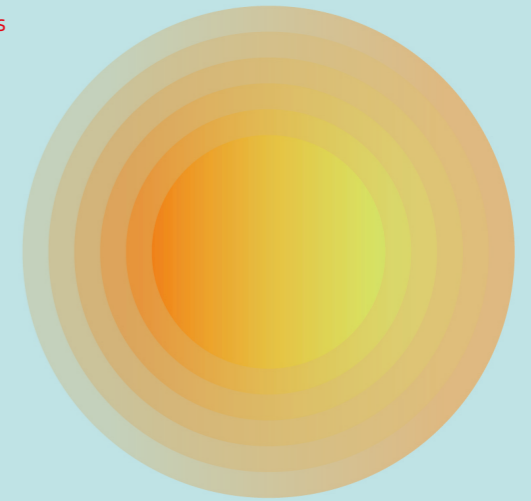
We strive for employee work-life balance and always care for their health and safety.



We oppose to any form of gender discrimination and strive for fair play.



We provide a decent remuneration package and support employees to achieve their life goals.



EMPLOYMENT MANAGEMENT

Yashili strictly abides by requirements of the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China and other laws and regulations, continuously improves the recruitment and employment mechanism, formulates and updates the Recruitment Management System, Employee Welfare Management System, Holiday and Man-hour Management System and other systems and methods in 2020, strictly eliminates the employment of child labor and forced labor, ensures that employees will not suffer unfair treatment in recruitment, salary, promotion and development due to gender, employment type, cultural background and other differences, and effectively protects the rights and interests of all employees.

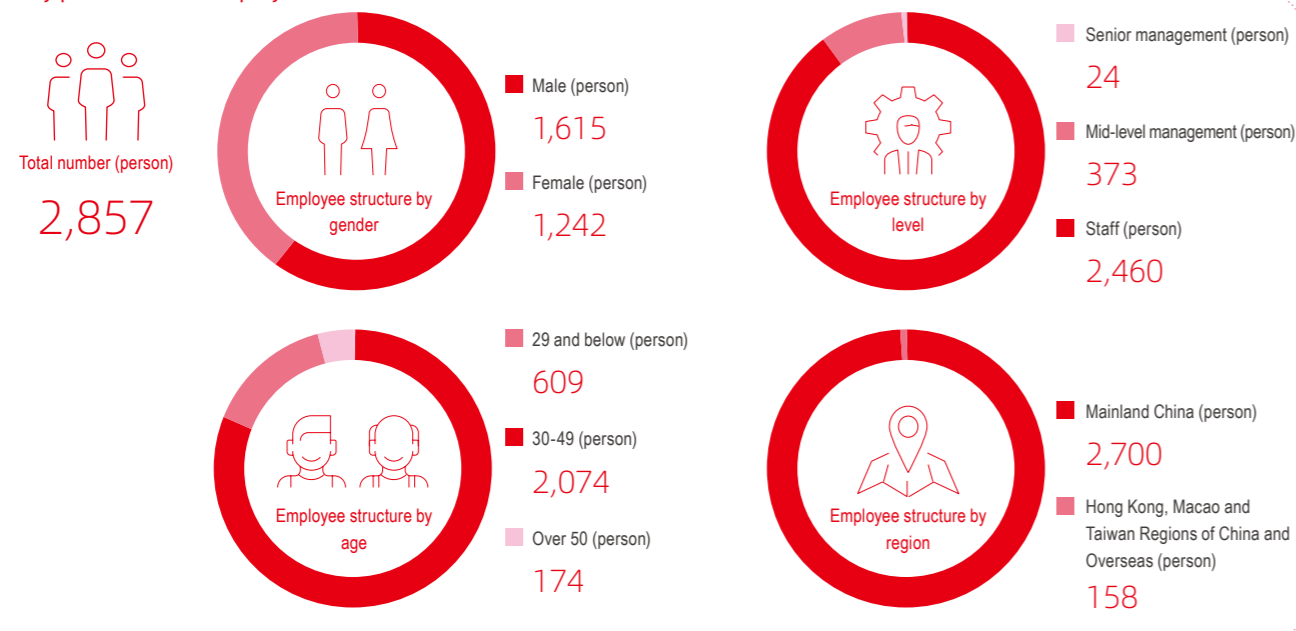
The Company strictly abides by the Provisions on Prohibiting of Child Labor issued by the State Council, and strictly reviews the identity information of job seekers during recruitment. In case of employment of child labor, the Company will ask relevant departments to return the child labor to their parents or other guardians. Generally, Yashili has no violations or complaints related to human rights and labor measures and with a significant impact on the Company during the reporting year.

In 2020, combining with the strategic objectives, the Human Resource Management Department of the Company implemented the organization of business division structure, empowered the business, continuously promoted the shaping of corporate culture, redefined the corporate visions, missions, core values and corporate spirits, and created the champion culture. The Company encourages every employee to participate in the co-creation of culture to lay a solid foundation for the implementation of culture and enhance the employees' sense of cultural identity. In terms of employee communication, the Company delivers group information to employees monthly by electronic magazines to assist employees to understand the Company's trends, continues to promote the "Through Train" platform of executives to open up the supervisor-subordinate communication mechanism, so that employees can have direct communication with executives, creating a more inclusive and dynamic workplace environment and enhancing employees' sense of ownership. In addition, the business division of China brand milk powder organizes the nationwide "Listening for the Future Vision" activities, so that the opinions of customers and employees can be better listened to, and the problems responded are timely and effectively handled.

For its outstanding performance in employment management, Yashili won the following awards during the reporting period.



Key performance / Employee number

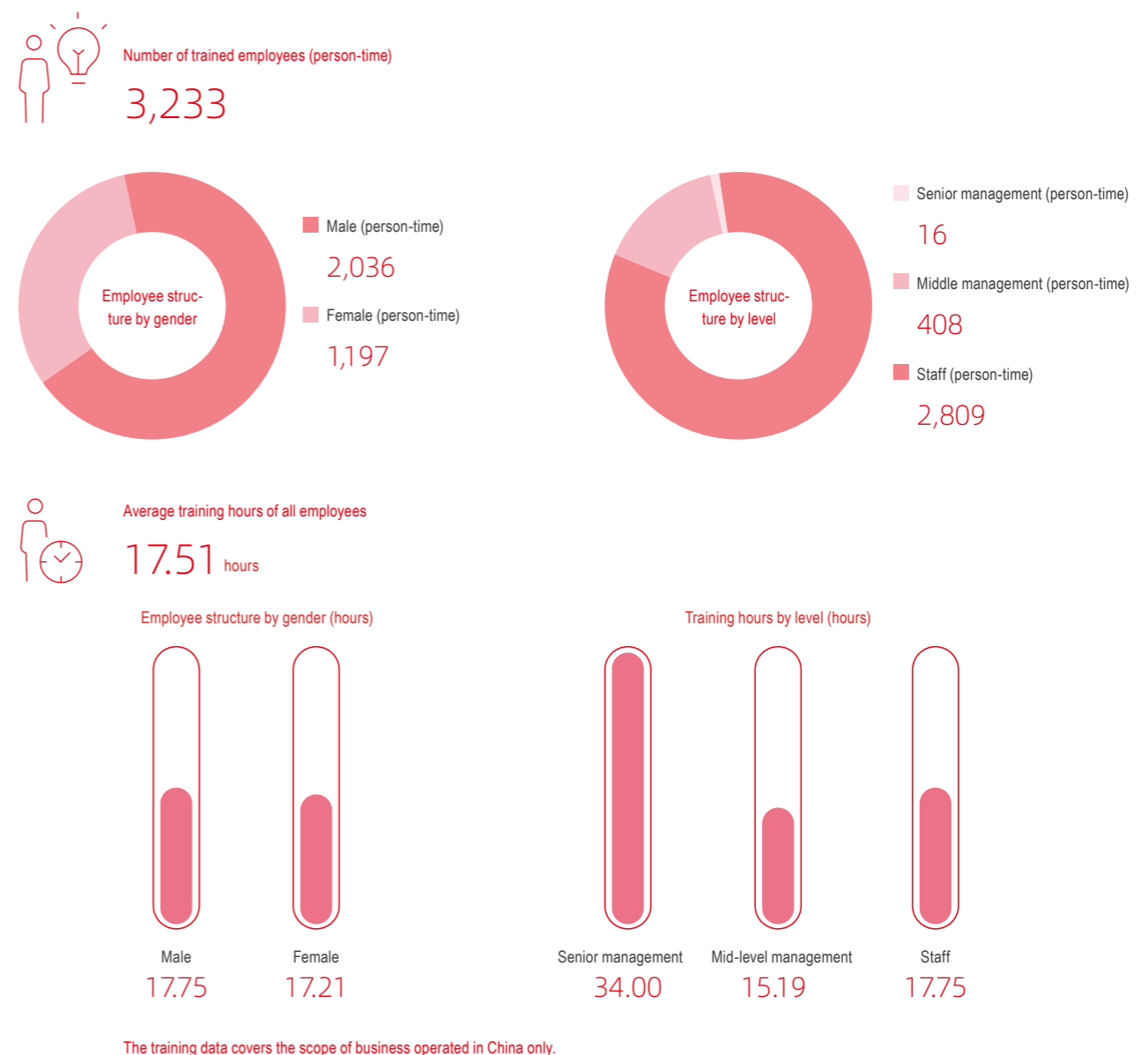


TRAINING AND DEVELOPMENT

Talent is the cornerstone of the Company's development and the Company's precious wealth. Yashili continuously improves the training management mechanism, formulates and updates the Learning Development Management System and Management Measures for Selection, Promotion and Appointment of High-level Talent, and constantly perfects the personnel training and promotion mechanism. At the same time, Yashili makes full use of on-line and off-line training platforms, and continuously enriches training courses and opportunities in cooperation with professional courses training, experiential training and outdoor expansion training. In 2020, the Company launched the "Yashili cloud classroom" and 232 courses covering the three business divisions, so as to promote employees to continuously learn and make progress in their work. In addition, the Company established a group of high-quality, high-level and high-conjunction teams.



Key performance



Yashili constantly improves talent development to explore and innovate the training system. Based on the learning platform of "Yashili School of Business", the Company has set up five modules of learning resources for each business group, i.e. "Yashili International Overview", "Sales Study School", "Management College", "Functional College" and "Voice of Yashili College". It has also constructed a new promotion and training system for sales talents, implemented a customized training camp for recruits and teaching mechanism of "apprenticeship", and targeted training resources for different career stages and the employees with different skills. In 2020, the Company carried out the "Eagle Plan" and "Spark Lecturer" plans, refined the Company's business experience, formed the training resources, and significantly improved the effectiveness, pertinence and training effect of the training system combined with the personal development plan formulated by employees. Among them, the "Spark Lecturer" developed 30 courses in the year (which covers marketing ideas, customer management, project management, milk powder process, quality management and other aspects.) and 36 spark lecturers. At the same time, the Company, through further combing, also determines the competency elements of core positions to provide specific direction for employees' career development and encourage employees to actively use the Company's learning resources for self-growth, thus laying a solid foundation for the Company to continuously improve the core position capabilities.

the "Spark Lecturer" developed courses in the year

30 courses

and 36 spark lecturers



Case

The training camp of "Eagle Plan" for reserve city manager of business division of China brand milk powder

In mid September 2020, business division of China brand milk powder carried out a series of "Eagle Plan" trainings. A total of 50 reserve city managers participated in the training for 7 days. During the training, 17 lecturers of the business division carried out 24 courses of "Eagle Plan" for 50 trainees, including company system, corporate culture, product knowledge, basic parenting knowledge, shopping guide management, marketing management and other courses, and 100% of them passed the training evaluation. After the training, 50 reserve city managers participated in and completed the practice activities of shopping guide and driving and tracking sales in various markets according to the project plan. In November, they carried out report and communication, and transformed theoretical knowledge into practical results.



Case

Transformative Coaching Camp of Champion Culture

From 26 to 29 September, 2020, Yan Zhiyuan, CEO of Yashili, as the chief cultural officer led 60 employees (including the senior management team) to participate in the 2020 Yashili Group "Transformative Coaching Camp of Champion Culture". At the activity site, every employee devoted himself/herself to baseball games, business review and other activities. With full enthusiasm, they realized the transformation of self, team and organization, and created the missions, visions, values and enterprise spirits of the Yashili champion.



EMPLOYEE CARE

Yashili advocates the culture of caring for family and concerns about the spiritual needs of every employee. In the special period of 2020, the Company held festivals, birthday parties and other activities to continuously enhance employees' sense of identity, belonging and happiness in their work and life at Yashili, created a warm workplace with "love for the Company, themselves, colleagues and life", and helped employees better balance work and life.

Case

Happy Children's Day | Caring Children and Serving Employees

On 30 May, 2020, Yashili's Labor Union prepared special activities of Children's Day themed "Caring Children and Serving Employees". More than 60 employees and their children participated in the activity. During the activity, the children's solos, recitation of ancient poems, fashion shows and other rich and varied programs won the enthusiastic applause of the parents on the site, and the "DIY" link also deepened the tacit understanding between the employees and the children. The Labor Union of the Company also distributed exquisite souvenirs to the children and sent festival blessings for them, so that the employees and children spent an unforgettable festival together.



Case

Warm activity of Yashili on Winter Solstice

On the Winter Solstice in 2020, Yashili provided all employees with sweet soup balls and prepared bountiful prizes for them in the early morning to spend a warm and sweet festival with employees.

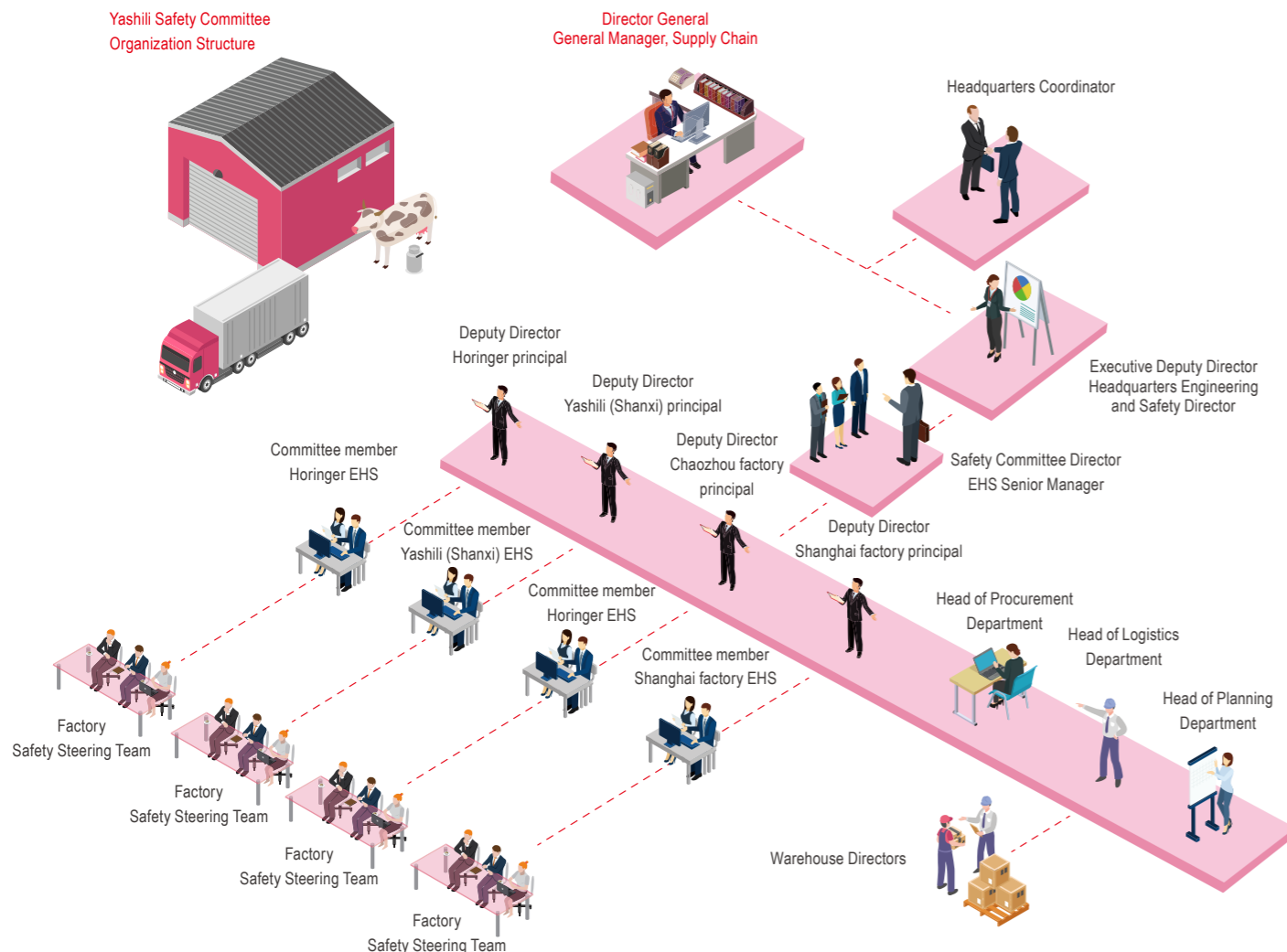


HEALTH AND SAFETY

SAFE PRODUCTION MANAGEMENT SYSTEM

Yashili attaches great importance to production safety and ensures employees' health and safety. The Company strictly abides by the Law of the People's Republic of China on Work Safety, Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Fire Protection Law of the People's Republic of China, Measures for the Administration of Contingency Plans for Work Safety Accidents and other laws and regulations, as well as the regulatory requirements of the operation location of all work bases, and regularly carries out the compliance assessment of safety management laws and regulations in the Company, evaluates the effectiveness of the Company's current management systems and measures, timely perfects the management system and improves the corresponding management practice. In 2020, Yashili constantly improved the Hazardous Operation Management System, Occupational Health Management System, "Three Simultaneities" Management System of Construction Project, EHS Special Expense Management System, Safety Accident Report and Handling Management System and other safety production management systems, and timely updated or supplemented the corresponding management regulations according to the external regulatory requirements. At the same time, Yashili factories formulated and updated the Pest Control Procedure, Management Measures of Personal Protective Equipment and other policy documents according to the actual work, and continuously improved the standardization level of the Company's safety management system.

In order to promote the implementation of various systems, the Company establishes the management structure with safety committee as the core, which is led by the principal of Supply Chain Management department to cooperate with the principals of Engineering and Safety Department of headquarters and EHS department of all work bases to jointly improve and promote the safety and health management of the Company. The Safety Committee actively pays attention to the changes in the safety-related requirements of external regulations and regulatory, regularly evaluates whether the internal management structure and systems are sufficient and effective, and supervises the implementation of safety management systems in all aspects of the Company's production and operation.



Under the guidance of the Safety Committee, the Company actively promotes the standardization of safety management system. During the reporting period, Horinger factory passed the ISO45001 management system certification and the audit of the secondary safety production standardization, and Chaozhou factory passed the ISO45001 management system certification.

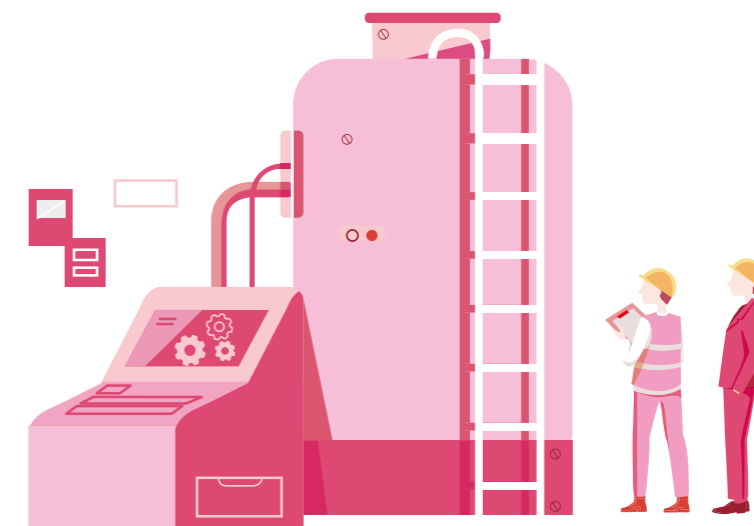
	Horinger	Yashili (Shanxi)	Shanghai	Chaozhou factory
	ISO45001 and the secondary safety production standardization	Secondary safety production standardization	Secondary safety production standardization	ISO45001 and the secondary safety production standardization

SAFETY RISK MANAGEMENT RESPONSIBILITY SYSTEM

In order to conscientiously fulfill the main responsibility of safety production and raise the level of safety production management, the Company has established the environment, health and safety (EHS) responsibility system and safety management performance appraisal system. The Group plans and organizes all factories at all levels of to sign the Letter of EHS Responsibility, and organizes, formulates and implements the safety production rules and regulations and safety operation procedures of the unit, ensures the effective implementation of the safety production input of all factories. The main persons in charge of the production and business operation units shall also report the safety production situation of their own units to the congress of workers and staff, the general membership meeting, the shareholder's meeting, and the EHS management committee every year to accept the supervision of the Labor Union, employees and shareholders on the work of safety production.

The Company formulates the annual EHS responsibility management objectives in the Letter of EHS Responsibility, sets the quantitative management objectives from multiple dimensions, such as production safety accidents, occupational disease prevention and control, safety system construction, safety training and education. The Group formulates the assessment standard of 2020 EHS accident indicator applicable to all factories, and all factories at each level sign the Letter of EHS Responsibility, to urge the principal of each department signing the Letter of EHS Responsibility to implement the Company's internal safety management system, earnestly performs the safety production management responsibilities, and ensures the implementation of safety production objectives. During the reporting period, with the joint effort of the Company's staff, Yashili fully achieved its annual safety management goals of 2020 with zero work fatality and major lost-time accident.

At the same time, in order to mobilize all employees to participate in EHS risk management, in 2020, the Company set commendation card, supply chain EHS pacesetter, EHS Excellent Team Award and "1,000 days" Zero Accident Award in Work Safety and other incentive measures, and issued 180 commendation cards, and awarded Semi-Annual EHS Excellent Team Award. Shanghai factory won "1,000 day" Zero Accident Award in Work Safety.



SAFETY RISK MANAGEMENT

In order to further control the safety risk, the Company insists on implementing safety risk identification, and systematically screens and controls the safety risk points of all jobs. In 2020, the Company carried out EHS risk assessment of construction, reconstruction and expansion project, updated ten safety risk points of the factory and job safety analysis, conducted the quantitative evaluation of the possibility and risk of accidents in each process to obtain the comprehensive risk level and formulate the measures for the control of corresponding risk. At the same time, the Company publicized the JSA evaluation and analysis results near the corresponding posts and made visual notification and prompts on site, so that the employees fully realized the safety risk sources during the work.

In 2020, according to the annual hidden danger investigation plan and the annual EHS inspection plan, all factories continually carried out the hidden danger investigation, including monthly safety inspection, chemical safety inspection, fire safety inspection, electrical inspection, mechanical inspection, fall protection inspection and other inspections, with a total of 3,219 rectification items found. All factories quickly formulated the rectification plan according to the inspections and suggestions. During the reporting period, all factories completed a total of 2,685 rectification plans, and the completion rate of rectification was 100%, continuously improving the overall safety risk protection level of the Company.



SAFETY EMERGENCY DRILLS

Yashili attaches great importance to safety emergency management, strictly abides by the Fire Protection Law of the People's Republic of China, and formulates the Emergency Plan for Production Safety Accidents in accordance with the Compilation Guidelines of Emergency Plans for Company Production Safety Accidents. The emergency plans of Yashili prioritize life, precaution, preparation, fast response, efficient and safe rescue, and effective drills. In addition, according to their operation conditions, the revision and supplement are made to continuously bolster up the capacity of emergency management of production safety accidents and disasters, so as to minimize fatality, assets loss and social impact. At the same time, the Company continues to improve the Management System of Accident Emergency Rescue, the Management System of Safety and Environmental Protection Accidents and other emergency management systems, so as to comprehensively guarantee the capacity of safety emergency management in the production and operation process.

During the reporting period, Yashili factories carried out 86 different forms of emergency drills, including fire escape drill, dust explosion drill, chemical leakage drill, mechanical injury drill, etc., so as to improve the emergency handling ability of all employees for different forms of emergencies.

Case

Case of investigation and rectification of safety risks



Management and control of forklift: Install red/blue warning lights on all forklifts to ensure daily safety production at all factories.



Management and control of source: Yashili (Shanxi) strictly supervises all construction sites and reconstruction projects and the whole process from material delivery to the factory to equipment installation and acceptance.



Management and control of waste gas: Install gas filters on mobile phase reagent bottles in Chaozhou factory laboratory to reduce the volatilization of harmful gas.



Case

Cases of safety emergency drills

On 21 May, 2020, Horinger carried out an emergency drill of falling from a height to test the emergency response personnel's understanding and practical operation skills of the emergency plans and implementation procedures.




On 21 March, 2020, the EHS management department and the Equipment department of Yashili (Shanxi) organized an emergency drill for ammonia leakage, and tested the response procedures and disposal measures of hazardous chemical operators for emergencies.




On 23 April, 2020, Shanghai factory organized the employee of liquid milk production workshop to conduct the disposal drill at the chemical leakage site of CIP room, and tested the standard procedures and operations of operators in handling the accidental leakage.




In April 2020, Chaozhou factory carried out a fire emergency drill to consolidate the use of fire equipment and be familiar with fire escape skills, and test the abilities of emergency response and self-rescue for fire accidents.




SAFETY EDUCATION AND TRAINING

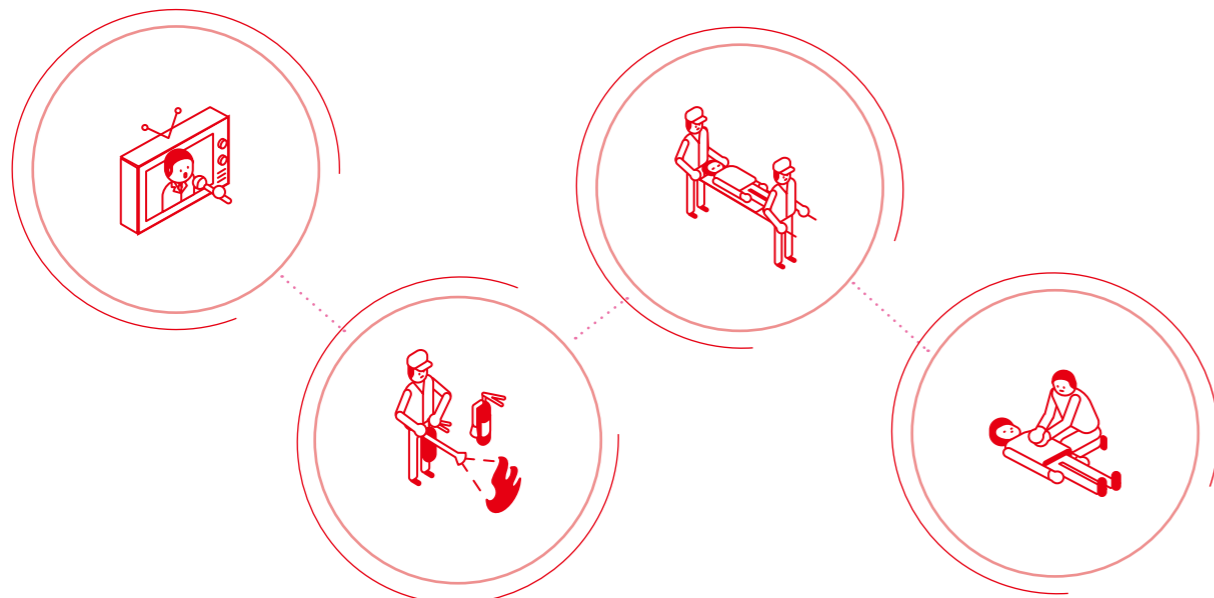
Yashili formulates and implements the Safety Education and Training Management System, and regularly carries out safety education and training, EHS and other trainings according to the annual safety training plan, including management system, basic safety knowledge, fire protection knowledge, mechanical protection, electrical safety, contractor safety and others, and strengthens the effect of learning by online DingTalk video/ live broadcast and WeChat sharing and combined with on-site demonstration, studying abroad and other forms. In 2020, a total of 21,999 employees participated in safety education and training, and the total training time is 13,642 hours.



Table: Contents of Letter of Safety Responsibility and Achievement Goal Indicator

Goal indicator content	Requirement	Achievement
Main principal and production safety management personnel shall take appointment with certificate.	100%	 Achieved
Each department must carry out three-level safety education for new employees and establish the completion rate of files.	100%	
Special operation personnel must be trained in accordance with the regulations and obtain the "Qualification Certificate for Special Operations" before they can take up the post for operation, and internal trainings are strengthened with the training completion rate of	100%	
All departments must conduct "four news" (i.e. new process, new technology, new materials and new equipment) training, and the completion rate of training and education is	100%	
The employees who return to work or have transferred their positions must participate in safety education before going on duty, and the training completion rate is	100%	
Obvious safety warning signs, occupational health warning signs and warning explanation shall be marked on the production and operation places and relevant equipment and facilities with greater risk factors and serious occupational hazards, and the completion rate is	100%	

In order to create the Company's safety culture atmosphere, Yashili insists on holding the annual "Safety Month" activities, continuously popularizes the laws and regulations of safety production and safety knowledge, and strives to enhance the safety awareness of all employees. In 2020, in combination with the theme of the 19th national safety production month, Yashili factories orderly carried out the one post with two responsibilities "backbone" safety activities, safety knowledge publicity and training, safety knowledge competition, safety cartoon collection, safety and environmental protection micro video, safety drill, skill competition and other activities; the implementation of safety production activities improves the safety prevention skills and awareness of employees and the safety management level of the Company.



Case

the 1st Knowledge Competition of "Ankang Cup"

Yashili constantly innovates the form of safety education activities and carries out the 1st Knowledge Competition of "Ankang Cup". Through the team style show, safety production knowledge competition, safety "Speech of Talent", competition of fire skills and other forms, finally, player Guo Lei from Yashili (Shanxi) won the "Talent of Safety Knowledge", and player An Bailing from Horinger won the "Talent of Safety Speech". The competitions effectively improve the safety culture quality of employees, so that the safety concept gradually becomes an independent consciousness, and a more peaceful and harmonious Yashili family is built.



In order to ensure the safety of relevant parties entering the production unit of the Company, the Company requires them to participate in the corresponding safety training according to the Management System of Relevant Parties. The Company provides the relevant parties entering the factory construction with the dangerous operation standard operation and relevant safety operation regulations for construction projects such as fire fighting transformation, workshop transformation, boiler replacement and daily maintenance of the factory. In 2020, the Company conducted safety training for all relevant parties entering the production units, thus it effectively ensured the safety of the factory and relevant parties.

OCCUPATIONAL HEALTH MANAGEMENT

Yashili is committed to creating a healthy and safe working environment for employees, strictly abides by the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Technical Specifications for Occupational Health Surveillance and other laws and regulations, formulates and implements the Occupational Health Management System and Management System of Personal Protective Equipment for Employees and other management systems, sets up occupational health management objectives including occupational diseases and accidents, occupational health examination and others, continuously monitors the achievement, strictly makes occupational health examination before, during and after work and standardization of occupational health archives, and carries out occupational risk factor monitoring and occupational hazard declaration as required.

During the reporting period, Yashili's occupational health management was in good condition, and no cases of occupational disease or suspected occupational disease occurred.



Table: Letter of Occupational Health Responsibility and Achievement

Goal indicator content	Requirement	Achievement
Occupational disease accident	0	 Achieved
Completion rate of occupational health examination before entry, during employment and after resignation	100%	
Completion rate of occupational risk factors monitoring	100%	
Completion rate of occupational hazard declaration	100%	
Establishment rate of occupational health files for employees	100%	

BUILD A WIN-WIN ECOLOGY FOR THE SOCIETY



OUR CHALLENGE

Combat climate change and eradicate poverty.



OUR PHILOSOPHY

Amid environment protection, we strive for overall well-being: we promote a sustainable, green and harmonious society.

SDGs



We actively participate in poverty alleviation programs to contribute to achieve "no poverty".



We institute sustainable management on water consumption and wastewater.



We explore energy conserving development patterns.



We care about charity and integrate communities.



We actively identify the impact of climate change on the Company, and improve energy efficiency to combat climate change.



ENVIRONMENTAL PROTECTION


ENVIRONMENTAL MANAGEMENT SYSTEM

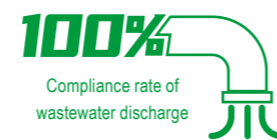
Yashili strives for the harmony and mutual development between human and nature in its production and operation, attaches great importance to ecological environment protection, and reduces the Company's influence on the environment and natural resources by continuously optimizing the environmental management system. We adhere to the environmental protection policy of "prioritize prevention, integrate prevention with rectification, and seek comprehensive governance", strictly abide by the Law of the People's Republic of China on Environmental Protection and relevant laws and regulations of other countries where the Company operates, and continuously improve and implement the management systems such as the Procedures of Identification and Assessment of Environmental Factors and Hazards, the Procedure for Exchange of Environmental, Health and Safety Information, and Monitoring and Measurement Procedure Management System, and others in accordance with ISO14001 environmental management system, so as to continuously improve the environmental management of the Company during operation.

Yashili insists on implementing the responsibility system for EHS objective management. The Group plans and organizes all factories and levels of staff to sign the Letter of EHS Responsibility, which clearly lists the management responsibilities and objectives of all factories and key departments, including "zero environmental violations" and "full compliance in discharge".

During the reporting period, Yashili did not have any environmental violation.

Letter of EHS Responsibility and Achievement

Content of letter of responsibility	Requirement	Achievement
Environmental violations	0	 Achieved
Compliance rate of pollutants emission	100%	
Total emission of major pollutants	≤ emission approved by the pollutant emission permit × 95%	
Each department shall ensure that wastes are stored by categories and recorded in ledgers according to the Company's waste management system.	100%	
Departments using chemicals shall strictly manage their chemicals and handle environmental pollution in time according to emergency plans after leakage. The number of environment pollution events happened:	0	



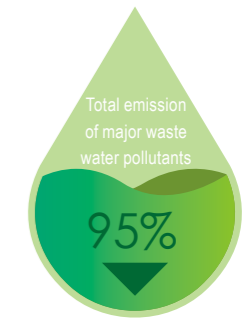
WASTEWATER DISCHARGE MANAGEMENT

Yashili pays close attention to wastewater and pollutant discharge management during operation. We comprehensively implement the sewage discharge pollution monitoring system and strictly conform to the discharge standards stipulated by the Law of the People's Republic of China on Prevention and Control of Water Pollution, carries out the Sewage Treatment Operation Provisions, the Sewage Discharge Control Provisions, the Environmental Protection Monitoring Regulations, and other regulations.

During the reporting period, all factories monitored major wastewater pollutants such as chemical oxygen demand and ammonia nitrogen, so as to identify and effectively control the risks in emission compliance of wastewater pollutants in a timely manner. The Company has set management objectives for sewage treatment facilities, required the total annual emission of major pollutants to be less than 95% of the emission approved by the pollutant emission permit, and ensured that the sewage treatment facilities are in good condition and the sewage discharge meets the standard requirements.

At the same time, the Company has built and improved the sewage treatment facilities through continuous environmental protection investment, and carries out daily operation management and maintenance of the treatment facilities according to the Sewage Treatment Operation Provisions to ensure the up-to-standard discharge after being properly treated.

During the reporting period, the Group did not have any illegal discharge of wastewater pollutants exceeding the standard.



Case

Chaozhou factory sewage treatment facility expansion

In order to meet the demand of the new oatmeal production line, Chaozhou factory expanded the original sewage treatment facility with comprehensive treatment capacity of 100 m³/d to 210 m³/d, and planned to complete the commissioning operation in early April 2021.

2020 Yashili Water Pollutant Discharge

Discharge index	Unit	2018	2019	2020
Wastewater	Ton	869,549	975,527	1,264,370
Intensity of wastewater discharge ¹	Ton/per RMB 1 million in revenue	288.8	285.9	346.5
Chemical oxygen demandCOD _{Cr}	Ton	401	357	192
Ammonia nitrogen	Ton	0.6	0.7	2.6

EXHAUST GAS EMISSION MANAGEMENT

Yashili strictly abides by the Law of the People's Republic of China on Prevention and Control of Air Pollution, establishes and implements management systems including the Management System for Self-monitoring of Pollutant Discharge, effectively monitors the emission of major air pollutants, and further reduces the production of waste gas in production by continuously optimizing the energy structure.

The emission of air pollutants in the production process of all factories mainly comes from the use of natural gas. During the reporting period, we strictly complied with the pollutant emission requirements of the places where we operate, actively optimized the waste gas purification device, and ensured emission of all waste gases in compliance, contributing to the upgraded "Blue Sky Protection Campaign".

Case

Implementation of heavy pollution weather emission reduction in Yashili (Shanxi)

In 2020, Department of Ecology and Environment of Shanxi Province and the competent departments of ecology environment at the city and county levels included enterprises involved in air pollutant emission into the list of heavy pollution weather emergency emission reduction. Yashili (Shanxi) actively responded to the emission reduction requirements, prepared the performance grading document of heavy pollution weather and the emission reduction implementation scheme of "special policies for a specific factory", and completed the filing in government departments. During the period of heavy pollution weather, Yashili (Shanxi) strictly implemented emission reduction measures, notified transportation units in advance to arrange transportation vehicles reasonably, prohibited vehicles in line with China VI vehicle emission standards and below from transporting raw and auxiliary materials, posted emission reduction requirements at the entrance of logistics channel, and strengthened publicity and guidance.

¹In 2020, due to the increase of wet process output in Yashili (Shanxi), the intensity of wastewater discharge increased to a certain extent compared with the previous years.


Yashili Environmental Management System Certification

Factory name	Horinger	Yashili (Shanxi)	Shanghai	Chaozhou
Certificates obtained as of 31 December, 2020	ISO14001	/	ISO14001	ISO14001

Case

Emission of laboratory waste gas in compliance

In order to meet the requirements for pollutant emission of DB31/933-2015 Comprehensive Emission Standard of Air Pollutants and the new version of pollutant emission permit, Yashili added purification treatment devices to 4 outlets of 10 fume cupboards in the subordinate manufacturer laboratory, and the scheme passed the completion acceptance in December 2020.



2020 Yashili Air Pollutant Emissions

Discharge index	Unit	2018	2019	2020
NO _x	Ton	38	28	11
SO ₂ ¹	Ton	39	20	0.29

SOLID WASTE DISPOSAL

Yashili attaches great importance to the disposal of solid waste in the production and operation process, strictly abides by the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, continuously improves and implements the Environmental Management System for Solid Waste and other relevant management systems, to ensure the proper disposal of hazardous waste and non-hazardous waste in the production and operation.

The Company strictly classifies and stores hazardous wastes such as laboratory waste organic solvents generated in the production and used fluorescent tubes in the office according to the latest List of National Hazardous Wastes. Each factory establishes hazardous waste warehouses according to the Hazardous Waste Storage Pollution Control Standards for storage and management of hazardous waste. At the same time, each factory entrusts the local qualified institutions with the disposal of hazardous waste to deal with hazardous waste according to the Hazardous Waste Transfer Sheet Management Measures, and establishes a hazardous waste account to improve the management of hazardous waste.

For non-hazardous wastes generated in the production, the Company carries out classified management according to the Measures for the Administration of Municipal Solid Waste and other relevant regulations. The Company conducts non-hazardous treatment on the waste raw materials generated in the production, and entrusts qualified waste recycling units to recycle the recyclable wastes such as waste raw materials and package materials, thus effectively reducing waste generation.

Case

Sludge reduction improvement in Yashili (Shanxi)

Yashili (Shanxi) made reduction improvement on the sludge produced by sewage treatment, adjusted aeration time and inflow time on the premise of ensuring the effluent index of sewage station reaches the standard, kept reasonable sludge sedimentation ratio as far as possible, reduced sludge reproduction, and strengthened sludge cleaning in secondary sedimentation tank to reduce sludge deposition and sludge yield. In 2020, 584,000 tons of sewage was treated and 375.62 tons of sludge produced, with a sludge production index of 0.64 kg/ton, which was 21.95% lower than that in 2019.

2020 Yashili Solid Waste Production²

Index	Unit	2018	2019	2020
Hazardous wastes	Ton	17.8	14.7	18.0
Intensity of hazardous waste disposal	Ton/per RMB 1 million in revenue	0.006	0.004	0.005
Non-hazardous wastes	Ton	4,219	5,386	4,185
Intensity of non-hazardous waste disposal	Ton/per RMB 1 million in revenue	1.4	1.6	1.1

¹During the year, Yashili (Shanxi) used natural gas, so SO₂ production decreased significantly.

²The unit waste disposal base was uniformly adjusted to operating income.

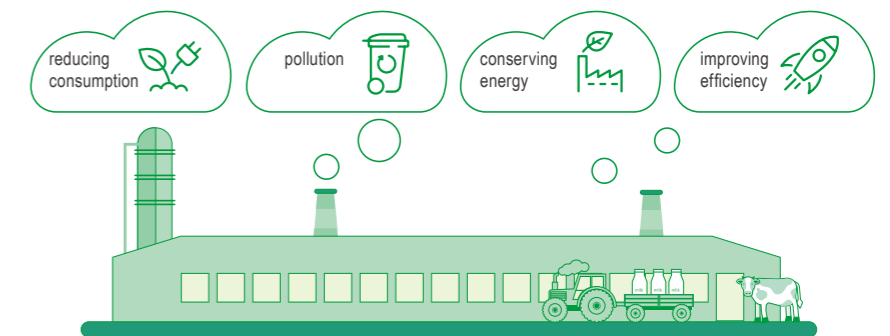
RESOURCES AND ENERGY CONSUMPTION

Yashili adheres to the development concept of "reducing consumption and pollution, conserving energy and improving efficiency". It abides by the Law of the People's Republic of China on Promotion of Cleaner Production, the Law of the People's Republic of China on Energy Conservation and other relevant laws and regulations. It formulates and implements the Energy Management Regulations and the Energy Inspection Regulations and other management systems according to the cleaner production standard, and continuously explores the development mode of reducing costs and increasing efficiency.





The Equipment Department and each production unit of the Company actively pay attention to the use of main energy in the production, and cooperate with the Production Department to replace some processes and equipment to improve the energy use efficiency in the producing process. During the reporting period, Yashili factories regularly carried out maintenance of air conditioning systems and timely replacement of filter materials, effectively reducing the increase rate of air conditioning energy consumption due to heat transfer efficiency and other reasons.

Yashili attaches great importance to the management of the use of water resources. Domestic production water comes from municipal water supply and there is no problem in water sources. Each factory formulates annual water-saving objectives based on the actual production according to the Water Consumption Regulations, and continuously promotes the utilization efficiency of water resources by continuously promoting the reuse of reclaimed water and fine management of wet processing.





In 2020, Shanghai factory carried out a water balance project, overhauled and updated the valves of the whole factory, and managed the factory water with precise statistical data to ensure no waste of a ton of water, thus being rated as a water-saving demonstration (benchmark) enterprise by Pudong New Area Tax Service, Shanghai Municipal Tax Service, State Taxation Administration, and Science and Technology Pudong New Area.



Some Key Energy Conservation Projects of Yashili

Factory	Energy conservation and consumption reduction management practice	Effect
 Horinger	Horinger factory has 5 transformers. Considering that the output can be met when 3 transformers are put into operation all year round, after consultation with the power supply bureau, an application was made to reduce the operation of 5 transformers to 3 transformers, so as to reduce the fixed power consumption.	During the year, the accumulated energy conserved was converted to about RMB 274,000
 Yashili (Shanxi)	Yashili (Shanxi) carried out lighting transformation at the location with less lighting demand, and installed voice operated switches, which realized lighting during personnel operation and automatic shutdown during no personnel operation through infrared induction.	During the year, the total energy conserved was converted into RMB 9,700
 Chaozhou	Chaozhou factory replaced 165W electrodeless lamps with LED energy-conserving industrial and mining lamps, and the total electricity consumed per hour can be conserved by 19 kWh.	During the year, the energy conserved was converted into RMB 10,600
 Chaozhou	Chaozhou factory carried out energy conservation transformation of air compressors in the auxiliary area. Before renovation, after the production of the laundry room every day, 75 kW air compressors were used to supply air for 2.0 hours. After transformation, 1.8 kW miniature air compressors were used to replace high-power air compressors to supply air alone.	During the year, electricity with a total of 12,700 kWh had been conserved

Some Key Water Conservation Projects of Yashili

Factory	Water conservation management practice	Effect
 Horinger	Horinger factory transformed the drainage pipe in the water treatment and drainage system, so that the wastewater from soft water system, pure water, soft water and water purification system were recovered and used for drainage to toilet flushing water system. The transformation project was put into use in June 2020, effectively reducing wastewater discharge.	During the year 10,629 tons of wastewater has been conserved which is converted into RMB 67,709
 Yashili (Shanxi)	Yashili (Shanxi) installed reflux pumps removed from coal-fired boilers to the condensate recovery tank in the drying steam header room, so as to improve the condensate recovery, improve the condensate recovery rate of evaporator and drying tower and effectively reduce energy consumption.	During the year 479,487 m ³ natural gas has been conserved which is converted into RMB 946,931
 Chaozhou	Chaozhou factory transformed 2 open cooling towers the air compressor in milk powder workshop into closed cooling towers, greatly reducing the water consumption of the cooling towers, with a drop of 99.5%.	The water consumption of the cooling tower decreased by more than 99% During the year 597 tons of water has been conserved which is converted into RMB 2,150
 Shanghai	In the water conservation project of Shanghai factory, the factory water consumption has been improved by rationalizing the production schedule, upgrading the process and optimizing the cleaning process.	During the year, the water conserved is converted into RMB 15,000

Case

Yashili (Shanxi) sewage recycling and reusing

In April 2020, Yashili (Shanxi) added water flow regulation and distribution devices in sewage outfalls, to pump the water to the greening reservoir for the greening of the factory. In 2020, the total water conserved was converted into RMB 4,800.



2020 Yashili Energy Consumption

Index	Unit	2018	2019	2020
Total energy consumption ³	Kg of coal equivalent	39,303,774	31,957,485	36,928,849
Intensity of energy consumption ⁴	Kg of coal equivalent/per RMB 1 million in revenue	13,053	9,366	10,120
Outsourced electricity	kWh	52,056,255	56,037,245	62,405,722
Purchased steam	Ton	169,725	93,971	115,612
Gasoline	L	16,315	13,855	15,102
Diesel	L	21,001	25,332	14,895
Natural gas	m ³	5,725,610	7,124,520	14,994,971
Liquefied petroleum gas (LPG)	Ton	48	42	36.54
Coal	Ton	10,787	8,221	0

³The comprehensive energy consumption was calculated according to General Principles for Calculation of the Comprehensive Energy Consumption (GBT2589-2020), and the comprehensive energy consumption data in 2018 and 2019 was retrospectively adjusted.

⁴The unit comprehensive consumption base was uniformly adjusted to operating income. Due to the increase of total production in 2020, intensity of energy consumption increased to a certain extent compared with previous years.

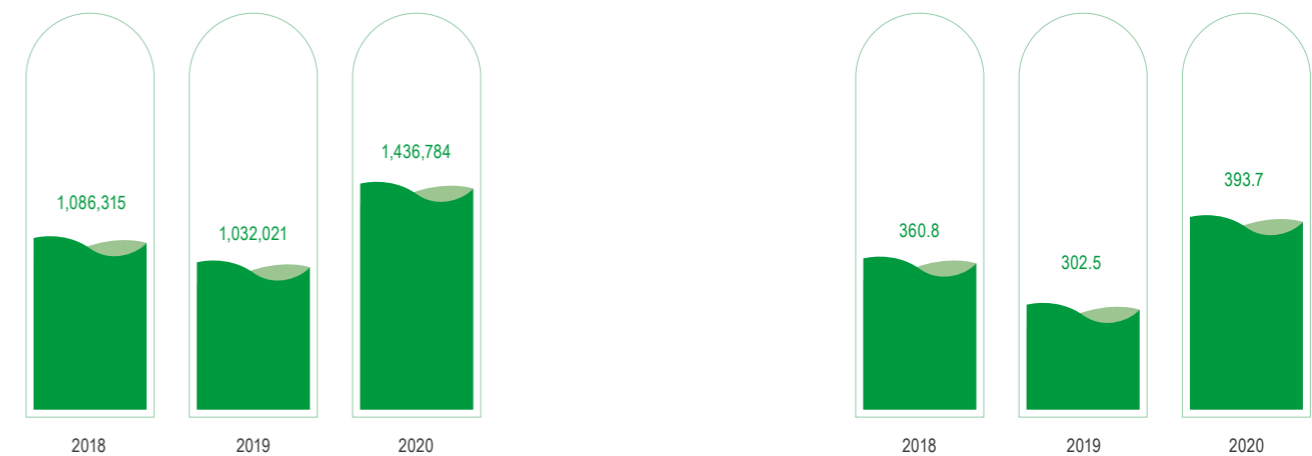
2020 Yashili Greenhouse Gas Emissions⁵

Index	Unit	2018	2019	2020
Total greenhouse gas emissions	Ton of CO ₂ equivalent	114,958	93,260	110,992
Intensity of greenhouse gas emissions ⁶	Ton of CO ₂ equivalent /per RMB 1 million in revenue	38.2	27.3	30.4
Scope 1 Greenhouse gas emissions	Ton of CO ₂ equivalent	26,501	26,218	32,603
Scope 2 Greenhouse gas emissions	Ton of CO ₂ equivalent	88,457	67,042	78,389

2020 Yashili Water Resource Consumption

Total water consumption (Ton)

Intensity of water consumption⁷ (Ton/per RMB 1 million in revenue)



⁵The power emission factor in the calculation process of greenhouse gases was based on the standard of China Regional Power Grid Benchmark Emission Factor for Emission Reduction Projects in 2017, and the comprehensive energy consumption data in 2018 and 2019 was retrospectively adjusted.

⁶The unit greenhouse gas emission base was uniformly adjusted to operating income.

⁷The unit water consumption base is uniformly adjusted to operating income. In 2020, due to the increase of wet process output in Yashili (Shanxi), the intensity of water consumption increased to a certain extent compared with the previous years.

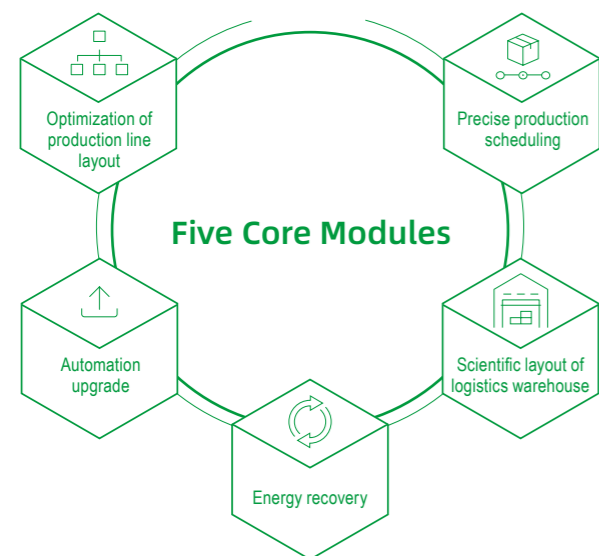
2020 Yashili Packaging Material Consumption

Index	Unit	2018	2019	2020
Total packaging material consumption	Ton	6,805	17,407	14,030
Intensity of packaging material consumption ⁸	Ton/per RMB 1 million in revenue	2.3	5.1	3.8
Paper packaging material consumption	Ton	2,234	4,761	2,736
Metal packaging material consumption	Ton	3,125	7,004	10,555
Plastics packaging material consumption	Ton	1,446	5,641	739

⁸The unit packaging material consumption base was uniformly adjusted to operating income.

ENVIRONMENTAL GOAL MANAGEMENT

In 2020, in order to achieve the goal of reducing energy consumption per ton, Yashili established the Articles of Association of Energy Conservation and Consumption Reduction Projects, and carried out operation excellence (OE) improvement projects to promote enterprise management progress and work improvement. In 2020, the Continuous Improvement Department carried out 86 conservation projects, completed the optimization of production line layout, accurate production scheduling, automatic upgrading, scientific layout of logistics storage and warehouse, and implemented five core modules of energy recovery. The conservation in management of projects was RMB 26 million in total, including RMB 3.59 million in energy, which has exceeded the goal. With excellent experience and technology reserves, Yashili has made great achievements in the whole production and operation system, and won the title of government model benchmarking enterprise.



In 2020, the Continuous Improvement Department carried out

86
conservation projects

The conservation in management of projects was RMB

26
million in total

including RMB

3.59
million in energy

2020 Yashili Single Ton Product Energy Consumption Goal and Completion

Single ton product energy consumption goal	Unit	Single ton energy consumption goal	Achievement
Total water consumption	Ton	11.44	<p>Achieved</p>
Outsourced electricity	kWh	640.25	
Purchased steam	Ton	2.57	
Natural gas	m ³	11.27	

WIN-WIN COOPERATION

SUPPLIER MANAGEMENT

Yashili cooperates with supplier partners from all over the world. Therefore, maintaining a fair, healthy and dynamic partnership is not only of great importance to the Company's products and business, but also of great significance to promote the development of the industry. The Company strictly abided by the Company Law of the People's Republic of China and other laws and regulations. In 2020, the procurement department, in full accordance with the supplier management specifications of Mengniu Dairy, formulated the Supplier Management System of the Group, Promotion Material Supplier Access Management System, Direct Material Supplier Management System, Direct Material Business Management System, Non-direct Material Business Management System, and other management systems and processes in succession. On the basis of strictly controlling the quality standard of suppliers, Yashili measured the environmental performance of suppliers during operations by examining whether the suppliers have passed ISO14001 and other dimensions, and signed Yashili EHS management regulations with suppliers, so as to continuously promote the green development of the supply chain. In August 2020, Yashili procurement department officially launched the supplier relationship management (SRM) system, which covered the full cycle management modules of supplier admission registration, procurement and bidding business, procurement business collaboration, and supplier exit, realizing the centralized and standardized management of suppliers.

SUPPLY CHAIN INTEGRITY

The Company has signed Anti-commercial Bribery Contract with all cooperative suppliers, and the contract has detailed provisions on honesty, anti-bribery and relevant disciplinary provisions. The discipline inspection department of the party and the masses shall conduct external supervision on the business cooperation integrity of suppliers and accept relevant reports. According to the supplier management system, once the supplier violates the relevant business integrity, it will be included in the supplier blacklist and permanently banned.



SUPPLIER REVIEW

Yashili strictly manages suppliers and conducts on-site audit on a regular basis. The audit team is composed of relevant departments of quality management, procurement and R&D of the Company. Before new suppliers are included in the list of qualified suppliers, they need to pass the Company's site access and process verification audit. The audit frequency of stock suppliers is based on the material risk level. High-risk suppliers are inspected every two years, and low-risk suppliers are inspected every three years.

During the year, the Company completed site audit of raw and auxiliary material suppliers for 43 times, and no major non-conformity was found. The Company urged the suppliers to complete rectification according to improvement suggestions, so as to ensure that the quality management conditions of the Company's cooperative suppliers meet the high-standard requirements for production quality of infant formula milk powder.



Supplier Quality Manager Training

In 2020, Yashili organized a three-day training for supplier quality managers to continuously improve the Company's supplier management level through courses such as supplier management theory and practice, supply (procurement) risk management, supplier evaluation and selection, relationship positioning and performance management, and supplier quality control. After the training, a total of 25 people obtained the qualification certificate of supplier quality manager.

During the reporting period, the Company's cooperative suppliers did not violate business ethics standards and systems.

2020 Yashili Supplier Distribution

Location	Number
China (including Hong Kong, Macao and Taiwan)	170
Foreign	9

PUBLIC SERVICES

"Donate to vulnerable group with a grateful heart". Yashili makes full use of its advantageous resources, actively responds to the national call for targeted poverty alleviation, builds a harmonious and friendly community environment, fights for sudden outbreaks, and deeply implements the Company's business principle of "mutual benefit of society and business".

In 2020, the Group's cash and material donations totaled RMB

47 million¹

BUILD A WARM COMMUNITY

That "bloom every life with a little nourishment" is the corporate mission of Yashili. We hope to nourish every life with nutrition. Whether they are babies, children, pregnant mothers, middle-aged and young people, the elderly, they can have a healthy body, and bloom a better life.

Case

Doraler brings warm "sheep" light to the disabled and left-behind children in seven cities

Since September 2020, the Yashili Doraler love delegation has successively visited 7 cities in Shandong Province, including Ji'nan, Qingdao, Zhumadian and Jinan. By donating goat milk powder products of about RMB 1 million to the local Municipal Welfare Foundation for the Disabled, the Women's Federation, and poor village organizations for disabled, left-behind and single-parent children, the Yashili Doraler love delegation has brought warmth to home of every baby who yearns for love, and sunlight into heart of every baby who is eager for care.



Case

Reeborne public service in Jiangxi, Anhui and Henan, caring for the elderly and children

Yashili has always been concerned about the nutritional needs of people at different ages, and has been giving back to society through public welfare activities for many years. In the 2020 "Yashili - Reeborne public service", Yashili went to Sanjiang Town (Nanchang City, Jiangxi Province), Anqing City and Liuan City (Anhui Province), Yucheng County (Shangqiu City, Henan Province) and other areas to bring Reeborne Kieember infant formula milk powder, Yashili cereals and other nutritional products to the local elderly and children, and held family banquets in the gerocomium, and invited the elderly as guests, bringing them health and warmth.



¹ Non-financial reporting scale.

HELP TIDE OVER THE DIFFICULTIES OF COVID-19

In 2020, in the face of the sudden hit of COVID-19, Yashili responded positively to the call of the community, fully mobilized the resources of all sides, broke through the difficulties in logistics and transportation, and worked hard to achieve "continuous supply". Yashili was concerned about the nutritional needs of families in the COVID-19-stricken areas, and donated full-line nutritional milk powder products which were worth RMB 19 million to support the COVID-19 hit area in Hubei. By fully mobilizing the supply chain resources and organizing two warehouses in Chaozhou and Shanghai to deliver goods at the same time, Yashili delivered the donations to the recipients as soon as possible.

In addition, in order to solve the "hunger" problem of babies all over the country, Yashili launched the activity of "overcoming difficulties and ensuring continuous supply", mobilized the milk powder e-commerce channel, customer hotline, offline mother and baby shops and other omni channels to jointly create the "home delivery" activity, and provided the most convenient service for families in the fastest and safest way. At the same time, Yashili employees from different places also went to the front line to join the material delivery team.

In order to help the front-line staff better participate in the pandemic prevention and control, Yashili contacted a number of institutions and units and donated 4,186 cartons of infant formula milk powder in total, which was used to guarantee the nutrition supply for infants from the families of many front-line staff in Wuhan, such as governments and hospitals, and donated Topconic milk powder worth more than RMB 1 million to many institutions across the country, assisting in enhancing immunity of the public.

In the face of huge demand for materials, Yashili has made efforts at the production end and the logistics end at the same time to orderly restore production on the premise of scientific prevention and control. On the basis of self-protection, the staff of the group followed strict disinfection procedures and strict quality control in every production line, creating every can of milk powder with ingenuity.

As of December 2020, Yashili has donated materials worth RMB 46 million, 52,392 pieces in total for COVID-19 prevention and control, received hundreds of letters of thanks where recipients have expressed their gratitude and praise for Yashili's contribution and support during the COVID-19 outbreak.



Donated full-line milk powder products worth RMB

19 million

to support the COVID-19 hit area in Hubei

Donated

4,186

cartons of infant formula milk powder in total

Donated Topconic milk powder worth of more than RMB

1 million

to many institutions across the country

As of December 2020, Yashili had donated materials worth RMB

46 million

52,392

pieces in total for COVID-19 prevention and control



APPENDIX: KPI INDEX

Chapter-Title	Chapter-Subtitle	ESG indicators references	GRI indicators references
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	REFERENCE REMARKS	-	GRI 102, GRI 103
	CONFIRMATION AND APPROVAL	-	GRI 103
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	CUSTOMER SERVICE	B6, B6.2, B6.5	GRI 417, GRI 418, GRI 202
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