



China Youran Dairy Group Limited

中國優然牧業集團有限公司

(A limited company incorporated in the Cayman Islands)

Stock code: 9858.HK



2024

Environmental, Social and Governance Report

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About This Report

Reporting Scope:

Data and facts involved herein cover China Youran Dairy Group Limited and its branches and subsidiaries. For the convenience of expression, in this report, "the Group" "we" "the Company" or "Youran Dairy" refers to the Company together with its subsidiaries.

Reporting Period:

This is an annual report. The reporting period is from January 1, 2024 to December 31, 2024 (the "Reporting Period" "2024"). To make this report more comparable and forward looking, some of its contents may be beyond the above Reporting Period.

Basis of Preparation:

This report is prepared in accordance with the *Environmental, Social and Governance ("ESG") Reporting Code* (the "ESG Code") under Appendix C2 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "Listing Rules"). It also references the *GRI Sustainability Reporting Standards* issued by the Global Sustainability Standards Board ("GSSB"), the S&P Global Corporate Sustainability Assessment and the MSCI (formerly known as Morgan Stanley Capital International) ESG Rating. The content related to addressing climate change is developed with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), Section D of the ESG Code as set out in the Appendix C2 to the Listing Rules on climate-related disclosures, and the International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards published by the International Sustainability Standards Board ("ISSB").

Reporting Principles:

The preparation of this report adheres to the principle of materiality, quantitative, balance and consistency.

- **Materiality:** The materiality of ESG matters was determined by the board of directors of the Company (the "Board"), and communications with stakeholders, the process of identifying substantive issues and the substantive issues matrix were disclosed in this report.
- **Quantitative:** The statistical standards, methodologies, assumptions and/or calculation tools of quantitative key performance indicators as well as source of conversion factors were detailed in the "Definitions" section in this report.
- **Balance:** This report provides an unbiased presentation of the Group's performance during the Reporting Period by preventing choices, omissions and forms that may cloud the users' decision or judgment of this report.
- **Consistency:** Unless otherwise specified, the statistical methods and standards of data disclosed in this report are consistent.

Data Explanation:


Unless otherwise stated, the scope of statistics herein covers China Youran Dairy Group Limited and its subsidiaries. All monetary amounts stated in this report are in Renminbi ("RMB") unless otherwise stated.


Form of Publication:

This report is published in electronic form. The electronic version can be downloaded on the HKEXnews website of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (www.hkexnews.hk) and the website of the Group (https://www.yourandairy.com/zh/info_5.html).

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Chairman's Message



Hao Haijun
Chairman of the Board and the President

For the year ended December 31, 2024,
the Group's

total revenue reached RMB
20.096 billion
represented a yoy increase of

7.5%
annualized average milk yield per
milkable cow (excluding Jerseys)
in the raw milk business
represented a yoy increase of

5.0%

Ring out the old and ring in the new.

2024 is a year of deepening the comprehensive implementation of the spirit of the 20th CPC National Congress, a crucial year for China's comprehensive advancement of Chinese-style modernization, and also an important year for Youran Dairy to embark on a new journey. Under the guidance of strategic policies such as "Building a Strong Agricultural Country", "Ensuring National Food Security", "Rural Revitalization", and "Dairy Industry Revitalization", our group fully utilizes our advantages in technology, platforms, markets, talent, and industry chain to stay true to our original aspiration and bravely fulfill our mission. We are creating a more innovative, higher value-added, and more competitive industry chain ecosystem, contributing to ensuring national dairy supply security and enhancing the competitiveness of the dairy industry. We continue to explore and forge ahead on the path of promoting agricultural and livestock modernization with high-quality and sustainable development. In 2024, the Group achieved several accomplishments. The raw milk business reached the annualized average milk yield per milkable cow (excluding Jerseys) to 12.6 tons, representing a 5.0% increase as compared to 2023. The feed business developed steadily with positive momentum, with concentrated feed sales reaching 1,142,885 tons.

Our "Dual Green Collaboration " initiative has launched a new journey of green development.

Green development is the base of high-quality enterprise development. Guided by the overarching framework of "Dual Green Collaboration", the Group adheres to the principle of "Ecology First, Green Development" by placing climate change adaptation and biodiversity protection at the core of our sustainable development. Driven by green and low-carbon transformation and eco-friendly development, we continue to advance carbon neutrality with our "Eight Core Emission Reduction Measures" and are committed to researching and applying comprehensive technologies for carbon neutrality and carbon reduction in large-scale dairy farming. We are deeply engaged in green and low-carbon development models, such as "Low-Carbon Dairy Farm Construction" and "PV Supplement in Dairy Farms" solution. Our efforts to optimize land use, forest conservation, water source protection, and the safeguarding of germplasm resources are ongoing. We aim to steer the industry towards green innovation, ecological balance, and a low-carbon circular economy, leading a new transformation in the industry's green development and opening a new chapter for sustainable growth.

Steady operations, with intelligent solutions empowering enterprise to have new development.

Technological innovation is the primary driving force for high-quality development of enterprises. With a vision to "lead the dairy farming industry of China and become the most reliable world-class dairy farming technology group", the Group continues to refine corporate governance, design overarching framework of the Company, uphold business ethics, strengthen internal management, and ensure stable operations. We continue to advance our digital transformation, building a digital transformation strategy that is "oriented toward enhancing industry chain development, rooted in value creation, and centered on customer service". By effectively integrating industry-leading management experience, standardized processes, and dairy farming technologies with digital technology and business operations, we aim to build efficient operational management capabilities and collaborative service capabilities. The Group's initiative "Technology Empowering Intelligent Forage Grass Business" stands as the only exemplary case in China's forage grass

industry and has been recognized by the Food and Agriculture Organization of the United Nations ("FAO") as part of the *Digital Agriculture and Sustainable Transformation of Agri-Food Systems Case*, providing valuable practical insights for innovation in China's agricultural system. The Group will continue to empower the high-quality development of the industry chain through technology, driving agricultural modernization, and steadily advancing towards our vision of "becoming the global leader in the digital development of animal husbandry".

We remain committed to quality, setting a new standard for excellence.

Quality is the lifeline of a company's high-quality development. The Group has always upheld the mission of "creating the source power of human healthy life by its high-quality products", integrating quality management into every link of the industry chain. Under the guidance of the "3210 Quality Management Strategy", the Group continues to implement and undergo multiple food safety and quality management system certifications, producing raw milk and feed products according to globally recognized highest standards. We steadfastly prioritize technological innovation and product R&D, consistently increasing our investment in research and development. At the 15th Dairy Conference of China, the Group won two "Major Scientific and Technological Innovation Achievements in the Dairy Industry" awards, due to its scientific and technological achievements in "breeding world-class high-breeding-value breeding bulls" and "standardization and key technologies of intelligent dairy farms". We are committed to enhancing our capabilities in independent innovation, delivering more valuable, high-quality products and services to the market, significantly enhancing the technological prowess of Youran Dairy, and driving substantial growth in both business scale and strength.

Protecting the environment and leading a new ecosystem of green development.

Protecting the environment is a fundamental principle for sustainable corporate development. The Group upholds the principle of putting ecology first and adheres to an environmental management policy guided by "cultural leadership, technological innovation, efficient utilization, low-carbon circulation, and green development". We are committed to promoting environmentally and animal-friendly business practices, accelerating the reduction of input materials, cleaner production processes, waste recycling, and eco-friendly operations. We strive to enhance pollution control, foster resource recycling, and make greater strides in the integration model of plantation and dairy farming. By doing so, we aim to pioneer a new paradigm of green development, protect the vision of "evergreen mountains, thriving industries, and enduring prosperity", and contribute our strength to the sustainability of our planet.

People oriented, we inspire new vitality within our team.

Talents is the fundamental driving force behind the high-quality development of an enterprise. The Group views talents as the driving force behind efficient enterprise growth and adheres to the talent strategy of "establishing an efficient talent supply chain". We fully safeguard the rights and interests of employees, continually enhancing our employee care and welfare systems, focusing on their career growth and mental and physical health, and fostering a conducive working environment and development opportunities. We support our employees in enhancing their professional skills and holistic quality, achieving a profound alignment of personal values with the Group's growth. We proactively foster an open and inclusive corporate culture that attracts and retains top talents, building a team with innovative spirit and strong drive. This provides a solid talents foundation for the continued development of the enterprise.

Through win-win cooperation, we aim to co-create a new blueprint for the development of animal husbandry.

"If you want to go fast, go alone; but if you want to go far, go together". We fully recognize that the revitalization of the dairy industry, seed industry, and rural areas cannot be achieved without the collective efforts of all parties within the industry chain. We actively collaborate with both upstream and downstream partners, embrace the concept of sustainable development, and weave responsible operations into every stage of the industry chain's development. Through enhanced information sharing, technical exchanges, and the integration of resources, we aim to foster the synchronized development of the industry chain. Together, we boost industrial competitiveness, contribute our wisdom and strength to advancing agricultural and animal husbandry sustainability, and collectively build a green, harmonious, and mutually beneficial industrial ecosystem. Propelled by the rural revitalization strategy, we have deepened our partnerships with local communities. Through industrial-driven initiatives, technological support, and other means, we have contributed to the development of the rural economy and the increase of farmers' income, achieving a harmonious alignment between the growth of the enterprise and social progress.

The road ahead is long, but with determination, we are ready to take on new challenges. In 2025, we will steadfastly uphold our core values of "Excellence, Responsibility, Innovation, Win-win, and Respect", maintain strategic focus, consolidate development efforts, and advance on the path of sustainable development with greater determination. We will continuously enhance our own capabilities and continue to play a leading role in the industry chain, striving to "lead the dairy farming industry of China and become the most reliable world-class dairy farming technology group". We are committed to writing a more glorious chapter for the high-quality development of China's dairy farming industry and the modernization of agriculture!

Board Statement

The Group's Board strictly adheres to the Listing Rules of the Hong Kong Stock Exchange, Appendix C1 *Corporate Governance Code* ("**Corporate Governance Code**"), the Hong Kong Stock Exchange ESG Guidelines, and other relevant requirements. We actively establish a standardized and effective ESG governance system, management processes, and information disclosure, ensuring the orderly development of the Group's sustainable growth initiatives.

The Board bears the ultimate responsibilities for the ESG governance. The Board is responsible for supervising and reaching decisions about ESG-related matters, evaluating risks and opportunities under sustainable development by taking our operation and demands of the stakeholders into consideration, identifying the focus of our sustainable development effort and regularly reviewing our ESG policy, policymaking, and accomplishment of goals and our ESG performance to properly fulfill our sustainable development obligations. The Board is also in charge of reviewing disclosures in the ESG report of the Company. This ESG report was reviewed by the Board before publication.

About Youran Dairy

Company Profile

The Company was listed on the Hong Kong Stock Exchange on June 18, 2021 (stock code: 9858.HK). The Group is a leader in China's upstream dairy market with business covering the entire upstream dairy industry chain from breeding to feed to raw milk production, and has achieved a leading position in all business segments.

As of December 31, 2024, the Group operated 97 dairy farms, 15 feed mills, 16 forage grass plantation bases, 5 world-leading dairy cow key breeding bases and an online dairy farming industry chain platform "Jumuc.com", with a herd size of dairy cows of 621,568 heads and dairy goats of 19,164 heads. For the year ended December 31, 2024, the Group's production of premium raw milk and specialty raw milk was 3,747,448 tons, with the specialty raw milk now including goat milk in addition to Jersey milk, DHA milk, A2 milk, organic milk, organic A2 milk, selenium-rich milk and organic Jersey milk, etc., further enriching our matrix of specialty raw milk. The Group produces 1,142,885 tons of concentrated feed products for dairy cows, beef cattle and mutton sheep, dairy goats, camels, yaks and other livestock species. Through its online platform and 26 offline pick-up stores, the Group covers more than 10,000 types of ruminant farming products for various core business operations of dairy farms. The sales volume of the Group's breeding products, such as common frozen semen, sex-sorted frozen semen and sex-sorted embryos of high-quality dairy cows and beef cattle amounted to 1,144,814 straws/units. The production of sex-sorted embryos with the potential to improve the overall genetic level of dairy cows has exceeded 25,000, representing a yoy increase of 75.7%, making us one of the dairy breeding enterprises in China that pioneered the large-scale production and commercial application of high-yield dairy cow sex-sorted embryos.


The Group will comprehensively enhance its technological value and aspire to lead China's dairy farming industry in terms of quality development, and is committed to manufacturing and offering high-quality products, technologies and services, as well as improving its comprehensive competitiveness, repaying customers and Shareholders with superior products and excellent performance for their support for the Group, and continuously contributing to the health, low carbon and sustainable development of China's dairy industry.

As of December 31, 2024, the Group

operated with a herd size of dairy cows of

 **621,568** heads

and dairy goats of

 **19,164** heads

For the year ended December 31, 2024, the Group


produced premium raw milk and specialty raw milk was

 **3,747,448** tons

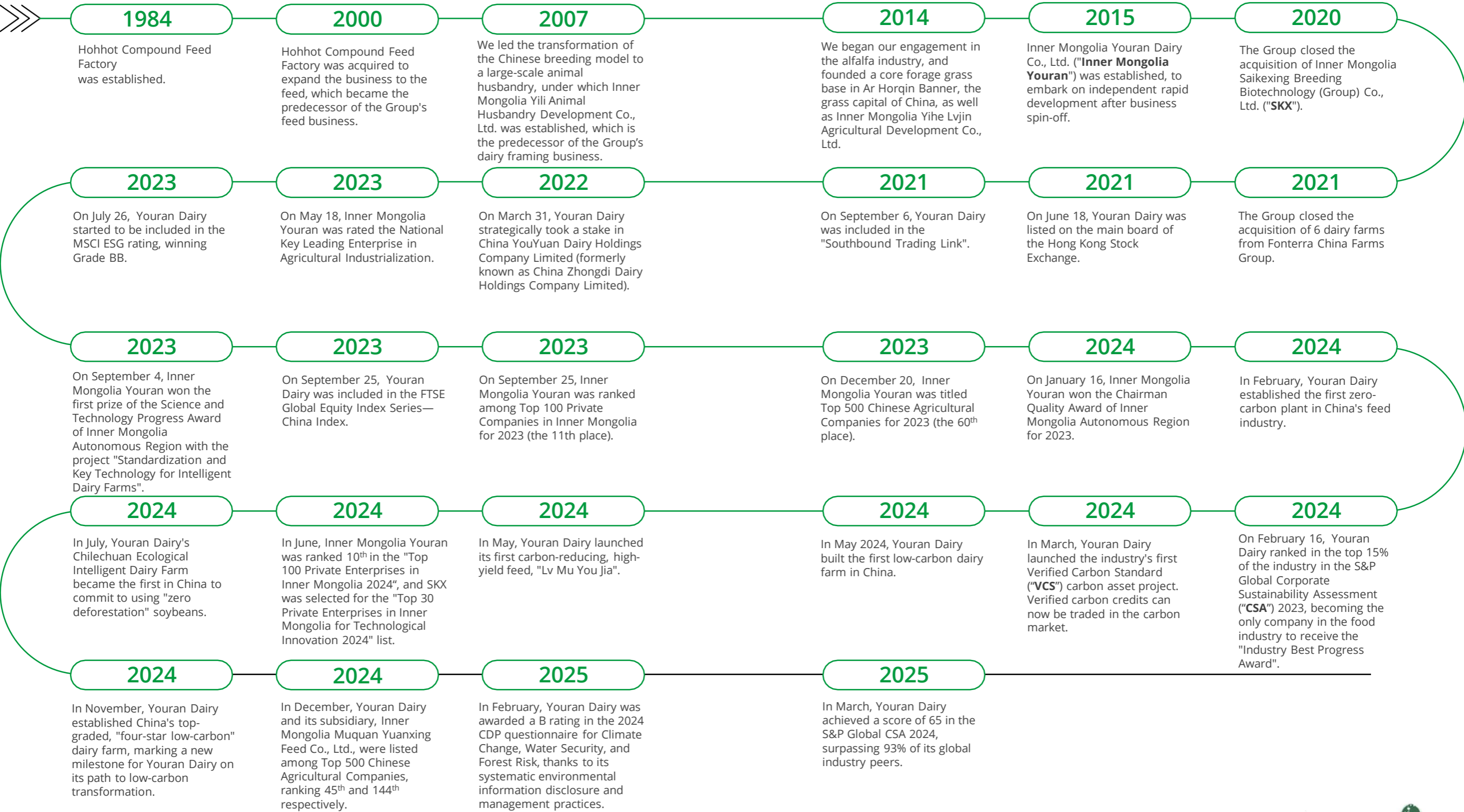
produced

 **1,142,885** tons of concentrated feed products for dairy cows, beef cattle and mutton sheep, dairy goats, camels, yaks and other livestock species

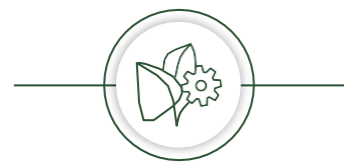
provided breeding product, including common frozen semen, sex-sorted frozen semen and sex-sorted embryos of dairy cows and beef cattle amounted

 to **1,144,814** straws/units

Corporate Milestones



Corporate Culture



Vision

To lead the dairy farming industry of China and become the most reliable world-class dairy farming technology group



Mission

It is committed to creating the source power of human healthy life by its high-quality products



Credo

Disease prevention is above all else



Core Values

- + **Excellence:** Constantly exceed and break through, striving to do better
- + **Undertaking:** Attentively do our duty, provide the priority for the big picture, and ensure that the mission will be achieved
- + **Innovation:** Continue to innovate and has the courage to try, constantly creating values
- + **Win-win:** Be willing to share and actively cooperate, achieving the win-win results for all parties
- + **Respect:** Embrace pluralism and consider from others' positions, building the mutual trust relationship



Spirits

With the consistent spirits of being active, dedicated and efficient, Youran's employees have the unique spiritual quality, forging outstanding internal motivation and core competitiveness which can develop sustainably.

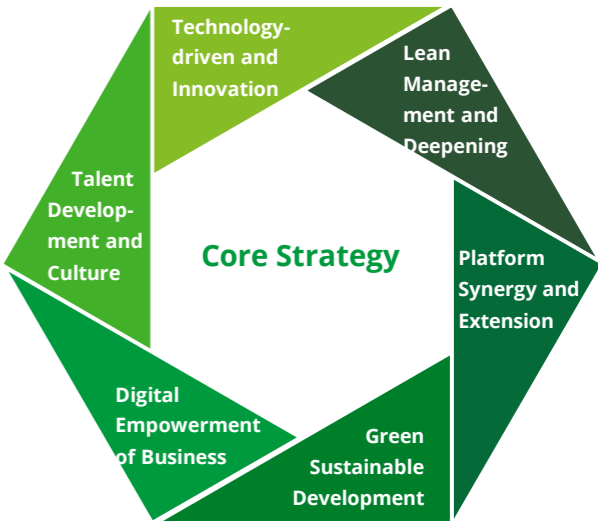


Moral Codes

- + **Loyalty:** Be loyal, selfless and dedicated
- + **Sincerity:** Treat people sincerely and be honest and trustworthy
- + **Diligence:** Work hard and diligently
- + **Thrifty:** Increase revenue, reduce expenditure and eliminate waste
- + **Integrity:** Be on the straight and self-disciplined

Core Strategies

Based on the strength of the industry chain, and deepening the engagement in the ruminant sector, the Group promotes the four strategic orientations in all respects, namely, being customer value oriented, corporate value oriented, employee value oriented, and social value oriented, and becomes driven by the six core strategies to realize the high-quality development of Youran Dairy along its transformation toward a technology-based animal husbandry group and a new benchmark for the industry.



Business Philosophy

Youran Dairy focuses on six strategic dimensions: "Technology", "Platform", "Lean Management", "Digitalization", "Talents Development", and "Green Sustainability" and strives to empower the entire industry chain with science and technology. Meanwhile, we have been expanding high-tech and high-value-added businesses of the industry chain to comprehensively promote Youran Dairy in terms of technological value and to enable the transformation from high-speed development to high-quality development.



Technology

Further boosting the density and capability of professional and technical talents, and driving technological leadership in the upstream of the industry chain, to create a world-class efficient operating model.



Platform

Building up a fully open, cocreated, shared, symbiotic, and win-win ecological service platform for the industry chain, to lead the high-quality development of the industry.



Lean management

Sticking to the guidance of high targets, and consolidating the certainty of high-quality corporate development with lean management.



Talents development

Building a professional, highly combatable and enterprising talents team, to create outstanding value.



Digitization









Seizing opportunities and embracing changes, including building smart dairy farms (factories) and smart ecological value sharing platforms, sharing and creating digital and intelligent value through all employees, and serving partners of the industry chain.










Green and sustainable development

The employees obey the code of conduct focusing on diligence, thrift, and no waste, and make innovations in low-carbon technologies and processes for energy saving and emission reduction, to achieve environmentally friendly, green and sustainable development.

Enterprise Sustainable Development Honors

Time	Awarded by	Awards	Photos
December 2023	Inner Mongolia Association For Science And Technology	Inner Mongolia Youran Chilechuan Ecological Intelligent Dairy Farm was honored with the title of "Inner Mongolia Autonomous Region Science Education Base".	
January 2024	The People's Government of Inner Mongolia Autonomous Region	Inner Mongolia Youran Dairy won the Chairman Quality Award of Inner Mongolia Autonomous Region, becoming the only dairy enterprise on this list.	
June 2024	Federation of Industry and Commerce of Inner Mongolia Autonomous Region Development and Reform Commission of Inner Mongolia Autonomous Region	Inner Mongolia Youran was ranked among Top 100 Private Companies in Inner Mongolia (ranked 10 th).	
June 2024	Federation of Industry and Commerce of Inner Mongolia Autonomous Region Development and Reform Commission of Inner Mongolia Autonomous Region	The Group's subsidiary, SKX, secured the 5 th position in the "Top 30 Private Enterprises in Inner Mongolia's Science and Technology Innovation Sector".	
June 2024	China Animal Health and Food Safety Alliance	Inner Mongolia Youran was honored with the "Outstanding Contribution Award" by the China Animal Health and Food Safety Conference.	
June 2024	The Department of Industry and Information Technology of Heilongjiang Province	The Muquan Yuanxing Daqing Feed Mill of the Group was recognized as the Digital (Intelligent) Demonstration Workshop in Heilongjiang Province in 2024.	
June 2024	China Rural Special Technology Association	The Group's Chilechuan Ecological Intelligent Dairy Farm was honored with the title of "Dairy Cow Science and Technology Hub" in Tumed Left Banner, Inner Mongolia".	
July 2024	S&P Global Corporate Sustainability Assessment (CSA)	Youran Dairy was included in S&P's Sustainability Yearbook (China Edition) 2024 and is the only food industry company to receive the "Industry Best Improvement Award".	

Time	Awarded by	Awards	Photos
July 2024	Dairy Association of China	Inner Mongolia Youran was recognized for a major scientific and technological innovation in the dairy industry—the project titled "Standardization and Key Technologies for Intelligent Dairy Farms".	
July 2024	Dairy Association of China	Youran Dairy's subsidiary, SKX, was awarded for its significant technological innovation in the dairy industry with the project on "World-Class High Breeding Value Breeding Bulls".	
October 2024	Ministry of Agriculture and Rural Affairs	Youran Dairy's "Intelligent Animal Husbandry Solution" was the only full-industry-chain solution in the dairy sector selected as a "Model Case for Intelligent Agriculture Development" by the Ministry of Agriculture and Rural Affairs.	
November 2024	Food and Agriculture Organization of the United Nations (FAO)	Inner Mongolia Youran's initiative "Technology Empowering Intelligent Forage Grass Business" was the only exemplary case in China's forage grass sector included in the FAO's <i>Digital Agriculture and Sustainable Transformation of Agri-Food Systems Case</i> .	
December 2024	Enterprise Ireland	Youran Dairy received the honorary certification as a "Demonstration Enterprise for Sustainable Development Cooperation in the Dairy Industry Between China and Ireland".	
December 2024	Guru Club	Youran Dairy received the 6 th "Jinge Awards" for Annual Excellence Company Selection—Annual ESG Pioneer Award.	
December 2024	Japan Institute of Plant Maintenance (JIPM)	Dayang Dairy Farm, a Group subsidiary, became the first dairy farm in China to achieve "Award for Excellence in Consistent TPM Commitment" certification.	
February 2025	Carbon Emission Rating Agency—Carbon Disclosure Project (CDP)	Youran Dairy was rated as Level B (management level) in the 2024 CDP survey.	

Sustainable Development Strategy

Since the Group joined the United Nations Global Compact (“**UNGC**”) in 2022, we have been consistent in supporting and adhering to the “Ten Principles”, we have adopted a more responsible operating model, and assumed more industrial responsibilities and social missions. We have incorporated the Ten Principles on anti-corruption, environment, human rights and labor rights into our strategy and operations. We compile an annual ESG report to inform the UNGC of relevant progress, and make our contributions to the realization of the 17 United Nations Sustainable Development Goals (“**SDGs**”).

▶Contributing to the realization of the United Nations SDGs

- + During the reporting period, annual charitable donations totaled RMB **368,000**.
- + With regards to workforce composition, the local employment rate is impressively high at **85.22%**. A single 10,000-head dairy farm typically generates over 200 jobs on average. Across the nation, these dairy farms provide employment opportunities to more than 10,000 farmers and herders.
- + The "enterprise + qualified enterprise/cooperative + farmer" model is implemented to encourage local farmers to engage in silage cultivation. Nationwide, dairy farms purchase an average of **3 million** tons of silage annually, resulting in a cultivation area of approximately **2 million** mu for farmers.



- + The number of specialty raw milk categories has expanded to **8**, significantly enhancing the nutritional value and health benefits of our products.
- + During the reporting period, raw milk production reached **3,747,448** tons, marking a **24.1%** yoy increase as compare to 2023.
- + Throughout the reporting period, the annual yield per adult cow (excluding Jerseys) averaged **12.6** tons, representing a **5.0%** rise yoy compared to 2023.



- + We have established six safety mechanisms and three safety risk control systems to provide a robust foundation for safety.
- + We continue to apply the TPM (Total Productive Maintenance) system, widely implement lean management, and strictly enforce Standard Operating Procedures (“**SOPs**”) for feeding management. This helps improve employees' standardized operation skills, steadily enhance dairy cow welfare, and improve the health and quality of the cattle.
- + Our self-developed intelligent dairy farm management system, "Intelligent Farm Cloud", enables precise monitoring and healthcare for dairy cows. We are continuously enhancing the development and application of animal husbandry IoT smart facilities and equipment through innovation. The use of IoT technology allows for intelligent control of dairy cows' living and production environments, consistently enhancing cattle welfare in all dimensions.



- + Adopting the strategic goal of "building an efficient talents supply chain", we've established a dual-channel promotion path for both "management" and "technology", leading to the promotion of **1,412** individuals during the reporting period.
- + We advocate a training model that integrates "learning and practice" to nurture talent and have developed "excellent talent training" projects.
- + During the reporting period, we conducted **8,286** training sessions for our employees.



- + Within the reporting period, we hired **1,283** new female employees and promoted **14** female staff to management positions internally. The percentage of women in management positions is **11%**.
- + We introduced an annual exclusive health check-up package and offer **18** benefits for female employees to continually enhance their well-being.
- + We have established a Nursing and Resting Lounge for Moms and introduced policies such as parental leave and breastfeeding leave. We emphasize women's health by organizing free health clinics, hosting Women's Day activities, and distributing International Women's Day gifts to uplift female employees' satisfaction.



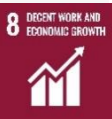
- + We conduct water pressure assessments to create a comprehensive water pressure map, thereby facilitating strategic water pressure risk management.
- + During the reporting period, water consumption per million revenue was reduced to 1,100 tons, reflecting a **12.47%** decrease yoy compared to water usage per ton of milk in 2023.
- + Throughout the reporting period, **7** pivotal projects were executed across crucial sectors such as source water conservation, water quality enhancement, and recycling. These initiatives included the AI visual precision spraying system and CIP cleaning water reclamation and reuse, with a comprehensive reach covering **100%** production and operation sites.



- + We have promoted and implemented **11** photovoltaic dairy farms, with five now utilizing self-generated green electricity, alongside biogas power generation projects in **20** dairy farms. During the reporting period, photovoltaic power generation reached **58.44 million** kWh, and biogas power generation totaled **20.925 million** kWh.
- + A total of **54** dairy farms have completed the replacement of coal and biomass boilers with air source heat pumps, achieving coal-free production and operation across all business sites.
- + A total of **58** dairy farms have completed the retrofit of refrigeration units for waste heat recovery. The recovered heat is used to preheat the CIP cleaning water for the dairy farms, and all outdated dairy farms have implemented waste heat recovery, improving energy efficiency.



- + During the reporting period, total operating income increased by **7.5%** yoy.
- + The coverage rate of employee supplementary insurance has reached **100%**.
- + We persist with the "Spring Drizzle Initiative 2.0" to enhance employee living conditions and benefits. The employee satisfaction survey during the reporting period rated **4.55** points, marking a 0.88% increase compared to last year.



- + During the reporting period, R&D investment increased significantly by **76%** yoy compared with 2023, fully advancing technological innovation.
- + At the 15th Dairy Conference of China, the Group won the “Major Scientific and Technological Innovation Achievements in the Dairy Industry” award, due to its scientific and technological achievements in “breeding world-class high-breeding value breeding bulls” and “standardization and key technologies of intelligent dairy farms”.
- + During the reporting period, we engaged in drafting and issuing **1** national standard, **4** local standards, and one group standard.
- + We have secured a total of **91** registered patents in China, out of which **41** are invention patents.
- + During the reporting period, a total of RMB **306.315 million** was invested to improve production efficiency, enhance product quality, and reduce carbon emissions.



- + We released the *Human Rights Policy* and *Anti-harassment and Anti-discrimination Management Measures* to safeguard employee rights and interests.
- + The coverage rate of collective bargaining agreements is **100%**.



- + We have publicly released the *Principles of Sustainable Operations*, creating a driving force for human health and well-being through continuous improvement.
- + We continue to foster strategic partnerships with suppliers, with **86** suppliers engaged in capacity building programs or projects.
- + Efforts to use eco-friendly canned and bulk-packaged products have advanced. During the reporting period, we achieved a **26.08%** reduction yoy in packaging material consumption per million revenue compared to 2023.



- + The *Code of Conduct for Suppliers* has been released publicly to encourage the development of a sustainable supply chain.
- + A risk assessment plan for suppliers has been established, with annual evaluations conducted on **88** key tier-one suppliers.
- + We are committed to procuring certified sustainable products, maintaining our efforts on organic certification for corn, alfalfa, Chinese rye grass, and similar forages.
- + The testing center continues to maintain accreditation from the China National Accreditation Service ("CNAS") for Conformity Assessment.
- + During the reporting period, **8** new dairy farms achieved GAP the "Good Agricultural Practices" certification, and **1** premix factory at the Ulanqab branch received FAMI-QS "European Feed Additives and Premixes Quality System" certification. Concurrently, we continued to efficiently facilitate the annual review processes for the four major management systems—SQF, GAP, ISO 9001, and ISO 22000—across dairy farms and feed factories, consistently elevating our food safety management standards.
- + We have established a quality risk prevention and control system, covering **7** dimensions and **23** aspects, including risk identification, monitoring, early warning, elimination, control, traceability and recall, and communication. This system is continuously implemented. Additionally, we enforce strict food safety standards with a "three-line management" approach to effectively prevent food safety risks.
- + During the reporting period, customer satisfaction with product quality saw a yoy increase of **0.36%**.



- + We have fully established the overall strategic goal of "carbon peak by 2030 and carbon neutrality by 2050", and developed the *Zero-carbon Future Plan Implementation Scheme*. We are continuously implementing the roadmap for the Zero-carbon Future Plan, making significant progress in fossil carbon reduction, biological carbon reduction, and carbon asset development. Additionally, we have released **12** groundbreaking low-carbon achievements.
- + In 2024, we submitted the climate change questionnaire to the CDP for the first time and received a B rating. This marks a significant improvement in our ability to prevent and respond to climate change risks.
- + We carried out the 2024 greenhouse gas verification work and received third-party certification.
- + We participated in the development of the national standard *GB/T 44903-2024 Greenhouse Gases—Quantification Methodologies and Requirements for Carbon Footprint of Products—Livestock Products*, as well as the industry standard *Technical Specification for the Low-Carbon Assessment of Large-Scale Dairy Farm*. These efforts provide strong scientific support for the carbon footprint quantification methods and regulatory requirements for animal products.
- + In 2024, we completed the certification of **4** low-carbon dairy farms and **1** low-carbon dairy farming certification. Notably, Jinan Dairy Farm was recognized as China's first "Four-Star Low-Carbon Dairy Farm".
- + Hohhot Feed Mill became the first in the feed industry to obtain carbon neutrality certification.
- + We have developed the industry's first tradable VCS carbon asset dairy farm.
- + We developed the country's first carbon-reducing and productivity-boosting feed for ruminants, named "Lv Mu You Jia".



- + The *Dairy Cow Welfare Principles* were officially released and received the "Animal Welfare Science Promotion Award" at the 6th China Animal Health and Food Safety Conference.
- + In collaboration with Inner Mongolia University, we have established a germplasm resource bank, where we have conservatively excavated and collected **262** samples of unique livestock and endangered wildlife species from the Mongolian Plateau. A total of **1,732** frozen samples have been preserved. Additionally, we have collected frozen cells from **15** breeding bulls for dairy cows and beef cattle (**135** tubes) and **27** breeding cows (**243** tubes). As of the end of the reporting period, the total inventory includes **2** phyla, **12** orders, **29** families, and **175** species, with **74,425** units/straws frozen samples of somatic cells, embryos, and semen preserved. At the same time, we have focused on collecting and breeding over **20** unique livestock breeds, including Mongolian cattle, Mongolian sheep, and Mongolian horses. We are conducting genetic and breeding application research, making a positive contribution to the sustainable development of species and ecosystems.
- + Our dairy farm site selection rigorously adheres to the *Technical Specifications for Pollution Prevention and Control in Livestock and Poultry Breeding* along with other relevant laws and regulations. We have established the *Standards for Site Selection of New Dairy Farms*, vigorously advocating for standardized large-scale breeding. This involves judicious determination of land use standards, conserving and effectively utilizing land resources, ensuring compliance with all regulatory stipulations.



- + We have linked the compensation of senior management to ESG metrics, including environmental protection, health and safety, quality, and technological innovation.
- + We have optimized the *Environmental Statements*, with the Board responsible for making decisions and overseeing matters related to environmental policies.
- + The *Business Code of Conduct* was made public, achieving a **100%** signing rate for the Letter of Commitment on Anti-fraud Work among key position holders (team leaders and above).
- + We have conducted **20** anti-corruption training sessions that encompass all employees, emphasizing integrity awareness and compliance education.




- + We continue to support the ten principles of the UNGC and contribute to the achievement of the **17** United Nations SDGs.
- + We collaborate with strategic suppliers such as DSM and Boehringer Ingelheim to jointly promote animal nutrition and health.



Sustainable Development Management

The Group has established a top-down ESG governance system with a "three-tier structure" consisting of "decision makers-management-performers", to continuously standardize sustainable development management. The Board oversees to all the matters relating to the ESG supervision and governance, and the review and discussion of ESG reports. In 2024, the Group established an Environmental, Social, and Governance Committee (the “**ESG Committee**”) under the Board and released the [Terms of Reference for the ESG Committee](#). This move elevates ESG management to a strategic core level, ensuring that ESG principles are integrated into every operational aspect, from top-level planning to grassroots implementation. It strengthens the foundation for long-term, stable operations and promotes the Group's comprehensive and in-depth coordinated development across economic, environmental, and social dimensions.



Decision makers


Decision makers are comprised of the Board and its ESG Committee.

The Board is in charge of decision-making and supervision over ESG matters, to generally guarantee governance on sustainable development. In particular, it is responsible for:

- + The Board supervises and assesses risks and opportunities related to the environment (e.g., climate change, biodiversity, water resource management), society (e.g., employee safety, labor rights, community engagement, supply chain), and governance. It is responsible for decision-making on the Group's ESG strategies, policies, major initiatives, and objectives, conducting annual reviews of the Group's ESG performance, and adjusting strategies appropriately.

The Group's Board has established an ESG Committee, which primarily has the following responsibilities:


- + **ESG Performance Supervision and Reporting:** Reviewing and overseeing the Group's ESG performance across various areas such as environmental protection, social responsibility, and corporate governance. This includes key issues such as resource utilization, labor rights, risk management, climate change, biodiversity, and water resource management. The committee reports regularly to the Board and provides recommendations for optimization, while also reviewing the externally disclosed ESG reports.
- + **Risk and Opportunity Oversight and Guidance:** Examining and guiding the Group's processes for assessing dependencies, impacts, risks, and opportunities. Leading scenario analysis to accurately identify and evaluate ESG-related risks and opportunities. Identifying and managing ESG issues that affect the Group's operations and stakeholders' interests, and promptly providing feedback to the Board.
- + **Strategy Implementation and Communication Optimization:** Supervising and guiding the work of the committee's task forces to ensure the effective implementation of the Group's ESG strategies and actions. Managing stakeholder communication channels to promote effective engagement. Reviewing internal and external evaluations of the Group's ESG efforts, assessing ESG performance, the committee's effectiveness, and its scope of responsibilities. Approving or supervising ESG performance incentive measures to ensure the efficient operation of the committee.



Management

The management comprises senior managers and relevant department heads, coordinating the specific tasks of ESG management:

- + Assisting the Board in executing established ESG policies, goals, and strategies. Conducting materiality assessments on risks related to the environment, climate, biodiversity, water resources, and social issues, implementing business adjustments based on the assessment outcomes.
- + Organizing and coordinating relevant departments to carry out ESG data collection, information reporting, and other ESG disclosure tasks.
- + Continuously monitoring and addressing the implementation of ESG-related risk management and responsibility measures. In cases of deviations from targets, the committee will conduct investigations, communicate with relevant departments, and take corrective actions promptly.
- + Regularly reporting to the Board through board meetings on the ESG performance, as well as the effectiveness and applicability of ESG-related systems, along with recommendations for improvement.







Performers

- + Designated personnel from relevant ESG departments shall cooperate in executing various ESG activities as per the Board's management strategies and the ESG Committee's management requirements.

Communications with Stakeholders

The Group has built a mechanism for effective communication, to form close ties with stakeholders, and taken advantage of diversified communication channels to activate and expand exchanges and communications with stakeholders. We always care about the expectations and demands of stakeholders, and stay responsive to issues of concern to stakeholders, which will then be integrated into our decision-making and activities for sustainable operations.

Stakeholders	Expectations and demands	Communication mode	Our responses
 Shareholders/ Investors	<ul style="list-style-type: none">+ Stable operation with reasonable and sustainable investment returns+ Timely disclosure of operation and material matters+ Strengthened risk and compliance management, to prevent operational risks	<ul style="list-style-type: none">+ General meetings+ Interim and regular announcements published on the websites of the Hong Kong Stock Exchange and the Company+ Investor roadshows and earnings conferences	<ul style="list-style-type: none">+Continuous improvement of operation abilities+Timely disclosure of operation and material matters+ Proactively communicating with investors through various channels and strengthen investor management+ Strengthen risk management
 Government/ Regulators	<ul style="list-style-type: none">+ Lawful and compliant operation+ Abiding by the Listing Rules and other relevant requirement	<ul style="list-style-type: none">+ Policy consultation+ Site inspection+ Meetings with government authorities+ Information disclosure+ Contact through agencies	<ul style="list-style-type: none">+Be strictly in accordance with regulatory policies and requirements+Disclosing operation and material matters in time+Compliant operation
 Consumers/ Customers	<ul style="list-style-type: none">+ High-quality, safe products+ Nutritious products+ Proper and compliant marketing+ Good service experience+ Privacy information security	<ul style="list-style-type: none">+ Telephone, email and other communication channels+ Company's official website+ Customer satisfaction survey	<ul style="list-style-type: none">+ Quality assurance+ Marketing according to the law+ Customer satisfaction analysis+ Protecting the rights of consumers and customers
 Employees	<ul style="list-style-type: none">+ Equal and compliant employment+ Rights protection+ Benefits+ Growth and development+ Occupational health and safety+ Caring and communication	<ul style="list-style-type: none">+ Diversified training and communication+ Internal activities and communications+ Internal communication channels, such as telephone and email+ Employees' congress+ Democratic communications+ Labor contract	<ul style="list-style-type: none">+ Compliant recruitment and improvement of employment system+ Protection measures of occupational health+ Optimizing career development path+ Enhancing remuneration and benefit packages+ Conducting various activities for employees+ Continuously carrying out activities to collect employees' suggestions+ Employee training

Stakeholders	Expectations and demands	Communication mode	Our responses
 Suppliers	<ul style="list-style-type: none">+ Fair and open procurement+ Contract fulfillment with integrity+ Stable business relationship+ Supply chain building+ Common development and progress	<ul style="list-style-type: none">+ Supplier evaluation+ On-site inspection+ Industry exchange	<ul style="list-style-type: none">+ Sticking to fair and open procurement+ Improving the full life cycle management of supply chain+ Paying attention to supply chain environmental and social risks+ Strengthening supply chain communication and interaction+ Selecting low-carbon, environment-friendly and energy-saving products
 Environment	<ul style="list-style-type: none">+ Adhering to green and low carbon operation+ Responding to climate change+ Application of energy-saving equipment and technologies+ Ecology and biodiversity conservation	<ul style="list-style-type: none">+ Environment inspection+ Disclosure of environmental information	<ul style="list-style-type: none">+ Setting guidance for carbon neutrality and actively responding to climate change+ Energy saving and emission reduction, optimization and transformation+ Setting environmental goals+ Strengthening ecological protection+ Construction of recycling dairy farms+ Welfare of dairy cows
 Communities	<ul style="list-style-type: none">+ Carrying out charity activities+ Contributing to local development+ Supporting rural areas development	<ul style="list-style-type: none">+ Paying visits to communities+ Formulating plans for community services	<ul style="list-style-type: none">+ Conducting public service activities+ Facilitating local employment+ Supporting the improvement of life quality in poor rural areas
 Media	<ul style="list-style-type: none">+ Actively engaging with media+ Strengthening media publicity	<ul style="list-style-type: none">+ Participating in sustainable development activities+ Official communication channels of the Company	<ul style="list-style-type: none">+ Accumulating materials for sustainable development+ Actively participating in public events on sustainable development

Identification of Material Issues

Based on the Company's actual operation and management, and with reference to international and Chinese standards, macro analysis of the industry, and peer practices, and considering the research results of internal and external stakeholders, we clarified the Company's ESG management and disclosure key points from the two dimensions of the importance of the issues to stakeholders and the importance of the issues to the Group, and formed a matrix of material issues.

Identification phase

Analysis of main Chinese and foreign standards:

- + ESG Code of the Hong Kong Stock Exchange
- + GRI Sustainability Reporting Standards
- + United Nations SDGs
- + The Ten Principles of UNGC
- + Focus of international rating agencies

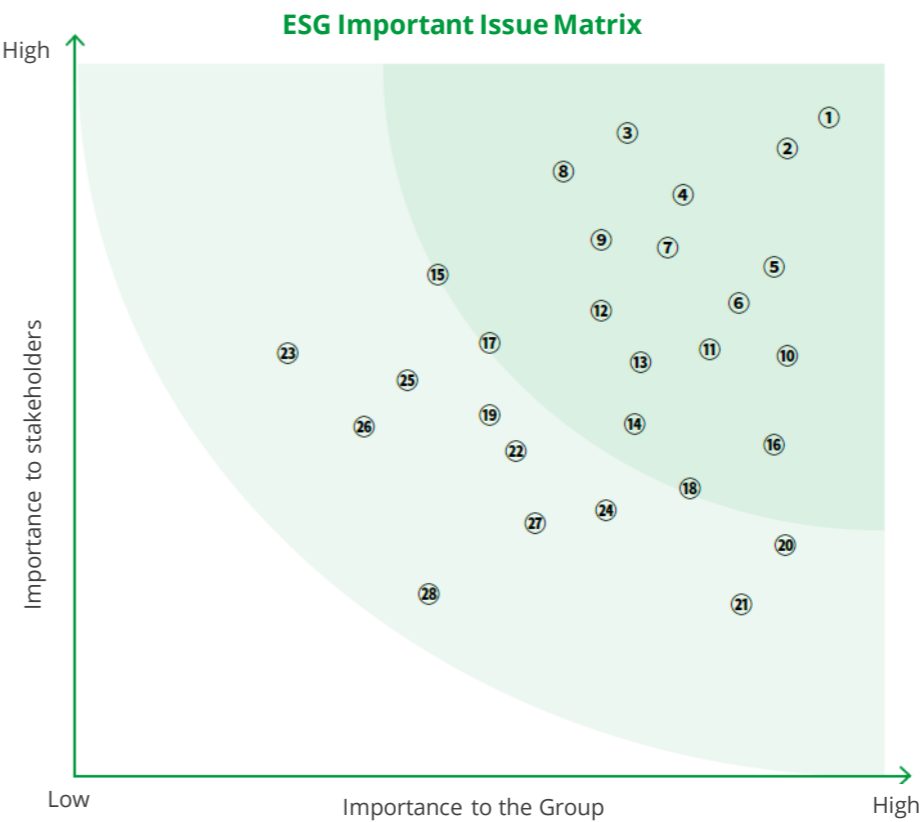
Analysis of sustainable development hotspots, industry hotspots and peer practices

Evaluation phase

We assessed the importance of each issue through stakeholder surveys. Besides, taking in consideration the actual management and operation of the Company and industry practices, we designated 28 material issues as the key issues of ESG work, as well as their corresponding importance.

Reporting phase

We formed the substantive analysis matrix (see the figure below), and specified the content of key issues to be disclosed in the report.



High importance

- | | |
|---------------------------------------|--|
| ① Response to climate change | ⑩ Participation in the ESG management by the Board |
| ② Quality control | ⑪ Environmental compliance |
| ③ ESG risk management | ⑫ Strategies for implementing carbon neutrality |
| ④ Recycling dairy farms construction | ⑬ Occupational safety and health |
| ⑤ Nutrition and health | ⑭ Anti-corruption supervision and management |
| ⑥ Biodiversity conservation | ⑮ Sustainable supply chain management |
| ⑦ Intelligent dairy farm construction | ⑯ Product technology innovation |
| ⑧ Animal welfare | ⑰ Intellectual property protection |
| ⑨ Water risk management | |

Moderate importance

- | | |
|--|---|
| ⑱ Employee attraction and retention | ⑳ Customer service quality management |
| ㉑ Carrying out environmental protection activities | ㉒ Facilitating local employment |
| ㉓ Fair and open procurement | ㉔ Employee care activities |
| ㉕ Employees' rights protection | ㉖ Employee communication and management |
| ㉗ Boosting rural revitalization | ㉘ Proper marketing |
| ㉙ Career development of employees | |

Dual Green Collaboration: Embarking on New Journeys Together

01




Top-Level Design for "Dual Green Collaboration"

Facing the dual challenges of intensified global climate change and declining biodiversity, Youran Dairy, as a leading player in the upstream dairy industry, prioritizes climate change mitigation and biodiversity conservation as core tasks for sustainable development. With a dual focus on green, low-carbon transformation and eco-friendly development, we are driving a new wave of green development in the industry and opening a new chapter in the sector's sustainable development.


Governance framework for "Dual Green Collaboration"

A well-founded top-level design and robust governance structure are vital for achieving "dual green" objectives. The Group has established a scientifically efficient "Dual Green Collaboration" governance framework, forming a three-tiered governance model with "decision makers-management-performers". This ensures the deep integration of climate strategy and biodiversity protection strategy with the overall corporate development strategy, providing strong organizational support and institutional backing for achieving our sustainability goals.




Decision makers

Key Responsibilities: The Board of Directors, serving as the highest decision-making authority, convenes at least twice annually to address significant environmental and social issues, such as climate and biodiversity, and steer Youran Dairy's ESG strategies and objectives. Under the Board of Directors, the ESG Committee primarily oversees and reports on climate change and biodiversity challenges, offering risk management and strategic implementation guidance. The committee members possess extensive experience and expertise in the animal husbandry and dairy industries, veterinary medicine, and corporate governance, enabling them to adeptly identify and assess environmental and social risks and opportunities like climate change from an industry-specific viewpoint.



Management

Key Responsibilities: Comprised of senior managers and department leaders, this body supports the Board of Directors in executing ESG policies, guiding environmental and social risk evaluations, and seizing opportunities related to climate and biodiversity. Senior management ensures the Board of Directors receives timely, comprehensive information for decision-making and regularly updates them on progress. Senior management is tasked with converting strategies into actionable plans, developing detailed policies and programs in areas such as climate and biodiversity.



Performers

Key Responsibilities: Consisting of a professionalism working group and various functional and business units, it actively advances implementation plans in environmental and social sectors, focusing on achieving key tasks and targets.

"Dual Green Collaboration" governance mechanism

The Group holds regular board meetings each year to make decisions and supervise environmental and social matters such as climate change and biodiversity. Key ESG issues are discussed in depth, ensuring that ESG-related strategies and measures are effectively implemented. The Group provides the Board with training on ESG topics such as climate change and biodiversity. Additionally, we occasionally invite external experts to share the latest trends and insights on topics like climate change and biodiversity, enhancing the Board's awareness and understanding of these issues and keeping them informed of the latest developments in these areas.

The Group has established a comprehensive ESG assessment and incentive mechanism, deeply integrating ESG management responsibilities into the corporate governance system. The Company conducts an annual ESG management performance evaluation for senior management, incorporating ESG metrics such as environmental protection, health and safety, quality, and technological innovation into the performance appraisal system. These evaluations are linked to their compensation. Among the environmental control indicators, including those related to climate change, they account for 10% of the annual performance evaluation for both senior management and the Board.

Response to Climate Change

Against the backdrop of accelerated global climate governance, addressing climate change has become a core issue for corporate sustainable development. The Group has been disclosing climate information in accordance with the TCFD framework for several years, and adheres to the latest climate-related regulations set by the Hong Kong Stock Exchange. We have established a scientific governance structure, implemented systematic risk assessment and management mechanisms, carried out innovative low-carbon practices, and set clear emission reduction goals. In 2024, the Group submitted a climate change questionnaire to the CDP addressing climate-related issues, further enhancing the disclosure of climate change information. We received a B rating, significantly improving our ability to prevent and respond to climate change risks. The Group released the [2024 Youran Dairy Climate Information Disclosure Report](#), comprehensively accelerating the achievement of climate goals and setting a benchmark for the green transformation of the upstream dairy industry.

Strategic blueprint for a "zero-carbon future"

In response to global climate change and in active alignment with the national "dual carbon" strategy and the "1+N" policy framework, the Group is firmly committed to achieving carbon peak by 2030 and carbon neutrality by 2050. We integrate climate-related risk management and opportunity actions into the Group's strategic planning and daily operational decision-making. Over the years, the Group has taken on the responsibility for forward-looking research on carbon neutrality, collaborating with upstream and downstream partners in the value chain to explore innovative solutions to address climate change. The Group has developed the *Zero-carbon Future Plan Implementation Scheme*, outlined a three-step green development strategy, and implemented the "Eight Core Emission Reduction Measures" for carbon neutrality. These efforts aim to comprehensively enhance climate resilience and lead the entire industry toward a green, low-carbon transformation.

◆ "Zero-carbon Future" Plan Roadmap

Goal: Achieving carbon peak by 2030 and carbon neutrality by 2050¹

Base Year for Emission Reduction: 2022		
Phase Targets	Phase 1: Exploration and Transformation (2022–2030)	Green and low-carbon development model: Initial formation Greenhouse gas emissions per ton of raw milk: 9% reduction by 2025 and 19% reduction by 2030 Construction of low-carbon and zero-carbon dairy farms: A number of low-carbon dairy farms will be established by 2025
	Phase 2: Acceleration (2031–2040)	Green and low-carbon development model: Notable results Greenhouse gas emissions per unit of raw milk production: 25% reduction by 2035, and reach international leading levels by 2040. Construction of low-carbon and zero-carbon dairy farms: A number of zero-carbon dairy farms will be established by 2040
	Phase 3: Decisive Victory in Achieving Carbon Neutrality (2041–2050)	Green and low-carbon development model: Efficient operations Greenhouse gas emissions per unit of raw milk production: Continuously maintain an international leading position Construction of low-carbon and zero-carbon dairy farms: All dairy farms will achieve "zero carbon" emissions by 2050

¹ The carbon neutrality goals are set based on Scope 1 and Scope 2. At the same time, the Group is also advancing efforts to reduce Scope 3 emissions. In the future, the Group will further optimize its emission reduction goals by incorporating the progress of Scope 3 reduction initiatives.

Carbon Reduction Pathway	Scope 1	<ul style="list-style-type: none">+ Researching and introducing core technologies and products for reducing carbon emissions in ruminants, thus decreasing methane emissions from the intestines+ Using breeding biotechnology to breed a core herd of low-carbon, high-yield, and long-living dairy cows+ Expanding the application of low-carbon manure treatment technologies to achieve carbon reduction and efficiency improvement+ Developing and applying manure composting technology for soil fertilization to create an ecological circular agriculture system+ Researching and introducing agroforestry carbon sequestration technologies to achieve carbon fixation through no-till farming
	Scope 2	<ul style="list-style-type: none">+ Introducing photovoltaic renewable energy to achieve self-consumption of green electricity+ Promoting the use of electric power equipment and speeding up the transition of the energy structure+ Intensifying energy-saving renovations to improve energy efficiency
	Scope 3	<ul style="list-style-type: none">+ Adapting to local conditions and expanding the cultivation of raw materials near the production site+ Prioritizing low-carbon transportation methods for bulk raw materials, raw milk, and feed products+ When selecting sites for a new dairy farm, considering the proximity to milk and feed factories and surrounding resources to reduce fossil fuel consumption during transportation+ Prioritizing those with carbon certification or who use clean energy when selecting suppliers+ Promoting green and low-carbon travel to minimize greenhouse gas emissions on business trips

Climate risk and opportunity management

The Group places great emphasis on systematically managing climate risks and opportunities. It closely monitors climate change trends both domestically and internationally, and supports green transformation through scientific risk assessments and precise identification of opportunities. The Group has conducted a comprehensive identification, assessment, and response to climate-related risks and opportunities, using internationally recognized climate scenario analysis methods and aligning them with its business strategy. This includes analyzing potential climate risks and opportunities over the short, medium, and long term, along with their corresponding financial impacts. The results of this assessment serve as key reference points for the Company's business and strategic planning, continuously enhancing its ability to address climate risks.

◆ Risk management system

The Group places high importance on climate risk management, systematically integrating climate risks into its overall risk management framework. It has established a comprehensive climate risk identification, assessment, and management plan to effectively control the significant impacts of climate change on the Group, enhancing its resilience to risks and ensuring support for sustainable development. The Group has established a multi-level, comprehensive risk management and internal monitoring system to ensure the thorough control of climate risks.

◆ Climate risk identification, assessment, and response

The Group systematically conducts climate risk identification, assessment, and response efforts, continuously enhancing its resilience to climate risks. In terms of physical risks, the Group has conducted a comprehensive analysis of physical risks for its 97 dairy farms and 16 forage grass plantation bases, as well as the supplier bases (mainly for soymeal and corn). This analysis covers 14 cities in China, where the majority of the Group's bases are located. Using both the high-emission scenario IPCC SSP5-8.5 and the low-emission scenario IPCC SSP1-2.6, the Group has assessed chronic and acute risks faced by these cities through tools for physical risk assessment of climate change. The Group selected the key physical risk factors with significant impact on Youran Dairy for a comprehensive analysis. This includes 12 risk factors, such as annual average temperature, the number of days exceeding 35°C, and extreme rainfall days. A climate risk heatmap for the medium- to long-term future was then created. Through systematic analysis of potential chronic and acute risks from floods, high temperatures, and shifting precipitation patterns, the Group devised targeted strategies like optimizing the location of dairy farms, adjusting cattle herd structures, enhancing temperature control facilities, and improving drainage systems, effectively reducing the impact of extreme weather events on operations.

The Group references the "Orderly Transition Below 2°C Scenario" developed by central banks and supervisors under the Network for Greening the Financial System (NGFS) to assess transition risks. By aligning with the national "dual carbon" policy and the Company's own "dual carbon" strategic plan, we have assessed the potential impacts of factors such as policy regulations, market changes, technological innovation, and reputation on the Company's business. Through the identification and assessment of transition risks such as global climate policies, carbon pricing, changes in raw material costs, shifts in market preferences, fluctuations in electricity prices, energy efficiency investments, and market awareness, the Group has adopted a series of proactive measures. These include setting a zero-carbon future strategic goal, increasing the proportion of renewable energy applications, strengthening strategic cooperation with raw material suppliers, enhancing research and application of product decarbonization technologies, establishing an energy efficiency investment evaluation mechanism, and improving the sustainable development brand effect. These initiatives ensure the Group remains competitive during the low-carbon transition process. At the same time, the Group actively seizes climate opportunities by introducing renewable energy, promoting low-carbon technologies, developing decarbonized products, and creating carbon assets. These measures enhance product added value and market competitiveness, injecting new momentum into sustainable development.

For comprehensive details on the evaluation, identification, and management of physical risks of climate, transition risks, and opportunities, please refer to the sections 2.1 Climate Scenario Construction, 2.2 Physical Risk Analysis, and 2.3 Transition Risk Analysis in the [2024 Youran Dairy Climate Information Disclosure Report](#).

Actions for mitigating climate risks

The Group has a deep understanding of the numerous challenges posed by climate change and is actively engaged in climate risk mitigation efforts. With a responsible approach towards the environment and future, we integrate climate risk mitigation into our corporate development strategy. We showcase resilience and adaptability through a series of robust solutions and measures, continuously advancing towards a green, low-carbon, sustainable future.

Greenhouse gas emission reduction management

To effectively advance its carbon neutrality strategy, the Group has continuously strengthened carbon neutrality management and established a "three-pillar system" supported by "accounting, monitoring, and management", providing a solid foundation for the implementation of its carbon neutrality strategy. Building on this foundation, and to ensure unified coordination, deployment, guidance, and oversight of carbon emissions management, the Group actively participated in the formulation of the *Technical Specification for the Low-Carbon Assessment of Large-Scale Dairy Farm*. Based on this specification and the *Guideline of Accounting and Reporting for Greenhouse Gas Emissions in the Dairy Farming*, the Group has developed the *Carbon Emission Management System For Dairy Farms* for relevant dairy farms. This system standardizes the monitoring, accounting, and analysis of carbon emissions, clarifies the methods, processes, requirements, and standards for emissions monitoring, accounting, reporting, and auditing, and includes the preparation of carbon emissions reports. Additionally, in collaboration with the Institute of Environment and Sustainable Development in Agriculture, CAAS, the National Animal Husbandry Service, and other bodies, the Group has co-issued the national standard *GB/T 44903-2024 Greenhouse Gases—Quantification Methodologies and Requirements for Carbon Footprint of Products—Livestock Products*. This provides robust scientific backing for the methods and standards required to quantify the carbon footprint of livestock products. In 2024, we continued to conduct carbon inventories, verifications, and certifications across all production units of the Company and its subsidiaries. Based on the results of the carbon inventory, we further optimized our carbon neutrality action plan, comprehensively refined the greenhouse gas reduction management scheme, and tracked carbon reduction targets to ensure the solid implementation of carbon neutrality efforts. These actions are crucial to safeguarding the achievement of our dual carbon goals.

Three S-Pillar system	Carbon Accounting System	<p>Carbon Emission Accounting System for the Dairy Farming Sector</p> <p>+ We continuously optimize the carbon emissions accounting system, establishing and refining carbon assessment methods and data models for the dairy farming sector.</p> <p>Product carbon footprint accounting system</p> <p>+ Referencing the <i>ISO 14067-2018 Greenhouse Gases—Carbon Footprint of Products—Requirements and Guidelines for Quantification</i>, and based on the LCA (Life Cycle Assessment) approach, we have developed a carbon footprint calculation model focusing on key raw materials and raw milk product transportation processes.</p> <p>Greenhouse gas accounting system for the entire industry chain</p> <p>+ Referencing the Intergovernmental Panel on Climate Change (IPCC) Guidelines for Greenhouse Gas Accounting, the <i>GB/T 44903-2024 Greenhouse Gases—Quantification Methodologies and Requirements for Carbon Footprint of Products</i> and the <i>DB11T 1565-2018 Guideline of Greenhouse Gas Emissions Accounting for Animal Products</i>, we have developed a carbon accounting model for the entire upstream dairy industry supply chain.</p>
	Carbon Monitoring System	<p>+ We have introduced a greenhouse gas monitoring system for the rumination process, incorporating advanced and reliable monitoring technologies and equipment along with external research institutions. This initiative aims to evaluate the effectiveness of reducing intestinal emissions in dairy cows and to develop industry-wide standards for intestinal methane monitoring.</p>
	Carbon Management System	<p>+ We have established a carbon neutrality management system with industry characteristics, integrating ISO 14001 Environmental Management System, ISO 14064 Greenhouse Gases Standards, ISO 14067 Carbon Footprint Standards of Products, ISO 14068 Carbon Neutrality Verification Standards, and ISO 50001 Energy Management System requirements, tailored to the Company's business characteristics to create a distinctive carbon neutral management system for the industry.</p> <p>+ Utilizing both domestic and international carbon asset development methodologies, we have assessed the current state of carbon assets, established a project library for the Company's carbon asset development, explored diversified carbon assets, and devised trading strategies responsive to carbon market dynamics to realize asset value enhancement.</p>

The Group leverages a big data platform to more precisely monitor and manage the carbon footprint, enabling us to take more effective measures. This system underpins decision-making, optimizes resource distribution, boosts energy efficiency, and provides strong technical support for the sustainable development of the Company. Concurrently, the Group has established comprehensive greenhouse gas reduction strategies, including the *Zero-carbon Future Plan Implementation Scheme*, *Energy Consumption Target Assessment Plan*, *Energy Conservation and Emission Reduction Incentive Plan*, and *Comprehensive Water Control and Consumption Reduction Plan*. These initiatives are designed to systematically achieve precise and effective carbon emission control across the entire Group.

Greenhouse gas emission reduction management	
Establishing a digital management system for carbon information	<p>+ Leveraging industry characteristics and digital technology, we have independently developed a digital management system that integrates carbon information collection, calculation, and analysis. This system not only solidifies the carbon accounting model but also effectively links key data, such as cattle herd information and energy consumption, with the Company's Enterprise Resource Planning ("ERP") system to ensure data accuracy and real-time updates. By leveraging digital technology, it tracks and manages the carbon footprint of products and services across various stages, including raw material procurement, production, transportation, usage, and disposal. Ultimately, by analyzing carbon footprint data, the system identifies emission reduction potential and develops targeted reduction strategies.</p>
Enhancing inspection and verification mechanisms	<p>+ The Group's Quality Management Department and each business unit conduct internal audits of the greenhouse gas accounting data. The Environmental Operations Department and other relevant departments regularly review the sources of carbon emission data (including activity data, emission factors), monitoring methods, recording frequency, and accounting methods to ensure the authenticity and accuracy of the data.</p> <p>+ We regularly invite third-party verification agencies to conduct external audits and provide verification reports.</p>
Defining verification standards and scope	<p>+ Verification Standard: ISO14064 Carbon Verification Specification.</p> <p>+ Coverage: This includes the production and operational units of the Group and its subsidiaries, such as the dairy farming, feed, forage units, and SKX.</p> <p>+ Including direct greenhouse gas emissions (Scope 1), energy-related indirect emissions (Scope 2), and other indirect emissions (Scope 3).</p>
Strengthen greenhouse gas management capabilities	<p>+ We regularly conduct annual training for dairy farm managers on carbon emission management to enhance their competencies in this area.</p>

Product carbon footprint management


The Group places a strong emphasis on managing the product carbon footprint and is dedicated to achieving comprehensive carbon reduction using scientific methods to provide society with environmentally friendly, low-carbon products. According to *ISO 14067-2018 Greenhouse Gases—Carbon Footprint of Products—Requirements and Guidelines for Quantification*, we have undertaken carbon footprint analyses on five dairy farms for key raw materials such as silage, flaked maize, alfalfa, and Chinese rye grass, as well as the transportation of raw milk products, utilizing an LCA approach. This has provided substantial insight into carbon emissions across various stages, from procurement to production, laying a strong foundation for future carbon reduction initiatives.



To ensure data accuracy and transparency, we engage third-party professional organizations to verify and certify the product carbon footprint, exploring areas for optimization and carbon reduction. This approach not only facilitates the identification of key carbon emission links but also provides a scientific foundation and direction for the entire industry chain to achieve reductions in greenhouse gas emissions. Through ongoing optimization and refinement, we strive to minimize carbon emissions at every juncture. Additionally, the Group has been actively developing a circular economy and further reducing carbon emissions by optimizing feed formulas, improving energy efficiency, and promoting the integration model of plantation and dairy farming. We will continue to explore more innovative paths for carbon reduction, promote a green and low-carbon transition, set industry benchmarks, and contribute to the achievement of the "dual carbon" goals.



Greenhouse gas emission reduction action


The Group consistently implements the carbon management philosophy of "Value-Driven, Technology-Led, Efficient Use, and Green Development". Combining regional characteristics, we adopt diversified measures approaching carbon reduction from both fossil carbon and biological carbon perspectives. We steadily advance the implementation of eight core emission reduction initiatives, dedicated to creating zero-carbon dairy farms. Since the implementation of the Group's "dual-carbon" strategic goals, we have achieved twelve groundbreaking results in the full industry chain's low-carbon sustainability, from "grass to glass". While scientifically reducing carbon emissions, we have also effectively enhanced the Company's sustainable development capacity. We are committed to accelerating the entire industry's low-carbon green transformation and collectively building a sustainable future.



Twelve Groundbreaking Low-Carbon Achievements



- 


The first zero-carbon plant in China's feed industry
- 



The first low-carbon dairy farm in China
- 



The industry's first tradable Verified Carbon Standard (VCS) carbon asset dairy farm
- 


The first animal health carbon footprint certification in China
- 



A herd of 1,308 cows with low-carbon emission genes
- 



China's first carbon-reducing and yield-increasing feed product for ruminants
- 

The application of "PV supplement in dairy farms" model to achieve self-use of green electricity
- 

The application of electric-powered milk trucks, loaders, and other electric machinery
- 

The application of biogas and robotic aerobic fermentation technology
- 

A coal-free production and operation system across all business premises
- 

The promotion of "integration model of plantation and dairy farming" green development model
- 

The application of no-tillage carbon sequestration technology to enhance agricultural and forestry carbon sequestration

Fossil carbon emission reduction

The Group's fossil carbon emissions primarily stem from the use of boilers, vehicles fueled by fossil fuels, and electricity consumption. We are actively developing the "PV supplement in dairy farms" model to accelerate the transformation and upgrading of the energy structure. We have also launched extensive energy-saving and emission-reduction projects, covering 100% of production, operation sites, and key facilities, to comprehensively improve energy efficiency and further implement the fossil carbon reduction action plan. During the reporting period, the Group fully optimized its energy structure, continuously increasing the proportion of clean and renewable energy used. In 2024, the photovoltaic power generation reached 58.44 million kWh, and biogas power generation reached 20.925 million kWh, resulting in a reduction of greenhouse gas emissions by approximately 58,519.05 tons of carbon dioxide equivalent and achieving 100% coal-free production and operations.

In 2024, the Group

generated photovoltaic power
58.44 million kWh

generated biogas power
20.925 million kWh

reduced the GHG emissions by
58,519.05 tCO₂e

achieved **100%** coal-free production and operations

To date, the Group has attained certification for 4 low-carbon dairy farms and 1 low-carbon dairy farming certification, and has taken part in developing the group standard for *Technical Specification for the Low-Carbon Assessment of Large-Scale Dairy Farm*.

4 low-carbon dairy farms

1 low-carbon dairy farming certification



Pingdingshan Youran Dairy Co., Ltd. earned certification as a low-carbon dairy farm

Action Plan for Fossil Carbon Emission Reduction

Key Achievements

Introducing PV and biogas clean energy to achieve self-consumption of green electricity

- + We have promoted the use of clean energy such as photovoltaic (PV) and biogas power generation to achieve self-consumption of green electricity for the dairy farm. The dairy farm's PV power generation can meet 40% of its electricity needs. In 2024, our group added two more dairy farms to implement distributed photovoltaic projects, bringing the total number of signed and under-construction photovoltaic dairy farms to 11, with a cumulative electricity generation of 58.44 million kWh.
- + Using biogas recovery systems for heat generation and electricity production, a single 10,000-head dairy farm produces approximately 6.25 million cubic meters of biogas annually. After achieving full electricity generation capacity, annual power production can reach 11.5 million kWh, meeting 60% of the dairy farm's electricity needs. In 2024, the Group achieved biogas power generation totaling 20.925 million kWh through the biogas recovery system.

Promoting the use of electric power equipment and speeding up the transition of the energy structure

- + We are actively introducing new technologies and equipment, gradually phasing out fuel-powered vehicles and coal boilers, while incorporating electric vehicles to achieve electrification of power. This accelerates the transformation of our energy structure and steadily moves us towards realizing the goal of a "zero-carbon dairy farm".
- + We have introduced new energy vehicles, including the industry's first electric milk delivery trucks, which help reduce carbon emissions by 22% compared to fuel-powered trucks. Additionally, we have deployed 55 electric feed trucks and 8 electric loaders across 7 dairy farms to replace fossil fuel-powered vehicles.
- + We have completed the conversion of 48 electric motor-driven straw cutters, with 100% of straw cutters in newly operational dairy farms switching from diesel to electricity, saving 1.728 million liters of fuel.

Intensifying energy-saving renovations to improve energy efficiency

- + We are progressively improving our three-tier energy consumption measurement system. Through third-party greenhouse gas verification, we indirectly conduct energy audits to ensure compliance with energy target progress and identify opportunities for improving energy performance, while strengthening energy-saving retrofitting efforts.
- + We have completed the replacement of coal-fired and biomass boilers with air source heat pumps at 54 dairy farms. All operating locations have achieved coal-free production and operations, using air source heat pumps or biomass fuel instead of traditional coal-fired boilers.
- + A total of 58 dairy farms have completed the retrofit of refrigeration units for waste heat recovery. The recovered heat is used to preheat the CIP cleaning water for the dairy farms, and all outdated dairy farms have implemented waste heat recovery, improving energy efficiency.
- + We have installed energy-efficient fans at 2 newly constructed dairy farms, with a total of 5,790 energy-efficient fans deployed across these 2 dairy farms.
- + For energy conservation and consumption reduction, our operating plants have implemented energy-saving initiatives by introducing new technologies such as smart switches and frequency converters, to achieve reduced energy consumption through automated process control.
- + We have completed the installation of sound-light and timer-based automatic control systems for lighting across our dairy farms, and are gradually replacing traditional lighting with solar lighting throughout all dairy farm areas.

Case Youran Dairy's PV Supplement in Dairy Farms Project Assists in the Green Transformation of the Industry

As a leading enterprise in the upstream dairy industry, Youran Dairy actively practices the concept of green and low-carbon development. Through the innovative "PV Supplement in Dairy Farms", it has provided new paths and models for sustainable agricultural development.

Youran Dairy is actively developing dairy farms by adopting the "PV supplement in dairy farms" solution, where the PV power generation can meet 40% of the dairy farm's electricity needs, driving the dairy farm to achieve self-consumption of green electricity. In 2024, the Group implemented a total of 68 MWp of distributed PV projects across Shouguang, Binhai, Liaocheng, Changyi, and Sha'erying dairy farms in Hohhot, which were gradually connected to the grid for power generation. By the end of the reporting period, the Group had generated a total of 58.44 million kWh of electricity, with the dairy farms consuming 23.1853 million kWh of PV power. This is equivalent to saving 7,182.28 tons of standard coal, reducing CO₂ emissions by approximately 45,238.05 tons, SO₂ emissions by 48,260 kg, NO_x emissions by 21,120 kg, and particulate matter emissions by 987.56 kg, effectively reducing environmental pollution. The "PV supplement in dairy farms" solution has not only enabled Youran Dairy to transition towards green and low-carbon operations, but it also serves as a scalable and replicable demonstration for the broader industry.



Case Youran Dairy's Jinan Dairy Farm Earns the Industry's First and Highest "Four-Star Low-Carbon Dairy Farm" Certification

On November 7, 2024, Youran Dairy's Jinan Dairy Farm received China's first "Four-Star Low-Carbon Dairy Farm" certification, signifying top-level recognition in low-carbon development and environmental protection and marking a pivotal milestone in Youran Dairy's journey towards a low-carbon transition.

Jinan Dairy Farm, as one of the first farms in China to adopt the self-developed total mixed anaerobic digestion technology by Youran Dairy, processes manure through harmless treatment and converts it into biogas. The generated biogas is then collected, deodorized, and used for electricity generation, achieving efficient utilization of green energy. The dairy farm can generate approximately 6.25 million cubic meters of biogas annually for electricity generation, significantly boosting the use of renewable energy. In addition, the dairy farm has installed PV power generation equipment, realizing an "PV supplement in dairy farms" solution for self-sufficient green electricity generation. To further reduce carbon emissions, the dairy farm has introduced electric-powered milk delivery trucks, achieving a 22% reduction in carbon emissions compared to traditional fuel-powered vehicles, significantly advancing the optimization of the energy structure. Meanwhile, Jinan Dairy Farm has leased nearly 10,000 mu of surrounding land to establish a "integration model of plantation and dairy farming" green low-carbon circular development model, where organic manure is returned to the soil, realizing resource recycling. Notably, in March 2024, the dairy farm's biogas project successfully passed the technical review under the VCS and was awarded 49,600 tons of carbon credits, making it the industry's first internationally certified emission reduction project, further highlighting Youran Dairy's leadership in the low-carbon sector.

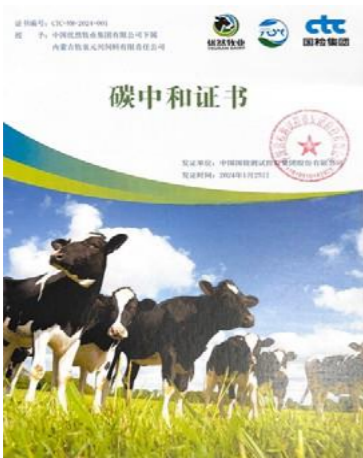


Case

Youran Dairy's Hohhot Feed Mill Receives the Feed Industry's First Carbon Neutrality Certification

Youran Dairy Hohhot feed mill is actively implementing a green and sustainable development strategy, significantly advancing the construction of low-carbon feed factories. Electricity emissions from feed factories account for approximately 85% of greenhouse gas emissions. To achieve its carbon neutrality goals, the company follows the *Implementation Plan for the Zero-carbon Future Plan of Youran Dairy* and has scaled up the deployment of PV devices to convert solar energy into green electricity, replacing traditional coal power to reduce carbon emissions. Additionally, natural gas boilers have been optimized to convert high energy consumption into low energy consumption, and an energy monitoring and control system has been built to improve energy efficiency. The company also promotes the use of efficient electric motors, electric vehicles, and other new energy equipment, contributing to a 15% carbon reduction and improving energy utilization. Innovative process technologies have been introduced, such as reducing the use of woven bags and promoting the use of green and environmentally-friendly packaging like canned and ton-bag products, leading to a 22% reduction in packaging material usage. Furthermore, Youran Dairy is researching low-carbon feed, enzymes, and low-protein rations, using key nutritional technologies like nitrogen balance, enzyme-engineered nutrition regulation, and amino acid balance to ensure the health of dairy cows, improve feed digestibility, and reduce carbon emissions from rumen fermentation, helping clients' dairy farms achieve carbon reduction at the source.

In 2024, the Hohhot feed mill became the first company in the feed industry to receive certification, highlighting the effectiveness of Youran Dairy's technology-driven low-carbon strategy. This achievement enhances the company's industry influence through its demonstration effect, paving the way for the industry to adopt green, low-carbon solutions and driving the sector toward carbon neutrality.



Biological carbon emission reduction

The Group's biological carbon emissions primarily stem from manure management, the ruminating process of dairy cows, and agricultural planting activities. To reduce carbon emissions, we actively promote technological innovation by exploring and researching four key areas: core technologies for reducing carbon emissions in ruminants, biological breeding techniques, low-carbon manure management technologies, and agricultural and forestry carbon sequestration methods. We are committed to continuously exploring sustainable biological carbon reduction models.

Action Plan for Biological Carbon Emission Reduction	Key Achievements
Researching and introducing core technologies and products for reducing carbon emissions in ruminants, thus decreasing methane emissions from the intestines	<ul style="list-style-type: none">+ We are the pioneers in Chinese research on low-carbon feed, enzyme preparations, and low-protein diets. We have developed key nutritional technologies such as nitrogen balance technology, enzyme engineering nutritional regulation technology, and amino acid balance technology. These innovations aim to improve feed digestibility, reduce carbon emissions during the fermentation process in the rumen, and achieve carbon reduction at the source.+ In 2024, the Group developed the first carbon-reducing and productivity-enhancing feed for ruminants, "Lv Mu You Jia", using plant-based ingredients. This innovation has reduced methane emissions from a single dairy cow by more than 20%, increased the average daily milk yield per milkable cow by over 2 kilograms, and accelerated the achievement of our carbon reduction goals at the source.
Using breeding biotechnology to develop a core herd of low-carbon, high-yield, and long-living cattle	<ul style="list-style-type: none">+ According to The Breeding Program for <i>Low-Carbon Emission, High-Yield, And Long-Lifespan Dairy Cows</i> (2022–2026), dairy farms nationwide have begun optimizing herd structure through biological breeding technologies. This includes the procurement of frozen semen with high feed efficiency composite indices and longer productive lifespans, aiming to increase the proportion of cows with high conversion rates and low consumption rates. In 2024, according to the latest assessment results of the comprehensive breeding values of dairy bulls published by the National Animal Husbandry Station, Youran Dairy's SKX genomic-selected breeding bulls stood out among 1,022 participating Holstein young breeding bulls across China, securing the top three spots. Additionally, it claimed six positions in the top 10, eight in the top 20, and 33 in the top 100.+ A breeding database for dairy cows focused on carbon emissions has been established to explore and analyze crucial genes or molecules responsible for low methane emissions, utilizing our proprietary dairy cow breeding technologies to cultivate a core herd of low-carbon cattle. As of the end of 2024, we have compiled and analyzed over 160,000 data entries on infrared and production performance. We have preliminarily established a methane emission prediction model for dairy cows and identified 1,308 cows producing over 13 tons of milk, as well as 200 cows with longevity traits. This provides a solid foundation for the ongoing breeding of high-yield, long-lifespan, and low-carbon emission dairy cows.
Expanding the application of low-carbon manure treatment technologies to achieve carbon reduction and efficiency improvement	<ul style="list-style-type: none">+ Based on the climate characteristics of northern and southern regions in China, we have independently developed a full-mix anaerobic digestion process and a fully automated intelligent aerobic fermentation process. All manure is treated automatically and harmlessly, while the generated biogas is fully utilized for electricity generation. This reduces carbon emissions and achieves harmless, reduced, and eco-friendly manure management.+ As of now, all of the Group's dairy farms nationwide have achieved 100% harmless manure treatment. A total of 20 dairy farms have implemented biogas fermentation processes. During the reporting period, the biogas projects in operation produced a total of 61.8967 million cubic meters of biogas annually.
Developing and applying manure composting technology for soil fertilization to create an ecological circular agriculture system	<ul style="list-style-type: none">+ We have introduced precision injection fertilization tank trucks, improved drip irrigation-based liquid fertilizer application systems, and promoted an integrated water and fertilizer application model. These efforts continuously optimize the technical standards for the "integration model of plantation and dairy farming", ensuring standardized operations for water and fertilizer integration, thus enhancing the efficient use of liquid fertilizers and increasing crop yields and effectiveness.+ In 2024, the solid and liquid fertilizers generated at the dairy farms, when applied to the fields, replaced approximately 75,000 tons of nitrogen fertilizer, resulting in an annual carbon reduction of 214,000 tons of CO₂e.
Researching and introducing agroforestry carbon sequestration technologies to achieve carbon fixation through no-till farming	<ul style="list-style-type: none">+ We persistently conducted non-tillage carbon sequestration, with further exploration and research into alfalfa non-tillage planting technology and alfalfa-oat non-tillage mixed sowing technology. We conducted the non-tillage planting for southern summer corn in such regions as Henan and Shandong, with the non-tillage planting area reaching over 91% of the total planting area in the south. Similarly, in the areas like Chifeng, the non-tillage planting area of spring oats in the north exceeded 91%. In 2024, the total non-tillage planting area reached 65,300 mu, including 47,200 mu for summer corn and 18,100 mu for alfalfa and oats.+ The research indicates that by 2050 the agricultural carbon sink practices may reduce greenhouse gas emissions as much as planting new forests. Youran Dairy utilizes the biological process in natural ecosystems to capture and store carbon. By efficiently utilizing the external organic carbon derived from the decay of crop roots and above-ground parts in the soil, we increase the organic carbon content in the soil and reduce the decomposition of the existing carbon pool in the soil, thereby effectively increasing the organic carbon content in the soil by 15%-20%.

Case

Create the first ruminant feed with carbon reduction and production increase in China, Lv Mu You Jia, and lead the low-carbon development in the industry.

Under the national strategy of "peak carbon dioxide emissions and carbon neutrality", Youran Dairy integrates low-carbon concept into product development and production and seeks green and high-quality development of dairy industry while endeavoring to ensure animal health and improve production benefit.

In May 2024, Youran Dairy independently leveraged the achievements of developed countries in Europe and America in the dairy low-carbon sector. Drawing on extensive R&D experience and numerous R&D tests, we developed the first ruminant feed with carbon reduction and production increase in China, Lv Mu You Jia. This feed, made from plant-based materials, works to break down and inhibit methane in dairy cow intestines, improve feed conversion rate, and boost yield per unit area. It can reduce methane emissions by over 20% per dairy cow and increase the average daily milk yield by more than 2 kilograms, achieving greener and healthier low-carbon outcomes. These R&D achievements have been featured in three papers published in international SCI journals and domestic core journals, earning the green and low-carbon technology evaluation certificate. These achievements have been fully endorsed by authoritative certification bodies and will further expedite the attainment of "dual carbon" goals in China's dairy industry.

The successful listing of "Lv Mu You Jia" offers innovative insights for the industry's low-carbon development and paves the way towards a more sustainable and efficient future.



Case

Cultivate low-carbon, high-yield and long-lived "super cows" to accelerate the low-carbon transformation of the industry.

Youran Dairy employs its own dairy cow breeding technology to cultivate low-carbon, high-yield and long-lived "super cows". SKX, a subsidiary of Youran Dairy and China's largest dairy cow breeding company, is cultivating low-carbon core cow herds through mining research on important genes or molecular markers associated with methane and carbon emissions in genome-wide data of dairy cows.

In 2024, according to the latest assessment results of the comprehensive breeding values of dairy bulls published by the National Animal Husbandry Station, Youran Dairy's SKX genomic-selected breeding bulls stood out among 1,022 participating Holstein young bulls across China, securing the top three spots. Additionally, it claimed six positions in the top 10, eight in the top 20, and 33 in the top 100. Youran Dairy has garnered the scientific and technological achievements of "Cultivating World-class Breeding Bulls with High Breeding Value" and "Standardization and Key Technologies of Intelligent Dairy Farm in Dairy Industry", and won two awards of "Major Scientific and Technological Innovation Achievements in Dairy Industry". Driven by scientific and technological innovation, Youran Dairy is committed to advancing its strategy of technological transformation, enhancing dairy cow breeding technology, fostering low-carbon core herds, and elevating dairy cow breeding to unprecedented levels.



Development of Carbon Assets

In alignment with China's "dual carbon" goals, the Group is proactively engaged in carbon asset development. By emphasizing both "emission reduction and carbon sequestration", it vigorously promotes its carbon neutrality strategy, aiming to achieve low-carbon enterprise transformation and sustainability through innovative initiatives. The Group has prepared the "Youran Dairy Carbon Asset Development Plan" in line with authoritative carbon asset development standards and requirements at home and abroad, including CCER (China Certified Emission Reduction), VCS (Verified Carbon Standard), and GS (Gold Standard). The plan clearly identifies manure emission reduction, intestinal emission reduction in dairy cows, and soil carbon sequestration as our main development directions.

Continuously Optimizing Carbon Source Management

In terms of carbon source management, With the focus on fossil carbon reduction and biological carbon reduction, by constructing the diversified emission reduction pathways as a breakthrough, the Group continuously optimizes the energy use structure, improves the level of electrification, strengthens energy-saving transformation, and actively promotes the research and development and application of ruminant carbon reduction technology, biological breeding technology and efficient and low-carbon manure treatment technology to achieve carbon reduction at source.

Accelerating the Construction of Carbon Sink

In terms of carbon sink construction, the Group has successfully integrated dairy farming with forage grass planting by leveraging its upstream whole industry chain advantages in the dairy industry. It has explored a successful path for "integrating planting with breeding" in manure resource utilization. Meanwhile, it is actively engaged in researching and promoting the non-tillage carbon sequestration technology of crops to bolster agricultural and forestry carbon sinks. Furthermore, the Group is committed to participating in the carbon trading market actively, transforming emission reduction outcomes into carbon assets, and providing reference and demonstration for the low-carbon development of the whole industry.

Case

Jinan Ranch under Youran Dairy Farm Biogas Project became the first carbon asset project in the industry to pass the international certification.

In March 2024, the biogas project at Jinan Youran Dairy Farm successfully underwent technical review by the Verified Carbon Standard (VCS²), and obtained 49,600 tons of carbon credits, becoming the first internationally certified emission reduction project in the industry. This achievement not only positively impacts the carbon offset market but also serves as a valuable carbon asset for enterprises.

The successful issuance of the VCS carbon asset project at the Jinan Dairy Farm of Youran Dairy illustrates that the Company's technology-driven green and low-carbon development model in animal husbandry integrates with the international market. In the future, Youran Dairy will further enhance carbon market transactions, focus on upgrading carbon asset management and promote the transformation of carbon asset value, leading the green and low-carbon transformation of the industry.



² The Verified Carbon Standard (VCS) is a voluntary emission reduction project mechanism with the highest trading volume and the broadest application scope in the international market. The certified projects demonstrate strict calculations and evaluations according to internationally recognized methods and standards, producing reliable emission reduction effects. These emission reduction effects can be converted into Verified Carbon Units (VCUs) for transactions in the carbon market. One VCU represents the reduction or removal of one tonne of carbon dioxide equivalent (tCO₂e) achieved by a project.

Climate indicators and goals

Under the background of national "dual carbon" strategy, the Group has committed to achieving peak carbon dioxide emissions by 2030 and achieving carbon neutrality by 2050, elevating these two goals to a key strategic position and continuously tracking their progress. The Group comprehensively evaluates the fulfillment of climate goals and indicators each year, and adjusts the goals and strategies in time based on internal and external environment changes, new technological development and industry trends to ensure that the goals are scientific and achievable. Meanwhile, it strengthens communication and feedback with stakeholders and actively addresses societal expectations and requirements for companies to tackle climate change.

Currently, Youran Dairy has not been incorporated into the domestic carbon trading market, and the necessity for internal carbon pricing is not imminent. Nevertheless, we have initiated the exploration of internal carbon pricing methodologies and intends to implement such measures in next two years. By establishing an internal carbon pricing mechanism, we endeavor to mitigate carbon emissions within the Group and facilitate the achievement of the carbon neutrality target.

Targets for Energy Saving and Greenhouse Gas Emission Reduction

Key Environmental Indicators	Target Setting	Target Achievement
Energy Consumption ³	+ It is planned to reduce energy consumption by 2% in 2025 compared to 2024.	+ In 2024, the comprehensive energy consumption was 7.92 tons of standard coal per million in revenue, along with 47,500 kWh of electricity per million in revenue.
Greenhouse Gas Emissions	+ Using 2022 as a base year, it is expected to reduce greenhouse gas emissions per ton of raw milk by 9% by 2025.	+ In 2024, the direct greenhouse gas emissions per million in revenue accounted for 140.18 tons of CO ₂ equivalent; and the direct greenhouse gas emissions per ton of raw milk in 2024 decreased by 11.11% compared with 2023.

³Currently, the livestock breeding industry has heightened its focus on dairy cow welfare and the use of electrical equipment. To ensure sustainable business development, we have adjusted our targets based on actual operation status and further defined annual energy conservation and consumption reduction targets.

Energy Use and Greenhouse Gas Emission Indicators

Our key performance in energy use and greenhouse gas emissions in 2024 is as follows:

Indicator		Unit	2024	2023
Fossil energy	Coal consumption	tons	0	60
	Natural gas consumption	10,000 m ³	129.36	91.49
	Gasoline consumption	10,000 L	0	0.015
	Diesel consumption	10,000 L	3,032.1	2,462.04
	Outsourced power consumption	10,000 kWh	95,427.17	77,736.01
	Outsourced heat consumption	Million kJ	1,969.06	11,207.52
Renewable energy	Outsourced steam consumption	tons	13,728	17,276
	Biomass fuel consumption	tons	1,831.40	2,627.96
	Recycled amount of biogas ⁴	10,000 m ³	6,189.67	4,259.73
Comprehensive energy consumption		tce	159,073.87	131,873.71
Comprehensive energy consumption per million in revenue ⁵		tce/million RMB	7.92	7.05
Total greenhouse gas emissions ^{6,7}		tCO ₂ e	3,362,058.59	3,074,632.94
Direct greenhouse gas emissions in Scope 1		tCO ₂ e	2,817,117.24	2,628,297.93
Indirect greenhouse gas emissions in Scope 2		tCO ₂ e	544,941.35	446,335.01
Direct greenhouse gas emissions per million in revenue		tCO ₂ e/million RMB	140.18	140.59
Greenhouse gas emissions in Scope 3		tCO ₂ e	193,018.82	141,585.66
Greenhouse gas emissions in Scope 3 - Upstream Transportation and Distribution		tCO ₂ e	151,146.60	102,308.02
Greenhouse gas emissions in Scope 3 - Downstream Transportation and Distribution		tCO ₂ e	35,024.43	29,734.34
Greenhouse gas emissions in Scope 3 - Waste from Operations		tCO ₂ e	3,370.36	7,281.65
Greenhouse gas emissions in Scope 3 - Business Travel		tCO ₂ e	1,270.82	816.28
Greenhouse gas emissions in Scope 3 - Employee Commuting		tCO ₂ e	2,206.62	1,445.37

⁴The biogas is derived from the anaerobic fermentation of dairy farm manure in the Group and is self-produced.

⁵For energy conversion standard coal data, refer to the "General Principles for Calculation of Total Production Energy Consumption" (GB/T 2589-2020).

⁶The greenhouse gas accounting covers the Group's feed, forage grass, and dairy farming operations. During the reporting period, six new dairy farms, including the Qingshuihe Milk Goat Farm, were put into operation. The calculation method for greenhouse gas emissions is based on ISO 14064-1:2018 Greenhouse gases Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, Guideline of greenhouse gas emissions accounting for animal products (DB11T 1565-2018), GHG Protocol Corporate Accounting and Reporting Standard and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard .

⁷Total greenhouse gas emissions are the sum of emissions in both Scope 1 and Scope 2, excluding Scope 3.

Biodiversity Conservation

As the global ecological environment faces serious challenges, biodiversity conservation has become a critical issue for global sustainability. We are deeply aware that the enterprise development is closely linked with the natural environment. A healthy ecosystem is not only the foundation of human social prosperity but also the cornerstone of sustainable agriculture and animal husbandry. In 2024, the Group submitted a forest questionnaire to the Carbon Disclosure Project (CDP) focusing on biodiversity-related issues. The questionnaire received a B rating level on its first submission, providing a model for biodiversity conservation in the industry.

The Group issued the [2024 Youran Dairy Biodiversity Conservation Report](#) with reference to the 'TNFD Recommendations' and 'Identifying and Evaluating Nature-Related Issues: LEAP Approach, providing a reference model for biodiversity conservation practices, encouraging the industry to develop in a more eco-friendly and sustainable direction and collectively safeguarding the biodiversity treasury on the earth.

Biodiversity conservation strategy

The Group incorporates biodiversity conservation into its corporate strategy throughout the full life cycle of its business operations. It is dedicated to reducing the impact of its operations on ecosystem through scientific management of natural resources and contributing to biodiversity conservation. The Group strictly adheres to the Environmental Protection Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, Technical specification for pollution prevention of livestock and poultry breeding, and Notice on land use policy for promoting large-scale livestock and poultry breeding, etc. With reference to the documents such as the Opinions on Further Strengthening Biodiversity Conservation, the Group formulates the [Biodiversity Conservation Policy](#) by integrating the biodiversity conservation concept of 'harmonious coexistence and sustainable development' with its business activities.

Given the importance of biodiversity conservation, the Group is committed to the effective management of its impacts on nature. To achieve this goal, the Company commits to:

Seven Commitments to Biodiversity Conservation

1. Adhere to the principles of avoidance, minimization, restoration and offsetting to minimize disruption to the ecosystem, and do not engage in the production and operation activities in the habitats of species classified by the IUCN and RCB as "critically endangered", "endangered", or "vulnerable", as well as those protected under the Wild Animal Conservation Law of the People's Republic of China classified as "Grade I", "Grade II" or "terrestrial wild animals with important ecological, scientific and social value" as well as in the core and buffer areas of nature reserves, wetlands of international significance, world natural heritages, and national parks;
2. When operating near the areas of critical biodiversity, try to reduce the impact of business activities on endangered species and protected areas;
3. Enhance communication and cooperation with external stakeholders to collectively promote biodiversity conservation and the restoration of ecological environment;;
4. Purchase and utilize natural resources and raw materials sustainably to reduce the damage to biodiversity and ecosystems caused by raw materials;;
5. Conduct land reclamation regularly to restore the damaged or disturbed land, ensuring that land reclamation is completed within three years upon expiration of the land's temporary use period;;
6. Protect and restore native or indigenous vegetation on the managed land, maintain soil health, prevent water loss and soil erosion, and increase carbon sink;
7. Actively carry out biodiversity conservation and ecological protection activities, aiming to achieve no net loss (NNL) in terms of biodiversity by 2030 and net positive impact (NPI) by 2050.

The Group employs the LEAP approach proposed by the TNFD to systematically identify and evaluate nature-related impacts, dependencies, risks and opportunities, and incorporates it into corporate strategic planning. Across the four phases of Locate, Evaluate, Assess, and Prepare, the Group analyzed the biodiversity status of 97 self-operated dairy farms. Using the Biodiversity Impact Assessment Tool (BIA), "Exploring Natural Capital Opportunities, Risks and Exposure" (ENCORE) database, and "Biodiversity Risk Filter" (BRF) launched by WWF, the Group comprehensively analyzed the impact of its own operations and value chains on biodiversity, laying a foundation for developing scientific and reasonable conservation strategies and countermeasures. For more information on LEAP approach in terms of biodiversity, refer to Chapter 2: Biodiversity Conservation Strategy in the [2024 Youran Dairy Biodiversity Conservation Report](#).

Biodiversity risk management

The Group actively addresses biodiversity-related risks through scientific risk assessment and management measures. The Group has identified and evaluated potential risks and opportunities related to short, medium, and long-term biodiversity from multiple dimensions, including policy risk, technology risk, market risk, reputation risk, acute physical risk, chronic physical risk, resource efficiency, and market opportunities, to comprehensively strengthen biodiversity management. According to the identification results of risks and opportunities, the Group aligns its business activities with multi-dimensional measures, including land use improvement, germplasm resource conservation, forest protection, sustainable procurement, and water resource management. These measures aim to reduce the adverse impact of business activities on biodiversity, mitigate biodiversity-related risks, actively promote protection and restoration, and boost green sustainability. For more information on the assessment, identification, and response of physical risks, transition risks and opportunities concerning biodiversity, refer to Chapter 3: Biodiversity Risk Management in the [2024 Youran Dairy Biodiversity Conservation Report](#).



Biodiversity risk mitigation action

The Group has always regarded biodiversity conservation as an important mission for corporate development, actively implemented the concept of green development and comprehensively promote biodiversity conservation. By identifying the risks and opportunities in business activities, the Group makes efforts from multiple dimensions such as land use, germplasm resource protection and forest protection to prevent the impact of production and operation activities on ecology and communities, and promotes the sustainability of agricultural and animal husbandry ecosystems.

Site Selection Phase	+ Strict Site Selection Criteria By strictly adhering to multiple regulatory requirements, we have established "Standards for Site Selection of New Dairy Farms", implemented standardized large-scale breeding, reasonably determined land use, saved intensive land, designed infrastructure in a way that minimizes environmental and community disturbances, and mitigated environmental and community impacts. New projects avoid the domestic and drinking water source protection areas, scenic spots, core and buffer zones of nature reserves, and prohibited and restricted breeding areas.
	+ Environmental Impact Assessment We will carry out biodiversity impact assessment before site selection, prepare demand planning, inspect and review, analyze the impact of energy consumption and pollution sources on the surrounding ecology, hire a third party to carry out environmental assessment, prepare the Environmental Impact Report of Dairy Farm Project and submit it to the local environment and ecology management department for approval, construct according to requirements after approval, implement various protection and prevention measures, and make soil and water conservation plan and report for approval and acceptance.
	+ Community Impact Assessment We will follow the principles of "free, prior and informed consent" (FPIC), screen the nature and use of land before site selection, establish communication with stakeholders, clarify the land situation, and ensure legal compliance; investigate the ownership of land use rights, sign agreements involving contract transfer, respect the rights of residents, and sign normative land use documents according to law.
Construction Phase	+ Pollution Monitoring We will develop soil environment tracking and monitoring plan to monitor the soil quality in and around the site.
	+ End-of-pipe Control We will adopt the seepage control principle by area at the end, and take anti-seepage measures in key anti-seepage areas to prevent leachate from polluting the groundwater.
	+ Emergency Response In the event of a soil pollution accident, we will immediately take emergency measures to control soil and groundwater pollution and restore in time to ensure the safety of soil and groundwater environment.
	+ Environmental Supervision We will strengthen the monitoring and inspection of construction site, enforce the "three-simultaneity" system, and ensure that the construction does not affect the surrounding environment.
	+ Green Technology We will actively introduce and utilize the green technology and equipment to increase the resource and energy efficiency, reduce pollution from the source and decrease ecological impact.
Operation Phase	+ Completion Acceptance We will submit an environmental impact report to the relevant ecological and environmental management departments and apply for project completion acceptance for environmental protection facilities.
	+ Source Control We will eliminate emission pollution from the source to prevent soil contamination, and implement rain and sewage diversion in the project plant area to reduce overflow pollution during the rainy season.
	+ Operational Compliance We will operate the dairy farms, feed mills, and grasslands, etc. in accordance with environmental assessment requirements.
	+ Environmental Monitoring We will enhance the environmental monitoring system by inspecting and maintaining environmental protection facilities, regularly monitor and record the environmental indicators, and promptly identify and solve the problems.

Improvement of Land Use Level

Rational planning and efficient utilization of land resources is the key cornerstone to promote the steady development of enterprises and ecological sustainability. The Group has consistently upheld the environmental protection concept of "harmonious coexistence and sustainable development", and regulated its land use behaviors comprehensively in strict accordance with the national laws and regulations such as the Soil Pollution Prevention and Control Law of the People's Republic of China, the Land Reclamation Regulations, and the Land Administration Law of the People's Republic of China. Furthermore, the Group has developed and issued the [Land Use Improvement Policy](#) according to its own practical business, demonstrating a high level of transparency and accountability. In practice, we actively participate in the optimization of land use, effectively enhance the ecological value of land, and lay a solid foundation for the sustainability of enterprises.

Land Reclamation Plan	Soil Restoration and Comprehensive Land Use	Habitat Restoration and Ecosystem Protection
+ Before development, engage in meticulous planning and budgeting; carry out on-site investigations of land use and natural conditions, consult with communities to understand their wishes and demands, and perform a comprehensive analysis of project components.	+ Prevent soil contamination: Regularly inspect and maintain the processes prone to contamination during production, assess the soil at operational site, and promptly deal with potential contamination.	+ Protect key habitats such as wetland, forest and grassland from harm during business operations, and avoid damage caused by engineering construction and project operation.
+ During development, execute topsoil treatment, land ploughing, fertilization, and other projects alongside biological measures for vegetation planting, give preference to the vegetation with superior soil and water conservation and stable soil to restore vegetation, improve soil, and improve the ecological environment.	+ Implement soil remediation: For contaminated soil, develop a remediation plan tailored to the situation, employ scientific farming methods such as fallow crop rotation and scientific fertilization, and use the returning mode to transport organic fertilizer and improve soil fertility.	+ Implement sustainable land use methods such as organic farming and soil and water conservation to alleviate pressure on biological habitats.
+ After development, ask experts to check the reclamation effectiveness and specialized group to supervise progress and report the situation, followed by third-party verification to ensure quality standards.	+ Guarantee the remediation quality: Employ scientific and effective remediation methods, including biological and chemical techniques, to restore the ecological function of soil, and establish a supervision mechanism to ensure that the soil remediation work proceeds systematically according to predetermined plans and standards.	+ Set up a specialized team for biological habitat restoration, and initiate ecosystem restoration projects for affected habitats, such as reforestation and wetland restoration.

Case Youran Dairy promotes soil remediation and comprehensive land use through innovation

Youran Dairy has made great achievements in soil remediation and comprehensive land use. To improve soil conditions, Youran Dairy utilizes its self-developed full-automatic intelligent aerobic fermentation process for the harmless treatment of manure from dairy farms. The liquid part is fermented into organic fertilizer and returned to the field, increasing the organic matter content in the soil, strengthening soil remediation and land use, and providing resource guarantee for grass planting. Meanwhile, Youran Dairy implements a land non-tillage planting plan. Through the non-tillage carbon sequestration technology of crops, it effectively reduces soil erosion, improves soil structure and water retention capacity, and at the same time promotes microbial diversity and ecosystem health. This technology makes full use of the exogenous organic carbon from the decay of crop roots and above-ground parts in the soil, effectively increasing the organic carbon content in the soil by 15%-20%, and boosting the carbon sink reserves in agriculture and forestry.

Through a series of initiatives, the soil has been effectively remediated with a gradual increase in fertility. By means of the business advantages of upstream whole industry chain in the dairy industry, Youran Dairy has ingeniously linked dairy farming with forage grass planting, successfully exploring a development path of "integrating breeding with planting", and effectively building a circular economy development model for green agriculture.



Forest Conservation

The Group strictly adheres to the Forest Law of the People's Republic of China, Regulations for the Implementation of the Forest Law of the People's Republic of China, and other relevant laws and regulations. With reference to the "Implementation Guidelines for the Procurement and Risk Prevention of Forest-Friendly Products" jointly issued by the World Wide Fund for Nature (WWF) and the China Chain Store & Franchise Association, we uphold the biodiversity conservation concept of 'harmonious coexistence and sustainable development', and have formulated and issued the [Forest Conservation Policy](#) to regulate all forest-related business activities, actively respond to international initiatives to ensure legal compliance and protect forest resources from source.

Stage	Forest Conservation Measures
Proprietary Business Management	<div>+ Analyze the Company's own business to identify possible deforestation risks, assess their potential impacts, and develop specific mitigation measures.</div> <div>+ Strictly adhere to relevant laws and regulations, consider forest conservation measures to the greatest extent according to the Company's forest conservation requirements in the course of conducting relevant business, ensure the strict protection and rational utilization of forest resources in the operational site and office area, and prohibit excessive deforestation and illegal logging.</div>
Supplier Management	<div>+ Promote the procurement of environment and forest-friendly sustainable products, optimize the efficient use of energy and resources, and jointly address environmental challenges.</div> <div>+ While requiring suppliers to comply with Youran Dairy's "Supplier Code of Conduct", focus on the management of purchased commodities that have the risk of deforestation.</div> <div>+ Enhance the transparency of supply chain information and promote the utilization of traceability system.</div>

Conservation and Development of Germplasm Resources

The Group actively uses its technical advantages in breeding to promote the sustainability of species and ecosystems and to protect the diversity of species. The Group has established an independent breeding system for breeding bulls on the basis of production performance testing and body type identification technology by taking genome-wide sequencing technique as a breakthrough. At present, 1,308 low-carbon emission gene cows have been screened to cultivate a low-carbon "core herd". Meanwhile, the Group has established a genetic resource database and information platform in the Mongolian Plateau region with the Inner Mongolia University. This platform collects and preserves the samples of endemic livestock (endemic and introduced varieties) and wildlife resources (somatic cells, semen, and embryos), centered on the mammals from the Mongolian Plateau region. To date, 262 animal breeds including endemic livestock and endangered wildlife resources in the Mongolian Plateau region have been collected. More than 70,000 samples of somatic cells, embryos and semen resources isolated and collected have been cryopreserved, accounting for 47% of the mammal breeds in this region, 100% of livestock breeds, and approximately 10% of other animal breeds. Additionally, more than 20 endemic livestock breeds such as Mongolian cattle, sheep and horses have been collected and bred for conducting genetic and breeding application research, initially forming the first "Genetic Resource Database and Information Platform for Mongolian Plateau Animals" in the world. This provides valuable biological resource materials for exploring the genetic characteristics of disease resistance and stress resistance specific to the Mongolian Plateau animals, biological breeding of livestock and breeding of new strains, animal genetics and evolution, thereby achieving the protection of animal genetic resources.

蒙古高原动物保种资源库

- 蒙古高原地区动物遗传资源的收集保存
- 经济动物资源的开发利用
- 特有濒危动物的保护
- 生命科学与生物技术相关研究



Case Youran Dairy held a special forum titled "Decoding the Mystery of Genes and Breeding for the Future".

At the 15th China Dairy Industry Conference, Youran Dairy held a special forum titled "Decoding the Mystery of Genes and Breeding for the Future". During the forum, SKX subordinate to Youran Dairy grandly issued "50,000 sex-controlled embryos in high-yield dairy cows and self-bred bull breeding results " alongside the monograph "Bovine Embryo Production and Transplantation Technology" compiled by SKX, which has stated a whole set of processes and standards for Bovine Embryo Production and Transplantation Technology researched by SKX for the industry. As an upstream leading company in the dairy industry, Youran Dairy has been widely recognized by the participants in terms of industry status and industry value. In the future, it will play more leading and demonstration roles, strive to be the promoter of industrial upgrading, and provide momentum for the high-quality development of the dairy industry.



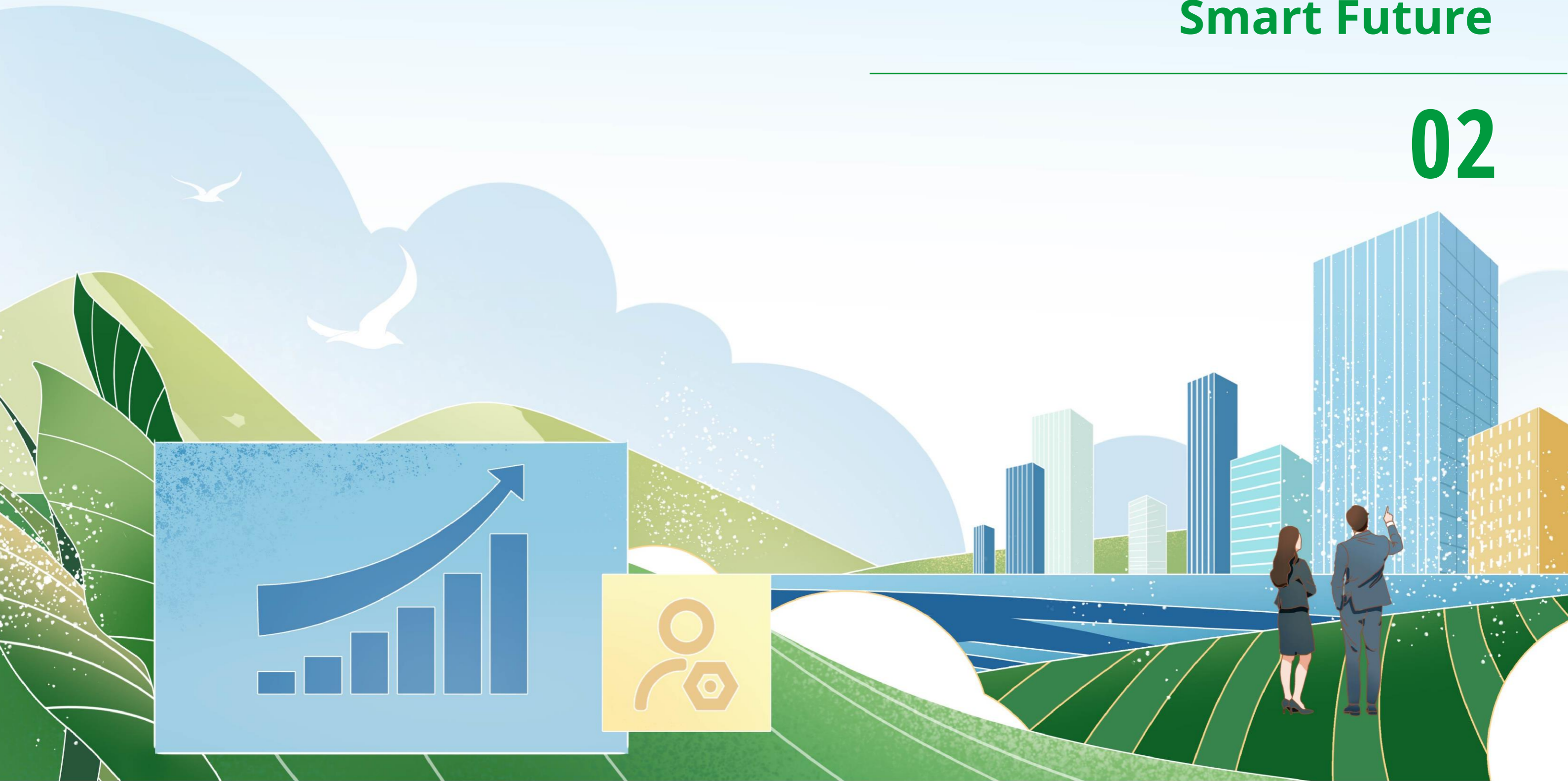
Biodiversity goals and indicators

In view of the importance of biodiversity conservation, the Group is committed to effectively managing its impact on nature and strictly adhering to national and local environmental protection regulations and requirements in all production operations and upstream and downstream management. To ensure the preservation, enhancement, and conservation of biodiversity and ecosystems, we have established specific, quantifiable and traceable goals for specific indicators.

Topic	Goal
Biodiversity conservation	+ Strive to achieve no net loss (NNL) in biodiversity by 2030
	+ Strive to achieve net positive impact (NPI) by 2050
Land Use	+ Complete land reclamation within three years upon expiration of the temporary use period of land
Forest Conservation	+ Achieve "zero deforestation" in our own operation
	+ Strive to achieve 100% "zero deforestation" in supply chain procurement in 2030

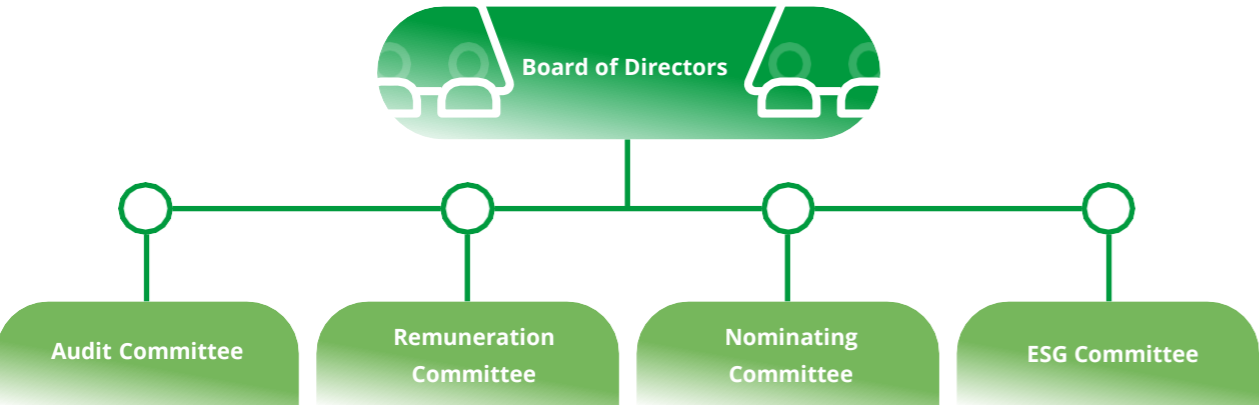
Sound Operations with Smart Future

02



Corporate Governance

The Company continues to implement all the relevant provisions of the Corporate Governance Code and refine its governance structure. Operations are consolidated through supervision and checks on ownership and management rights conducted by shareholders' meetings, the Board, specialized committees, and management. The Board has four specialized committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, and the ESG Committee, which see to the management and supervision within their terms of reference and the provision of professional support for major decisions. To enhance the effectiveness of ESG governance, the Company formed an ESG Committee on August 23, 2024, comprising Board members. This committee is responsible for coordinating and advancing the implementation, regular oversight, and review of ESG strategic planning, policy system development, target frameworks, and execution paths as formulated by the Board, creating a comprehensive management loop from decision-making to implementation.



Picture: Corporate Governance Structure

Diversity of the Board

The Company views Diversity of the Board as a foundational element for achieving strategic sustainable development, ensuring an effective integration of diverse structures with governance through systematic development. In terms of institutional guarantees, the Company has formulated and published [Board Diversity Policy](#) on its website, for which the Nomination Committee conducts regular policy assessments and full-process compliance monitoring.

The selection for Board members strictly adheres to the principle of focusing on both competence standards and moral integrity. For the composition of the Board, the Company takes various dimensions into consideration, including gender, age, cultural and educational background, professional experience, skills, knowledge, ethnicity and length of service. The Board makes all the appointments based on the principle of “meritocracy”. The Nomination Committee will simultaneously consider the structural characteristics of the current Board and its strategic coordination needs during the candidate selection process, and form scientific recommendations through multi-dimensional benchmarking. For detailed information on qualifications and professional profiles of each board member, please refer to the “Biographical Details of Directors and Senior Management” of the Annual Report 2024.

As of the date of this report, female directors accounted for 22.2% of the Board. All board members have professional experience in dairy production management, human resources, network information security management, investment, strategy research, investment management, legal and compliance, external relations, financial audit, internal risk management, securities supervision, animal medicine, and other fields, and have obtained appropriate professional degrees and qualification certificates.

Independence of the Board

The Company strictly complies with the regulatory standards on board independence specified in the Listing Rules and effectively safeguards the decision-making autonomy and independence of professional judgment of directors by building an institutionalized governance mechanism. As of the date of this report, the Board is composed of 9 directors, including 3 executive directors, 3 non-executive directors, and 3 independent non-executive directors. The number of independent non-executive directors accounted for one-third of the Board. Except for the Nomination Committee, the Chairs of the Audit Committee, the Remuneration Committee and the ESG Committee are independent non-executive directors, and the majority of the specialized committee members are independent non-executive directors.

ESG-linked senior management compensation

The Group adopts a strategically oriented performance management mechanism, incorporates ESG indicators, such as environmental protection, health and safety, quality, and technological innovation into the performance assessment system of executives, carries out annual performance assessments of senior management and links assessment results with executive compensation. In addition, the Group applies a penetrating management structure, breaks down the ESG indicators of senior management, incorporates them into the performance assessment programs of the heads of relevant business units and functional departments, and pays incentive compensation based on their performance in the assessment period. Those who fail to meet their annual ESG targets will be deprived of the recommendation qualification and business incentive for the year, which ensures that the incentive system is in sync with the strategy of sustainable development goals. Through a complete assessment and incentive system, the Group has effectively embedded ESG management responsibilities into daily operations at all levels, thereby promoting the achievement of the Company's sustainable development goals. In 2024, the Group will issue the ESG Outstanding Contribution Award and provide cash rewards to leaders in charge, department directors, business managers and employees who have made outstanding contributions in the dual carbon goals and ESG fields in 2024.

Compensation clawback mechanism

To ensure the accuracy and compliance of the Company's financial reporting and to prevent financial risks arising from managerial misconduct, the Group has established a compensation clawback mechanism. In the event that the company is required to undertake a financial restatement due to material non-compliance with statutory financial reporting requirements, including the correction of significant errors in previously issued financial statements, whether such errors are corrected in the current period, left uncorrected in the current period, or would result in material misstatements (collectively referred to as "**Financial Restatements**"), the Company shall, within a reasonable scope and timeframe, seek to recover or forfeit excess compensation paid to "Covered Executives". This applies to compensation awarded during the service period as a "Covered Executive" under the incentive compensation plan, the three full fiscal years preceding the required financial restatement, and any transition period immediately following such fiscal years (resulting from changes in the Company's financial year).

Risk Management and Internal Risk Control

In accordance with the *Basic Standards for Enterprise Internal Control* and regulatory guidelines, the Group has formulated internal management measures such as the *Risk Management and Internal Control System* and the *Self-Inspection and Self-Correction Management Measures*, which stipulate guarantee mechanisms such as annual risk assessment, dynamic process testing, and governance effectiveness audit. Meanwhile, the Group has created the “Three-line” risk management and internal control model and established the risk management and internal control framework consisting of the Audit Committee of the Board, the Internal Control and Risk Management Committee of the management, supervising and supporting departments and business departments at various levels. That is how to achieve normative transmission at the policy level, real-time monitoring of process management, and multi-dimensional evaluation of governance effects, build a full-chain risk prevention and control system covering strategic decision-making to business implementation, and ensure the effectiveness of the risk management and internal monitoring systems.

Risk management

The Group continues to improve its risk governance framework and builds a systematic risk management and control process chain based on the *Risk Management and Internal Control System*, covering core nodes such as risk identification, risk assessment, risk evaluation, and risk tracking. It applies all risk management requirements to the daily management and business processes to enable identification, assessment, monitoring and treatment of various risks in business activities.

The Board is responsible for comprehensively reviewing and ensuring the effectiveness of the Company's risk management and internal control mechanisms, leading the evaluation work and disclosing it in the annual report. The Audit Committee reviews the management's construction, implementation and supervision of the risk management and internal control systems on a semi-annual basis on behalf of the Board; it also reviews the effectiveness of the risk management and internal control systems annually. The Internal Control and Risk Committee is responsible for comprehensively controlling, guiding and making decisions on the company's internal control and risk management matters under the authorization of the Board, covering culture cultivation, strategic planning, policy review, risk ranking, risk preference and tolerance setting, business continuity assurance, major risk and defect research and decision-making, and budget approval. Also, it shall report the status to the Board regularly.

The Company has 2 independent non-executive directors with professional experience in risk management. During the Reporting Period, the Company carried out risk management training for directors. In addition, vice presidents in charge of business units and heads of various functional departments have been required to sign the annual risk management-related responsibility letter and the policy of reward and punishment has been developed accordingly.

The Audit Department is responsible for formulating and implementing internal control evaluation and risk assessment plans under the guidance of the Internal Control and Risk Committee, and organizing various business and functional departments to systematically carry out risk identification and assessment in strategic, market, financial, operational and legal fields. It focuses on implementing special risk management and control, coordinates with the committee to formulate response strategies and encourages responsible departments to implement emergency plans and improvement measures, simultaneously optimizes the risk management framework, upgrades process construction and regular assessment mechanisms, regularly assesses and reports on risk status, effectively prevents and controls the potential impact of major risks on the Group's strategic goals and sustainable development, and continuously strengthens the risk management awareness and cultural identity of all employees.

During the Reporting Period, the Group was mainly confronted by the following emerging risks:

Risk Title	Risk Descriptions	Risk Mitigation Measures
Digitalization and technological innovation risk	+ Innovative technologies such as AI, IoT, blockchain, biotechnology and 3D printing may trigger disruptive changes in the production, processing, distribution, marketing and management of the dairy industry.	Build digital capability in business segments of seed, forage grass, feed, dairy farming and the online dairy industrial chain platform “Jumuc.com”, and utilize innovative technologies such as big data, AI, IoT and biotechnology to enable intelligent, systematic and traceable dairy farming, provide quality products and services and create a leading digitalized ecological animal husbandry industry.
Geopolitical risk	+ Geopolitics and regional conflicts may lead to fluctuations in raw material prices.	Respond to the cost fluctuation risk by developing new products, using alternative products, leveraging financial instruments (such as the futures) and arranging inventory in a reasonable way; and diversify the purchasing channels to ensure stable supply.
Procurement risk	+ Reliance on a single supply channel and fragmented procurement escalates procurement costs and the risk of stock shortages, and there is a lack of market competition and the benefits of large-scale procurement.	Strengthen bargaining power by enhancing equipment substitutability analysis, expanding supplier channels, strategically collaborating, and implement centralized procurement strategies to address the challenges of single supply channels and increased procurement costs, thereby boosting market competitiveness.
Human resource risk	+ The Company faces the risks of an aging workforce, young people unwilling to work in the livestock industry, difficulty recruiting at the community level, a shortage of personnel for new projects, and insufficient personnel to implement research institute projects, which leads to a labor shortage and affects production and company benefits.	Take measures such as introducing high-quality college students through campus recruitment, formulating training programs to improve professional capabilities, and controlling the timeliness of recruitment and employment at community units to address the risk of labor shortage and improve employee capabilities in all aspects.
For emerging risks, the Group has enhanced its risk response capability through risk identification, risk assessment, risk response and culture training to prevent risks before they occur.		
Risk identification	Analyzing the risk profile faced by the Company through peer benchmarking with due consideration of the strategic management and operation of the Group, making risk-oriented identification of the loopholes in internal management and carrying out risk screening, and taking the value chain as the main line to form a diagnostic problem list and risk map;	
Risk assessment	Asking the management and relevant departments to define the criteria and approaches of risk assessment jointly and organizing risk analysis and risk assessment;	
Risk response	Creating a risk list, identifying the department primarily responsible, future action plan and priority based on risk prioritizing and assessment results, and developing or optimizing the prevention and control plan and contingency plan for significant risks;	
Culture training	Providing project summary reports to the management and relevant departments and carrying out relevant management training and publicity for personnel at all levels of the Company.	

Risk management and internal risk control

The Group has instituted an internal risk control system encompassing division of responsibilities, approval authorization, and business process standardization, thereby fortifying governance foundations through institutionalized policies and full employee communication.

The Internal Audit Department assists the management in formulating the standardized tool of the *Evaluation and Testing of Internal Control at Key Control Points in accordance with the General Rules for Internal Control of the Company* and the *18 Guidelines for Application of Internal Control of the Company*, guides business units and functional departments to conduct self-evaluation, collects, reviews and summarizes the internal control evaluation results, and determines the results at the company level in combination with the problems it has found. Moreover, the Internal Audit Department independently oversees and evaluates the overall performance of the Group's internal control system, monitors rectification of identified internal control deficiencies, and verifies improvements and implementation of systems and processes related to internal control design defects. The President of the Company will also review the self-evaluation of each business unit and functional department and make an overall assessment of the effectiveness of the Company's internal control system.

Business Ethics

The Group has been conducting its business in strict compliance with the Company Law of the PRC, the Civil Code of the PRC, the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Interim Provisions of the State Administration for Industry and Commerce on Prohibition of Commercial Bribery, and other laws and regulations. By optimizing business ethics management mechanism, strengthening business ethics audit and supervision, embedding the response channel for reporting violations throughout the entire chain, and furthering the construction of anti-corruption culture, the Group has continuously improved its business ethics compliance management system and enhanced the effectiveness of anti-unfair competition prevention and control and the compliance performance capabilities of all employees, laying a solid foundation for its steady development.

Improving management mechanism

The Group adopts a “zero-tolerance” attitude towards any violation of business ethics, including all forms of corruption and bribery. All business conduct and matters are subject to the supervision of the Board and the Audit Committee, with the Audit Department acting as the executing body. The Audit Department is responsible for coordinating anti-fraud work, including establishing a prevention and control system framework, accepting and investigating reported cases, and proposing punishment recommendations for irregularities and fraud; evaluating the progress of anti-fraud work in each unit; establishing a multi-channel reporting information handling process and a cross-departmental analysis and linkage mechanism; supervising the implementation of case rectification and the connection with judicial procedures throughout the process, and ensuring that the handling results are authoritatively fed back to the decision-making level.

The Group has formulated and continuously improved various internal management policies relating to business ethics and code of conduct, such as the *Youran Dairy's Measures for Anti-fraud Administration*, the *Youran Dairy Employee Reward and Punishment Mechanism*, and the [Business Code of Conduct](#). Among these policies, the *Business Code of Conduct* covers such issues as declaration of conflict of interests, complete, timely and accurate financial statements/business records, confidentiality and information transfer, fair competition market rules, quality and safety, insider trading, anti-discrimination and anti-harassment, anti-corruption and anti-bribery, and requires all employees of the Group and third-party employees providing services for the Group to act in accordance with the Code when working on behalf of the Group.

All managers at all levels are required by the Group to sign the *Anti-Fraud Commitment Letter*. During the Reporting Period, a total of 1,870 employees have signed the letter, recording a 100% signing rate of team leaders and above. In 2025, all employees are expected to sign the commitment letter. The cooperative distributors, suppliers and agents are required by the Company to sign the *Sunshine Agreement*, abide by relevant regulations during the cooperation process, comply with the prevailing ethical standards in the industry, strictly implement the anti-corruption and anti-bribery policies and integrity requirements of Youran Dairy, and establish upright and honest cooperation.

Strengthening supervision with audits

The Audit Department of the Group conducts business ethics audits as part of its routine audit activities and in response to feedback from complaints and whistleblower reports. These audits focus on critical operational processes, including human resources management, procurement and payment management, management of biological assets, stock management, business outsourcing, engineering project management, as well as sales and payment collection management. It achieves complete coverage of anti-corruption and business ethics audits across all business units within a three-year timeframe.

In 2024, the Audit Department conducted audits on such business areas as the dairy farming unit, feed unit, and forage grass unit, as well as such related business links as the engineering system and supply system, and completed audit coverage of 88 business units. The overall business coverage rate was 66.17%. Audit reports were issued for the identified issues in accordance with the relevant management systems of the Company, and they were handled according to the system requirements. All annually identified issues have been rectified.

During the Reporting Period, the Group found no instances of violations of business ethics, including corruption, bribery, discrimination, harassment, privacy breaches of customers, conflicts of interest, money laundering, or insider trading. Furthermore, the Group did not face any lawsuits stemming from allegations of corruption.

Establishing open whistleblowing channels

The Group is dedicated to fostering a clean work environment and an open, transparent, and inclusive business culture. For any instances of corruption or behavior detrimental to the company's interests, a strict accountability system will be implemented in accordance with relevant regulations. We have published our whistleblowing channels on our official website and strongly advise our employees, partners, and the public to promptly report in good faith any violation and fraud they discover through various channels, including email, mail, or telephone. Whistleblowers can choose to submit their reports using their real names or anonymously. They can appeal against violations that they have encountered or provide feedback on inappropriate behavior they have observed in others. The Group encourages complaints and reports of fraudulent activities and rewards those who provide valuable reporting clues and those who participate in investigations.

During the Reporting Period, completed audit coverage

of 88 business units

the overall business coverage rate was

66.17%



◆ Whistleblowing channels:

- Complaint mailbox: yrmymb@yourandairy.com, yrmymb@163.com
- Phone number: 0471-3393387
- Mailing address: The Audit Department of Inner Mongolia Youran Dairy Co., Ltd., No. 169, 13 km, Hexi Road, Bayan Town, Saihan District, Hohhot, Inner Mongolia, China.
- Postcode: 010010

◆ Whistleblowing acceptance procedure

Once a report is received, the Audit Department will assess the matter and either initiate an investigation or refer it to the relevant department for resolution. For reports submitted with real names, the Audit Department will respond within 24 hours and initiate an investigation process within 5 working days. For the employees and partners who have been proved to have violations and frauds after investigation, the Group will punish the person in charge or related parties in accordance with the Company's relevant systems, and the punishments include but are not limited to leave for inspection, suspension, demotion, transfer, salary reduction, termination of labor relations or blacklisting, etc.

In addition, the Group has established an anti-fraud work communication mechanism, with the Audit Department and the General Management Department holding anti-fraud joint meetings. According to business needs, the heads of relevant departments, such as the Legal Department and personnel involved in anti-fraud investigations, are invited to analyze major fraud incidents and formulate preventive measures, summarize anti-fraud work experience, and promote the effective operation of the anti-fraud work mechanism.

◆ Whistleblower protection system

The Group formulates the *Business Code of Conduct* and [Anti-corruption Policy](#), and soundly implements the whistleblower protection mechanism. We investigate complaints and reports following the principles of fairness, impartiality, and confidentiality. The whistleblower and the reported information will be kept strictly confidential. In case the whistleblower is retaliated against, he or she may report to the Audit Department in a timely manner. The Audit Department will investigate and solve the problem subject to the relevant systems.

The Audit Department manages the confidentiality of complaint and report information, and desensitizes the directional information in the complaint content when forwarding it. When complaint investigators need to review confidential information, they must follow the approval procedures and assume confidentiality responsibilities. Furthermore, the department responsible for the complaint investigation will no longer present the complaint information in its original text when issuing an investigation report based on the complaint information.

Cultivating a culture of integrity

The Group continues to deepen the construction of a culture of integrity and compliance, and is committed to creating a good corporate atmosphere of integrity, self-discipline, and positivity. During the Reporting Period, the Group conducted 20 offline anti-fraud training sessions in total, covering 71% of key positions. For the remaining 29% of personnel, we recorded anti-fraud training courseware and pushed it through the Yiqiying platform to cover all employees. The Audit Department compiled the *Anti-Fraud Publicity and Implementation Reference Outline* and distributed it to the heads of each unit to encourage them to carry out internal anti-fraud culture publicity and implementation. During the Spring Festival and Mid-Autumn Festival, anti-fraud warning messages were sent to all employees and suppliers to strengthen integrity reminders before the holidays. Additionally, we actively organized activities such as visits to warning education bases for many business units, and took the lead in promoting the "I Know Integrity" event, jointly with employees of 15 business units to submit original works on integrity culture, further deepening employees' understanding and recognition of integrity culture.

Indicators	Unit	2024
Total anti-corruption training sessions	sessions	20
Total anti-corruption training for employees	times	20
Total anti-corruption training for directors	times	1
Total person-times covered by the anti-corruption training	person-times	3,724
Total directors covered by anti-corruption training	person-times	2
Total employees covered by anti-corruption training	person-times	3,724



Intelligent Operation

Driving high-quality development through innovative strategies

The Group continues to make efforts in key areas such as digital breeding, precision nutrition system, and IoT and AI technology application. We have made breakthroughs in Intelligent Farm Cloud dairy goat breeding management, intelligent forage grass industry development, and the construction of a breeding big data platform. By integrating cutting-edge breeding technology, standardized management processes and digital solutions, it leads the digital transformation of animal husbandry.

Digital transformation for industrial advancement

The Group has taken the lead in implementing its digital strategy and developed a digital transformation strategy aimed at enhancing the industrial chain's development, prioritizing value creation, and prioritizing customer service. Our vision is "leading the digital development of the global animal husbandry industry", and through our own digital transformation achievements, we serve the digital upgrade of the industry and the industrial chain.

Digital operations

As pioneers in digitization within the domestic livestock industry, we integrate cutting-edge management practices, standardized processes, and breeding technologies with information technology, fostering efficient operational and collaborative service capabilities.

The Group innovatively builds four digital management systems. **Fully Traceable Quality Management System** integrates the entire chain of production data to achieve dynamic coverage of quality monitoring and rapid risk tracing; **Comprehensive Intelligent Management System** reshapes the supply chain coordination mechanism with the help of SRM-supplier relationship management system and a digital mall, and breaks through the bottleneck of material operation by combining IoT and AI algorithm; **Dimensional Digital Decision-making System** relies on the big data architecture to realize the knowledge transformation of internal and external value chain data, and gather support for the future digital and intelligent strategic development. **Intelligent Herd Management System** covers every stage of production, from data collection to daily operations, and from breeding to milking, building a digital governance ecosystem covering all elements of the industrial chain.

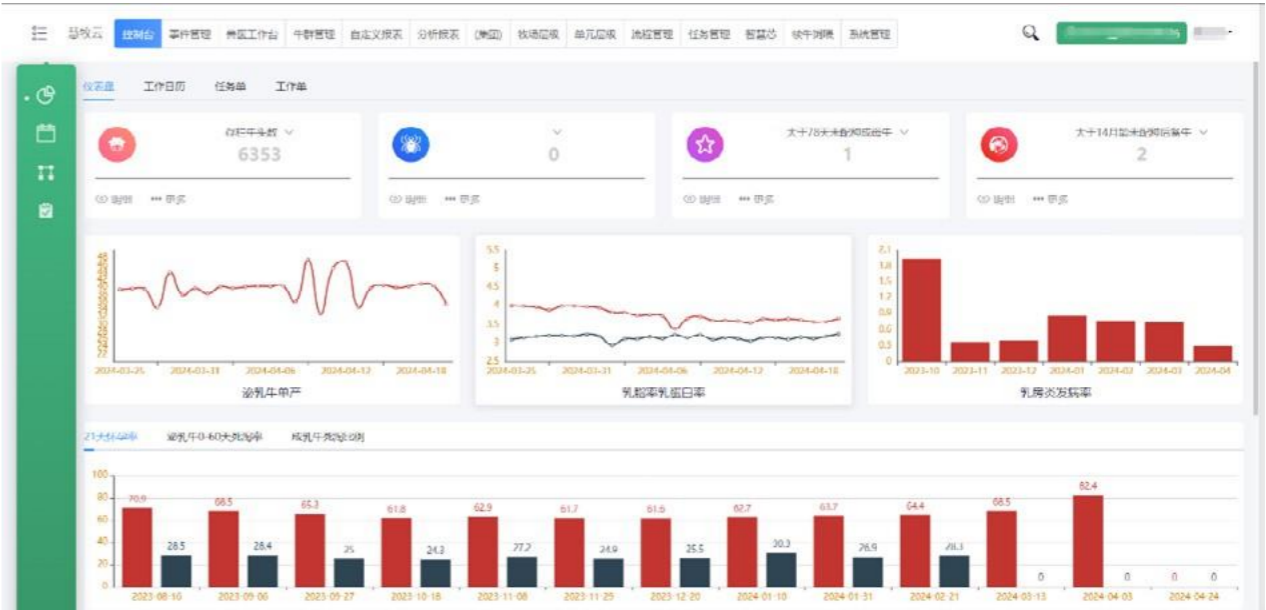


Digital upgrade of the entire industrial chain

The Group continues to deepen its digital transformation strategy for the entire industry chain, focusing on five digital business segments, including breeding, forage grass plantation, feed, dairy farming, and our online dairy industrial chain platform "Jumuc.com", building a precise demand response and resource allocation mechanism and a smarter and more interconnected full-chain digital ecological closed loop, leading in the digital transformation of the animal husbandry industry.

Digital Upgrade of Dairy Farming

- + We have independently developed the "Intelligent Farm Cloud" for intelligent dairy farm management, making us a leader in the digital upgrade of farm management practices;
- + By introducing intelligent robotic equipment for milking, feed pushing, medicated bathing, and dung cleaning, we have built an unmanned standard operation system for the breeding process, and improved the level of digital and intelligent breeding;
- + We have integrated the real-time data of dairy cows' wearable devices with more than 40 years of dairy farm data models to establish a multi-dimensional analysis system covering physiological characteristics and feeding environment, so as to achieve precise management of dairy cows throughout their life cycle;
- + Through cloud-based control, a dynamic balance of environmental parameters such as temperature, humidity, and gas concentration in the cowshed can be achieved, reducing the stress of dairy cows caused by manual operations and improving operational accuracy and efficiency.



Digital upgrade of the forage grass business - "Intelligent Forage Grass Cloud" forage grass planting information system platform

- + The "Intelligent Forage Grass Cloud", a forage planting information system platform, is developed independently to achieve intelligent management of forage.
- + We have integrated IoT agricultural terminals and autonomous driving equipment to achieve remote dynamic control of the entire process;
- + We have used soil moisture monitors to monitor soil moisture conditions in real time, achieve an in-depth perception of soil and water consumed by crop roots, and form a linkage system with the irrigation system;
- + We have adopted the micro-meteorological station at the forage base to monitor weather conditions in real time and provide an accurate 48-hour rainfall forecast;
- + We have applied the drone plant protection and intelligent irrigation system to ensure effective prevention and control of pests, diseases and weeds, and efficient use of water and fertilizer to achieve precise management and protection of forage throughout its growth period;
- + The intelligent equipment cluster integrates the entire cycle management from forage seedling cultivation to harvesting, achieving standardization of field operations and maximizing the efficiency of production factor utilization.
- + We have used intelligent equipment to improve field operation efficiency and achieve accurate and efficient management in every link.



During the Reporting Period, the United Nations FAO officially released the "Case Studies on Sustainable Transformation of Digital Agriculture and Agri-Food Systems" to the world, and Youran Dairy's "Technology Empowering Intelligent Forage Grass Business" was successfully selected as the only typical experience case in China's forage industry.

Digital Transformation of Breeding

- + As a high-tech breeding enterprise in China, we have independently built and owned the first dairy cow breeding big data platform by using first-class biological evaluation algorithms;
- + We have deeply analyzed the characteristics of China's breeding scenarios and market demand data, developed a targeted breeding model for germplasm resources that meets the current situation of domestic dairy farms, and used world-class genetic algorithms to comprehensively, accurately and efficiently evaluate dairy cow herds
- + We have established a domestic dairy cow breeding big data platform and the first domestic genetic improvement and selection big data platform to conduct pedigree analysis and herd assessment on dairy farms. Through more scientific and reasonable selection and breeding programs, we have broken through the technical bottleneck of fine dairy cow breeding and improved the sustainable economic benefits of the dairy farm.
- + During the reporting period, based on the ranking results of heifer breeding bulls released by the Holstein Association USA in December 2024, among the national genomic dairy bulls registered with the National Association of Animal Breeders in the United States, 10 of the breeding bulls by our group are ranked in the top 20 nationwide, proving its core technological strength in digital breeding that is in line with the world's top level.



The online dairy industrial chain platform "Jumuc.com"

We have created the largest animal husbandry industry chain trading center in China, "Jumuc.com". We have built digital technology and application architecture, including precise identification, precise matching, precise governance, precise delivery and an AI deep learning platform, and provided multi-dimensional and timely services with high-quality products and expertise.

- + We have 15 feed mills and more than 40 sub-warehouse distribution centers across the country, and sell more than 10,000 types of ruminant farming products through online platforms and offline supermarkets;
- + We have provided one-stop services and systematic solutions such as "livestock procurement, precision nutrition, breeding of fine breeds, health and epidemic prevention, operation management, policy interpretation, financial support, and product sales" to customers breeding dairy cows, beef cattle, meat goats and dairy goats.



Digital Nutrition

Through intelligent equipment such as sensors, collars and anklets, we have collected, identified, selected, filtered and used real-time data of dairy cows, adopted digital technology to evaluate feed nutrition, identified the breeding environment of dairy cow, achieved the optimal allocation of feed resources and nutrients, accurately formulated nutritional formulas and intelligent dairy cow production, and improved the efficiency of dairy cow production and resource utilization.

- + We have used the self-established near-infrared nutritional database of major raw materials for Chinese dairy farming to conduct nutritional testing on the raw materials of feed;
- + At the dairy farm of the Group in Wuwei, Gansu, we set a record of 49 kilograms of average daily output for the entire herd of dairy cows in China.





Case Silage Purchasing System Promotes High-quality Agricultural Development

The Group has carried out the construction of the silage purchasing system 2.0 project. Based on silage purchasing program 1.0's monitoring of standardized harvesting at the site and silage transport vehicles' departure and arrival time, and real-time viewing of the dairy farm storage progress by managers, we can transmit pound and quality data in real time through the pound system and quality system, and use this to calculate the price to establish a silage pricing system; we have displayed the data of purchasing and storing silage in real time through multi-dimensional reports to help dairy farms and the Company timely supervise the quality and progress, thus enabling the Company to make macro decisions. We have used the silage purchasing system to improve business standardization, achieve standardized management and control, use accurate data analysis to drive the company's macro-decision-making, promote business and financial integration, and comprehensively improve work efficiency.



Intelligent dairy farm-empowered intelligent operation

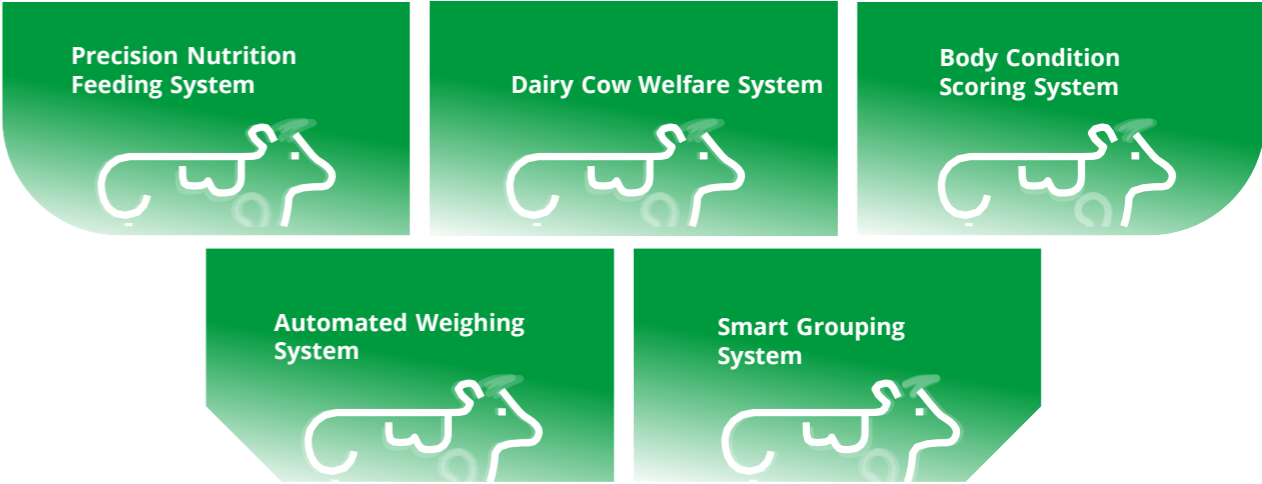
The Group continues to deepen the intelligent transformation of its dairy farms and is the first in the industry to practice intelligent dairy farms. Through its independently developed "Intelligent Farm Cloud", an intelligent dairy farm management system, it realizes dynamic monitoring of dairy farms, effectively combines lean management with digital management, and creates an efficient dairy farm operation model. Moreover, we have introduced cutting-edge unmanned equipment to enable equipment-controlled dairy farming under human supervision, thereby achieving intelligent dairy farming management, information-based herd health management, and intelligent cowshed environment management.

Intelligent dairy farming

We are able devices for dairy cows have been employed to automatically collect dairy farm data. We then conduct big data analysis of dairy farm operations by applying our analysis models built on approximately 40 years of data accumulation. This approach allows for real-time monitoring of the physiological characteristics of dairy cows and the dairy farm environment for feeding, leading to accurate management of the whole life cycle of dairy cows.

Herd health management

Through the information-based intelligent system, we can monitor real-time precise nutritional feeding, dairy cow welfare, body condition scoring, automatic weighing, intelligent grouping and other aspects, automatically analyze the dairy cows' diet and health, and generate reports. This helps dairy farm's managerial staff to grasp the actual situation of dairy farms and cows in a timely manner, greatly improving the operational efficiency of dairy farms.



Herd Health Management System

Intelligent environmental management of cowsheds

Adhering to the "high-yield, long-lived" dairy farming philosophy, we have used the IoT system to automatically adjust temperature, humidity, air, and light, and improve heat and cold prevention facilities to create an environment suitable for dairy cows to live. Furthermore, we have introduced intelligent robots for milking, feeding, dung cleaning, and more to minimize stress caused by human intervention. Through the construction of dairy cow welfare, we have increased the economic benefits of the dairy farm while ensuring the health and longevity of dairy cows, forming a sound and organic cycle of business model.

Case

Chilechuan Ecological Intelligent Dairy Farm sets a new benchmark for digital development

Youran Dairy's Chilechuan Ecological Intelligent Dairy Farm represents a significant success in the digital transformation of China's animal husbandry and a new benchmark for global animal husbandry digitalization. This ranch features a fully automated "unmanned cowshed" and introduces the "Intelligent Farm Cloud", an intelligent dairy farm management system and IoT technology, along with advanced robots for milking, feeding, feed pushing, and dung cleaning. By leveraging big data to monitor all ranch activities in real-time, we can automatically optimize the cowshed environment to enhance the comfort of dairy cows, ensure some production links can be operated unmanned and precisely, and lower operating costs. The system can grasp the cows' health conditions, such as milk production, feed intake, exercise and estrus in real time. It conducts big data analysis for each milking and forms a "task list" to push to professionals, thereby improving management accuracy and operational efficiency. The effective application of the intelligent system will greatly improve the management accuracy and precision of the ranch and operational efficiency.



Information security and privacy protection

The Group strictly abides by the requirements of laws and regulations such as the Cybersecurity Law, Data Security Law and Personal Information Protection Law of the People's Republic of China, formulates and implements normative documents such as the *Information Management System and the Network and System Security Management Measures*, and systematically promotes the full-process security management of information infrastructure. Through the principle of "centralized control and hierarchical protection", we have established a three-level security mechanism for network, data, and application to strengthen the confidentiality and integrity protection of information transmission and storage. At the same time, we have carried out information security awareness training for all employees, built a management system to prevent leaks, and effectively protected consumer rights and corporate operation security.

During the Reporting Period, the major measures taken by the Group regarding information security and privacy protection include:

Measures	Content
Improve the system	<ul style="list-style-type: none">+ We revised the Information Management System;+ We established an IT service management system based on the ISO 20000 framework and practical requirements. The system follows a "planning-implementation inspection-improvement" approach to regulate IT service management, ensuring it is standardized, compliant, process-driven, automated, and more efficient.
Strengthen security inspections	<ul style="list-style-type: none">+ We conducted information security inspections every quarter, formulated rectification measures, and identified responsible persons;+ The inspection includes, but is not limited to, computers, the data center environment, registration, personnel access, account usage, virtual servers, firewalls, bastion host processes, program modifications, disposal of decommissioned hard drives, backups, and emergency drills. Following each inspection, we would prepare an "Information Security Inspection Report".
Identify security vulnerabilities	<ul style="list-style-type: none">+ We scanned the vulnerabilities of the business system twice;+ We adjusted and optimized security device defense strategies and collected vulnerabilities in IDC data;
Conduct emergency drills	<ul style="list-style-type: none">+ We conducted 12 information security emergency drills, encompassing the EHR & Human Resources Sharing System, Import Trade System, Raw Material Trade System, Consolidated Reporting System, Enterprise Resource Planning System, Intelligent Farm Cloud System, Quality System, Travel Platform System, Silage Procurement System, MRO System, and Data Service Platform Virtualization Server Emergency Drills. Specifically, two emergency drills were conducted for the virtualization server within the Silage Procurement System.
Enhance security awareness	<ul style="list-style-type: none">+ We implemented three training initiatives focused on information security, which included both network and endpoint security training.+ The training covered cyber-attack cases, emerging network security threats, data protection measures, incident response procedures, and assessments of training effectiveness. Through these, we have significantly boosted employees' awareness of information security and mitigated potential losses from inadequate awareness in both their professional and personal lives.

Acting for High-quality, Pursuing Excellence

03



Ensuring Product Quality Excellence

Excellence forms a key component of Youran Dairy's core values. Guided by the principles of "continuously surpassing, breaking through, and striving for excellence", the Group adheres to the "3210 Quality Management Strategy" framework and the "Three-pronged Comprehensive Quality Management System" to enhance its quality control capabilities. This ensures the achievement of the "zero deficiencies, zero defects, and zero risk" quality objective and sustains an industry-leading standard.

Quality management strategy

The Group prioritizes food safety and product quality by implementing the "3210 Quality Management Strategy". This strategy ensures product excellence and safety through systematic and scientific management practices. By integrating "3" systems of quality leadership, quality assurance, and risk prevention and control, supported by "2" capabilities of quality evaluation and digitalization, and centered around "1" high-quality professional team, we aim to enhance our quality control capabilities, achieving "0" food safety incidents.



Quality management system

The Group strictly complies with national laws, regulations, and policies, including the *Food Safety Law of the PRC*, *Animal Husbandry Law of the PRC*, *Code for Quality and Safety Management of Feed*, and the *Regulations on Supervision and Administration of Dairy Product Quality and Safety*. By aligning with international best practices, it continually refines and elevates its quality management system, actively participating in numerous system certifications such as SQF (Safe Quality Food), ISO 9001 (Quality Management System), ISO 22000 (Food Safety Management System), China GAP (China Good Agricultural Practices), and FAMI-QS (European Feed Additives and Pre-Mixtures Quality System). It has become the first comprehensive animal husbandry and feed processing enterprise in China to pass the SQF audit, significantly advancing the development of the industry's quality management system. Building upon this foundation, the Group has developed the "Three-pronged Comprehensive Quality Management System" covering all staff, all processes, and all aspects. By deeply embedding a culture of quality among all staff, crafting a full-chain quality management structure, and leveraging coordination across all organizational levels, the Group has achieved total quality management and significantly enhanced product quality and safety controls, providing a robust platform for sustainable development.


"Three-pronged Comprehensive Quality Management System"

All staff: we thoroughly instill a culture of quality and advocate that all personnel are "creators of quality and guardians of food safety".

All processes: we build a full-chain quality management framework and obtain high-quality and natural products through the combination of prevention and inspection.

All aspects: we give full play to the linkage of all levels, functions and positions, form a PDCA cycle for each process, and achieve all-round quality management.

Guided by this system, the Group has made a series of quality management-related policies and regulations. These include the *Quality Management Outline*, Management Measures for Quality Targets, and Supplier Quality Management Measures. The diligent execution of these policies and systems has further fortified the quality management across the entire product chain. This ensures rigorous quality control at each stage and fully guarantees the excellence and safety of products. During the Reporting Period, the Group had no quality safety incidents and achieved a product passing rate of 100% in the spot checks conducted by national supervision and inspection institutions at all levels.



Case

Youran Dairy has mastered the technology to help alfalfa overwinter, enhancing the dairy industry's high-quality development

The Youran Dairy's technical team specializing in the forage grass industry has successfully overcome the technical difficulties of alfalfa's overwintering, significantly improving alfalfa's survival rate and quality stability. Faced with the serious impact of the cold winter in the north on the survival rate of alfalfa over the winter, the team has been carrying out technical research since 2014. By screening high-quality alfalfa varieties suitable for local growth, improving soil structure, applying cold-resistant biological agents, and using the "Intelligent Forage Grass Cloud", a smart forage grass big data system, for all-round monitoring and management, the team implemented refined management technology and achieved a continuous alfalfa greening rate of more than 88%. In 2024, the Group's first crop of high-quality alfalfa increased by 50% per mu in yield and by 20% per mu in economic benefits. This achievement provides not only a stable supply of high-quality forage grass for Youran Dairy, but also an effective solution in terms of alfalfa's overwintering for the industry, reflecting the Company's outstanding capabilities in quality management and positive contribution to the sustainable development of the industry.

The Group is committed to producing high-quality products and ensuring the excellent quality of products from source to end through a strict quality control system. During the Reporting Period, the Company made significant progress in quality certification.

In 2024, eight new dairy farms in the Group's dairy farming unit obtained GAP (Good Agricultural Practice) certification; at the same time, it continued to promote four dairy farms to pass the SQF (Safe Quality Food) annual audit certification, steadily improving its dairy farms' food safety management. The branches under the Group's feed unit have continuously and efficiently passed the annual review of the three major systems, SQF, ISO 22000 and ISO 9001, demonstrating the outstanding results of feed product safety control with full-chain quality control and zero-defect management standards. In addition, Ulanqab Branch under the Group's feed unit passed the FAMI-QS certification, which marks our excellence in international quality standards.

◆ Build a full-chain digital quality management platform

The Group has introduced the EHSQ system to create a diversified information platform that integrates full-chain quality management, monitoring and tracking. The system has realized the systematization, digitization and intelligence of functions such as task assignment, process tracking, standard inspection, abnormal alarm and data analysis, which has significantly improved the timeliness and effectiveness of management. At the same time, we have introduced the LIMS system to realize the sharing of quality inspection information and risk information warning throughout the entire chain, further enhancing our inspection and quality control capabilities. In addition, the Group has also built a CCTV video surveillance system with 9,443 video surveillance points covering all key quality control points, enabling real-time understanding and control of production conditions and achieving remote management. The milk truck is equipped with GPS to ensure quality and safe transportation. Through the introduction of information systems, the Group has constructed a real-time online digital quality management system for technology empowerment, management functions, quality improvement, and capability verification, providing solid technical support for the high-quality development of the Company.

EHSQ System



CCTV



Quality management of the entire industry chain

As the world's largest raw milk supplier, the Group's business runs through the entire upstream dairy industry chain, covering key links such as breeding, feed and raw milk production. We adhere to strict requirements on quality and have built a quality assurance system covering the entire industry chain, controlling from the source and ensuring product quality in all aspects.

◆ Optimum breeding

In terms of breeding, the Group adheres to various rules, laws, and technical standards, including the *Administrative Measures for the Implementation of the Genetic Improvement Program on National Livestock and Poultry and Frozen Bovine Semen* (GB 4143-2022). Based on these guidelines, we have formulated the corporate standard *Holstein Core Breeding Cow Selection Standard Q/SKXYJY 001-2023* and internal control processes such as the *Control Points in Key Indicators and Core Management Elements of the Holstein Bull Breeding Technology System* and *Operation Procedures and Systems for Bovine Genomic Testing*. In 2024, the Group continued to deepen its research in breeding technology and advance in-depth research and overcome technical difficulties with its five core breeding bases located in Wisconsin, the United States, and Horing and Qingshuihe (3 bases) in China.



CNAS Laboratory Accreditation Certificate



SQF Food Safety and Quality Management System



GAP (Good Agricultural Practices) Certification Certificate



ISO 22000 Food Safety Management System



ISO 9001 Quality Management System Certification Certificate



FAMI-QS (European Feed Additives and Pre-Mixtures Quality System) Certification

We have established six major dairy cow breeding research platforms

- 1

Key Laboratory of Cattle Germplasm Creation and Breeding Engineering Technology, Ministry of Agriculture and Rural Affairs
- 2

Academician and Expert Workstation of Livestock Germplasm Resources and Embryo Engineering Technology
- 3

"National Dairy Innovation Center" - Dairy Cow Breeding and Farming Technology Research Center
- 4

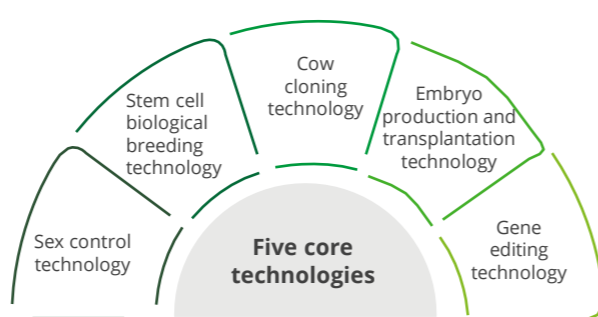
National and Local Joint Engineering Laboratory for Livestock Sex Control Technology
- 5

Inner Mongolia Livestock Sex Control Bioengineering Technology Center
- 6

Postdoctoral Research Station

We have independently researched five core technologies for breeding and reproduction

Relying on the Group's over 620,000 cattle and the five core technologies of SKX breeding platform, we have used high-yielding dairy cows as donor ones, and adopted superovulation or live ovulation technology to perform in vitro and in vivo fertilization with frozen semen from top-level bulls to obtain high-quality embryos, which are then transplanted into the uterus of low-yielding dairy cows for development. This allows us to breed high-quality bulls quickly, reproduce the high-yield core cows rapidly, and accelerate the improvement of the dairy farms' herd structure.



Youran Dairy: Leading breeding technology innovation and promoting high-quality development of the industry

During the 15th China Dairy Conference, Youran Dairy held a special forum with the theme of "Decoding the Secrets of Genes, Breeding to Win the Future", showcased the Group's latest achievements in dairy cow breeding and reproduction technology, and released the "results of 50,000 sex-controlled embryos of high-yield dairy cows and self-bred bulls". The bred bulls took the top 8 in the National Association of Animal Breeders TPI, 14 of them in the top 20, and 57 of them in the top 100. Among them, the TPI of the top-ranked bull reached 3,161, setting a domestic record. At the same time, relying on the Hohhot Dairy Core Breeding Farm and Embryo Engineering Center, we have matured OPU-IVF-ET and other technical systems, broken through the bottleneck of in vitro embryo production in China, reached the domestic leading level, and bred high-yield dairy cows weighing more than 14 tons per unit. In addition, the Group's SKX took the lead in compiling the monograph "Bovine Embryo Production and Transplantation Technology", which was edited by many industry experts. It introduced a complete set of processes and standards for bovine embryo production and transplantation, which has practical guiding significance for the establishment of relevant technical systems and service models, and promotes the rapid iteration and improvement of high-yield dairy cow genes.



The Group won the "Major Scientific and Technological Innovation Achievements in the Dairy Industry" award, due to its scientific and technological achievements in "breeding world-class high-breeding bulls" and "standardization and key technologies of intelligent dairy farms".

High-quality feed

The Group has implemented comprehensive quality control measures throughout the feed production process, establishing management standards such as the *Administrative System of Raw and Ancillary Materials and Administrative Measures* for Formula Development. Additionally, we are among the first Chinese enterprises to achieve SQF certification, a globally recognized food safety and quality management system. This certification ensures seamless synergy between our dairy farming and feed businesses, guaranteeing that dairy cows receive high-quality forage grass and feed, ultimately resulting in the production of healthy, high-quality dairy products. In 2024, Youran Dairy continued to innovate feed formulas and improve feed quality, laying a solid foundation for the healthy growth of dairy cows and the stable production of high-quality milk.

Internal management standards

 Forage grass quality management	<ul style="list-style-type: none">+ In terms of forage grass quality management, we have identified 224 quality control standards for the entire process, including seed selection, land preparation and fertilization, seedling maintenance, harvesting and processing, to comprehensively improve the operational standardization of the planting and harvesting processes; at the same time, the alfalfa plantation base has more than 200 sets of agricultural machinery and equipment, which makes us become the first in the industry to realize full-process mechanized operations, improve operational efficiency, achieve standardized planting, and improve the consistency of roughage quality; in addition, we have fully utilized field the data collection system, intelligent sprinkler irrigation system, agricultural machinery informatization system, water-fertilizer integration system and other systems to continuously improve the quality of roughage. In 2024, more than 85% of the alfalfa's silage protein index became 22%, reaching the top level of American alfalfa.
 Concentrated feed production quality control	<ul style="list-style-type: none">+ Standardization of production process: Based on the production and processing technology of feed products, we have established SOP (15 sets) and OPL (107) for the entire production process. We have regularly trained operators and used SOP as the standard to verify the standardization of each operator's work, so as to achieve uniformity and stability in production rhythm, sensory perception and quality standards.+ Real-time monitoring of the entire process: We have introduced the world's most advanced central control batching system to improve the stability and accuracy of the production, and configured 51 error-proofing procedures to avoid "violations and operational errors". We have also applied the HACCP hazard analysis method to identify as many as 220 critical control points, and implemented three-level inspection management through the ESHQ system to ensure reliable product quality.+ Procedure control: We have implemented a quality early warning mechanism, a first-article management mechanism, and a quality assurance QACP system. There are 167 pre-market testing items for products, involving 225 methods, to supervise the production process and ensure product quality.+ Equipment guarantee: We have deepened and carried out independent maintenance and planned repairs of AM+PM equipment, and established and improved 98 equipment maintenance standards.
 Feed procurement quality control	<ul style="list-style-type: none">+ Safety assessment: We have established a supplier quality and safety risk assessment system, and given priority to suppliers with quality assurance capabilities and high-quality raw material production areas. We have conducted compliance audits, on-site audits, and sample audits on raw and auxiliary material suppliers before cooperation to avoid unqualified ones. We have implemented "unannounced inspection" and performance evaluations on our existing suppliers to ensure that the quality of raw materials they provide meets our demand.+ Quality control: We have formulated 155 acceptance standards that are stricter than national standards, and implemented tests on 60 items of hygiene indicators, toxin indicators, and physical and chemical indicators in the raw material acceptance process. Unqualified raw materials will not be accepted to ensure that 100% of the feed raw materials fed to dairy cows are qualified.

◆ Premium raw milk

In order to comprehensively strengthen the systematic control of raw milk quality, the Group has established a set of internal quality management procedures and specifications for multiple key links, comprehensively covering every link from raw material management to product transportation, to ensure the quality and safety of the entire raw milk chain. At the same time, the Group has identified 13 key points for raw milk quality control based on the life cycle of dairy cows and the entire process of raw milk production, and formulated corresponding key point control measures to further ensure the quality of raw milk.

Full-dimensional raw material nutrition database	<ul style="list-style-type: none">+ We have established a near-infrared nutritional database of the main raw materials for Chinese dairy farming, with a calibration sample volume of over 1 million. We can get sample test results within 1 minute, quickly and accurately evaluate the nutritional value of the raw materials, and provide comprehensive raw material nutritional index data for precise formulation. The acquisition of multiple nutritional indicators optimizes the dynamic cost of the formulation. At the same time, we have applied near-infrared rapid detection technology to the evaluation of raw material value to guide the procurement, quality control and graded use of raw materials.
Industry-leading breeding technology	<ul style="list-style-type: none">+ Industry-leading operational standards: We are the first in the industry to establish systematic farming standards, implement standardized management practices, and formulate over 650 Standard Operating Procedures (SOPs) to ensure stable and stress-free production.+ Industry-leading health management: With 362 healthcare standards, 204 feeding standards, and 190 milking and storage standards, we prioritize the health of the dairy cows and the production of high-quality milk. Our customized feeding formulas cater to various body conditions and growth cycles, while 17 health monitoring measures provide continuous care for cow mothers and their offspring.+ Industry-leading automation equipment: We have adopted intelligent equipment such as automatic milking, teat disinfection, cleaning, and feed-pushing systems to achieve precision farming practices.+ Industry-leading information system: Our Intelligent Farm Cloud system monitors real-time herd health, formula implementation, and critical operational data on estrus detection, milking, and cleaning. With 18 error-prevention functions, it promptly identifies, manages, and solves any issues, ensuring stable and high-quality production.+ Industry-leading quality assurance capability: We promote industry-applicable quality assurance systems, conduct quality audits, and drive ongoing improvements in quality standards.
Strict quality inspection standards	<ul style="list-style-type: none">+ Our laboratory is the first CNAS-certified lab within the animal husbandry industry;+ We are equipped with an array of globally sourced, high-grade, precision, and advanced testing equipment, such as the inductively coupled plasma mass spectrometry (ICP-MS) instrument, amino acid analyzer, and ultra-high performance liquid chromatography triple quadrupole mass spectrometer;+ Our industry-leading testing capacity covers over 300 items.+ We are committed to 100% quality control, ensuring zero-defect delivery.
Full-process transportation monitoring	<ul style="list-style-type: none">+ Accurate positioning monitoring: Via the raw milk logistics and transportation control platform, we implement real-time monitoring over the transportation routes of each delivery truck.+ Precise time monitoring: From the completion of milking to the delivery of milk at the factory, we maintain strict controls over milk freshness.+ Thorough milk protection: Each entrance of every raw milk transportation truck is securely sealed with a disposable lead seal, providing robust protection. Furthermore, stringent temperature control measures are in place to guarantee that milk temperature is maintained at ≤6°C throughout transportation, thereby ensuring milk quality and safety.

◆ Food safety risk prevention and control

In terms of food safety and quality management, the Group abides by such international standards as SQF, ISO 9001, ISO 22000, and GLOBAL-GAP to build a quality risk control and prevention system. We have built and maintained the risk control and prevention system on seven dimensions, including risk identification, risk detection, risk early warning, early warning elimination, risk control, tracing & recall and risk exchange, and 23 aspects to reduce food safety risks. In the meantime, we strictly follow “three relevant standards” to formulate product enterprise standards, internal control lines, and early warning lines that are stricter than national and international standards, release products according to the internal control lines, and issue warnings and improvements according to the early warning lines. Based on such a quality assurance system and risk prevention and control system, we have adopted the “one-vote veto” and “red line management” mechanisms to fulfill our food safety responsibilities. Furthermore, we have developed the three-level food safety risk monitoring system covering raw and auxiliary materials, feed products, and milk, a pioneering effort to realize whole-chain food safety risk monitoring and prevention. During the Reporting Period, we found no food safety issues.

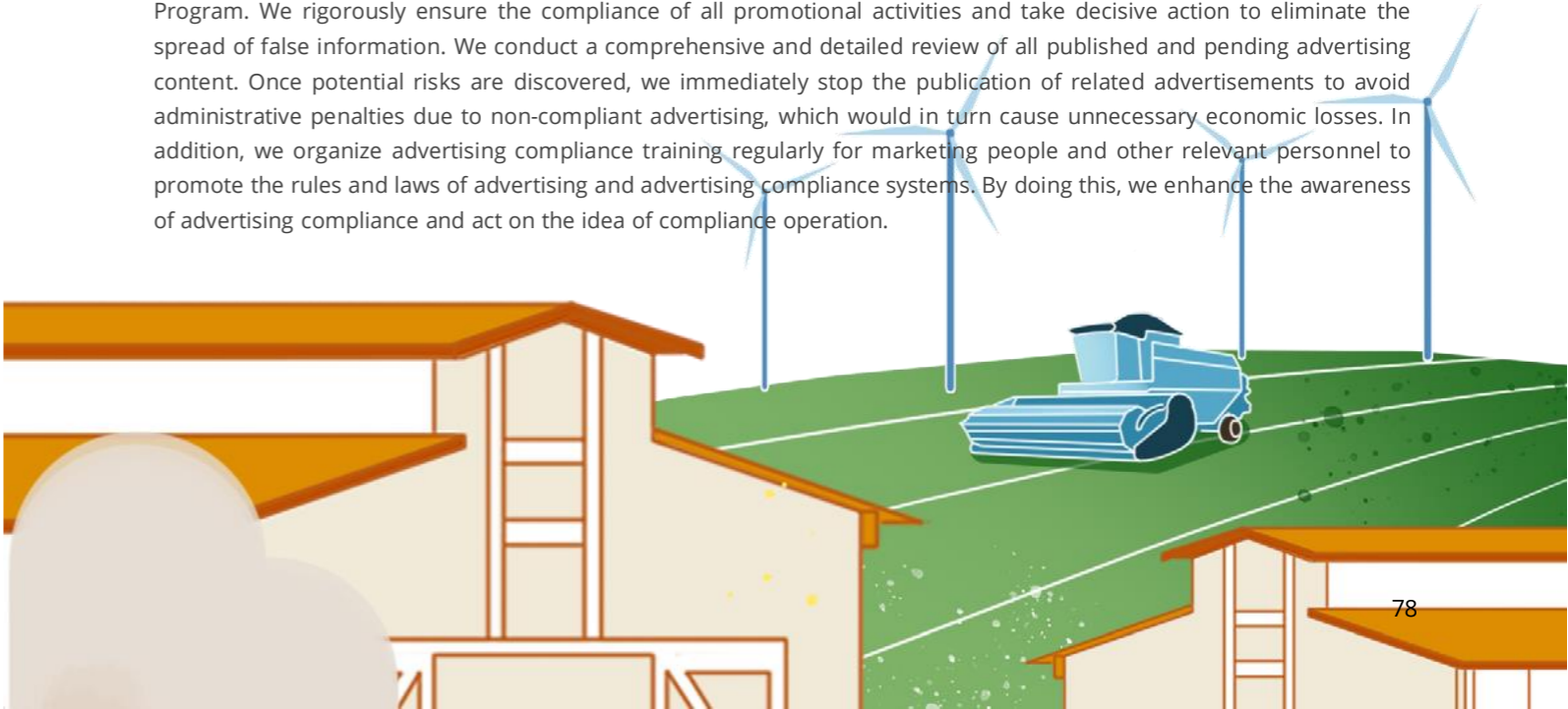
◆ Product recall management

In accordance with the Food Safety Law of the People’s Republic of China, Food Recall Management Measures, and other relevant regulations, the Group has set up a Quality and Safety Committee led by senior management. Furthermore, procedural documents such as the Product Recall Management System and Labeling and Traceability Management Procedures have been developed and implemented, detailing the requirements for product recall conditions, procedures, and processes. We also perform annual product traceability and recall simulation drills to consistently improve our ability to handle quality abnormalities in a standardized and timely manner. These drills cover various management processes, such as setting recall objectives, implementing recall plans, verifying recall outcomes, managing and documenting recalled products, and conducting post-recall evaluations. During the Reporting Period, we found no material complaints about the Company’s product quality, product disputes, or recalls that might cause any significant adverse effect on our financial standing or operating performance.

◆ Providing quality services

Compliant publicity

The Group upholds a high level of legal awareness and social responsibility, maintains strict compliance with the Advertising Law of the People’s Republic of China and other pertinent laws and regulations. We have devised management systems and initiatives, such as the Youran Dairy Brand Management Measures and Brand Operation Program. We rigorously ensure the compliance of all promotional activities and take decisive action to eliminate the spread of false information. We conduct a comprehensive and detailed review of all published and pending advertising content. Once potential risks are discovered, we immediately stop the publication of related advertisements to avoid administrative penalties due to non-compliant advertising, which would in turn cause unnecessary economic losses. In addition, we organize advertising compliance training regularly for marketing people and other relevant personnel to promote the rules and laws of advertising and advertising compliance systems. By doing this, we enhance the awareness of advertising compliance and act on the idea of compliance operation.

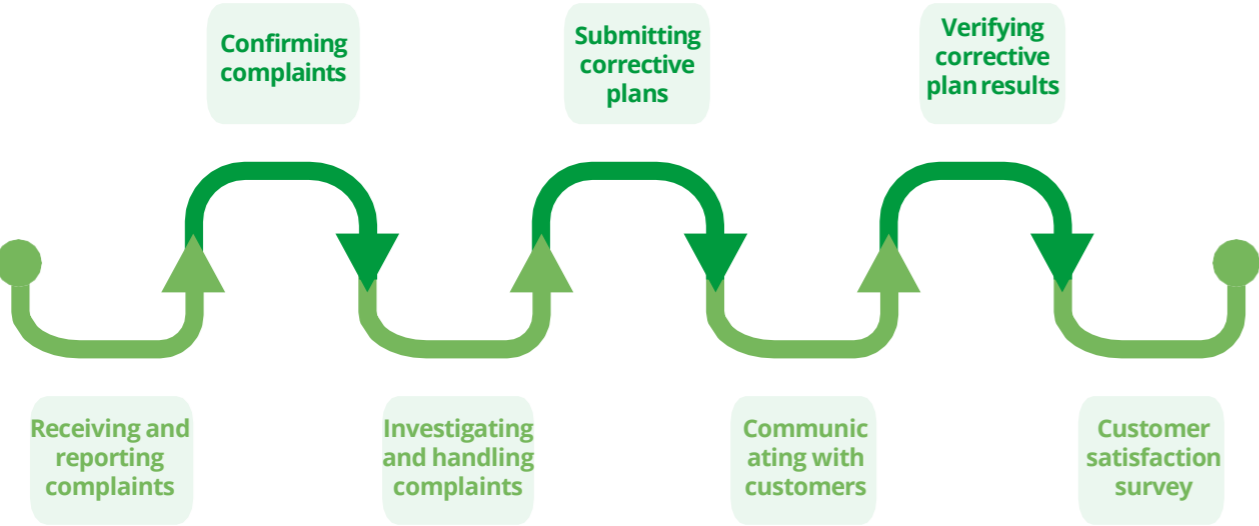


Customer complaint management

The Group regards customer satisfaction as a fundamental core value. We have developed the Customer Complaints Management Measures to ensure that every customer's complaint can be handled promptly and properly. We have established various communication channels to actively address customer needs and feedback. This includes setting up an independent department to receive and manage customer complaints, as well as offering multiple avenues for complaint submission, such as 400 hotlines and email addresses.

Furthermore, we have established an emergency response mechanism to quickly address major complaints and have formed an emergency action team to promptly and effectively handle unforeseen circumstances. We conduct annual customer satisfaction surveys to gain insights into customer sentiment and demand, enabling us to continuously improve our business and services based on valuable feedback. In 2024, customer satisfaction with our product quality increased by 0.36% compared to the previous year.

Customer complaint management procedure



In 2024, our key performance of customer services is shown as follows:

Indicator	Unit	2024
Complaints about raw milk products and services	Case	0
Complaints about feed products	Case	0
Customer satisfaction with feed products ⁸	%	98.62
The percentage of the sold or delivered feed products withdrawn due to safety and health issues	%	0
The percentage of the sold or delivered raw milk products withdrawn due to safety and health issues	%	0

⁸Customer service satisfaction only involves Feed Business Unit.

Product Nutrition and Health

Nutrition & health

The Group has always adhered to a dual-track strategy in raw milk nutrition and health research and development, and continued to innovate under the guidance of this strategy. The Company greatly increases the content of basic nutrients in raw milk by optimizing the nutrition and formula for dairy cows and introducing new technologies and new raw materials or additives. In addition, we are committed to developing specialty raw milk and rolling out differentiated products with unique nutritive value to meet the market's demand for premium, customized dairy offerings.

The Group boasts an excellent product mix of specialty raw milk, which is nation-leading in both scale and category, including organic milk, jersey milk, organic jersey milk, DHA milk, A2 milk, organic A2 milk, selenium-enriched milk, and goat milk. During the Reporting Period, the Group's specialty raw milk categories increased to 8, and sales of products with organic certification accounted for 30.4%.

During the Reporting Period, the Group's specialty raw milk

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Increase of basic nutrients in milk

In order to increase the content of basic nutrients in milk, the Group has taken a variety of measures

- + **Optimizing feeding and quality standard operating procedures (SOP):** Ensure the purity and quality of milk by reducing the number of microorganisms and somatic cells in milk.
- + **Environmental management:** Take heat control measures in summer and cold protection & ventilation measures in winter to mitigate the impact of heat and cold stress on milk fat and milk protein.
- + **Raw material & additive research and development:** Actively explore and use new raw materials of quality protein and develop additives conducive to the utilization and conversion of protein to ensure the continuous increase of milk protein.

Raw milk product mix

The Group has innovated its raw milk product portfolio and launched a variety of high-quality milk products

- + **Organic milk:** We raise dairy cows according to the organic milk production standards, and produce organic milk that can pass the strict certification by a third party. In production, we prohibit synthetic chemicals and strictly abide by the standards on packaging, storage and transportation of organic food.
- + **Organic A2 milk:** Breed more dairy cows carrying the A2-β-casein gene by optimizing the gene screening technology, so as to produce A2 milk, which is easier to digest and absorb for the human body.
- + **Jersey milk:** Introduce high-quality jersey cows and adopt customized nutrition programs, thus not only increasing milk production but also achieving excellent nutritive quality of milk.
- + **DHA functional milk:** Develop functional milk containing more than 14mg/100ml of primary DHA by feeding cows with algae rich in DHA, which offers high-quality nutritious milk for consumers.
- + **Selenium-enriched functional milk:** Through unique nutrition techniques such as raw material screening, nutrition regulation and intensive feeding, produce functional milk rich in primary selenium to provide antioxidant and anti-aging effects.
- + **Goat milk:** Introduce Saanen dairy goats. They have a high-quality amino acid composition in their milk protein similar to that of breast milk. Their milk is rich in nutrients, containing a large amount of high-quality protein, vitamins, minerals, and more than 200 other natural nutrients. The nutrients it contains are balanced and reasonable, and the nutritional elements are rich and diverse, so it is called a "complete nutrition product".



Organic Milk Certificates

Innovation and R&D

The Group has deepened the technology-driven development and innovation strategy in animal husbandry, feed, seed and forage grass, and promoted innovation in nutrition, health care, breeding and process equipment from the dimensions of new raw materials, new processes, new equipment, new technologies and new products. Through these technological innovations, we have significantly improved dairy cow yield, raw milk and feed quality, reduced related costs, and promoted the upgrading and profit margin of breeding and forage grass products, effectively boosting the sustainable development of each business segment. At the same time, we have created an innovation system for all employees, focusing on innovation by all employees. Through two-way interactions from bottom to top and from top to bottom, we have comprehensively promoted technological innovation and created an innovation atmosphere with the participation of all employees and collaborative progress. During the Reporting Period, the Group's R&D investment increased significantly by 76% yoy compared to 2023.

Moreover, the Group actively participates in standard setting and contributes to the development of the industry. Throughout the Reporting Period, the Group took part in the formulation and release of 1 national standard, 4 local standards, and 1 group standard.

Implementation of strategies and innovations in 2024

Improved production efficiency and economic benefits

1.Organic dairy farm yield improvement project

+ By optimizing feed formulas and applying new technologies, the actual yield per unit area of organic dairy farm in 2024 increased by approximately 0.97 kg compared to the total cumulative yield in 2023.

2. R&D of new feed products

+ In 2024, 10 new feed products were developed and launched, with a sales volume totaling about 6,900 tons.

3. Development of Automation Projects

+ The Company has independently developed automation projects, including automatic pushing robots, medicinal bath robotic arms, and AI-fueled precision spraying, significantly boosting the production efficiency of the dairy farming business.

4. Soybean meal price model and early warning platform

+ The Group has established an analytical model to optimize the procurement decision-making mechanism, transform market opportunities into cost advantages, and effectively reduce procurement costs.

Low carbon and sustainable development

1. Low-carbon clean energy applications

+ We have focused on the conversion of green electricity and solar energy, built low-carbon factories and dairy farms, supported the "dual carbon" strategy, and promoted the company's carbon peak and carbon neutrality goals.

2.Low carbon and zero carbon project

+ We have built the first "four-star low-carbon" dairy farm, the first zero-carbon factory in the feed industry, a low-carbon dairy farm, and developed a tradable VCS carbon asset dairy farm in China.

3. In line with international quality standards

+ Our feed mill has passed the European Feed Additives and Pre-Mixtures Quality System (FAMI-QS) certification, enhancing the international competitiveness of its products.

Technological innovation

1. Bull breeding

+ During the reporting period, according to the latest assessment results of the comprehensive breeding values of dairy bulls published by the National Animal Husbandry Station, the SKX genomic breeding bulls took the top three places among 1,022 evaluated genomic Holstein young bulls. They also occupied six of the top ten, eight of the top twenty, and thirty-three of the top one hundred. Among them, the "champion bull" has the A2A2 genotype, which can be used to breed and reproduce dairy cows rich in A2 β -casein, significantly improving the competitiveness of the seed industry.

2. Feed formulation and feeding management innovation

+ **Feed formula optimization:** We have used the in vitro bionic digestion device to study the amino acid composition and digestibility of different protein raw materials, as well as the effects of different fatty acids on milk production and composition of dairy cows, and rationally match protein raw materials and fatty acids. According to the recommendations of NASEM2021 (latest edition) and Dr. Harkins of the United States, we have scientifically and rationally combined organic and inorganic trace elements to increase the content of key nutrients such as fat, protein, and vitamins in milk.

+ **Feeding management optimization:** We have adjusted the feeding environment, optimized the exercise and rest time of dairy cows, and gradually improved the quality of milk.

3. Technology introduction and application

+ **Advanced breeding technology:** We have introduced advanced dairy farming technology from home and abroad, such as embryo transplantation technology, to breed high-yield and high-quality dairy cow.

+ **Intelligent management system:** We have applied intelligent management systems, such as precision feeding and health monitoring, to improve the health of dairy cows and the quality of milk.

4. Improvement of raw milk health standards

+ **Improvement of algal powder raw materials:** We have added active ingredients with specific health benefits, such as DHA and Omega-3 fatty acids, by improving the quality of algal powder raw materials and innovating technologies such as encapsulation.

5. Efficient utilization of fatty acid nutrition

+ **Fatty acid research and optimization:** We have determined the physical and chemical parameters that affect the digestion and absorption of fatty acids through the study of the physical and chemical properties of different fatty acids and the digestion, absorption and utilization efficiency by in vivo and in vitro experiments. We have optimized the combination of different fatty acids and conducted feeding trials to verify it, and finally determined the fat combination technology that improves the production performance of dairy cows and has high absorption efficiency.

Technology innovation system construction

1. Germplasm resource bank and breeding technology system

+ We have cooperated with Inner Mongolia University to establish a germplasm resource bank, collect livestock breed resources unique to the Mongolian Plateau, establish an efficient breeding technology system, and enhance research and development of the breeding industry.

2. Government-Industry-University-Research Cooperation

+ We have cooperated with scientific research institutes such as the Chinese Academy of Agricultural Sciences and the Chinese Academy of Environmental Sciences, participated in a number of major national and provincial special research projects, and output many national standards, local standards, group standards, patents and academic papers to promote technological progress in the industry.

Case

Youran Dairy participated in the formulation of industry standards for silage quality assessment

In 2024, Youran Dairy participated in the formulation of three agricultural industry standards, including NY/T 4469-2025 Comprehensive Index Method for Quality Assessment of Whole-Plant Corn Silage, NY/T 4470-2025 Quality Grading of Whole-Plant Corn Silage and NY/T 4673-2025 Comprehensive Index Method for Quality Assessment of Alfalfa Silage. These standards are jointly developed by the Company, the Institute of Animal Science of CAAS, the Chinese Academy of Agricultural Sciences, and other scientific research institutions and industry enterprises. The new standard measures the key indicators of silage, uses an artificial rumen bionic system for evaluation, and combines this with the nutritional needs of dairy cows to calculate a comprehensive nutritional value index, thereby formulating a precise nutritional formula. Youran Dairy uses its own near-infrared nutrition database for raw materials and precise nutrition data verified by fistula cattle testing to provide important support for the accuracy and adaptability of the standards.



In addition, the Company issued the 2024 Youran Dairy All-Staff Innovation and Improvement Target Management Plan and Innovation Process Management Mechanism for Various Innovation Fields and Employee Innovation Platforms to comprehensively plan the company's innovation activities, including innovation goals, division of responsibilities, incentive matching, incentive fulfillment, innovation standards and other dimensions. The Company promotes the incubation of 172 innovation cases in each business department every month, and plans and submits a total of 114 innovation projects for review every quarter, of which 45 have been approved. In the annual innovation award review, a total of 8 innovative achievements won awards, with a total prize money of over 600,000 RMB.

Protection of intellectual property rights

The Group attaches great importance to the protection of intellectual property rights, strictly abides by the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations, is committed to safeguarding the legitimate rights and interests of independent intellectual property rights, and actively prevents the occurrence of infringements. The Group has formulated the Regulations for Management of Intellectual Property Rights, set up special positions responsible for monitoring the registration and licensing of trademarks, patents, trade names and other intellectual property rights to ensure standardized and effective management. In addition, the company regularly organizes internal training covering legal knowledge and management systems to enhance employees' awareness of intellectual property protection.

In 2024, the Group applied for **17** patents and obtained **6** patent authorizations.

As of the end of the Reporting Period, the Group held a total of **91** registered patents in China, including **41** invention patents and **50** utility model patents.

Newly granted patents in 2024

S/N	Patent Names	Application No.	Patent Type
1	A Eucommia leaf composition for peripartum dairy cow and its preparation method and application	2022104464086	Invention
2	A feeding device	202322285783X	Utility model
3	A discharge device	202323249672X	Utility model
4	A gas collection box	202323558830X	Utility model
5	A bale dismantling device and loader	2023233888140	Utility model
6	An operating platform	2023233104468	Utility model

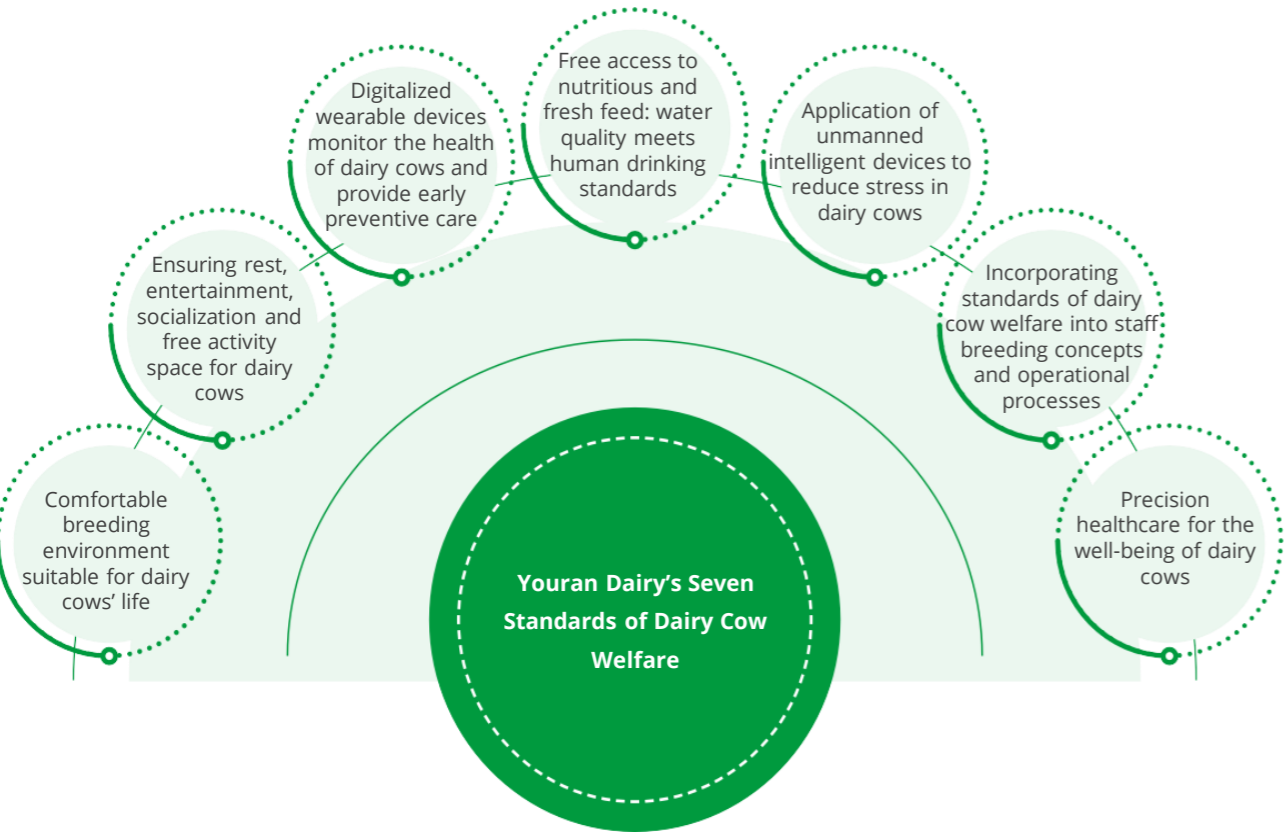
Animal Welfare Protection

Welfare of dairy cows

The Group places great emphasis on animal welfare, considering it a central element of its corporate social responsibility system. The company actively contributes to developing the group standard, the *Welfare of Farm Animal-Cow*, dedicating itself to advocating for animal welfare and advancing the application and development of welfare breeding technology. By optimizing the breeding environment, improving production conditions, strengthening epidemic prevention and safety, and scientifically designing breeding techniques, the Company always adheres to international dairy cow welfare principles to ensure that dairy cows enjoy a comfortable living environment and high-quality health management. While improving the health and well-being of dairy cows, we also strengthen our core competitiveness from the source and achieve a harmonious unity of economic benefits and animal welfare. To further implement dairy cow welfare, the Group has formulated a series of management policies, including the [Youran Dairy Welfare Principles of Dairy Cows](#) and the Formula Optimization Program.

◆ Management System of Welfare of Dairy Cows

From the perspective of caring for dairy cows and practicing the concept of symbiosis between man and nature, in 2024, the Group upgraded the original "Six Standards for Dairy Cow Welfare" and added the "Precise Health Care, Protecting the Health of Dairy Cows" standard, forming a comprehensive "Seven Standards for Dairy Cow Welfare" to further ensure the implementation of dairy cow welfare.



Youran Dairy's Seven Standards of Dairy Cow Welfare

- 1. In terms of breeding environment:** It is designed to take into account the living habits of dairy cows at different stages of their lives. Starting from the front-end design of the barn structure, height, and material selection, a comfortable living environment is created for the cows. Through IoT technology, the temperature, humidity, gas, and lighting of the barn are automatically adjusted. Facilities such as heatstroke prevention and cooling and cold prevention and warmth are improved in a timely manner according to climate change to ensure that the barn is warm in winter and cool in summer, and to create a suitable living environment for the cows.
- 2. Activity space for dairy cows:** The barn is designed with a space of more than 20 square meters per cow, with reasonable planning of the herd density and an outdoor cow exercise field. According to the physical condition of the cows, neck clamps and bedding of appropriate sizes are designed to provide ample space for the cows to move around and ensure their resting and social needs.
- 3. In terms of digital equipment application:** Youran Dairy's smart dairy farm management system monitors the rest time, rumination time and temperature changes of cows in real time through smart wearable devices such as collars and ear tags. Each milking will undergo a big data analysis, equivalent to a physical examination for cows. Through big data analysis, we can analyze and understand the health condition of cows and take preventive health care measures to safeguard the health of cows.
- 4. In terms of feeding and water drinking:** Our expert team, led by 25 doctors, develop exclusive nutrition formulas for the cows based on their nutritional needs at different physiological stages and milk production levels, so as to ensure that cows can get fresh and nutritionally balanced feed every time. For water intake, we ensure water source quality according to human drinking water standards and configure constant temperature drinking troughs to maintain a water temperature of above 15°C, ensuring that cows drink water at an appropriate temperature.
- 5. In cow stress management:** The new smart dairy farm introduces the world's most advanced fully intelligent unmanned milking robots, feeding robots, material pushing robots, and manure cleaning robots, minimizing cow stress caused by human intervention. Close attention is paid to every detail to create a comfortable and happy life for dairy cows.
- 6. In terms of the cultivation of employees' breeding concept:** A standardized SOP manual for dairy farming has been formulated, taking into account the welfare of dairy cows. Through systematic training and practice, employees can provide precise and meticulous care for dairy cows in their daily operations.
- 7. In terms of precise health care and protecting the health of dairy cows:** Youran Dairy uses its independently developed "Intelligent Farm Cloud" smart dairy farm management big data platform, automatic milking robots, electronic collars, ear tags and other intelligent equipment to analyze the health status of each cow in real time, thereby achieving precise health care and treatment for individual dairy cows, effectively reducing the use of drugs and drug stress for dairy cows, and improving their quality of life and health.



Youran Dairy has upgraded its dairy cow welfare standards to lead a new trend in healthy dairy cow breeding

On September 12, 2024, the 6th China Animal Welfare Science Conference was held in Chongqing. It was hosted by the China Animal Health and Food Safety Alliance. Nearly 100 experts and scholars attended the conference to jointly explore welfare breeding technologies and promote the healthy and sustainable development of animal husbandry.

At the Ruminant Welfare Science Forum, Youran Dairy gave a keynote speech on how to ensure the welfare of dairy cows. Youran Dairy has newly upgraded its dairy cow welfare standards, added the "precise health care and protecting the health of dairy cows" standard, and formed the "Seven Standards for Cow Welfare". Through its independently developed "Intelligent Farm Cloud" smart dairy farm management big data platform, automatic milking robots, electronic collars, ear tags and other intelligent equipment, the Group has analyzed the health status of each cow in real time, and achieved precise health care and treatment for individual dairy cows, thereby effectively reducing the use of drugs and drug stress for dairy cows, and improving their quality of life and health. Youran Dairy continues to improve its dairy cow welfare management system, enabling dairy cows to live and produce healthily and happily in a welfare environment. This helps Youran Dairy to move forward steadily on the path of dairy industry development and contribute greater strength to the revitalization of the industry.

Dairy Cow safety and health

The Group places significant emphasis on the health and welfare of dairy cows, strictly complies with the Animal Epidemic Prevention Law of PRC, and publicly commits to minimizing the routine use of prophylactic antibiotics in animal production operations. To this end, the Company has formulated a series of health and safety management policies and measures, such as Administrative Measures for Optimization of Herds and Dairy Farm Epidemic Prevention Management Measures, through vaccination, disinfection and other measures to replace the use of antibiotics, ensuring that dairy cows live healthily and happily in a welfare environment.

In the process of ensuring the health and welfare of dairy cows, we not only focus on providing high-quality feed and a comfortable living environment, but also ensure that every cow can enjoy high-standard living conditions through regular health monitoring and precise veterinary care. The Group actively adopts advanced health management technologies to monitor the health status of dairy cows in real time so as to promptly identify and address potential health problems. In addition, the Group attaches great importance to preventive measures and effectively prevents and controls the occurrence of diseases through regular vaccination and strict disease monitoring, thereby ensuring the health and high yield of dairy cows. Through these comprehensive measures, we not only improve the quality of life of dairy cows, but also provide customers with high-quality, safe and reliable dairy products, demonstrating the Group's firm determination for dairy cow health and customer commitment.

Daily health management

+ We use big data to monitor all aspects of dairy farm management in real time, analyze the diet and health of dairy cows, and help managers understand the situation in a timely manner. We strictly control the quality of raw materials and formulate a diet inspection plan to ensure the freshness of the diet and the health of the cattle. We have clarified the cold and heat stress management plan, standardized the cattle stocking density, and prevented injuries due to slipping. We have updated the calf management manual and launched dedicated improvement activities to optimize key processes and reduce morbidity.

Newborn calf care

+ We provide high-standard care for newborn calves and strictly implement standards and procedures related to colostrum feeding, umbilical cord disinfection, drinking water and starter feed, and newborn calf management.

Disease prevention and control through immunization

+ We have built a comprehensive herd health management and epidemic prevention system. We regularly revise the *Administrative Measures for Health of Herds*, clarify the standards for cattle optimization and culling, and formulate specifications for the harmless disposal of dead cattle. We have established a two-line reporting mechanism to improve the efficiency of information transmission on emergencies. We have sorted out key control points and standard operations, periodically evaluated epidemic prevention work, formulated annual plans, strengthened disinfection, reviewed 25 epidemic prevention systems every year, had a dedicated team implement the annual immunization plan, and used digital information to warn and monitor common diseases.

Strengthening management and control of veterinary antibiotics

+ **Regulatory system development:** Strengthen the construction of the regulatory system, establish an animal drug residue monitoring system, promote pollution-free production certification, and comprehensively promote the HACCP system.

+ **Veterinary prescription drug management:** Strictly implement regulations on the use of prescription drugs for animals, withdrawal periods, etc., and follow the instructions on the labels of veterinary drugs for symptomatic treatment, proper administration and accurate dosage.

+ **Drug resistance management and risk control:** Analyze national and corporate drug resistance, improve the system for monitoring the drug resistance of zoonotic bacteria, formulate and implement an annual plan for monitoring the drug resistance of zoonotic bacteria, organize and carry out drug resistance monitoring, and improve the ability of drug resistance risk management; develop medication guidelines, conduct clinical trials for targeted medication and replicate and promote them to improve the cure rate of mastitis in cows.

+ **Application of green veterinary drugs and health promotion:** Explore the large-scale application methods of Chinese veterinary medicines in dairy farms, and actively promote the use of green veterinary medicines without residue, such as Chinese veterinary medicines and microecological preparations. We have experimentally developed an additive combination package to replace the antibiotic monensin to prevent calf diarrhea and promote calf intestinal health.

Our key performance in Welfare of Dairy Cows in 2024 is as follows:

Indicator	Unit	2024
Quarantine inspection rate of culled cattle	%	100
Coverage rate of foot and-mouth disease vaccination for cows	%	100

Environmental Protection First and Green Development

04



Environmental Management

The Group is dedicated to aligning corporate value with social value, advancing green sustainability, and creating a driving force for human health and well-being. The Group always adheres to the principle of ecological priority and the environmental management policy of "culture-led, technology-led, efficient utilization, low-carbon circulation and green development". It actively promotes environmentally friendly and animal-friendly business methods, accelerates the reduction of inputs, cleaner production, waste resource utilization, and ecological operation, strengthens pollution control, deepens resource recycling, builds a complete circular industrial chain, improves utilization efficiency, and accelerates the comprehensive green transformation and upgrading.

Environmental management policy

◆ Upholding environmental responsibility

The Group has always adhered to environmental protection and green and low-carbon development, and is committed to an environmentally friendly and ecologically balanced sustainable production model. It has formulated and issued environmental management policies such as [Youran Dairy Environmental Statement](#) and [Principles of Sustainable Operations](#). Such policies cover the Company and its subsidiaries, suppliers, service providers and contractors, other key business partners, etc., and clarify the Company's environmental protection goals, strategies and action plans. They are used as effective guiding documents and action programs for environmental management, providing an important action basis and guidance for the Company to carry out environmental management, reduce the impact on the environment, adhere to environmental responsibilities, and promote green and sustainable development. In the past four years, the Group has not been involved in any environmental litigation cases due to environmental issues, has not violated any environmental-related legal obligations or regulations, and has not paid any significant fines or penalties related to the environment or ecology.

Environmental management mechanism

◆ Environmental management system

The Group has established a scientific environmental management system according to the ISO 14001 system to comprehensively improve environmental management, conserve resources, increase benefits, and reduce risks. The Company strictly follows the requirements of the ISO 14001 environmental management system and continuously improves its environmental management system. It has formulated many rules and regulations, such as Youran Dairy's Measures for Environmental Protection Management, Environmental Protection Responsibility System, and Specification for Management of Environmental Files, to ensure the efficient, reliable and stable operation of the environmental management system. In addition, we continue to promote the certification of the environmental management system. As of the end of the Reporting Period, the Group headquarters and nine dairy farms have passed the certification under the ISO 14001 environmental management system.

Indicator	Unit	2024
Coverage of ISO 14001 environmental management system certification	%	13.75
The internal certification/audit/verification coverage rate of the environmental management system by the experts from the Company headquarters	%	100



◆ Environmental responsibility system

In order to procure efficient operation of the environmental management system, the Company has set up a three-tier environmental management structure consisting of decision makers, management and performers. It forms an all-round network that provides a powerful organizational guarantee for environmental management. As the highest management body for the Company's environmental management, the Company's Board of Directors and its ESG Committee are responsible for making decisions and adopting the Group's environment-related strategies, policies, major projects and objectives, reviewing the Group's performance against ESG objectives annually, and adjusting the ESG strategy as appropriate. In addition, the Company establishes an Environmental Management System Committee, which is responsible for the comprehensive coordination and management of the Company's environmental protection and energy management work, forming an all-round environmental management network. The company headquarters is responsible for the formulation of the overall environmental management strategy, regulatory identification, risk control and process management; each unit is responsible for taking over the work arrangements of the company headquarters, and for promoting and empowering environmental protection work at each dairy farm and branch; each dairy farm, branch and subsidiary is responsible for the implementation of the environmental protection management work under its unit.

In order to strengthen the implementation of environmental management responsibilities, the Company has deeply integrated environmental protection target indicators into the annual performance appraisal system of the management level. Based on the Letter of Environmental Protection Responsibility, it has urged each business unit to list environmental protection performance as a key factor in the assessment of responsible persons, closely linking it with annual performance, effectively stimulating managers' awareness of environmental responsibility, effectively improving environmental management efficiency, and providing solid support for the Company's green and sustainable development.

◆ Environmental review and assessment

Embracing the principle of rigorously implementing environmental protection policies and ensuring the achievement of environmental protection goals, the Company has established a regular environmental review system. According to the Provisions on Environmental Management, we conduct random inspections on subordinate units for environmental review every quarter. The environmental problems identified during the review should be thoroughly rectified by the relevant units in charge, thus forming a closed-loop system of environmental management. For units that fail to achieve their annual environmental targets or undergo environmental incidents, the relevant persons in charge will be given negative incentives according to the Environmental Target Control Plan to effectively strengthen environmental accountability and reinforce the foundation of our environmental management.

◆ Environment monitoring and control

To enhance detailed environmental control, the Group has framed an annual monitoring plan and entrusted a qualified third-party institution to monitor the wastewater, waste gas, solid and liquid fertilizers, surface water, groundwater and soil. Besides, we have established an EHSQ management system to collect relevant data such as emissions of "three wastes" and energy consumption, aiming to monitor environmental management performance and provide a scientific basis for future planning.

Environmental management objectives

Water resource management objectives

Key Environmental Indicators	Target Setting	Target Achievement
Water saving objectives at the operating level ⁹	+ Taking 2021 as the base year, over the next five years (up to 2025), we will maintain the daily water consumption standard for a single cow within 110kg.	+ In 2024, the water consumption per million revenue was 1,100 tons. + The water consumption per ton of milk in 2024 decreased by 12.47% compared with that in 2023.

⁹ To improve the precision and comprehensiveness of our data, the Company has clarified quantitative statistical requirements for this goal, ensuring higher efficiency and quality in water resource management.

Waste management goals

Key Environmental Indicators	Goal	Target achievement
Waste gas emissions	+ Take 2021 as the base year, to reduce the emission of sulfur dioxide to 0.0040 tonnes per million RMB of revenue in the next five years. + Take 2021 as the base year, to reduce the emission of nitrogen oxides to 0.0023 tonnes per million RMB of revenue in the next five years.	+ In 2024, our sulfur dioxide emission was 0.0000309 tons per million RMB of revenue. + In 2024, our nitrogen oxide emission was 0.00021 tons per million RMB of revenue.
Hazardous waste	+ Take 2021 as the base year, to remain compliant with laws and regulations and safely dispose of sick and dead cows, medical waste, laboratory waste liquid and other hazardous wastes in the next five years.	+ No violations occurred in 2024.

Cultivating environmental awareness

The Group actively engages in green environmental protection initiatives, fosters environmental awareness among all employees, and earnestly practices the concept of sustainability. Through planned and systematic environmental training courses, we accurately convey the requirements of environmental protection to all employees, embedding the concept deeply into their minds. Concurrently, the Company has established a diverse communication platform by hosting training and sharing sessions on topics such as environmental protection, water conservation, climate change response, energy efficiency improvement, waste disposal and biodiversity preservation. These efforts aim to deepen employees' understanding of implementing environmental measures, foster a culture of 'learning from each other', and infuse strong intrinsic motivation into the Company's green growth.

In 2024, we organized a total of 15 environmental management training sessions. Key training topics included standardizing environmental protection documentation, EHSQ system module application, hazardous waste management, specialized training for new site managers, and environmental management systems. The training sessions were attended by 1,094 participants, achieving a pass rate of 98.72%.

In 2024, the Group organized a total of **15** environmental management training sessions

The training sessions were attended by **1,094** participants, achieving a pass rate of **98.72%**

Water Resource Management

As a leading animal husbandry company, the Group has strategically focused on water resource management, a critical aspect. The Group dutifully adheres to regulations such as the Water Pollution Prevention and Control Law of the PRC and the Urban Drainage and Sewage Treatment Regulations. Embracing the water management policy of "conservation first, spatial balance, systemic governance, and dual approach", the Group actively conducts water stress risk assessments, increases the use of alternative water sources, and continually enhances water resource management through cutting-edge water-saving technologies and fine internal management. While ensuring the stable operation of our business, we are committed to harmonizing our development with sustainable water use, thereby providing a model for water resource management in the industry.

Water resource management mechanism

Water resource management policies and systems

The Group is dedicated to the efficient utilization of water resources, striving to reduce water usage, enhance the construction of a recycling water system, explore alternative water source potentials, and boost the efficiency of comprehensive water resource utilization. Leveraging existing management plans and standards, including the Comprehensive Plan for Water Control and Consumption Reduction of Dairy Farms, the Energy Consumption Target Assessment Plan, and the Standards for the Construction and Management of Groundwater Observation Wells, we integrate past practical experience with advanced management theories to further refine control points. Community-level units have bolstered implementation efficiency by closely monitoring regional water consumption and accurately verifying water treatment facility parameters. They continuously refine water balance diagrams, accurately identifying potential loss points. Improvement plans based on these efforts are more scientific and practical, and their rectification processes are tracked and monitored to effectively address challenges. Currently, the Group has no risk of water shortage.

Water resource management framework

Guided by the strategic focus on fine water resource management, the Group persistently advances its existing management framework. The Group continues to optimize its three-tier management structure comprising decision makers, management, and performers, addressing key areas such as allocation and utilization, risk prevention and control, water quality enhancement, and ecological maintenance. All levels perform their duties in a coordinated manner, forming a closed-loop management model of "overseeing directions, ensuring implementation, and advancing steadily". This approach guarantees efficient and orderly management of water resources in all aspects.

Water resource management framework



Water resource risk management

Water resource risk assessment methodology

Water resources are a crucial component in corporate operations and development, and their stability and sustainability are directly linked to the Group's long-term strategic planning. The Group places significant emphasis on water risk assessment and has established a meticulous and scientific evaluation methodology. In terms of regulatory compliance, we consistently observe the latest national and local water policies and regulations, rigorously adhering to various standards during the evaluation process. This ensures that all operations are lawful and compliant, providing a solid institutional foundation for accurate risk identification.

Choosing an assessment tool	Strengthen risk management	Framing the assessment	Analyzing the assessment results
+ The Group conducts regular water risk assessments every year by using the AQARE tool developed by the WULCA Working Group of UNEP-SETAC Life Cycle Initiative. Additionally, we continue to introduce advanced assessment models that incorporate multi-source data with dynamic simulation capabilities.	+ Based on the regional characteristics, water consumption impact, local regulatory frameworks, and water resource availability for each farm or factory location, we assess the water risk in terms of water scarcity, ecological impact, and environmental influence during the production process using the AWARE water scarcity facto.	+ Water risks are categorized into four levels, ranging from 1 to 4, ensuring 100% coverage in water risk assessment across all dairy farms and factories. This process results in a comprehensive water risk management map and detailed risk assessment analysis.	+ Leveraging the water risk management map, we focus on the most business-relevant and high-risk operational sites, utilizing this as a basis to drive initiatives such as planning and layout of new projects, and optimizing and transforming equipment and processes.

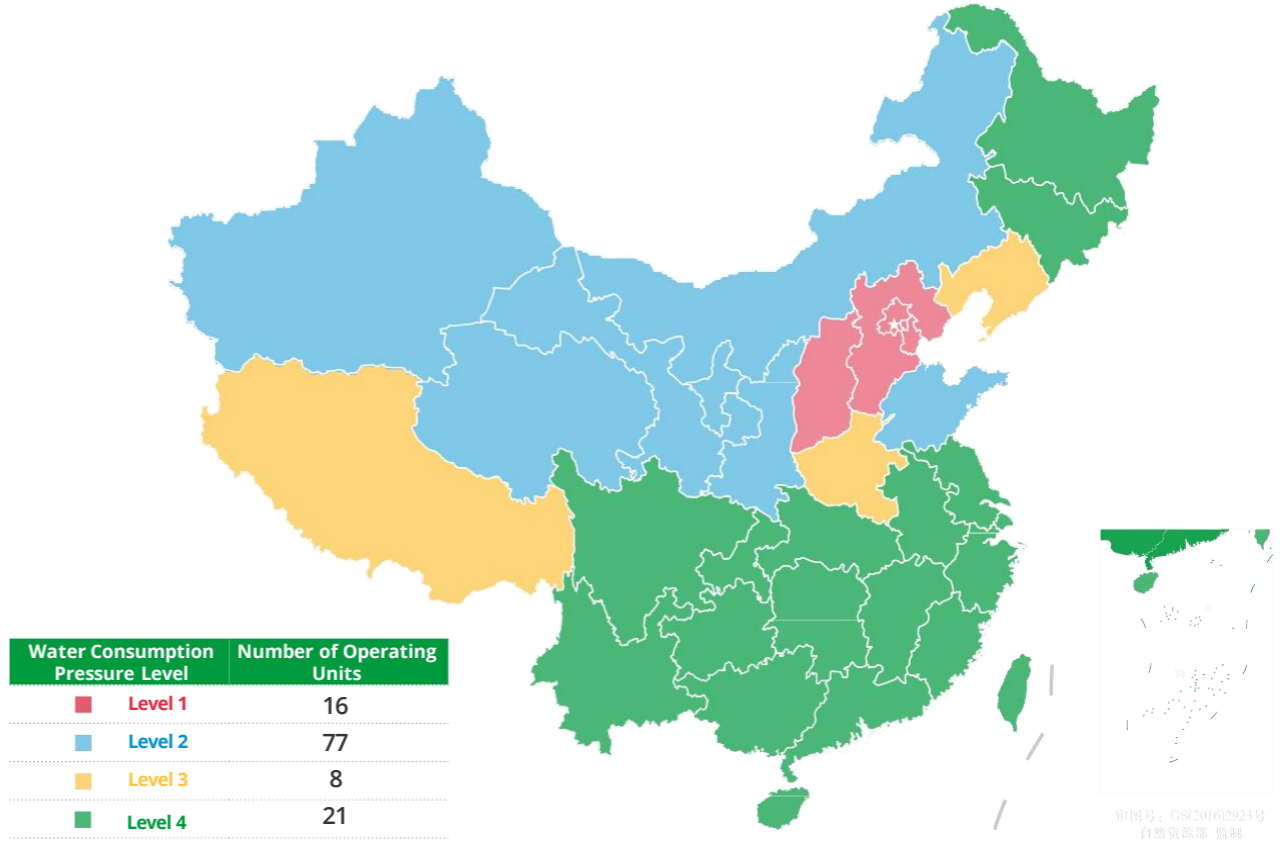
Water risk assessment results

To reduce the adverse effects of operational activities on water resources, the Group annually employs the AQARE tool developed by the WULCA Working Group of UNEP-SETAC Life Cycle Initiative to ensure 100% coverage in water risk assessments for all dairy farms and factories. We categorize the risk assessment results into four levels, from 1 to 4, and use the detailed assessment outcomes to create a water risk management map, which serves as a critical guide in enhancing corporate water resource efficiency. When planning new projects, the Group meticulously avoids ecologically sensitive regions with scarce water resources, preferring areas that either naturally regulate water resources or where engineering solutions can enhance water supply. In the equipment selection phase, based on local water resource availability and quality, including variations in volume, the Group chooses suitable water treatment systems and water-saving appliances, ensuring compatibility with local conditions throughout the equipment's lifespan. At the procedural level, the Group actively champions water-saving innovations, minimizes water consumption from the outset, optimizes usage processes, and robustly enhances resilience to water resource risks.

In 2024, the Group submitted a water security questionnaire to the Carbon Disclosure Project (CDP), achieving a commendable Class B rating in its first assessment. This initiative systematically documented and showcased the Company's progress, innovative practices, and future plans in tackling water risks. In addition to receiving

international authoritative recognition, it provided pioneering and preferential solutions for the sector, consistently advancing efforts in water risk prevention and control towards greater sophistication, thereby ensuring the long-term sustainability and stability of corporate water resource utilization.

Water Risk Map



Product water footprint management


The Group is committed to fostering green, low-carbon, and low-water footprint development across the entire dairy industry supply chain. It continues to refine strategies for low-carbon and low-water footprint initiatives at the forefront of the industry. Since joining the Global Low Water Footprint Initiative, the Group has persistently advocated the preservation of water resources, the aquatic environment, and water ecology, setting a sustainable low-carbon, green path for the industry.


In managing product water footprints, the Group has established a comprehensive system of water footprint management techniques. Starting with feed cultivation, the Group employs advanced precision irrigation technology and soil moisture monitoring systems to dynamically adjust irrigation based on crop growth stages and climatic conditions, thereby minimizing water waste and reducing the water footprint in feed production. By optimizing planting layouts and choosing drought-resistant forage grass varieties suited to the local climate and soil, further reductions in water consumption have been achieved. Through excellence in managing product water footprints, the Group not only internalizes efforts to reduce its water footprint but also sets an industry standard, driving the entire dairy industry's upstream value chain towards a sustainable, low-carbon, green, and low-water footprint direction.

Measures for water resource mitigation

The Group regularly carries out water quality monitoring, follows the principle of “plans and standards specific to each site and place”, builds water quality monitoring wells, creates a comprehensive, multi-layered monitoring network, and regularly engages third-party professional organizations to evaluate the quality of surrounding water sources. We thoroughly explore, introduce, and actively promote the most effective water-saving technologies and initiatives needed at production and operational sites, including dairy farms and forage grass. By leveraging industrial synergies, we unite forces across the entire industry chain to execute broad water conservation collaborations, driving the efficient use of water resources through these collective efforts.

In 2024, through its effective application of top-tier water-saving technologies, the Company executed 7 key projects across critical areas such as source water conservation, water quality enhancement, and recycling. These technologies and initiatives now encompass 100% of our operational sites, establishing a robust foundation for advancing water risk management capabilities and strongly supporting the ongoing optimization of our water resource management.

Operation Area	Mitigation Measures
 Dairy Farming Business	Source control: <ul style="list-style-type: none">+ We have completed AI precision spraying transformations on 15 dairy farms, resulting in water savings of 20% to 30% depending on the season. In 2025, we will continue to advance these AI spraying initiatives.+ We inspect and adjust the water level of the drinking trough in the cowshed each month to minimize cleaning water usage. For instance, at a 10,000-head dairy farm, these regular inspections and adjustments help save approximately 17.5 tons of water used for tank cleaning each day.+ We apply plate-type pasteurizers to cool milk by heat exchange, recycle the residual heat in milking parlors by air cooling instead of water cooling, incorporate infrared sensing devices into rotary milking machine for precise rinsing of milking cups, and equip them with pressurized fan nozzles to enhance the flushing force, thereby further improving the utilization of water resources.
	Recycling: <ul style="list-style-type: none">+ In 2024, the water recycling renovation project achieved an average daily water saving of 10.5 tons for each 5,000-head dairy farm and 13.8 tons for each 10,000-head dairy farm.+ We have developed the CIP standards for milking parlors, continuously popularized the CIP system for milking parlors, and realized the tertiary reuse of CIP wastewater, which can help each 10,000-head dairy farm save 60 tons of water every day and 21,900 tons of water every year.+ The water used for washing milk trucks is recycled and repurposed for cleaning floors and equipment at the milk hall. For a 10,000-head dairy farm, this practice of recycling results in a savings of 5.25 tons of water each day.

Operation Area	Mitigation Measures
 Forage Grass Business	Layout optimization: <ul style="list-style-type: none">+ We give priority to the areas abundant in water resources and enjoying good water policies in site selection for new bases, so as to reduce the risk of water shortage.
	Enhancing irrigation strategy: <ul style="list-style-type: none">+ We have developed a scientific irrigation plan based on crop water requirements to enhance irrigation efficiency and reduce water use. We have implemented a precision irrigation system by tailoring plans to variations in plot sizes and growth stages and scheduling irrigation according to crop water demand during growth phases to prevent excessive watering. Simultaneously, we have upgraded irrigation techniques by transitioning from flood irrigation to more efficient methods like sprinkler and drip irrigation in the Chilechuan Eco-Smart Sub-ranch, achieving better water conservation.
	Empowering water conservation with smart technology: <ul style="list-style-type: none">+ With the deployment of intelligent sprinkler irrigation systems, the forage grass plantation base under the forage grass unit now operates 93 sets of digitally controllable sprinkler equipment, enabling precise start, stop, speed, and positioning. Soil moisture monitors provide real-time data insights, facilitating automatic linked irrigation, ensuring smart and precise watering while reducing costs and enhancing efficiency. Furthermore, we have introduced an integrated water-fertilizer system, utilizing all sprinkler equipment to evenly distribute dissolved fertilizers through water, thereby increasing the efficacy of both water and fertilizer usage. Additionally, we have promoted mechanized farming operations by equipping agricultural machinery with GPS navigation and employing drones for crop protection, ultimately improving productivity, minimizing seedling damage, and reducing water waste.
	Advocating water-saving technologies: <ul style="list-style-type: none">+ We have maximized the use of treated recycled water and alternative sources like biogas slurry technology for agricultural irrigation, thereby lessening groundwater reliance and fostering a low-carbon, eco-friendly agricultural production framework. In 2024, the southern branch farms, including the branch farm in Jinan, Shandong, and the branch farm in Zhumadian, Henan, successfully recycled over 1.8 million cubic meters of biogas slurry back into the fields.
	Selecting water-efficient crop varieties: <ul style="list-style-type: none">+ We have incorporated field trials and scientific projects to continuously assess and select new crop varieties that are water-efficient, drought-resistant, and high-yielding, providing technological support to sustainably reduce water usage.+ We have refined the product mix to enhance agricultural product quality and reduced water usage per land unit for effective output to elevate water-use efficiency.

Case Promotion of AI Precision Spraying Technology

To achieve precise, intelligent and efficient management of water resources, the Group adopts the AI precision spraying technology. This technology can accurately locate cows, separately control and link spraying areas, monitor and intelligently analyze the situation of barns in real time through cameras and environmental monitoring equipment, and carry out point-to-point precision spraying, thus greatly improving the efficiency of water resources utilization. The AI analysis application can reinforce the barn scene algorithm, prevent the impact from object movement, pipeline water flow, fan rotation and long-term stay of cows, and enable more precise and effective control of spraying. Additionally, the collected data can be used for big data analysis, deep learning and algorithm reinforcement to derive the ideal environment data of barns, thereby automatically adjusting the thresholds for spraying start & stop and spraying volume and dynamically balancing the barn environment.



The continuous promotion and deployment of AI precision spraying technology helped us achieve a 20% to 30% water saving in different regions and climate conditions. This innovative measure not only improves the efficiency of water resources utilization, but also advances the modernization of dairy farm management, thus providing powerful support for the development of animal husbandry in China.

Case Smart Empowerment of Water Conservation Practices in the Forage Grass Sector

Youran Dairy's forage grass plantation bases employ an intelligent water-saving model, integrating 93 sets of intelligent sprinkler systems to achieve precise and automated control. Using digital technology, it accurately manages the start, stop, operating speed, and shutdown position of sprinkler systems, significantly boosting irrigation efficiency and establishing an efficient irrigation system. Additionally, the system is equipped with a soil moisture monitor to track soil moisture data and patterns in real time. This allows for automated irrigation based on the actual needs of the soil, enabling smart and precise irrigation and effective water conservation. Furthermore, an integrated water-fertilizer system is introduced to evenly distribute formulated fertilizers dissolved in water to the soil, allowing crops to quickly absorb nutrients and enhancing the utilization of both water and fertilizers. Regarding agricultural machinery operations, mechanization is thoroughly promoted. Agricultural machinery is equipped with GPS navigation systems to ensure precision in operations, with a sowing error rate of less than 5%. Drones are utilized in crop protection activities, reducing crop damage, enhancing operational efficiency, and lowering seedling injury rates, thereby improving the utilization of water resources. The comprehensive integration and application of these intelligent technologies optimize agricultural water use efficiency in all aspects, expedite the progression of agricultural modernization, and generate new value for agricultural sustainability.



In 2024, we have the following key performance indicators in terms of water use:

Indicator	Unit	2024
Water withdrawal - total municipal water supply (fresh water)	ten thousand tonnes	964.47
Water withdrawal - total groundwater (fresh water)	ten thousand tonnes	1,222.05
Total water consumption (freshwater)	ten thousand tonnes	2,186.53
Water recycling volume (recycling water reuse)	ten thousand tonnes	35.61
Water consumption per million RMB of revenue ¹⁰	ten thousand tonne(s) / million RMB	0.11

¹⁰ The Group's water resources data encompasses dairy farms and feed mills. In 2024, we enhanced the statistical standards and scope of water resource data. The overall water consumption at dairy farms and feed mills remains stable. The increased water consumption per million RMB of revenue primarily stems from the operation of 6 new dairy farms during the Reporting Period, as well as additional facilities aimed at improving cow welfare.

Packaging and Waste Management

The group is committed to minimizing environmental impact while ensuring product safety and meeting market circulation requirements, fully embracing the concept of green development. We adhere to the core principles of reduction, recyclability, and easy recycling. We manage resources from the source by selecting eco-friendly packaging materials and strive to lower resource consumption. During production and operations, we adhere to principles of safety and resource efficiency for solid waste management, including animal manure, residual waste, and waste packaging. Our goal is to convert waste into reusable resources, fulfilling our environmental responsibilities as part of our ESG initiatives.

Packaging management

◆ Packaging management

The Group strictly adheres to regulations like the Standardization Law of the People's Republic of China and the Food Sanitation Law of the People's Republic of China, along with the Measures for the Metrological Supervision and Administration of Quantitatively Packed Commodities. We support the circular economy principles of "reduce, reuse, and recycle", aiming to develop a sustainable ecological chain and minimize packaging's environmental impact during production, distribution, and recycling. This includes prioritizing the purchase of eco-friendly materials and adopting recyclable materials to mitigate long-term environmental harm. Meanwhile, we streamline packaging design and reduce material usage without compromising product safety, ensuring efficient resource utilization.

Business Type	Management Measures and Results
 Dairy Farming Business	<ul style="list-style-type: none">+ The Group's dairy farming business does not utilize additional packaging materials. During raw milk transportation, the Company adheres to the Automobile Industry Standard of the People's Republic of China - Milk Tanker (QC/T 23-2014) and employs specialized milk tankers that meet environmental protection standards.+ For raw milk transport, milk tankers are selected, maintained, and constructed following stringent standards. They are made from durable, easy-to-clean materials compliant with food hygiene standards, ensuring the tanks are eco-friendly, sustainable, and insulated with recyclable materials. This guarantees product safety from the point of transportation, in line with the circular economy principles of "reduce, reuse, and recycle".
 Feed Business	<ul style="list-style-type: none">+ Packaging materials are primarily used within the Group's feed business. Without sacrificing product safety and quality, the Company actively develops targeted feed tower subsidy programs. By providing financial incentives, we assist partners like dairy farms in optimizing feed storage methods, adopting eco-friendly recyclable feed models, reducing reliance on plastic outer packaging at the source, and promoting the recycling of packaging materials.+ We have introduced a direct sales policy that reduces prices for bulk materials, effectively lowering the market entry barriers for bulk feed and ton-packaged premixes. This strategy significantly boosts their market share by encouraging customers to opt for more environmentally friendly bulk options. As a result, we continuously decrease the frequency and overall use of plastic outer packaging, thus achieving a reduction in packaging.+ In 2024, the Company's use of plastic packaging and ton bags accounted for 39%, while bulk materials made up 61% of our packaging. Based on our bulk material usage, the annual consumption of packaging materials decreased by approximately 1,200 tons.

In 2024, our key achievements in the use of packaging materials are summarized as follows:

Indicator	Unit	2024	2023
Plastic packaging material usage	Ten thousand pieces	684	867.89
Packaging material usage per million in revenue	Ten thousand pieces/million RMB	0.034	0.046

Waste management

The Group upholds the concept of prioritizing ecology and environmental friendliness, thoroughly integrating goals of reduction, harmlessness, odorlessness, resource utilization, and efficiency. We systematically manage converting waste into usable resources and are devoted to developing a sustainable model that synergizes both agriculture and livestock breeding for coordinated development. The Group adheres strictly to laws, regulations, and standards such as *the Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, as well as *the Law of the People's Republic of China on Prevention and Control of Soil Pollution*. This ensures that our business operations align with national policy directions, effectively mitigating environmental compliance risks.

Waste management

We continuously enhance internal fine management by formulating 29 system and procedural documents including the *Youran Dairy Environmental Management Manual*, *Youran Dairy Compliance Obligation Identification and Evaluation Management Procedure*, *Youran Dairy Solid and Liquid Fertilizer Return to Field Specifications*, and *Youran Dairy Recycled Manure Bedding Fermentation Technical Specifications*. These documents cover multiple areas such as emergency preparedness, solid waste disposal, animal manure management, and groundwater management. They facilitate compliant treatment processes for emissions, wastewater, and waste residues across our operations, driving a green and low-carbon transformation from sourcing to disposal. These efforts support ecological and environmental protection, evidencing our commitment to excellence in environmental management, and guide each business unit in compliant treatment and resource utilization of pollutants.

Regarding hazardous and solid waste management, the Group complies rigorously with laws and regulations, including *the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution* and the *Measures for the Transfer of Hazardous Wastes*. We have established standards like the *Technical Standards for Solid Waste Disposal and Management Specifications for Hazardous Waste* to set clear guidelines for the storage, utilization, and disposal of hazardous, solid, general solid, construction, and domestic waste.

The Group strictly adheres to relevant standards, including the *Animal Epidemic Prevention Law of the People's Republic of China* and the *Measures for the Disposal of Dead and Unexplained Animals (Trial)*, to establish a closed-loop management system for the safe disposal of deceased cattle. This process ensures that the management of dead cattle complies with animal epidemic prevention standards, avoids environmental pollution, and effectively safeguards livestock production safety as well as ecological health.

Waste reduction measures

Emissions Types	Emission Reduction Measures
Waste Gas	<p>The primary sources of waste gas include sulfur dioxide, nitrogen oxides, and smoke generated by the combustion of natural gas boilers and biomass furnaces within our production and operational units.</p> <p>+ For the waste gas from biogas boiler combustion, integrated desulfurization and denitrification measures are implemented. The emissions are strictly in accordance with <i>the Emission Standard of Air Pollutants for Boilers and Emission Standard of Air Pollutants</i>.</p> <p>+ Implement the transition to clean energy. By the year 2024, a total of 54 dairy farms have completed the transition from air source heat pumps to replace coal-fired and biomass boilers, achieving 100% coal-free production operations, thereby controlling emissions at their source and realizing clean energy production.</p>
Wastewater	<p>The main sources of wastewater include livestock operations and feed processing. Wastewater from the animal husbandry operations primarily consists of cow shed manure, spraying wastewater, and dairy washing wastewater. These are all collected and treated safely before being repurposed as fertilizer for farmland. Wastewater from the feed operations mainly consists of domestic wastewater, which is harmlessly treated in septic tanks before entering the municipal sewage network, meeting the required standards and preventing discharge into the natural environment.</p> <p>+ Dairy farm wastewater is processed using a high-efficiency anaerobic reactor or aerobic fermentation to produce liquid fertilizer. This process is conducted in accordance with the relevant standards found in the <i>Technical Specification for Animal Manure Composting, Anaerobic Digested Fertilizer, Technical Specification for Land Application of Livestock And Poultry Manure Fertilizer, Organic Fertilizer, Hygiene Requirements for Harmless Disposal of Night Soil</i>, and other related guidelines. Upon successful monitoring, all treated wastewater is applied for farmland fertilization without any discharge into the external environment.</p> <p>+ After domestic wastewater from the feed factory is treated in the septic tank, it enters the municipal sewage network to ensure it meets applicable standards. The bottom solid waste is regularly transported and disposed of by the sanitation department.</p>
Hazardous waste	<p>Hazardous waste primarily includes medical waste, laboratory waste liquids, used engine oil, and spent batteries.</p> <p>+ We classify and handle hazardous and non-hazardous wastes by establishing temporary storage sites and contracting with specialized third-party companies for compliance disposal. Hazardous wastes such as used engine oil, batteries, and medical waste are safely disposed of and tracked through contracts with qualified companies, following national regulations.</p> <p>+ Based on waste temporary storage and treatment methods, along with associated requirements, employees regularly receive training to enhance their knowledge and skills in environmental protection.</p> <p>+ Regarding the disposal of deceased cattle, strict adherence to relevant laws, regulations, and standards ensures that the disposal is harmless and does not pollute the surrounding environment.</p>
Non-hazardous Waste	<p>Non-hazardous waste primarily consists of general solid waste and household waste.</p> <p>+ Household waste management rigorously follows waste classification requirements, actively promoting waste sorting and recycling. Local sanitation departments are entrusted to collect and handle the waste after it has been centrally gathered.</p> <p>+ Coal-fired boilers have been upgraded and replaced with electric boilers or air-source heat pumps, or steam is purchased to replace in-house boilers, achieving coal-free production operations.</p> <p>+ We have realized the resourceful utilization of manure. Through an integrated planting-breeding model, manure is converted into organic fertilizer, biogas, and other resources after fermentation in oxidation ponds, thus achieving both harmless and resourceful waste utilization.</p>

Our key performance in emissions for 2024 is as follows:

Indicator	Unit	2024	2023
Emissions of NO _x in waste gas ¹¹	Kg	4,288.45	4,568.65
NO _x emissions per million in revenue	Ton/million RMB	2.13×10 ⁻⁴	2.44×10 ⁻⁴
Emissions of SO ₂ in waste gas	Kg	622.67	1,296.71
SO ₂ emissions per million in revenue	Ton/ million RMB	3.09×10 ⁻⁵	6.94×10 ⁻⁵
Emissions of fly ash in waste gas	Kg	9.16	21.39
Generation amount of hazardous waste ¹²	Ton	538.823	544.43
Generation amount of hazardous waste per million in revenue	Ton/million RMB	0.0268	0.0291
Generation amount of non-hazardous waste ¹³	Ton	803.3	918.58
Generation amount of non-hazardous waste per million in revenue	Ton/million RMB	0.039	0.0491

¹¹ The emission calculation coefficients for waste gases are based on the *Manual of Industrial Pollution Source Production and Emission Coefficients of the First National Census of Pollution Sources*.

¹² Hazardous waste data is sourced from the statistical records of hazardous wastes, which are outsourced to a third-party for compliant disposal by the Group's production and operation units in 2024.

¹³ In 2024, the Group further refined its non-hazardous waste statistical metrics. Manure residue is repurposed as bedding material for cows, with non-hazardous waste primarily comprising household garbage. The calculation method uses *the Urban Living Source Production and Discharge Coefficients of the First National Census of Pollution Sources* as issued by the State Council.

Reduce food waste

The Group strictly complies with the *Anti-food Waste Law of the People's Republic of China* and related regulations. We actively support the national *Action Plan on Saving Food* and the *Action Plan for Grain Conservation and Anti-Food Waste* by establishing a comprehensive food waste reduction management mechanism. This promotes sustainable consumption and production models through effective production planning, stringent quality management, standardized production controls, intelligent supply chain assurance, the "clean your plate" campaign, and other measures, minimizing food waste and loss from the source and promoting resource cycling.

Raw material control

Optimize standards to control surplus material, thereby reducing waste and loss
+ Develop control standards for the amount of leftover feed for various cattle categories, such as new-born, high-yield, dry dairy cows, and perinatal cattle, to manage waste and loss.

Advocate low-protein diet technologies to reduce soybean meal usage
+ Research and apply advanced technology to accurately identify the limiting amino acids required by dairy cows and design low-protein diet formulations accordingly. This strategy not only enhances the production performance of dairy cows but also minimizes feed wastage, optimizes protein absorption and conversion efficiency, lowers nitrogen emissions, and secures both economic and environmental benefits.

Develop alternative raw materials for reduction and substitution purposes
+ Proactively address the "Soybean Meal Reduction and Substitution" initiative by continuously researching and developing local alternative raw materials. Substitute soybean meal with corn gluten meal, dephenolized cottonseed protein, sunflower meal, and others, ensuring the protein content and quality of feed products remain intact. Increase the use of double-low rapeseed meal, non-protein nitrogen, and other ingredients to reduce reliance on soybean meal. During the reporting period, the feed conversion rate improved by 1.8% compared to 2023. The annual feed conversion efficiency for the livestock unit dairy farm rose to 1.56, marking a 0.04% yoy increase.

Production process control

Control raw milk production to achieve zero raw milk loss
+ Optimize the entire process of raw milk control by enhancing source control, regularly maintaining and upgrading milking equipment, and performing precision operations to minimize raw milk losses. Establish a cold chain management system, rigorously monitor temperature, and ensure the quality of raw milk. Enhance the logistics framework by integrating GPS technology, real-time vehicle tracking, and meticulously planning transportation and storage to limit losses during transit. The milk-water mixture produced when the milking machine starts up is utilized to feed calves, making efficient use of resources. Conduct employee training to strengthen professionalism and awareness of responsibility, thereby eliminating human waste.

Operation process control

Launch the "clean your plate" campaign to boost environmental consciousness
+ In line with the principles of green development and resource conservation, internally implement the "clean your plate" plan to encourage employees to value food and actively avoid waste. Concurrently, utilize the OA system to disseminate saving tips, broadcast anti-waste short films on LED screens, and display awareness slogans. This multi-dimensional campaign aims to reduce food waste and heighten employee awareness about conserving food.

Construction of Recycling Dairy Farms

As a leader in the upstream sector of the dairy industry, the Group has consistently adhered to the principle of Green Sustainability, prioritizing ecological integrity and environmental friendliness in every facet of its corporate operations. Guided by "source reduction, process control, and end utilization" as its management core, the Group follows principles of "harmlessness, reduction, and resource utilization". It fosters "determine the plantation based on the land, and determine the dairy farming practices based on the plantation", implementing a locally adapted integrated planting and breeding development model. The Group has developed a comprehensive upstream industry chain model for the dairy industry, integrating forage grass plantation, dairy cow breeding, feed production, and the manufacturing of high-quality and specialty raw milk. This ensures ecological circulation and high-quality development through efficient business collaboration, facilitating the enterprise to enhance each other's operational capabilities and achieve seamless coordination across the entire industry supply chain.

Establish a development model integrating planting and breeding

The "integration model of plantation and dairy farming" approach fosters resource sharing among the Group's various business units, enabling efficient manure management at the dairy farms. This is vital for the seamless operation and environmental sustainability of large-scale dairy farms. The Group operates 16 forage grass plantation bases nationwide, encompassing a forage grass plantation area of 240,000 mu. This capacity meets the nearby dairy farms' forage grass needs while facilitating the recycling of organic manure back into the fields, thereby supporting the forage grass industry's growth and promoting green, low-carbon sustainability in both forage grass cultivation and dairy farming. The Group is committed to a green development model that integrates planting and breeding. It has independently developed a fully mixed biogas anaerobic fermentation process and a trench aerobic fermentation process, tailored to the climatic conditions of the north and south. These two energy-ecological manure treatment models vary by region, are alkali-resistant, enhance soil organic matter and fertility, reduce chemical fertilizer usage, and boost production and efficiency. Through the efficient operation of the two processes, an ecological balance development model of "harmless, odorless, resourceful" has been achieved.

Model	Operation Mode	Results
"Solid-liquid separation + aerobic fermentation + returning liquid fertilizer to fields" model	+ This model is designed for northern cold climates. Post-manure collection, solid-liquid separation is performed initially. The solid matter is used as bedding after high-temperature aerobic fermentation. Meanwhile, the liquid fertilizer undergoes harmless treatment in a multi-stage oxidation pond, significantly cutting methane emissions.	+ The intelligent integrated aerobic fermentation utilizes key technologies such as robotic autonomous operations, automated oxygen supply, dehumidification, dehydration, high-temperature aerobic sterilization, and year-round stable operation. This system annually produces 36,000 tons of high-quality biogas residue, realizes savings of RMB 10 million in bedding costs, and cuts carbon emissions by over 4,400 tons.
"Biogas fermentation + solid-liquid separation + low-temperature drying + biogas residue backfilling for bedding + biogas slurry returning to fields" model	+ This model suits the southern region. Collected manure is processed in an anaerobic biogas fermentation system, with the resulting biogas used for power generation and boiler operations, effectively transforming it into a self-sustaining energy source and optimizing energy utilization.	+ The fully mixed anaerobic biogas fermentation's core technology includes "diversion for concentration and dilution, multi-stage sand removal, efficient fermentation at a constant temperature of 38 degrees, intelligent online monitoring, and central control operations". A single 10,000-head dairy farm can annually produce 6.25 million cubic meters of biogas, 20,000 tons of digestate, and generate 11.5 million kWh of green electricity, saving RMB 11 million on bedding materials and electricity bills, and reducing carbon emissions by 49,600 tons per year.

Case

Youran Dairy's "Technology Empowering Intelligent Forage Grass Business" Selected into the United Nations Food and Agriculture Organization Cases

As one of China's largest alfalfa suppliers, Youran Dairy boasts a 55,000 mu high-quality alfalfa plantation in Alu Horqin Banner, Chifeng, recognized as China's forage grass capital. We've pioneered a synergistic "planting and breeding combination" model alongside a three-pronged supply network of "alfalfa hay + forage oats + silage corn". Utilizing our own 240,000 mu grassland and dairy farming operations, we achieve seamless integration and foster a sustainable "planting and breeding combination" circular development model, setting a benchmark for integrated sustainable systems.

Youran Dairy has independently developed the "Huicao Cloud" platform for forage grass planting information, enabling advanced smart forage grass management. Through the integration of digital technology such as micro-weather stations, drone plant protection, and intelligent irrigation systems, we have substantially enhanced operational efficiency, ensuring precise and efficient management across all forage grass planting activities. Concurrently, Youran Dairy has achieved an integrated ecological cycle agriculture model by deploying its self-developed biogas anaerobic fermentation and automated aerobic fermentation processes to efficiently use manure as a resource. By implementing no-tillage crop carbon fixation techniques, we significantly boost soil organic carbon by 15%-20%, strengthening agricultural and forestry carbon sinks and reducing carbon emissions.

In November 2024, Yihe Lvjin Forage Grass Business under Youran Dairy was successfully selected into the United Nations FAO Case Studies on Sustainable Transformation of Digital Agriculture and Agri-Food Systems for its advantages in digital agriculture, precision agriculture, and sustainable agricultural management. As the only selected case in the industry, it provided invaluable insights for pioneering agricultural innovation in China.



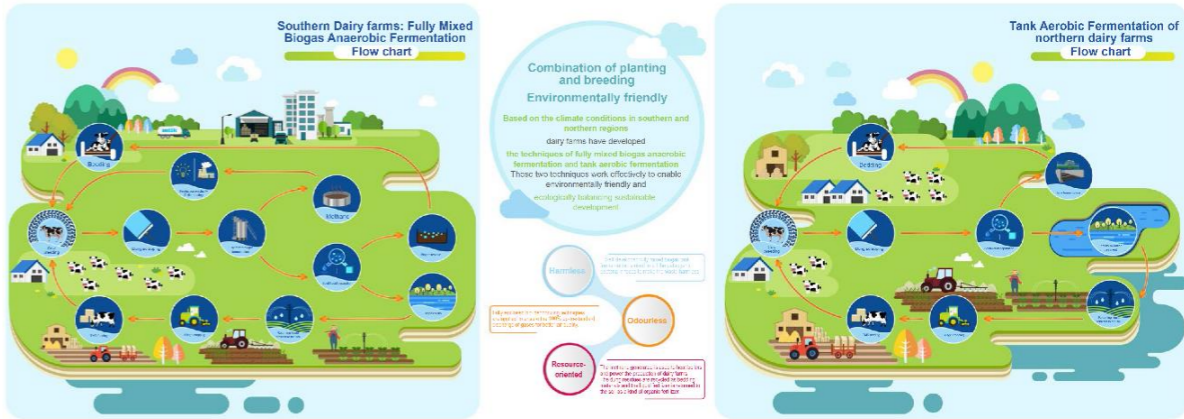
Patents fuel the advancement of ecological agriculture

To reinforce and advance the sustainable agricultural model integrating planting and breeding, Youran Dairy harnesses its leadership position to play an active role in standard-setting and technological innovation. With extensive expertise and a capacity for innovative R&D, we have repeatedly contributed to national, local, and group standard developments, aiming to bridge gaps in industry regulations. Simultaneously, Youran Dairy is heavily invested in the R&D of multiple patented technologies. By addressing practical production challenges and resolving common industry issues, we concentrate on essential areas such as manure treatment, resource recycling, and ecological sustainability. Our innovative solutions not only enhance our production processes but also pave low-carbon, circular pathways for broader industry advancement. In 2024, Youran Dairy successfully obtained approval for the "Open Competition" science and technology plan project of the Hohhot Science and Technology Bureau, relying on its excellent scientific research strength and project implementation capabilities. This marks a solid step forward for the Company in driving industrial development through technological innovation.

The Group has established standards such as *Quality Standards for Fermented Manure Bedding*, *Operational Procedures for Fermentation of Manure Bedding*, and *Technical Specifications for Fermentation of Recycled Manure Bedding* to guide the production and use of dairy farm manure bedding. Additionally, the Group has taken the pioneering role in the industry by developing three major fermentation modes and bedding standards for manure residue, successfully applying for 5 local standards in the Inner Mongolia Autonomous Region, 1 group standard, and obtaining 5 national patents. This facilitates the high-quality advancement of low-carbon, green, and sustainable agriculture.

The Group employs an "integrated planting and breeding" ecological agriculture model, which involves synchronized planting and breeding methods to optimize resource allocation within and outside the Group. By harnessing the synergy between the animal husbandry and roughage planting sectors, 16 grass plantation bases are strategically located around dairy farms nationwide to promote water-fertilizer integration, maximize the use of liquid fertilizers, and enhance crop productivity and efficiency. This approach enables the resource utilization of manure and creates a virtuous cycle of "raising superior cattle with quality feed to produce excellent milk". Youran Dairy will continue to lead the industry by leveraging its pioneering advantages in scale, technology, and model innovation. The Company is committed to further enhancing the efficiency of resource allocation within the industry and driving industrial upgrades.

Integrated Planting and Breeding Model (Illustration)

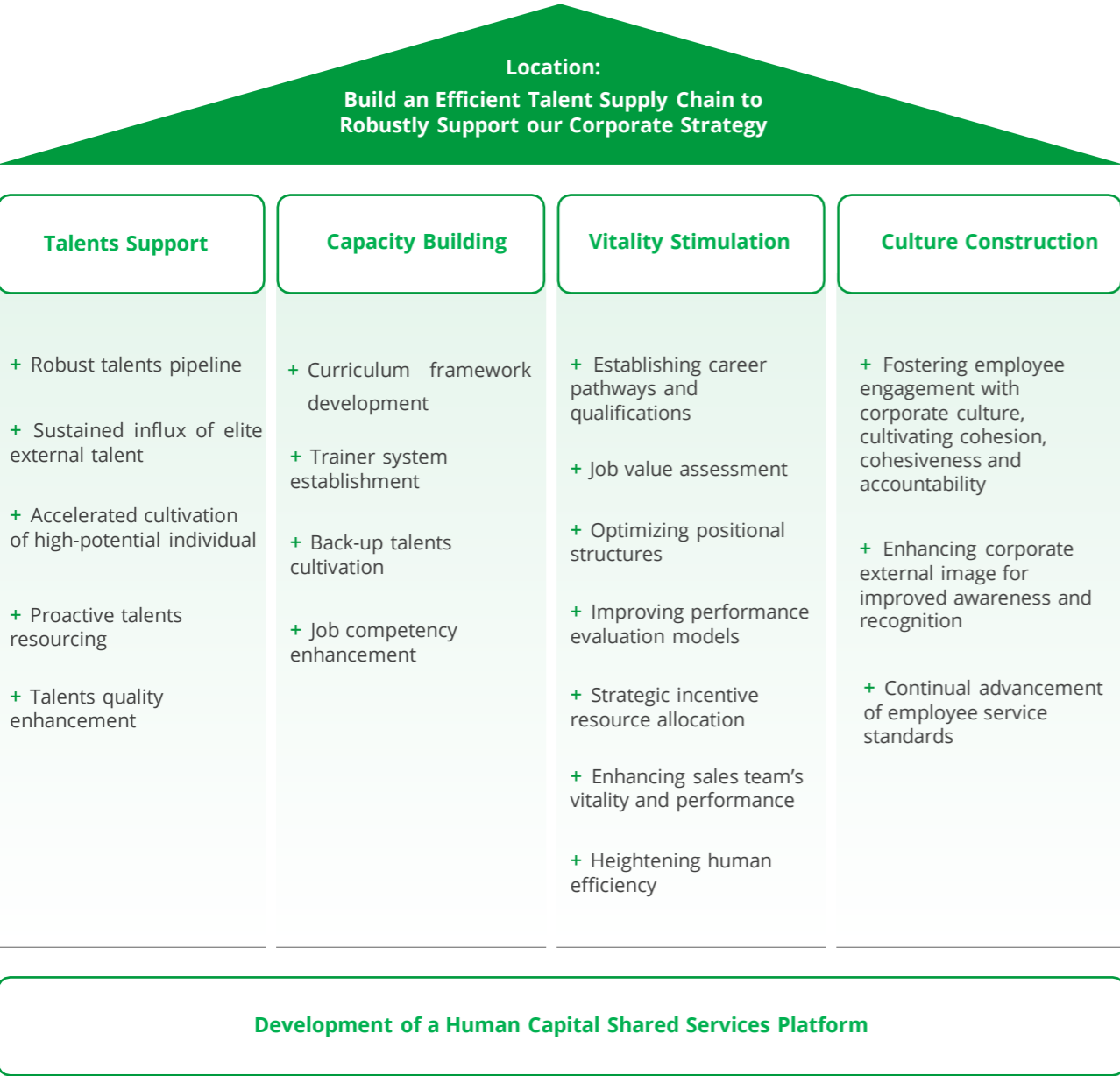


People-oriented, Win-Win Approach

05



The Group has consistently adhered to a "people-oriented" management philosophy, dedicated to creating a work environment that "respecting and promoting diversity and inclusion". It focuses on employee well-being and growth, unlocking potential through comprehensive incentives, and strengthening employees' sense of belonging and happiness. With a core talents strategy focused on "establishing an efficient talent supply chain", the Group emphasizes four pillars: talent assurance, capacity building, vitality stimulation, and cultural development. This strategy systematically establishes a comprehensive ecosystem for attracting, nurturing, and retaining talent, thereby laying a solid foundation for talents and innovation to support the Group's sustainability.



Protection of Employees' Rights and Interests

The Group always views employees as the foundation of corporate sustainability. By legally safeguarding employees' basic rights and deeply attending to their diverse needs, the Group continually enhances team cohesion and value identity.

Equal and compliant employment

The Group upholds the principles of equal and compliant employment, dedicated to providing a fair and just working environment for its employees. It strictly complies with relevant laws and regulations such as the *Labor Law of the People's Republic of China* and the Labor Contract Law of the People's Republic of China. Policies like the [Human Rights Policy and Community Commitment Policy](#), *Youran Dairy Recruitment Management System*, and *Anti-harassment and Anti-discrimination Management Measures* have been established to prevent employment discrimination at its roots. The Group fosters equal and diverse recruitment opportunities, strictly forbids forced labor, adheres to legal and standardized employment practices, and safeguards the legitimate rights and interests of its employees.

◆ Diverse Employment Opportunities

The Group has crafted a diverse workforce and strictly adheres to the principle of gender equality in hiring and promotions, implementing equal pay for equal work to ensure women have equal rights and opportunities for career advancement. Employees of different nationalities, races, ages, and cultural backgrounds are treated fairly to foster a welcoming organizational culture. During the reporting period, the Company achieved a 100% labor contract signing rate, all through direct employment, with no reported human rights violations.

In 2024, **940** new employees from ethnic minorities joined, and **14** female employees were promoted to management positions internally, with women comprising **11%** of management roles.

◆ Human Rights Risk Due Diligence

Human Rights Risk Assessment Framework	A human rights management policy has been established, detailing due diligence procedures and risk identification processes for human rights risks. This includes systems for assessing risks in employee recruitment and protecting labor relations. Focusing on critical areas such as employment equity, forced labor prevention, and discrimination prevention, risks are prioritized based on their likelihood and potential impact to identify key risk areas and high-risk factors.
Human Rights Engagement and Remediation Procedures	A comprehensive human rights complaint and reporting mechanism is in place to ensure employees and other stakeholders can raise human rights issues and complaints safely and effortlessly. For incidents that occur, the Group provides economic compensation and psychological counselling for victims, promptly corrects inappropriate behaviors, and carries out feedback and system corrections to ensure a closed-loop management process for human rights prevention-response-improvement.

Anti-discrimination and anti-harassment

The Group is committed to legal regulation of employment practices. Referencing the *International Bill of Human Rights*, the *International Labor Conventions*, the *Declaration on Fundamental Principles and Rights at Work*, and the *Guiding Principles on Business and Human Rights*, it publicly issues and rigorously enforces the [Anti-harassment and Anti-discrimination Management Measures](#). It maintains a zero-tolerance stance towards any form of harassment and discrimination, explicitly prohibiting all infringements, including unfair discrimination and sexual harassment, while reasonably and legally protecting the rights and interests of employees.

The Group has established a comprehensive supervision and anonymous reporting channel to ensure the confidentiality of the entire complaint process, with severe penalties for any acts of retaliation. All reports undergo independent compliance review, ensuring that violators will face accountability in line with regulations. Moreover, we regularly disseminate and implement human rights-related policies and systems among all employees to enhance their awareness. Regular training is provided for all employees. No incidents of discrimination or harassment were reported during the period.

Protection of employees' rights and interests

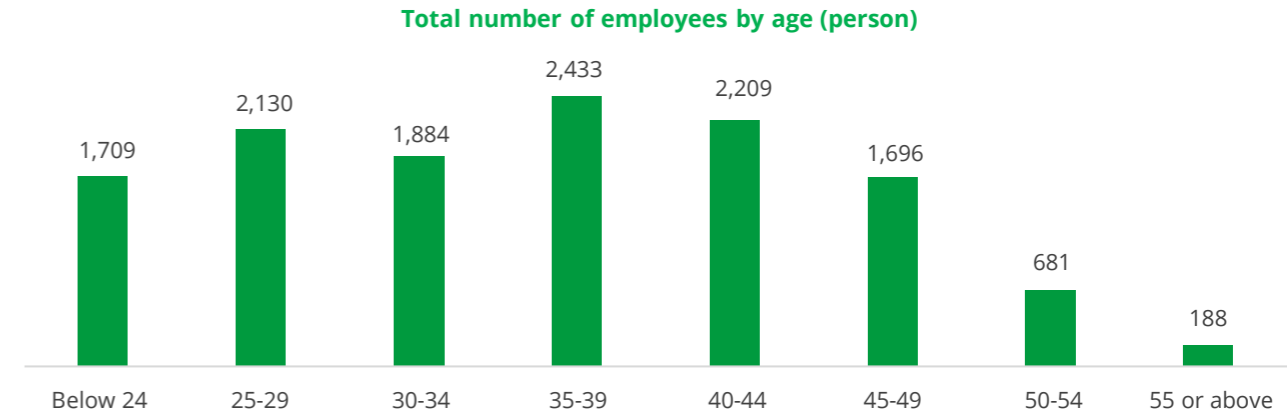
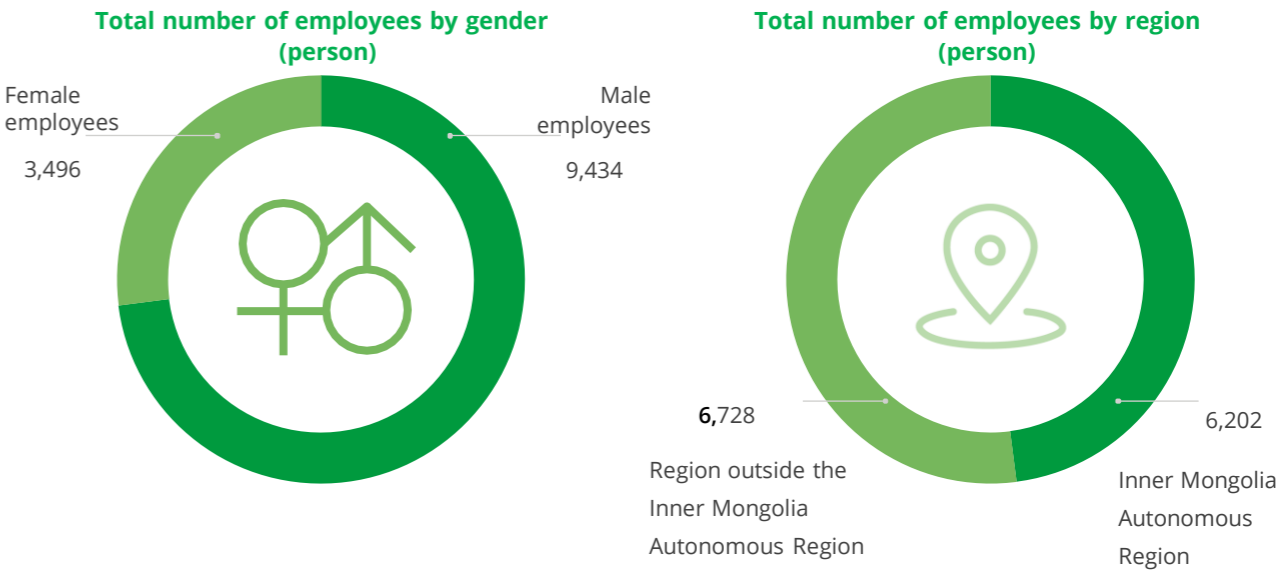
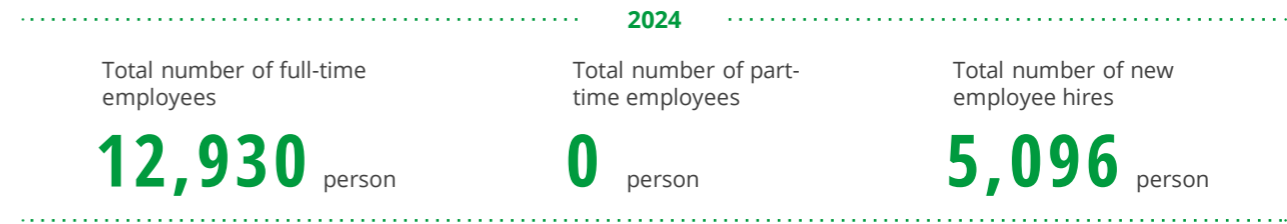
The Group prioritizes the protection of employees' rights and has established a comprehensive system for employee compensation and benefits. The Group meticulously assesses the living wage standards for employees, considering regional average wages, local economic conditions, cost of living index, and housing prices to ensure that employees' full attendance wages significantly exceed the local minimum wage and are paid in full and punctually. Accident insurance is provided for all employees, and we require our contractors to diligently uphold full wage and insurance payments for outsourced staff, integrating workers' rights protection throughout our operations.

In alignment with national regulations and the Company's operational context, we have specially developed the *Employee Welfare Management System* to establish both caring and security welfare projects, reflecting our humanistic care for employees.

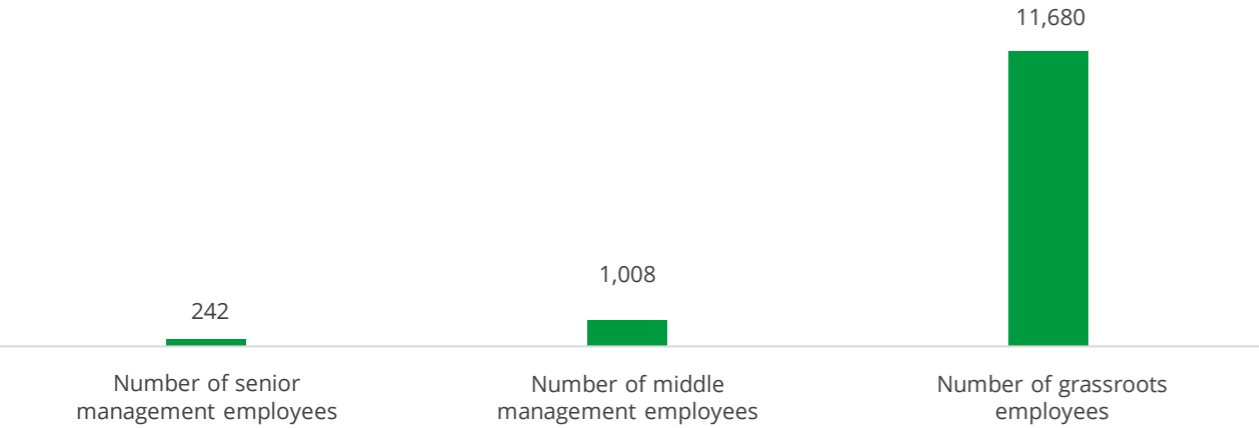
Primary Welfare	We provide pension, medical, unemployment, and accident insurance, along with a housing provident fund and mutual aid insurance for employees to ensure their fundamental work health and safety.
Living Allowance	Employees are offered affordable meals, phone and transportation subsidies, summer heat and heatstroke prevention allowances, nutrition care subsidies for employees' children, wedding and birthday gifts, gold medals, hardship subsidies for those in need, and voluntary blood donation nutrition subsidies, to meet their living needs.
Holiday Benefits	We distribute benefits during traditional holidays like the Spring Festival and Mid-Autumn Festival, in addition to providing subsidies for ethnic holidays to ethnic minority employees, ensuring they feel the care and warmth from the Youran family.

Eradicating child and forced labor

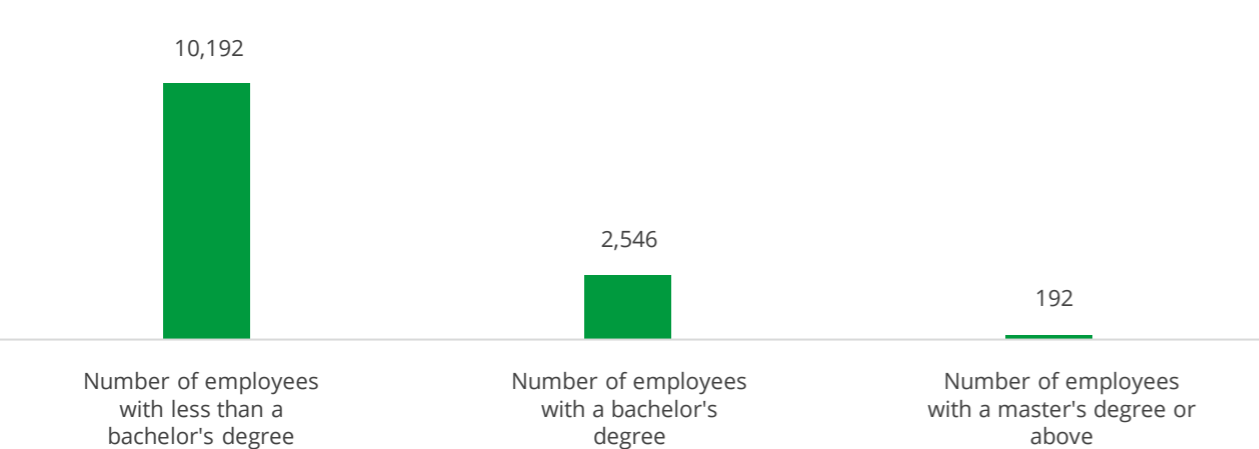
The Group is firmly against any form of forced or child labor. We have refined our recruitment and hiring processes, using multi-stage reviews covering age, education, and resume checks to eliminate employment risks and strictly prohibiting any child labor in our operations. We enforce a comprehensive age verification process within employment and strictly penalize illegal hiring practices, adhering to the law. We have established multiple complaint channels to support prompt reporting of illegal employment activities, ensuring the company's employment system functions smoothly. During the reporting period, the Group maintained a record of zero incidents of child and forced labor.



Total number of employees by rank (person)



Total number of employees by cultural background (person)



Building an Employee Growth Platform

Talents management system

To effectively implement its development strategy, the Group has established a talents management system tailored to its needs, focusing on talents team building, a performance-driven model, talents training mechanisms, and digital human resource management, thereby continuously enhancing the ecological resilience for the harmonious growth of the Group and its talents pool.

An industry-leading talents pool

Youran Dairy cultivates an industry-leading talents pool through a network of internal and external expert resources. The Company has forged long-term partnerships with leading experts in global dairy farming and feed processing to facilitate international and domestic technical exchanges. We have developed a comprehensive internal talents training system, featuring specialized training programs, online courses, cross-border exchanges, and overseas study opportunities to continuously ensure a robust talents pipeline for business growth.

A performance-driven model for all employees

Youran Dairy breaks down strategic goals into actionable business plans, setting up a performance evaluation framework that includes both management and staff. Through strategic allocation of incentive resources and enhanced supervisory processes, we ensure precise achievement of objectives and task completion, fostering a participatory management environment conducive to shared development.

A powerful talents cultivation mechanism

Youran Dairy anchors its strategy in "establishing an efficient talent supply chain" and advances capacity-building in tiers: simultaneously bolstering management leadership development, tailoring learning paths and training programs by position and rank, and revitalizing team dynamics and strategic execution by reshaping leadership behaviors and multilateral incentive systems.

A digital human resources management approach

Youran Dairy has pioneered the concept of human resource sharing in animal husbandry. Utilizing the EHR system and a dedicated sharing platform, this digital integration dismantles data silos, enabling end-to-end connectivity and significantly enhancing organizational agility, strategic execution, operational excellence, and fostering efficient business growth.

Talents cultivation

The Group has crafted a comprehensive talents training framework, establishing an empowerment system that intricately aligns career development with organizational requirements through the enhancement of focused mechanisms such as the *Training Management System*, *Internal Trainer Management System*, and *Overseas Travel Management Measures*. By routinely executing the annual training schedule, continuously elevate employees' professionalism and practical skills, thereby providing sustainable talents support for strategic endeavors and business objectives, achieving a synergistic leap in employee value and enterprise advancement.

For current management personnel

Develop a "four-step acceleration" training system for new managers, implementing differentiated training and on-the-job coaching tailored to various levels and business domains to expedite role transition for new managers; initiate the "Talents Pilot" - series for current managers to enhance managerial acumen and capabilities.

In 2024, we organized seven empowerment training sessions for current managers and above, covering 218 participants. These sessions focused on projects such as team integration, digital transformation, lean management, and efficiency-driven cost reduction. They expanded managerial perspectives and emphasized the practical application and transformation of training outcomes.

organized **7** empowerment training sessions for current managers and above covering **218** participants

For professional talents development

Professional knowledge and practical skills are developed through structured special classes and internal benchmarking learning. Select personnel engage in external courses, leveraging external resources to bolster their professionalism and capabilities.

In 2024, we conducted

38 empowerment sessions

11 benchmarking sessions

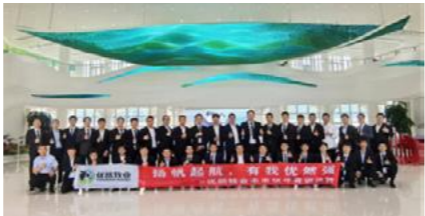
556 participants

For management succession personnel

Leveraging the "Talents Pilot" series of training programs, we enhanced professionalism and management skills. Participants were paired with mentors to guide professional growth, forming personal development plans that include learning, practice, and experience initiatives. Some improved their skills' breadth and depth through short-term assignments and variations in their roles.

In 2024, we planned 19 training camps for management personnel across different levels, tailored to business needs and skill enhancement requirements. This initiative, which involved 597 participants, aims to rapidly refine their comprehensive abilities and support the cultivation and output of high-quality talent.

planned **19** training camps for management personnel across different levels covering **597** participants



Future Leaders Training Camp



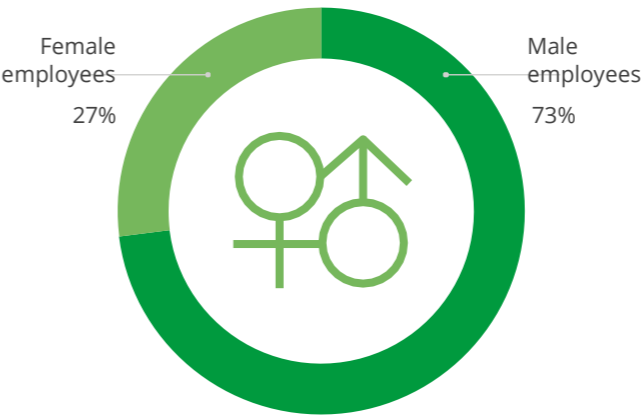
"Power Storage Plan" Special Training Program

The Group continues to bolster our system for protecting employee rights and compliance responsibilities, with regular compliance training for all employees. These sessions include targeted courses on anti-fraud, codes of conduct, and occupational health, along with supporting awareness campaigns and job conduct standard drills. The contract service providers involved in our joint ventures signed the *Sunshine Agreement* and undertook compliance training for relevant roles. The annual training plan is aligned with national special operation qualifications, establishing specific safety regulations and practical occupational protection courses to enhance both employee rights awareness and corporate management compliance.

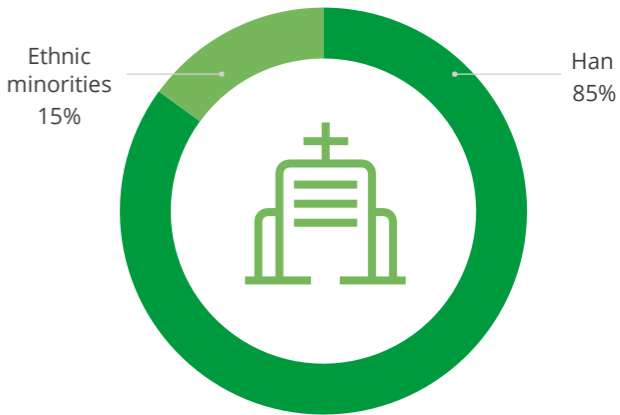
In 2024, our key achievements in training and development include:

2024		
Training budget expenditure amount	Total number of training sessions	Total number of participants in training
3,140,000 RMB	8,286 Times	204,426 Participants

Percentage of trained employees by gender



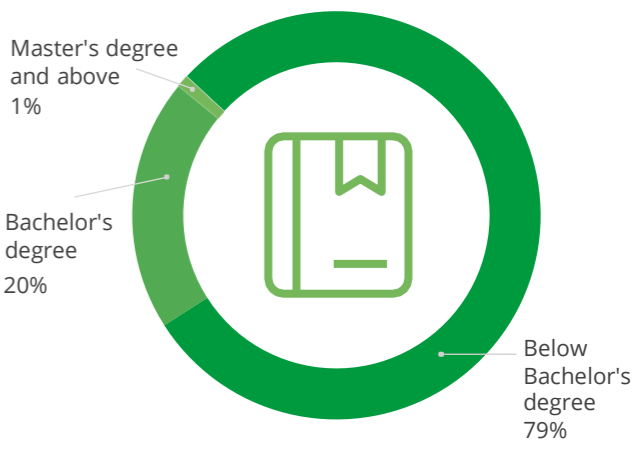
Percentage of trained employees by ethnicity



Percentage of trained employees by employee category



Percentage of trained employees by cultural background category



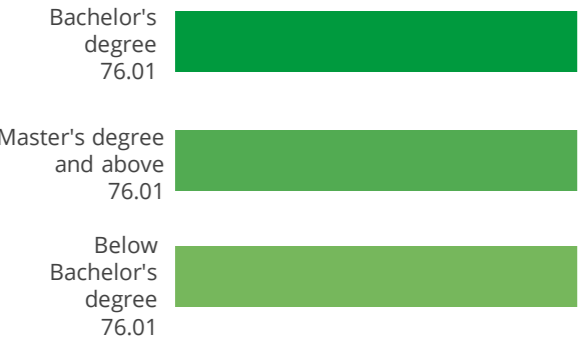
Average training hours of employees by gender¹⁴
(Hour/person)



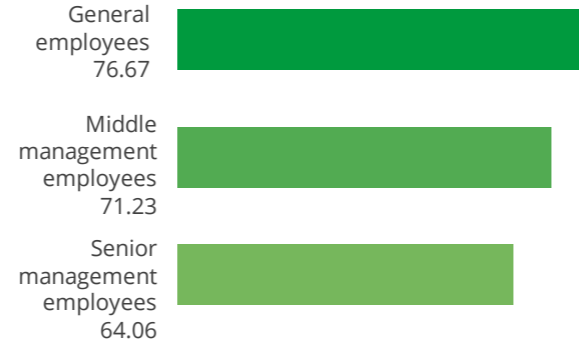
Average training hours of employees by ethnicity
(Hour/person)



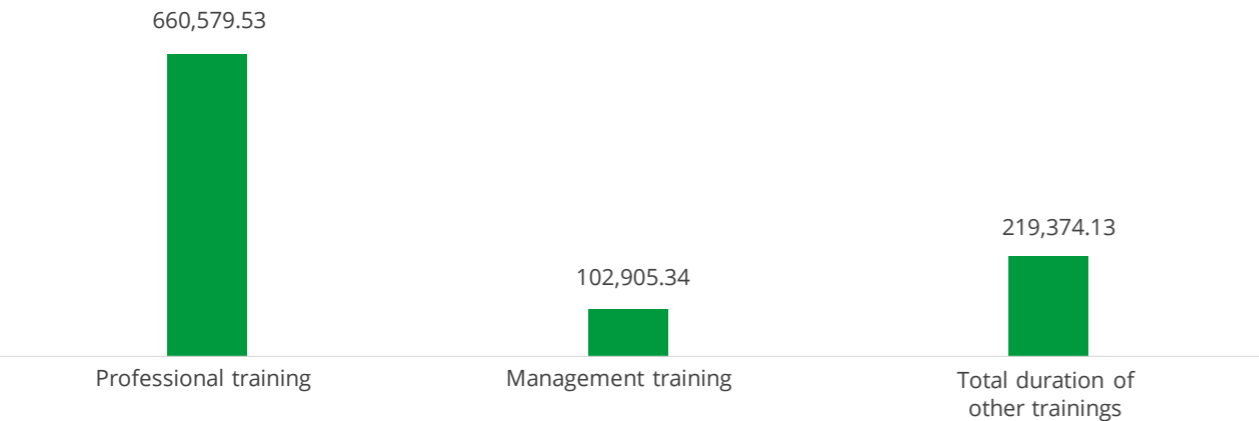
Average training hours of employees by cultural background
(Hour/person)



Average training hours of employees by job level
(Hour/person)



Total training hours by training type (Hours)



¹⁴ The table does not contain detailed statistics on average training hours by gender, cultural background, or ethnicity; hence, overall average training hours for all employees are provided instead.

Talents promotion and retention

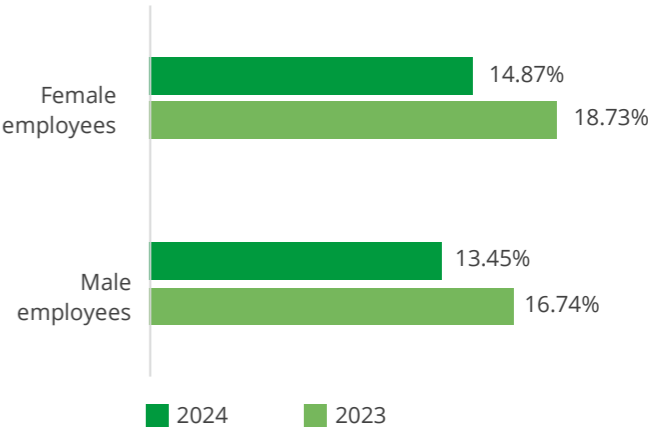
The Group has instituted a transparent promotion framework through the *Youran Dairy Management Position Promotion Management Measures*, *Youran Dairy Professionalism Position Promotion Management Measures*, and *Employee Performance Management System*. Upholding the philosophy of "unifying people, nurturing talent, and realizing potential", it offers three pathways for employees to advance in management positions, managerial levels, and professional roles. Aligned with the strategy of "developing a talent supply chain", a differentiated salary mechanism has been established, implementing broadband salaries for non-marketing roles, performance-based pay for sales functions, and piecework salaries for production units. This approach aims to fully stimulate employee initiative and creativity while reducing turnover.

In 2024, our key performance indicators related to employee turnover rates are as follows:

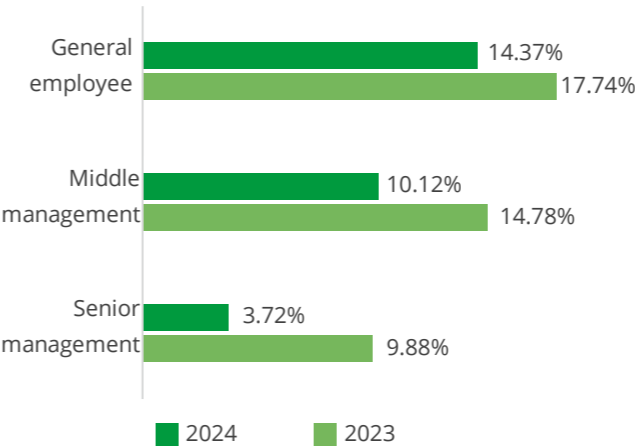
Annual employee turnover rate



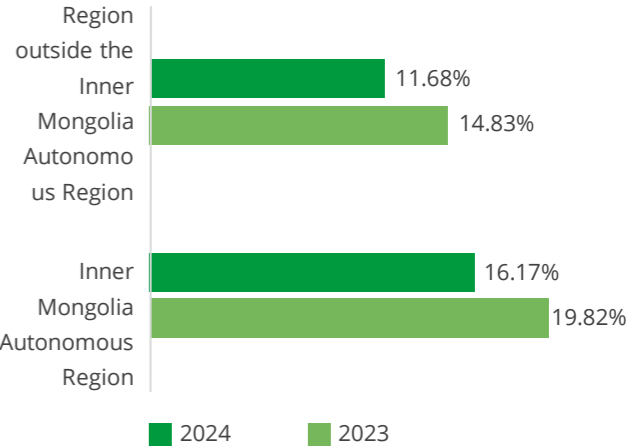
Annual employee turnover rate by gender



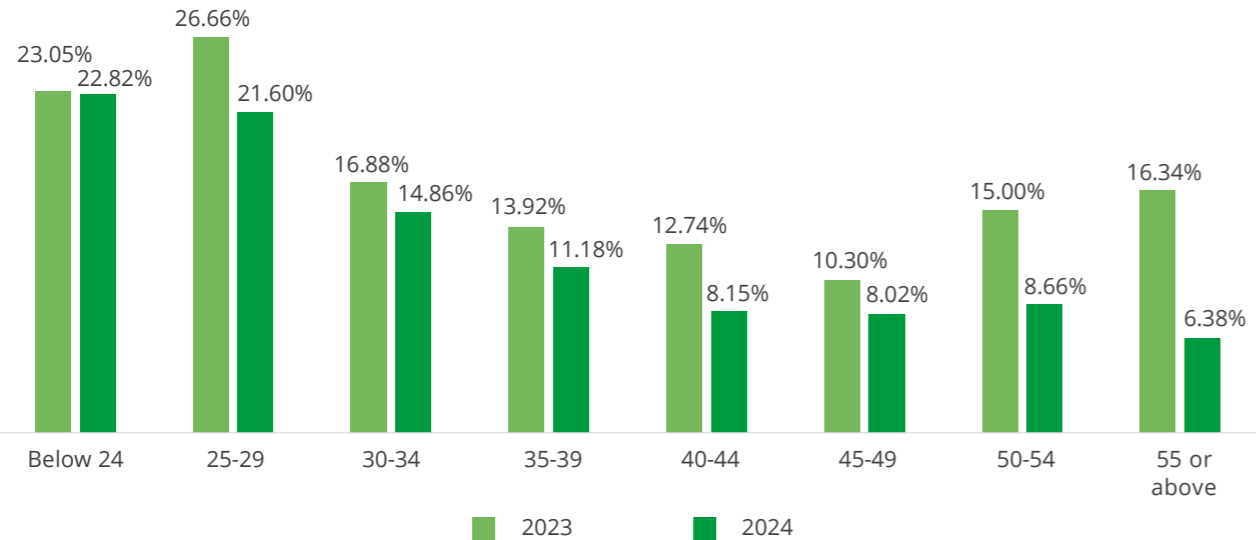
Annual employee turnover rate by management level



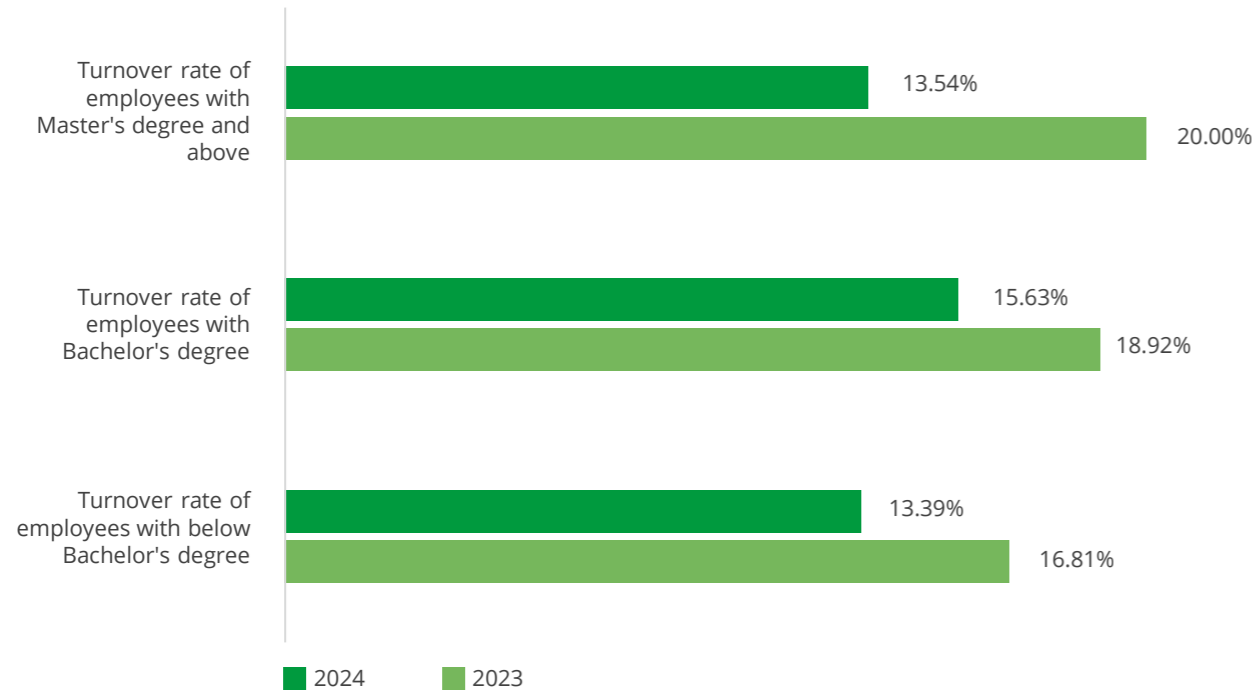
Annual employee turnover rate by region



Annual employee turnover rate by age



Annual employee turnover rate by cultural background



Protecting Employee Health and Safety

Vision

Become a benchmark in EHS management for agriculture and animal husbandry

Policy

- Safety first, enhance safety awareness;
- prevention prioritized, ensure inherent safety;
- engage everyone, enforce mutual protection and joint liability;
- comprehensive management, foster a safety culture

Goal

Zero violations, zero defects, zero hidden dangers, zero injuries

The Group prioritizes employee health and safety, continually enhancing safety management practices within the agricultural and animal husbandry sector. Focusing on a "people-oriented" management ideology, we will further enhance the long-term control mechanism for safe production, constructing a robust safety defense through standardized system implementations and routine risk prevention and management. By the end of the reporting period, the Group's new headquarters (inclusive of 9 dairy farms) had achieved ISO 45001 certification for occupational health and safety management, consistently enhancing its safety management capabilities.



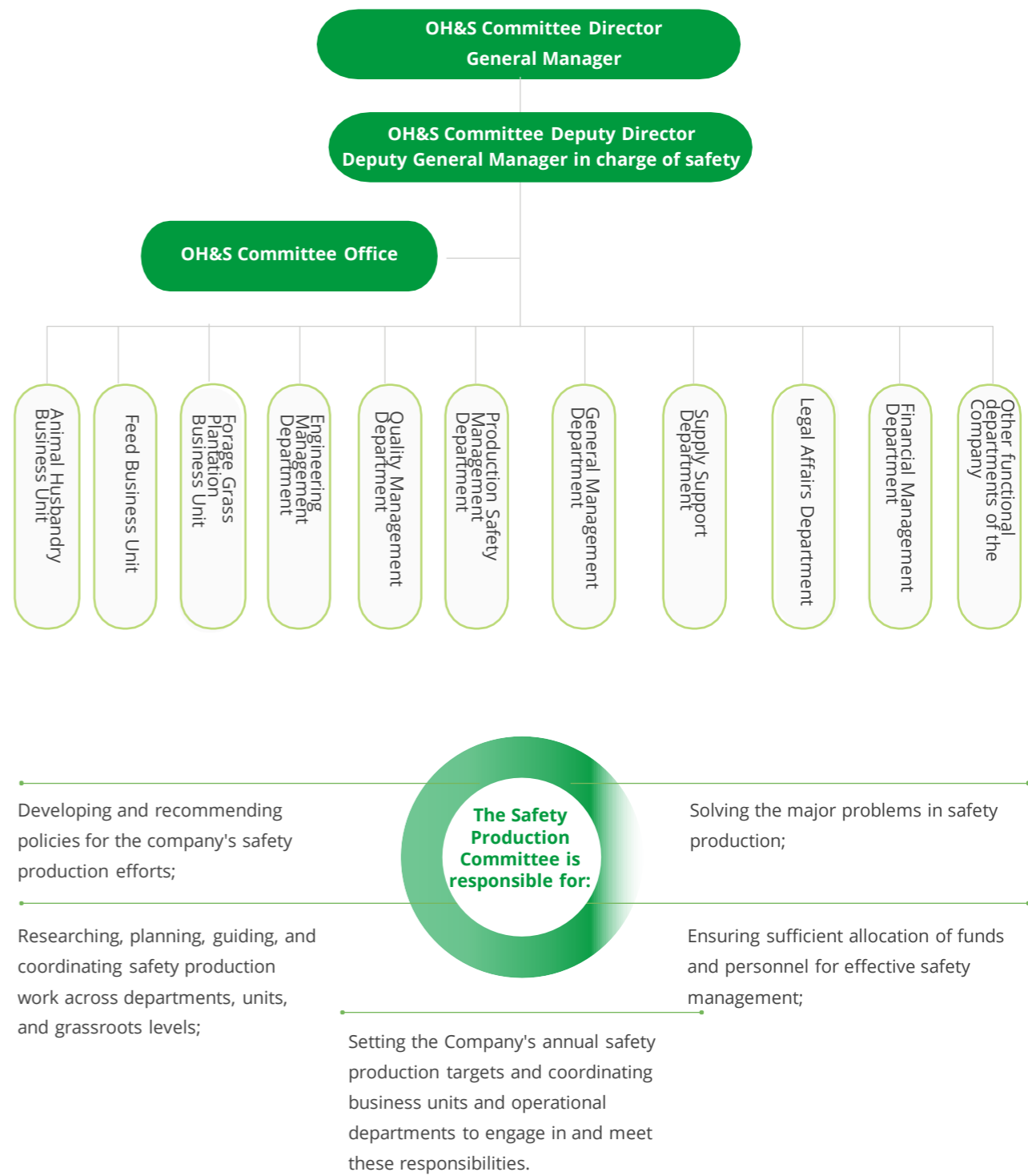
Safety management system

The Group is committed to achieving "zero accidents in production safety" and has established a comprehensive four-tier safety management system spanning the entire business. Built upon the ISO 45001 occupational health management system, the Group has developed key frameworks such as the [Occupational Health and Safety Policy](#), *Hazard Source Identification and Risk Assessment*, *Hierarchical Control System*, *Safety Objective Management Measures*, *Safety Review Management Measures*, and *Regulations on EHS Incident Management*. Leveraging scenario-based drills and targeted awareness and education initiatives, it methodically mitigates potential safety hazards in production environments.

Safety production responsibility system	<div>+ Adhering to the principle that "responsibility is tied to business and territory", we define three-tiered management rights and duties across the headquarters, business units, and grassroots levels to ensure comprehensive coverage from senior executives to front-line employees.</div> <div>+ The Company's general manager sets annual safety results and process objectives, which are progressively broken down by departments into personal performance commitments for employees. This involves signing safety responsibility agreements, creating a comprehensive cycle of goal decomposition, performance monitoring, and outcome achievement.</div>
Safety performance management system	<div>+ The standards for identifying accidents are clearly defined in terms of casualty severity and economic losses. When incidents of varying degrees occur, grassroots leaders and company executives receive performance incentives through penalties, monthly and annual performance evaluations, operational incentives, and yearly assessments.</div>
Hidden danger investigation and management system	<div>+ The grassroots manager is tasked with developing a weekly inspection plan, leading the team to carry out inspections, and overseeing the on-site rectification of potential hazards;</div> <div>+ The business unit monitors the progress of rectifications on a monthly basis. Results are reported by the headquarters during quarterly meetings, and performance-based rankings are used as incentives.</div>
Safety audit coaching system	<div>+ The business unit executes an annual safety review system covering four dimensions: organizational culture, management processes, risk management, and safety capability;</div> <div>+ A special evaluation module for security skills has been established to verify key task performance at the grassroots level.</div>

Safety management organizational structure

The Group has designated its Occupational Health and Safety ("OH&S") Committee as the top authority on safety production, tasked with coordinating and directing safety initiatives. The Youran Dairy OH&S Committee Office functions as its administrative arm. The organizational structure is as follows:



Safety production control

◆ Safety management objectives



This year's safety management objectives are fully aligned with our long-term plans, with emphasis on critical metrics:



The Work Safety Management Department breaks down and structures the Group's safety objectives, implementing strategies to help achieve them. Additionally, by establishing business incentives and evaluation criteria, goal accomplishment is integrated into the performance assessment system for managers to ensure safety objectives are met.

◆ Policies and performance undergo regular audits

The Group has developed the *Safety Review Management Measures*. In accordance with safety review protocols, comprehensive annual evaluations are conducted across subordinate production and operational units, focusing on four facets: system cultural development, management processes, core risk control, and safety proficiency. This initiative is promoted at the group level, paving the way for grassroots units to standardize work safety. System diagnostics reveal operational discrepancies, prompting suggestions for improvements. The audited unit then devises a rectification plan based on these findings and uploads it to the EHSQ system for dissemination and execution. The review team utilizes this system for thorough tracking of the rectification process.

◆ Safety production measures

To prevent the occurrence of safety production accidents, the Company carries out work in five aspects: safety performance guidance, personnel safety capability assurance, hidden danger investigation and management, regional safety inspection, and core risk control.

Safety performance guidance	Establish a performance intervention system involving the signing of safety production responsibility statements from company senior executives to employees of accident units, with measures such as cancelling annual excellence evaluation, cancelling business incentives, reducing performance scores, and dismissal, providing intrinsic motivation for all employees to implement safety production responsibilities.
Personnel safety capability assurance	Continuously focus on the safety capabilities of grassroots unit leaders, safety management personnel, department managers, special operation personnel, general post employees, and new employees, building safety leadership and execution; establish a dynamic control mechanism for the safety capabilities of responsible persons, pre-job training certification access, conduct quarterly evaluations; safety management personnel work with certification, continuously promote qualification certification, implement mentorship; special operation personnel certificate renewal review, add internal assessment certification; each unit reports and approves the safety training plan at the beginning of the year, organize safety sharing.
Hidden danger investigation and management	Compile and issue the <i>Self-Inspection and Management Promotion Plan for Safety Hazards</i> , headquarters comprehensively score each grassroots unit's hidden danger investigation and management work from four dimensions: the number of hidden dangers, relevance to safety behavior observation, core risk relevance, and participation of unit leaders every quarter. Positive incentives are provided for those ranked at the top, while negative incentives are applied for those ranked at the bottom.
Regional safety inspection	Compile and issue the <i>Implementation Plan for Grid Management of Safety Production</i> , guiding each unit to divide into 20-50 grid areas based on department responsibilities and job characteristics, arranging dedicated personnel to check every Sunday and conduct a comprehensive inspection once a week, promptly reporting any hidden danger problems found for rectification. Additionally, regarding the dust explosion risks of feed production units, formulate the <i>Dust Explosion Control Point (DECP) Management Promotion Plan</i> , standardizing the three-level (factory, department, team) point inspection standards for dust explosion prevention, conducting inspections on 81 key dust explosion control points per shift.
Core risk control	The Company's Safety Production Committee has compiled and issued risk control systems involving fire protection, vehicles, dust explosions, hazardous operations, electricity, biogas systems, related parties, and occupational health, establishing core safety risk control procedures that all units strictly adhere to.

Contractor safety

The Group integrates stakeholder safety into *the Occupational Health and Safety Policy*. It mandates contractors to fully comply with the Company's safety standards during operations and holds them accountable for accident management as if they were the Company itself, reflected in assessment incentives and performance evaluations. Additionally, the *Regulations on the Safety Management of Related Parties* have been introduced, establishing four audit mechanisms for contractors: "Safety Deposit, Health and Age, Special Qualifications, and Red Line Suspension" to mitigate safety risks during contractor operations and prevent production safety incidents.

Safety agreement signing

+ Define contractor safety management responsibilities, job roles, work content, risk control measures, and other directives to prevent safety incidents and ensure a 100% completion rate of safety agreement signings.

Contractor audit

+ Verify and confirm the contractor's safety and professional qualifications; only those who are qualified are eligible for consideration;
+ Enhance the four contractor audit mechanisms to minimize safety risks during their activities.

Contractor safety supervision

+ Conduct stringent training and certification for key contractor personnel and validate the legitimacy of special operation certificates for contractors' specialized operators and equipment handlers;
+ Perform comprehensive site inspections and supervision, implementing closed-loop rectification and follow-up on identified issues;
+ Strictly enforce job ticket documentation, and upload information about hazardous tasks to the safety system as required.

Contractor safety assessment and evaluation

+ Develop a quantitative assessment framework for contractor units and individuals, clearly defining rewards and penalties.

Contractor safety training

+ Conduct safety training sessions for contractors to bolster their safety risk management capabilities and operational skills.

The key health and safety performance indicators for contractors in 2024 are as follows:

Indicator	Unit	2024
Number of workdays lost due to contractor injuries	(days) (number of lost days per 200,000 working hours)	242.72
Contractor Lost Time Injury Rate (LTIR)	(%) (per 200,000 working hours)	0.04
Contractor total work-related Injury Rate (IR)	(%) (per 200,000 working hours)	0.08

Safety culture construction

The Group places a high emphasis on fostering a safety culture. During the reporting period, activities such as the "Zero Accident Oath-taking Ceremony", "Three Safety Initiatives", "Fire Safety Month", "Work Safety Month", and "11·9 Fire Day" were held to cultivate aligned safety values among management and perpetuate a safety culture that encourages both managerial accountability and employee participation.

Zero Accident Oath-taking Ceremony

Interpretation of the safety vision, policy, and principles by the person in charge for 90 sessions;
Safety production responsibility statements signed by 90 departments;
6,168 people participated in the oath-signing ceremony for achieving safety goals.



Three Safety Initiatives

6 safety leadership pioneers were selected to guide the practice of safety leadership;
6 units were awarded as "Excellent Organization Units in Safety Production Activities" to create benchmark teams.



Work Safety Month Programs

90 leaders demonstrated safety leadership, guiding 6,452 individuals in safety activities;
2,623 grids were verified and 5,164 hidden dangers were eliminated;
389 internal publicity videos were shot to spread positive safety energy.



Fire Safety Day Programs

The "zeroing out" activities for potential fire hazards in spring and winter have addressed 2,352 hidden dangers;
78 units conducted "double-blind" drills in key areas, organizing 289 special training sessions for volunteer fire teams;
336 activities such as firefighting competitions and knowledge contests were held.



Occupational health

The Group adheres to the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and other relevant laws and regulations. It has established a three-tiered protection system encompassing hazard prevention, process control, and risk elimination, and has developed and implemented the *Occupational Health Management Measures*. The system includes occupational protection standards for zoonotic diseases, dynamic monitoring systems for workplace hazards, comprehensive employee notifications on occupational disease information, occupational health and safety training programs, and early warning standards for occupational diseases. It also bolsters source control and real-time intervention capabilities for occupational disease hazards, mandates pre-employment and on-the-job health screenings for at-risk employees, thus safeguarding the health and rights of all employees.

In 2024, the Group initiated an internal compliance review of occupational health standards, identified 9 laws and regulations pertinent to occupational health, and conducted 94 training sessions reaching 12,798 participants.

In 2024, the Group conducted

94 training sessions

reaching

12,798

participants

Management of zoonotic diseases

+ The Group standardizes the setup standards for dressing and disinfection areas, sanitary water systems, and decontamination equipment, while establishing physical barriers to prevent pathogen transmission. There is a strict regime for work attire management and cleaning, enforcing the use of protective equipment to prevent cross-contamination. Vehicles, hands, personal items, instruments, and tools undergo stringent disinfection using disinfectants and environmental cleaning protocols. The Group adheres to a "self-breeding and self-support" policy, strictly prohibiting the introduction of new cattle from epidemic or threatened zones to eradicate viral infection sources.

Management of production environment

+ Strictly control dust and noise that cause damage to occupational health, focusing on management by eliminating the source of hazards and individual protection for workers through equipment and facilities.

Communication of occupational disease hazard information

+ Enable workers to understand and master relevant information about occupational disease hazard factors in the work process by formulating operating procedures, setting up prompt signs and warning instructions, and publicizing test results.

Management of occupational health training

+ Help relevant workers master knowledge related to occupational diseases and avoid harm through knowledge training, skills training, and formulation of operating procedures.

Monitoring and early warning of occupational diseases

+ Check the control of occupational health hazard factors such as dust, noise, and high temperature every year, and carry out special physical examinations for occupational health and current situation evaluation of occupational health according to the actual control situation.



During the years 2022 and 2023, the Group reported zero work-related fatalities of employees and there was 1 work-related fatality in 2024. The key performance data on health and safety for 2024 is as follows:

Indicator	Unit	2024
Number of work-related fatalities and ratio	Person	1
	%	0.0077
Number of lost workdays due to work-related injuries ¹⁵	Day	48.6
Lost Time Injury Rate (LTIR) ¹⁶	%	0.16
Employee total work-related Injury Rate (IR) ¹⁷	%	0.22

¹⁵ Number of lost workdays due to work-related injuries (per 200,000 working hours) = Total number of lost workdays / Total number of working hours of all employees * 200,000

¹⁶ Employee lost-time injury frequency (per 200,000 working hours) (LTIR = (Number of lost-time injuries) / (Total number of working hours during the accounting period) x 200,000)

¹⁷ Employee total work-related Injury Rate (per 200,000 working hours) (IR = (Total number of work-related injuries) / (Total number of working hours during the accounting period) x 200,000)



Enhancing Employee Well-being

The Group is dedicated to fostering an efficient, healthy, and nurturing work environment for employees, offering competitive salaries and benefits, actively engaging in diverse humanistic care initiatives, promoting employee participation in democratic management, balancing work and life, enhancing employees' sense of belonging and company cohesion, and building a joyful and welcoming Youran family.

Democratic management

The Group continues to advance its democratic governance system, strictly adhering to laws and regulations, such as the *Trade Union Law of the People's Republic of China* and the *Constitution of the Chinese Trade Unions*, as well as relevant documents from the All-China Federation of Trade Unions. We respect and uphold employees' rights to information, participation, supervision, and expression, comprehensively protecting their democratic rights. This is achieved by forming trade union organizations, establishing equal consultation channels, fostering harmonious labor relations, and advancing democratic management within enterprises.

◆ Strengthen democratic management

The Group adheres to the principle of "Dual Plays and Dual Empowerments", maximizing the trade unions' role as a bridge. We implement a leadership system and working mechanism characterized by "party branches' unified leadership, trade unions' coordinated promotion, active cooperation from relevant departments, and enthusiastic participation of employees". We leverage the trade unions' role in factory affairs transparency and democratic management to drive enterprise reform, development, and stability, empower organizational warmth, protect employee rights and career growth, and foster continuous innovation to promote harmonious, stable, and high-quality enterprise development.

The Group is committed to fully utilizing the employees' congress as a primary channel for democratic management. We hold an annual congress, where employee representatives review various company systems, management methods, reform measures, and other matters affecting employees' interests, ensuring guidance and standardization from the outset for comprehensive, multi-level oversight. Based on mutual agreement, the *Collective Contract*, the *Special Collective Contract for Female Employee Labor Protection*, and the *Collective Wage Negotiation Contract* were signed. In 2024, the contract signing rate across all units reached 100%. Both the Company and employees diligently upheld the stipulated responsibilities and obligations, effectively implementing the provisions to achieve the contractual goals and safeguard employees' legitimate rights and interests.

◆ Listen to employees' voices

The Group is resolute in addressing and resolving employee livelihood issues, thoroughly safeguarding employees' rights to information and supervision at all levels. Establish an employee EHR platform on the intranet to disseminate and update information on corporate production and operations, employee rights and interests, corporate management, appointments and dismissals, salaries and benefits. Initiate "Rationalization Suggestion Submission Process" and "Science and Technology Innovation Case Submission Process", strategically plan the Company's technological innovation activities, and continuously facilitate channels for employees to express their concerns.

The Group is actively advancing the enhancement of administrative services, implementing employee care initiatives through various means, including improving living conditions, personnel recognition incentives, and upgrading hardware facilities at foundational units, to satisfy the diverse material and spiritual needs of our employees. During the reporting period, the Group conducted an "Employee Satisfaction Survey" across 13 Youran functional departments, 9 animal husbandry units, 72 dairy farms, 9 feed function departments, and 14 branches, gathering a total of 6,894 valid responses. The survey encompasses 12 dimensions of study, including workplace safety, corporate culture, business philosophy, dedication, organizational support, guidance from direct superiors, learning and development, performance management, innovation capabilities, job responsibilities, career advancement opportunities, and rewards and recognition. The goal is to effectively address employees' most pressing, direct, and pragmatic concerns through these satisfaction surveys. In 2024, the Group achieved an overall satisfaction score of 4.55, marking an increase of 0.88% from the previous year. A total of 210 "low satisfaction" issues were identified, and improvement plans were developed based on the survey findings, achieving a resolution rate of 100%.

Employee care

The Group prioritizes employee care. The Company's union has formulated a comprehensive charter for union activities, operating in alignment with the *Trade Union Charter and Work System of Inner Mongolia Youran Dairy Co., Ltd.* and the *Management Measures for the Use of Trade Union Funds*. Prioritizing employee care, the organization implements key initiatives focusing on special activities, democratic communication, and other areas to ensure comprehensive employee care.

Care for female employees	+ We have established a Nursing and Resting Lounge for Moms and introduced policies such as parental leave and breastfeeding leave. We emphasize women's health by organizing free health clinics, hosting Women's Day activities, and distributing International Women's Day gifts to uplift female employees' satisfaction.
Care for minority employees	+ In respect of ethnic minorities' dining customs, halal canteens are established in multiple locations, aiding ethnic minority employees in better integrating into the Youran family and fostering diversity and inclusivity within the Group.
Employee health care	+ The Company provides employees with medical mutual aid insurance, organizes annual free health check-ups, equips locations with blood pressure monitors, and regularly invites specialists in internal medicine, surgery, traditional Chinese medicine, and other disciplines from leading hospitals to provide on-site health consultations and diagnoses. This ensures early detection and prevention of diseases, enhancing employees' perception of the Company.
Employee sympathy	+ The Company mobilizes trade unions from various grassroots units to visit representatives of workers in need, expatriates, and retired workers, conducting activities such as maternity visits and hospital visits to express care and concern for employees.
Improving living environment	+ Provide complimentary meals and lodging for the front-line employees, enhance canteen amenities, broaden dining options by adding refreshments like mung bean soup, increase the availability of seasonal fruits, and elevate the diversity and quality of our catering services.
Construction of leisure places	+ The Company offers various spaces and amenities for employee activities and physical exercises, including the construction of employee homes, innovation studios, libraries, reading rooms, and fitness centers, to make their leisure time more fulfilling.

Employee cultural activities

+ The Company organized large-scale activities such as cultural and sports events, get-togethers, and traditional festival care across all units nationwide. In 2024, throughout the year in conjunction with important holidays, a variety of activities were held including those for the Spring Festival, Lantern Festival, Happy Family Day, Dragon Boat Festival, and more.

Skill enhancement activities

+ Labor skill competitions and various knowledge contests were organized, creating a positive atmosphere of unity and progress within employees, enhancing staff professional skills, boosting employee morale, and increasing team cohesion.



Diversified Activities for Employees



Harmony and Prosperity Through Collaboration

06



The Group embraces its mission to advance sustainability by closely collaborating with industry chain partners, integrating environmental and social responsibilities across all production processes through sustainable agricultural models and the development of a green supply chain system. Through innovative technology and fine management, we drive sustainable agricultural development, link the industry chain, and transform into a social enterprise committed to promoting societal progress. We work collaboratively to lay a solid foundation for a sustainable industrial ecosystem, achieving a harmonious balance of economic, environmental, and social benefits.

Building Sustainable Supply Chain

The Group is continually enhancing its supply chain management, prioritizing the optimization of a sustainable supply chain management system. We deeply incorporate ESG elements, rigorously oversee suppliers' compliance and specialized ESG practices, scrutinizing from the source to ensure the entire supply chain adheres to the highest sustainability standards. Additionally, we strengthen our collaborative interactions with suppliers, working together to shape a responsible and excellent supply chain ecosystem.

Sustainable procurement policy

The Group is dedicated to advancing sustainable procurement by embedding sustainability deeply into the core of its procurement strategy. From supplier selection to performance evaluation and other phases, we fully implement ESG management goals, bolster supply chain stability and standardization, effectively mitigate procurement risks, and enhance procurement value. We adhere to the principle of sustainable resource utilization, considering factors such as environmental protection, energy saving, and safety in our procurement processes, prioritizing green raw materials, products, and services. We refine environmental screening criteria into detailed evaluation rules for suppliers, effectively executing green procurement initiatives. Concurrently, we place an emphasis on local and responsible procurement, leveraging the synergy of the industry chain to promote regional economic and industry chain sustainability.

Priority procurement of environmental protection products

- + When purchasing production equipment, prioritize low-energy consumption equipment. For existing operational equipment, develop electric equipment to replace fuel-powered equipment.
- + When constructing cowsheds, prioritize suppliers providing environmental protection and renewable materials. Plan to use solar photovoltaic panels instead of the original color-coated steel plates for the roof of cowsheds.

Preferentially select green production suppliers

- + Prioritize suppliers who isolate ruminant animal additive premix feed production lines from other production lines containing animal-origin components or antibiotic components.
- + Prioritize suppliers whose wastewater and waste emissions comply with legal requirements and are appropriately treated.
- + Require suppliers to have environmental assessment procedures in place, and prioritize products and their suppliers that have been certified or recognized for energy saving, water conservation, and environmental labelling.

Local procurement

- + Implement a localized procurement policy, prioritizing local suppliers in procurement strategies to shorten transportation time, reduce logistics costs, ensure timely supply of raw materials, integrate into the local industrial ecosystem, and promote local economic development.
- + Develop specialized plans such as the Regional Raw Material Procurement Promotion Plan and the Bulk Corn Control Plan, positively guiding all units to enhance the introduction of high-quality local suppliers and products.

Responsible procurement

- + Purchase raw materials and feed that have passed organic certification, ensuring suppliers possess organic certification certificates to guarantee product quality safety at the source.
- + Commit to building a responsible supply chain, using or procuring natural resources and raw materials in a sustainable way. Enhance supplier responsibility awareness to reduce deforestation risks, promote sustainability certifications for crops like soybeans and palm oil (such as organic certification, RTRS Responsible Soy Roundtable certification), and establish a process for purchasing deforestation-free soybeans including clear contract terms, control of letter of credit review, monitoring of transport processes, and ensuring smooth business operations while continuously strengthening upstream supply chain deforestation risk tracing and origin tracking to reduce forest cutting.
- + Encourage raw material suppliers to establish organic agricultural production systems, ensuring no pollution during processing, packaging, transportation, storage, and sales, while improving quality control and tracking review systems to minimize ecological destruction and environmental pollution during production, promoting supply chain management towards green supply chain transformation.

Organic product certification for raw and auxiliary materials (including forage grass, agricultural, and sideline products), with purchases accounting for 18.29%.



RTRS certification for "zero deforestation" soybeans, with a purchase volume of 5,205 tons.



Supplier management system

The Group views suppliers as a vital resource in the corporate supply chain and promotes enhanced procurement value through supplier management, leading the industry's supply chain progress. To standardize supplier management, optimize supply resources, mitigate procurement risks, and enhance procurement value, we have developed the *Youran Dairy Whole Life Cycle Supplier Management System*. This system draws on international-leading supplier management theories, aligns with the OECD due diligence guidelines for responsible business conduct and the IPC-1401 corporate social responsibility management system standard, and is tailored to the Company's specific needs. We integrate ESG principles into the entire lifecycle management of suppliers and have established the *Youran Dairy Suppliers Development Operation Management Measures*. These measures address processes for onboarding suppliers and detail the procedures and templates required for developing supplier plans, sourcing, audits, and certification, ensuring fine management throughout their lifecycle.

The Group has developed and publicly issued the [Code of Conduct for Suppliers](#) based on the UNGC Ten Principles Sustainability Guidelines. This code covers four main areas: labor standards, health and safety, environmental protection, and business ethics. We mandate that all suppliers sign and adhere to the supplier code of conduct, thus regulating cooperation in operational, social, and environmental aspects. This fosters industry synergy and supports synchronized advancements in societal, environmental, and economic domains. By 2025, we aim for 80% of key first-tier suppliers to sign the *Code of Conduct for Suppliers*. As of the end of this reporting period, the signing rate for key first-tier suppliers reached 55.12%.

Moreover, we have established the *ESG Red Line for Supplier Management*, which addresses issues like the prohibition of forced and child labor, anti-discrimination and anti-corruption measures, ensuring employee health and safety, fulfilling environmental compliance, and ecological protection. It also aims to regulate supplier behavior and continuously strengthen the management of environmental and social risks within the supply chain. The Company enforces a zero-tolerance policy against ESG red line breaches in supplier management. If non-compliance incidents occur with suppliers, all units and departments must submit an application for withdrawing the supplier via the OA - Application Process for Withdrawal of Suppliers. This withdrawal must be executed in strict accordance with the *Management Measures for Withdrawal of Suppliers*, holding suppliers accountable for any contractual violations.

In 2024, our key achievements in supply chain management are as follows:

Indicator	Unit	2024	2023
Total number of cooperative suppliers	Number	1,650	1,482
Number of cooperative suppliers by regions	Mainland, China	Number	1,617
	Hong Kong, Macao, and Taiwan, China	Number	1
	Overseas	Number	32
Number of cooperative suppliers implementing relevant practices	Number	1,650	1,482
Annual evaluation rate of cooperative suppliers implementing relevant practices	%	100	100

Supplier access

With a focus on refined supply chain management, the Group continues to enhance supplier access management. We have formulated a comprehensive range of procurement systems like the *Youran Dairy Suppliers Development Operation Management Measures* and *Youran Dairy Goods and Services Procurement Management Measures*. These include methodologies for supplier audits and certifications tailored to specific key control points. Only after undergoing a stringent and standardized access review can new potential suppliers be invited to engage in procurement activities. We consider the ESG performance of our suppliers as a crucial element in access inspections. We establish assessment indicators and evaluation standards to identify and manage ESG risks within the supply chain right from the source. Our supplier development team is tasked with conducting on-site evaluations of suppliers based on the *Detailed List of Access Certification Methods and Management Responsibilities Division for Suppliers*. They compile these findings into an on-site investigation report or an audit scoring sheet, which is then entered into the "SRM - Supplier Evaluation" module.

In adherence to the principles of "openness, fairness, impartiality, economy, and integrity", the Group has developed the *Youran Dairy Goods and Services Procurement Management Measures*. This framework ensures transparency in procurement, covering supplier evaluation, pricing of products and services, managing supplier relationships, and agreement signing processes. In terms of evaluation, an independent Evaluation Committee is established. The Evaluation Committee operates under an accountability system where all members are required to actively participate and conscientiously fulfil their evaluation responsibilities, objectively and impartially voting on evaluation opinions and suggestions. For the pricing method of materials and services, various methods are implemented. Extensive demand analysis as well as procurement environment investigation and analysis are carried out before pricing, leading to the selection of the most suitable procurement method. In building the supplier relationship management system, we rely on the SRM (Supplier Relationship Management) system to enhance procurement transparency and achieve online collaboration with suppliers in areas such as supplier access, pricing, and order business. Additionally, we require suppliers to sign the Sunshine Agreement against commercial bribery, strengthening the awareness of clean procurement and standardizing commercial cooperation behaviors, thus creating a clean procurement environment. In 2024, the signing rate of the supplier's Sunshine Agreement reached 100%.



In 2024, the signing rate of the supplier's Sunshine Agreement reached

100%

Identification of key suppliers

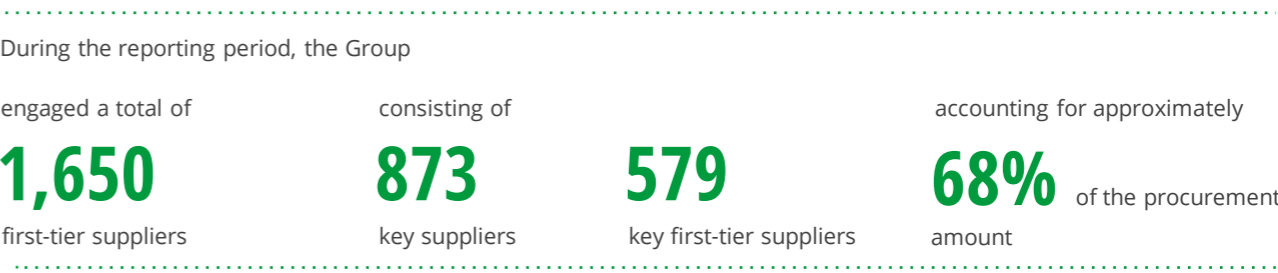
The Group adheres to a rigorous management philosophy and has established the *Supplier Quality Management Measures*, defining a screening mechanism for key suppliers. Our screening process prioritizes suppliers with potential ESG risks, those closely aligned with our business operations, or those possessing both characteristics, to accurately identify specific risk factors across different countries, industries, and commodities. For key suppliers, we have developed a multi-dimensional evaluation system, enabling us to perform comprehensive assessments focusing on sustainability and product quality. Based on these evaluations, we formulate targeted development plans that effectively mitigate risks along key supplier processes, supporting the industry's supply chain sustainability comprehensively.

Screening level	Basis for consideration of screening factors	Specific requirements
Environmental aspect	<div>+ Risks of adverse impacts associated with environmental issues, including but not limited to greenhouse gas emissions, energy use, water consumption, resource efficiency, pollution, waste, and biodiversity.</div>	<div>+ Plant design: Enterprises must maintain dedicated facilities, ensuring their surroundings comply with product quality and safety standards. No potential pollution sources that could compromise quality and safety should exist within a 100-meter radius of the facility.</div> <div>+ Environmental impact: Suppliers must have valid environmental assessment procedures to prove that their production activities comply with relevant environmental protection regulations.</div> <div>+ Coping with climate risk (ability bonus item): Suppliers should strive for carbon neutral certification or establish a complete set of carbon neutrality system documents; actively implement carbon reduction measures, and prioritize the use of clean energy in production and storage processes.</div>
Social aspect	<div>+ Risks associated with adverse social impacts include, but are not limited to, labor rights issues such as child labor, forced labor, discrimination, freedom of association, collective bargaining rights, working hours, compensation, occupational health and safety, employee development, or community rights.</div>	<div>+ Personnel development: An annual training plan should be established, with training activities executed as scheduled. The effectiveness of the training should be validated, and comprehensive training records must be maintained.</div> <div>+ The labor rights and interests outlined in the <i>ESG Assessment Standards for Suppliers</i> encompass areas such as child labor, forced labor, discrimination, freedom of association, collective bargaining rights, working hours, remuneration, occupational health and safety.</div>
Governance aspect	<div>+ Risks of adverse impact associated with governance topics include, but are not limited to, issues such as corruption, bribery, conflicts of interest, or anti-competitive behavior.</div>	<div>+ Fraud risk: Focus on reviewing the authenticity of personnel relevance in the supplier's commitment letter and the authenticity of the provided qualifications.</div>
Business relevance	<div>+ Considerations of business relevance include factors such as expenditure or market share and the interchangeability of goods.</div>	<div>+ Considerations for business relevance include type, procurement amount, procurement volume, and the non-substitutability of raw materials.</div>

Risk consideration level Basis for consideration of screening risks

Country-specific risks	<div>+ Assess the risk of negative environmental, social, and governance impacts linked to national policies, regulations, social, economic, environmental, or regulatory conditions.</div>
Industry-specific risks	<div>+ Evaluate the risks of adverse environmental, social, and governance impacts related to industry-specific characteristics, including labor conditions, energy use, resource intensity, emissions, or potential pollution in sectors such as manufacturing, services, and agriculture.</div>
Commodity-specific risks	<div>+ Consider the risks of negative environmental, social, and governance impacts associated with the supply chain structures of commodities, labor conditions, land use, resource intensity, energy consumption, emissions, material toxicity, or potential pollution for products like metals, fossil fuels, wood, soybeans, and cotton.</div>

Based on these screening principles, our key first-tier suppliers include manufacturers of organic raw materials, standard raw materials, frozen semen, vaccines, veterinary drugs, medicinal bath solutions, cleaning fluids, and dairy cow import agents. During the reporting period, the Group engaged a total of 1,650 first-tier suppliers, consisting of 873 key suppliers and 579 key first-tier suppliers, which collectively represented approximately 68% of the total purchase expenditure.



ESG risk assessment and audit of suppliers

To establish a robust foundation for holistic green development within the supply chain, we consistently enhance our ESG risk assessment and auditing processes. This allows us to gain precise insight into supplier risks and ensure effective risk management. We have developed and enforced the *ESG Assessment Standards for Suppliers*, which involve thorough evaluations of suppliers’ ESG performance by specifying assessment criteria and refining the evaluation process to accurately identify potential risks. Our efforts focus on mitigating ESG risks at their root, thereby ensuring the sustainability of the industry’s supply chain.

ESG Assessment Standards for Suppliers

- 1. Has the Company implemented regulations to prohibit forced labor and child labor (minors under 16)?
- 2. Are the Company's employee wages above the local minimum wage?
- 3. Does the Company conduct employee satisfaction surveys?
- 4. Has the Company obtained certification for its occupational health and safety management system?
- 5. Does the Company maintain a monitoring report on occupational disease hazards?
- 6. Has the Company established environmental management policies addressing issues such as pollutant emissions, water resource management, forest conservation, and greenhouse gas reduction?
- 7. Has the Company achieved certification for its environmental management system?
- 8. Has the Company received certification for its energy management system?
- 9. Does the Company utilize or procure renewable energy such as wind or solar power?
- 10. Is the Company engaged in carbon inventory activities and have they obtained a carbon verification certificate?
- 11. Has the Company completed a water resource inventory and obtained product water footprint certification?
- 12. Has the Company established anti-corruption policies and a code of business ethics?
- 13. Does the Company offer an open channel for reporting instances of corruption?
- 14. Has the Company secured quality management system certification?

In 2024, we conducted on-site evaluations of 88 key first-tier suppliers following the *ESG Assessment Standards for Suppliers*, representing 15% of all critical first-tier suppliers. Furthermore, ESG considerations are thoroughly embedded in the on-site assessments of raw and auxiliary material suppliers. This encompasses plant design, fraud risk, environmental impact, energy *conservation* and emission reduction initiatives, personnel development, pest control, drug management, and other pertinent areas.

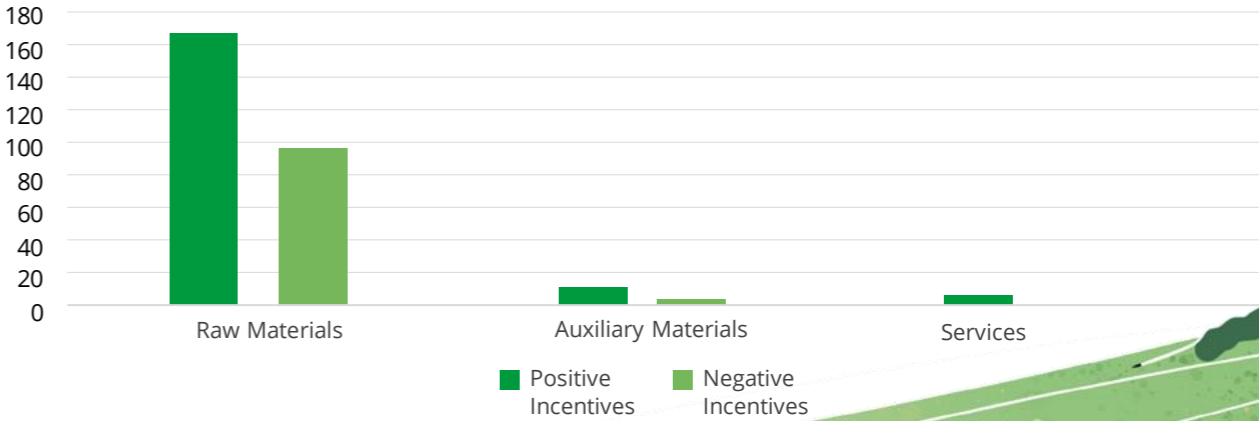
Based on ESG risk assessment outcomes, we perform semi-annual evaluations of high-risk ESG suppliers among the primary first-tier suppliers, annual reviews for medium-risk suppliers, and biennial assessments for those deemed low-risk. Our evaluation methods include online audits, site inspections, document reviews, among other approaches, and we provide recommendations and tailored improvement strategies for identified issues. In 2024, we conducted both desk audits and onsite evaluations of key suppliers, mandating them to disclose information and evidence related to their environmental, social, and governance policies, practices, performance, and public disclosures. We assessed 38 suppliers through these methods, with none identified as having substantial actual or potential negative impacts.

Supplier performance management

The Group incorporates suppliers' ESG performance into a comprehensive, multi-dimensional evaluation system, aligning with the *Code of Conduct for Suppliers and Management Measures for Performance of Suppliers*. We assess supplier sustainability based on on-site audit outcomes and their subsequent corrective actions. We categorize suppliers into five levels: A (excellent), B (good), C (qualified), D (needs improvement), and E (withdrawal). Annually, we release their performance results and ratings, communicating these either by letters or at public meetings. For suppliers demonstrating strong ESG performance, the Company will increase their procurement share under equal conditions, offering positive incentives and priority for business collaborations. Conversely, for those with poor ESG performance - especially those breaching the *ESG Red Line for Supplier Management* - we demand timely corrections, impose negative incentives, reduce procurement shares, or limit business opportunities. Failure to rectify within the stipulated timeframe will result in the termination of business relationships according to the *Management Measures for Withdrawal of Suppliers*.

In 2024, we evaluated the performances of 59 key category suppliers. High-performing suppliers receive positive incentives through accolades, increased collaboration opportunities, and more favorable payment terms. On the other hand, low-performing suppliers are urged to self-correct or pursue exit strategies. We have simultaneously developed 281 performance incentive plans for suppliers, comprising 184 positive and 97 negative incentives, to foster a sustainable supply chain.

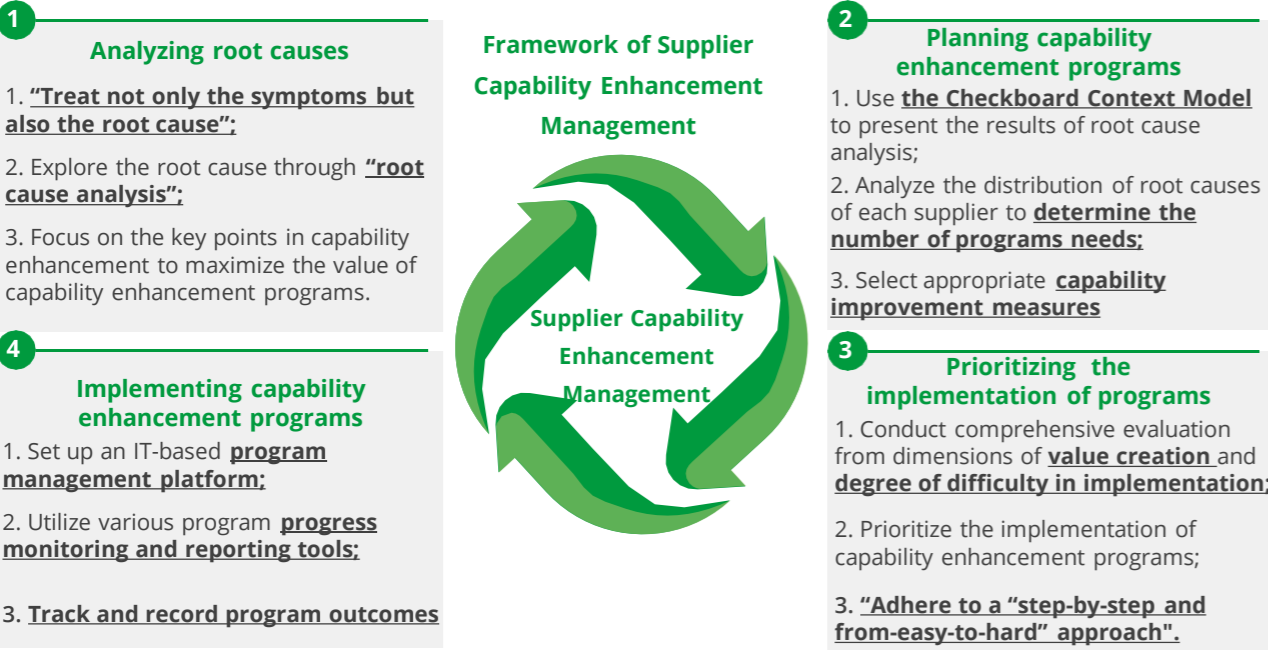
Incentives for Suppliers of Various Categories



Supplier capability co-construction

As a leading entity at the upstream end of the dairy industry, the Group is committed to driving the shared progress of the supply chain, striving to create a harmonious development environment that fosters industry co-construction and mutual benefits. Embracing principles of openness, cooperation, and innovation, we collaborate closely with supply chain partners to address industry challenges and common issues, leveraging collective intelligence to explore innovative joint solutions and fuel the rapid advancement and quality enhancement of the industry. In empowering supplier development, the Group conducts on-site audits and evaluates cooperation performance and strategic potential, thoroughly analyzing suppliers' current weaknesses and identifying areas for capability enhancement. We have established an efficient supplier capability improvement system focusing on root cause analysis, project planning, priority setting, and project execution, to capitalize on industry ecology for high-quality and sustainable development.

With a focus on enhancing the overall capabilities of the supply chain, the Group has established a management framework dedicated to elevating the capacities of its suppliers. This framework follows key processes such as "Analyzing Root Causes of Issues - Planning Capacity Enhancement Projects - Executing Capacity Enhancement Projects - Identifying and Prioritizing Project Implementation". Additionally, it integrates critical areas like quality, delivery management, financial capabilities, and sustainability enhancement within the collaborative system among suppliers. The Group actively benchmarks against cutting-edge international practices, absorbs industry best practices, and aids suppliers in heightening their sustainability capabilities comprehensively and significantly.



The Group is dedicated to linking the upstream industry value chain to advance sustainable agriculture. By collaborating with upstream suppliers, it aims to reduce agricultural water usage, decrease environmental pollution from agriculture, improve soil health, and minimize greenhouse gas emissions. To boost the sustainable capacity building of suppliers, we proactively conduct training and outreach to promote the *Code of Conduct for Suppliers* across the supply chain. These efforts help suppliers fully grasp our ESG management requirements, covering labor standards, health and safety, environmental protection, business ethics, and other ESG management aspects. We continually strive to enhance suppliers' sustainability. We also actively engage first-tier suppliers in carbon reduction projects, enter into strategic framework agreements with key suppliers like Cargill and Bunge, ensuring that relevant raw materials are sourced from green or low-carbon factories like Bunge and Cargill, and actively explore and promote full-chain carbon reduction. We guide the upstream supply chain to augment water resources management, leveraging synergy through guidance, support, and cooperation, fostering an integrated planting and breeding development model, advancing water-saving technology innovation capabilities, and improving water resource utilization efficiency. Additionally, we collaborate with suppliers to enhance the traceability and management of raw materials at risk of deforestation. Working together, we aim to secure "zero deforestation" certification for agricultural products like soybeans, bolster the tracing of deforestation risks associated with upstream raw materials, build a "zero deforestation" supply chain, and promote sustainable agricultural progress. Furthermore, we engage in soil remediation partnership projects with suppliers to engineer a sustainable green ecological environment and foster the rapid development of renewable agriculture.

In 2024, the Group advanced business collaboration and strategic partnerships to bolster ESG management capabilities through integrated supply chains. This included building benchmark dairy farms, managing carbon emissions, handling water and ecological resources, collaborating on joint sales, sharing talents training resources, and introducing new products and technologies. A total of 86 suppliers participated in capacity-building plans or projects, with strategic cooperation projects spanning all facets of the industry value chain. Looking ahead, we will continue collaborating with strategic suppliers to advance sustainability efforts, with a particular emphasis on deepening our engagement in agricultural and livestock sustainability. We aim to leverage the synergies within the industry supply chain, explore a variety of collaborative avenues, and endeavor to build a greener, more resilient, and sustainable future for the industry.

Case Youran Dairy Focuses on Enhancing Suppliers' ESG Capabilities

In March 2024, Youran Dairy organized performance communication meetings in three sessions for a total of 86 key upstream suppliers in the categories of domestic forage grass, corn preliminary processing, and molasses. This was done to strengthen the sustainable management capabilities of the supply chain, promote industrial sustainable development, and practice ESG concepts. These meetings reviewed past cooperative highlights and areas for improvement, providing a strong foundation for future collaboration enhancements. Simultaneously, the meetings featured sessions on the *Code of Conduct for Suppliers*, addressing labor rights, health and safety, anti-discrimination, employee working hours, and environmental management standards. At these meetings, we also introduced sustainability (ESG management) evaluation criteria into the cooperative evaluation framework to bolster suppliers' ESG management soft skills and drive supply chain sustainability.

Case Collaborating with Suppliers on Integrated Planting and Breeding Projects to Promote Water Conservation in the Supply Chain

In the process of promoting sustainable agricultural development and strengthening ESG practices in the supply chain, our Group actively collaborated with the upstream supply chain to carry out a highly effective integrated farming and breeding demonstration project in the Tangshan region of Hebei Province. The project focused on optimizing agricultural irrigation water use and promoting organic farming, achieving remarkable results.

As a typical two-season planting area, the Tangshan region of Hebei Province has wheat and corn cultivation as the dominant agricultural industries. To ensure the efficient use of water resources and the transformation of agricultural waste into resources, the Group collaborates closely with local wheat and corn suppliers, delivering liquid fertilizer from the dairy farms through an integrated planting and breeding model that benefits the crop irrigation systems. During the wheat planting cycle, we work with suppliers to develop four irrigation plans, sensibly adjusting the biogas slurry-to-water ratio to ensure efficient water resource recycling and minimize water usage. Regarding corn cultivation, we collaborated with suppliers to establish three irrigation plans, maintaining the biogas slurry-to-water ratio at approximately 1:1. We also closely monitored local rainfall conditions, allowing us to timely adjust irrigation frequencies to ensure optimal water resource allocation and minimize waste.

According to calculations, the ratio of liquid fertilizer discharged from the dairy farm to agricultural irrigation water in Tangshan region of Hebei Province has been consistently maintained at approximately 1:1. This achievement has led to a water saving rate of around 50%, significantly contributing to easing local water resource pressures while simultaneously mitigating the risk of agricultural non-point source pollution, fostering ecological restoration, and promoting sustainable agricultural development.

Case Youran Dairy's Chilechuan Ecological Intelligent Dairy Farm- The First Green Low-Carbon Intelligent Dairy Farm to Fully Use "Zero Deforestation" Soybeans

To further advance forest conservation, reduce deforestation risks in the supply chain, and continually enhance the traceability of suppliers' raw materials, the company has initiated a pilot project with strategic partner Louis Dreyfus for non-deforestation soybean meal. Louis Dreyfus, with extensive expertise in agricultural product trading, collaborates in this effort to explore sustainable soybean meal supply chains, aiming to minimize the forest impact of soybean farming and support sustainable animal husbandry.

Since May 2024, the Chilechuan Ecological Intelligent Dairy Farm has exclusively utilized "zero deforestation" soybean raw materials, referring to soybeans cultivated in areas without any deforestation or ecological damage. By the end of December, the ranch had issued 5,205 tons of deforestation-free soybean certificates, showcasing Youran Dairy's dedication to fostering a sustainable supply chain. The ranch has become China's first green, low-carbon Intelligent Dairy Farm to completely adopt "zero deforestation" soybeans, following its integration of an intelligent "unmanned cowshed" and the application of Intelligent Dairy Farm management and IoT technologies. Looking ahead, Youran Dairy plans to further extend its non-deforestation soybean meal operations, striving for industry-wide green development.



Case Youran Dairy Joins Hands with Upstream Suppliers to Boost Soil Restoration and Development of Regenerative Agriculture

In exploring sustainable agriculture, Youran Dairy actively embraces the ESG ethos and collaborates closely with suppliers to champion soil remediation efforts and jointly chart a path for renewable agriculture.

In 2024, Youran Dairy's certified organic silage production reached 890,000 tons, spanning a total planting area of approximately 420,000 mu. Youran Dairy, alongside its suppliers, strictly adheres to the use of environmentally-friendly fertilizers, eschewing chemical alternatives in favor of organic and manure-based fertilizers, applying 60-75 kilograms of organic fertilizer per mu. Simultaneously, manure resources are efficiently harnessed at a rate of 3-5 cubic meters per mu across planting bases. Organic fertilizers and treated manure are applied to the soil, enhancing its organic matter content, enriching nutrients for soil microbes, and fostering microbial growth and activity. This provides ample, sustainable nutrients for organic silage growth, gradually improving soil structure and enhancing its water and nutrient retention capabilities, thus achieving the dual goals of sustainable green agriculture and soil remediation.

Embracing Corporate Responsibility

The Group embeds social responsibility practices within its long-term sustainability mechanisms, weaving social responsibility into its corporate growth strategy. The Group actively engages in public welfare and charity, invests in social services, precisely propels rural revitalization, nurtures an ecosystem for communal well-being and shared prosperity, and fosters harmonious societal progress.

Community relations

The Group consistently views the community as an integral component of its business ecosystem, recognizing that community input and engagement are crucial to our success and sustainable growth. Valuing the community and its rights is not only a moral obligation but also the foundation for fostering the long-term growth of our enterprises. The Group strictly adheres to the principle of *Free, Prior and Informed Consent (FPIC)*, fully respecting community rights in business operations and effectively safeguarding community interests. To achieve this, we have developed and implemented our [Human Rights Policy and Community Commitment Policy](#), which adheres to principles of free participation, prior consultation, informed consent, equitable collaboration, and unwavering commitment. This establishes a robust redress and compensation system, fostering harmony with the community and ensuring synchronized development.

In 2024, our notable achievements in community investment were:

Donation amount

RMB 368,000

Advancing community economic development

Enhancing local procurement

Regarding procurement strategy, the Group prioritizes local suppliers due to shorter distances and costs, creating specialized plans like the *Regional Raw Material Procurement Promotion Plan* and the *Bulk Corn Control Plan*. These plans encourage various units to enhance cooperation with local high-quality suppliers and products. The Group vigorously supports local procurement, thereby boosting dairy farms' eagerness to use regional raw materials, diversifying raw material types and supplier sources, significantly reducing transportation time, decreasing logistics costs, and ensuring prompt raw material supply. This approach enables the Group to better integrate into the local industrial ecosystem, facilitate effective communication with suppliers, and rigorously manage raw material quality. We contribute to local economic growth by supporting the development of local suppliers.

Local Procurement Practices

- + In 2024, the Company actively pursued local corn procurement, acquiring approximately 50,000 tons from key corn-producing regions such as Northeast China, Inner Mongolia, and Ningxia. Our localized procurement rate for corn products in these areas reached 90%.
- + In 2024, we developed organic planting bases, adjusted plot distribution structures, utilized nearby land resources, and optimized planting bases with extensive transport distances. In Hohhot, by enhancing nearby organic silage wrapping bases, we achieved 100% supply from local bases.
- + In 2024, the Company proactively expanded the development of local feed as well as agricultural and sideline products across dairy farms in China, with total purchases reaching 15,281 tons. This included 7,151 tons of oat grass and silage, 290 tons of moss, 360 tons of vermicelli powder, 24 tons of fermented white wine lees, 600 tons of paper mulberry silage, 1,880 tons of alfalfa and alfalfa silage, 945 tons of apple pomace, 2,000 tons of beet shreds, 486 tons of beet molasses, 1,192 tons of wheat straw, 255 tons of corn stalk, and 93 tons of cotton stalk.
- + In 2024, the Company actively expanded the local bedding industry around dairy farms nationwide, procuring a total of 85,483 tons; this included 26,692 tons of crushed corn cobs, 25,840 tons of sawdust, and 32,951 tons of peanut shells.

Providing employment opportunities for local farmers and herdsmen

The Group is thoroughly integrated into local community development, designing policies to support local employment, precisely aligning with herders' job needs, and emphasizing the priority of hiring local labor across all operational facets, from dairy farm management to frontline production. In the new employee recruitment strategy, the Group maintains a focus on local labor. Through job fairs and partnerships with local universities for targeted talents development, it consistently broadens local employment opportunities, creates a significant number of stable jobs for the region, injects vitality into the local economy, and strengthens the foundation for rural development.

Within the Group's workforce, the local employment rate stands at an impressive 85.22%, with each 10,000-head dairy farm generating over 200 jobs on average. Nationwide, the dairy farms offer employment to over 10,000 farmers and herdsmen. The employment opportunities encompass a variety of roles, including breeders, milking workers, technicians, and grassroots managers. Employees leverage their deep understanding of the local environment and cultural traditions to provide a distinctive edge in job matching. Additionally, the Group offers comprehensive food and lodging for employees, with an average annual salary of RMB 60,000. In alleviating local unemployment pressures, it encourages farmers and herdsmen to find employment locally, addressing social issues like left-behind children at their root, and aiding in community livelihood enhancement.

Industry support boosts agricultural and animal husbandry development in surrounding areas

The Group leverages its industrial and technological strengths, enacting various support policies tailored to different regional needs and implementing silage poverty alleviation measures. It steps into agricultural and pastoral areas to impart knowledge on scientific breeding techniques, addressing farmers' and herdsmen's challenges through technical assistance. Simultaneously, a specialized industry promotion plan aligns with local dairy farm resources, offering free high-quality frozen semen, targeted silage procurement, and establishing special skills training classes to advance the local supply chain.

The Group operates 97 large-scale dairy farms that collectively house over 620,000 dairy cows. Utilizing an "enterprise + qualified enterprise/cooperative + farmer" model, they engage local farmers in silage cultivation. Nationwide, these dairy farms purchase an average of 3 million tons of silage annually, motivating farmers to plant approximately 2 million mu of land. Additionally, the dairy farm provides free agricultural technical advice and organic fertilizers to local farmers, enhancing soil structure and improving the quality of agricultural produce. Simultaneously, it guides villagers in planting high-value silage crops to boost the economic returns of agriculture. This approach addresses the local feed requirements for dairy farm operations and concurrently develops new agricultural industries in the region. It encourages crop rotation, pest and disease prevention, boosts agricultural productivity, and facilitates the transformation of value in a circular economy for agriculture and animal husbandry.



Case Transforming Straw into Milk - Turning Henan Wheat Straw into a "Treasure"

Youran Dairy initiated the "Straw to Milk" project in Henan Province, successfully recycling and reusing 60,000 tons of wheat straw on 300,000 mu of land, thus converting an "ecological burden" into "green wealth". Youran Dairy has introduced cutting-edge machinery for straw collection and baling, implementing high-standard processes for raking, baling, dust removal, and kneading. The high-quality recycled straw not only meets the demand for cost-effective roughage in the regional dairy farms but also "turns straw into money" for farmers, boosting their income, addressing straw burning issues, and safeguarding the local ecology.



High-Standard Recycling of Wheat Straw

Play to the advantage of leading enterprises to promote industry development

As the world's premier raw milk provider, Youran Dairy has established a comprehensive value chain in the upstream dairy industry segment. Its core operations encompass the entire industry spectrum, covering "seed industry, grass industry, feed, dairy farming, and an industrial supply chain trading center". The Group maximizes industrial cluster advantages, fosters diversified strategic collaborations, and accelerates the advancement of the industry towards higher standards and efficiency.

Industry Associations that Youran Dairy Engages With

Youran Dairy is an integral part of the Dairy Association of China and is recognized as a D20 enterprise	Youran Dairy has successfully joined the United Nations Global Compact (UNGC)	Executive Vice President Unit of the Inner Mongolia Autonomous Region Feed Industry Association	Member of China Feed Industry Association	Member of China Dairy Industry Association
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Case **Green Development Model**
- Youran Dairy Secures Its First USD 150 Million Sustainability Loan from Rabobank

In 2024, Youran Dairy secured its inaugural sustainability loan from Rabobank, totaling USD 150 million. This collaboration highlights international capital's full endorsement of the Group's sustainability initiatives.

As a global leader in food and agricultural finance, Rabobank is committed to assisting clients in achieving their sustainability transition objectives, positioning itself as the ideal partner for Youran Dairy's first sustainability loan. Building on substantial progress in reducing carbon emissions, enhancing resource recycling, and minimizing ecological impacts across the supply chain, Youran Dairy will further bolster key initiatives like constructing low-carbon dairy farms, applying clean energy, and promoting sustainable forage grass cultivation through this loan. These efforts set a practical benchmark for the global dairy industry's transition to low-carbon operations, facilitating harmonious coexistence between enterprises and natural ecosystems.

Case **Youran Dairy Selected in S&P Sustainability Yearbook, Becomes the Only Company in the Dairy Industry to Win the "Industry Best Improvement Award"**

In S&P Global's *Sustainability Yearbook (China Edition)* released on July 16, 2024, Youran Dairy emerged from over 1,700 companies as the sole dairy industry recipient of the "Industry Best Improvement Award". From the initial pool of more than 1,700 companies, only 129 demonstrated outstanding performance and were ultimately selected. This accolade signifies the high level of international recognition Youran Dairy's ESG accomplishments have received from authoritative organizations.

Leveraging its leading position in industry supply chain integration, the Group has systematically developed a sustainable animal husbandry model, offering replicable practical experience and standardized solutions industry-wide. This has yielded significant economic and social benefits and provided a robust roadmap for upstream enterprises in the dairy industry to pursue green transformation.



Youran Dairy Wins the "Industry Best Improvement Award"

Outlook

The path may be long and challenging, but perseverance ensures you will reach your destination; continuing on this journey promises a bright future.


In 2025, the Group will steadfastly uphold its core values of "Excellence, Accountability, Innovation, Win-win, and Respect", guided by the mission of "Creating the Driving Force for a Healthy Life with Quality". Embracing the ethos of "Second Entrepreneurship", we will focus on six strategic areas: "Technology, Platform, Lean, Digitalization, Talents Development, and Green Sustainability". This strategy will be transformed into a dynamic driving force that fuels enterprise and industry development, advancing the entire industry value chain.

We adhere to a prudent business philosophy, underpinned by transparent corporate governance and scientific risk management practices, to solidify our business foundation and ensure smooth, orderly operations. Simultaneously, we foster deep integration with cutting-edge smart industry processes, establishing an open and shared ecological platform. This shapes a highly efficient and internationally competitive operational model. By building a smart industry ecosystem founded on independent R&D, we intensively focus on developing a modern smart agriculture and animal husbandry industry chain, elevating the industry's value chain to new heights of high-quality development. We are dedicated to powering human life and health, consistently enhancing product quality through technological innovation and R&D. Our efforts facilitate the elevation of products and services, steering the industry toward new development trends.

We are committed to integrating business growth with ecological preservation. By thoroughly exploring paths for green and low-carbon development, advancing emission reduction initiatives, and conducting low-carbon technology research, we cultivate an ecological agricultural cycle that combines farming and livestock production. We establish a professional and systematic green sustainability system, setting a benchmark in leading the entire industry towards harmonious coexistence with the environment and enduring green sustainability. We champion equal employment, safeguard employee rights, interests, and occupational health and safety. Our "three-in-one" talents cultivation system encompasses management personnel development, enhancing job competencies, and nurturing expert talent. We concentrate on fostering professionalism, efficiency, and robust capabilities. These elements shape high-performing teams and a development organization that merges practical engagement with training, achieving high-caliber talents outputs and invigorating enterprise growth.

We will persistently quicken our development pace, actively fulfill social responsibilities, and leverage our industrial foundation to rejuvenate the dairy and seed industries alongside rural areas, thus advancing the high-quality growth of the regional economy and agriculture. Leveraging a multitude of advantages such as supply chain integration, cutting-edge technology, digital transformation, elite talents, lean management, and green sustainability, we collaborate with leading international and domestic suppliers to forge a sustainable industrial ecosystem. This effort propels China's animal husbandry sector to advance steadily, as we strive to realize the ambitious vision of "leading China's animal husbandry industry and evolving into the most trustworthy world-class animal husbandry technology group".

Independent Assurance Report



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INDEPENDENT ASSURANCE STATEMENT

Objectives of Work

Bureau Veritas Certification (Beijing) Co., LTD ("BUREAU VERITAS") has been engaged by China You'an Dairy Group Limited (hereafter referred to as "Youran Dairy" to conduct an independent Assurance of its 2024 Environmental, Social and Governance Report (the "Report"). This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the report are the sole responsibility of the management of Youran Dairy. Our sole responsibility was to provide independent assurance on the accuracy and reliability of information included, and on the underlying systems and processes used to collect, analyse and review it.

Scope of work

Youran Dairy requested Bureau Veritas to verify the accuracy and reliability of the following:

- Data and information included in the report for the January 1, 2024 to December 31, 2024.

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (expressions of opinion, belief, aim or future intention by Youran Dairy and statements of future commitment;
- Financial data and information that has been audited by a third party.

Level of assurance: reasonable assurance level

Assurance standard

- International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)"), developed by the International Auditing and Assurance Standards Board;
- GRI Sustainability Reporting Standards, published by the Global Reporting Initiative
- Environmental, Social and Governance ("ESG") Reporting Guide (the "ESG Guide") under Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").


Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

- Interviews with relevant personnel of Youran Dairy;
- Review of documentary evidence produced by Youran Dairy;
- Evaluation of information against Global Reporting Initiative (GRI) principles of Materiality, Accuracy, Completeness, Balance, Clarity and Comparability;
- Audit of performance data, tracing and checking the sample data according to the sampling principle;
- Review of Youran Dairy data and information systems for collection, aggregation and analysis;


Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Non-financial Reports, based on current best practice in independent assurance. The work was planned, carried out and concluded based on reasonable, rather than absolute assurance, as determined by Bureau Veritas.

Assurance Conclusion



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On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data included in the scope of our assurance are accurate, reliable and free from material mistake or misstatement;
- The information is presented in a clear, understandable and accessible manner;
- The information of the Report provides a fair and balanced representation of related ESG management activities during the reporting period;
- Youran Dairy has established appropriate systems for the collection, aggregation and analysis of relevant information. The performance data (partial) for 2023-2024 has been disclosed and be with Comparability.

Accuracy

The information and data disclosed in the report are objective and reliable. Youran Dairy has established appropriate systems for the collection and disposal of quantitative data on organizational governance, environment and social management. Through on-site assurance, the evidence provided by Youran Dairy is relatively reliable and the report is of objectivity.

Materiality

Youran Dairy identified and disclosed material ESG issues and related information in accordance with the GRI Sustainability Reporting Standard, Environmental, Social and Governance ("ESG") Reporting Guide (the "ESG Guide") under Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and recommendations issued by the Task Force on Climate-Related Financial Disclosure (TCFD).

Completeness


The report of Youran Dairy focuses on the aspects of ["Dual Green Collaboration: Embarking on New Journeys Together", "Sound Operations with Smart Future", "Acting for High-quality, Pursuing Excellence", "Environmental Protection First and Green Development", "People-oriented, Win-Win Approach" and "Harmony and Prosperity Through Collaboration". The report discloses data and information related to product responsibility, social responsibility, environmental responsibility, and employee responsibility, which are of concern to the stakeholders of Youran Dairy. The disclosed is of relative Completeness.

Based on the work conducted, we recommend Youran Dairy to consider the following:

Continuously standardize the ESG management process and enhance digitalization level, to improve data completeness, accuracy, and consistency.


Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Environmental and Occupational Health and Safety, Social Responsibility with more than 190 years history in providing independent assurance services. Members of the assurance team have no interests or conflicts of relationship with Youran Dairy. We have conducted this Assurance independently and impartially. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities.



Director of Greater China Region
Bureau Veritas Certification (Beijing) Co., Ltd
2025-04-07


Pin Tian
Assurance Team Leader
Bureau Veritas Certification (Beijing) Co., Ltd
2025-04-07



BUREAU VERITAS

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Greenhouse Gas Verification Report



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Greenhouse Gases Verification Opinion

is awarded to

Inner Mongolia Youran Dairy Co.,Ltd.

Bureau Veritas Certification (Beijing) Co., Ltd. was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by Inner Mongolia Youran Dairy Co.,Ltd. for the period stated below. This verification opinion applies to the related information included within the scope of work described below.

Boundaries covered by the verification:

- Verification site name: Inner Mongolia Youran Dairy Co.,Ltd.
- Verification site address: No.169, Hexi Road, Saihan District, Hohhot, Inner Mongolia (HQ) and sampled pastures, grass bases and self-operated feed bases
- Reporting period covered: 01/01/2024 to 31/12/2024

Organizational boundaries: Activities and facilities of pastures and grass production bases and self-operated feed production bases operational in China in 2024 by Inner Mongolia Youran Dairy Co.,Ltd. under operational control approach.

Reporting boundaries: GHG emissions generated in dairy farming, grass cultivation and feed production and related management activities within the organizational boundaries, as well as significant indirect greenhouse gases emissions.

Emissions data verified under reporting boundaries:

- Category 1: Direct GHG emissions: 2,817,117.24 tCO₂e
- Category 2: Indirect GHG emissions from imported energy: 544,941.35 tCO₂e
- Category 3: Indirect GHG emissions from transportation:

Upstream transport and distribution	151,146.60 tCO ₂ e
Downstream transportation and distribution	35,024.43 tCO ₂ e
Business travel	1,270.82 tCO ₂ e
Employee commuting	2,206.62 tCO ₂ e
- Category 4: Indirect GHG emissions from products used by organization:

Waste generated in operations	3,370.36 tCO ₂ e
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- Category 5: Indirect GHG emissions associated with the use of products from the organization: Non-significant indirect emissions and not quantified
- Category 6: Indirect GHG emissions from other sources: Non-significant indirect emissions and not quantified
- Total quantified emissions: 3,555,077.41 tCO₂e

Limitations and exclusions: Excluding other non-significant indirect GHG emissions


GHG verification protocol used to conduct the verification:

- ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- ISO 14064-3:2019 Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

Level of assurance:

Certification body address: Room 02, 9 / F, West Office Building 1, Oriental Economic and Trade City, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing, China. 100738
Further clarifications regarding the verification scope of this opinion may be obtained by consulting the organization.
To check this opinion validity please call: +86 10 59683663

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- Limited assurance

GHG verification methodology:

- Interview for relevant personnel;
- Review of the documentary evidence;
- Evaluation of the methodology and information systems for data collection, aggregation, analysis and review;
- Audit of sampled sites and data to verify source.

Verification conclusion:

Based on the verification process and findings, the GHG emission data in the GHG inventory report from Inner Mongolia Youran Dairy Co.,Ltd. is in compliance with ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

Statement of independence, impartiality and competence:

Bureau Veritas Group is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 190 years' history in providing independent assurance services.

No member of the verification team has a business relationship with Inner Mongolia Youran Dairy Co.,Ltd. and its directors or managers beyond that required by this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Bureau Veritas Group has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.


Lead verifier: Pin Tian

No.:EMICH100552A

Version No.: No.1

Verification date: 21/03/2025

Issue date: 01/04/2025



Signed on behalf of
Bureau Veritas Certification (Beijing) Co., Ltd.

Certification body address: Room 02, 9 / F, West Office Building 1, Oriental Economic and Trade City, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing, China. 100738
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Appendix: ESG Metrics Index

ESG Code of the Hong Kong Stock Exchange	GRI Standard	Location
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <i>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.</i>	GRI 307-1 Non-compliance with environmental laws and regulations Environmental Management Packaging and Waste Management
	A1.1 The types of emissions and respective emissions data.	GRI 305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant gaseous emissions Packaging and Waste Management
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306-3 Waste generated Packaging and Waste Management
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306-3 Waste generated Packaging and Waste Management
	A1.5 Description of emission target(s) set and steps taken to achieve them.	Environmental Management Packaging and Waste Management
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	GRI 306-1 Waste generation and significant waste-related impacts Environmental Management GRI 306-2 Management of significant waste-related impacts Packaging and Waste Management

ESG Code of the Hong Kong Stock Exchange	GRI Standard	Location
A2 Use of resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	Response to Climate Change Environmental Management Water Resource Management
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302-1 Energy consumption within the organization GRI 302-3 Energy intensity Response to Climate Change
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303-5 Water consumption Water Resource Management
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 302-4 Reduction in energy consumption GRI 302-5 Reduction of energy demand for products and services Response to Climate Change Environmental Management
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 303-1 Significant water-related impacts of the organization's use of water (as a shared resource) GRI 303-2 Management of impacts related to water discharge Environmental Management Water Resource Management
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301-2 Recycled materials used GRI 301-3 Recycling of products and packaging materials Packaging and Waste Management
A3 The environment and natural resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	GRI 304-2 Significant impacts of activities, products, and services on biodiversity Biodiversity Conservation Construction of Recycling Dairy Farms
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 304-2 Significant impacts of activities, products, and services on biodiversity Biodiversity Conservation Construction of Recycling Dairy Farms

ESG Code of the Hong Kong Stock Exchange	GRI Standard	Location	
B1 Employment	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	<p>GRI 401-2 Benefits provided to full-time employees (excluding temporary or part-time employees)</p> <p>GRI 401-3 Parental leave</p> <p>GRI 405-1 Diversity in governance bodies and employees</p> <p>GRI 406-1 Discrimination incidents and corrective actions taken</p> <p>GRI 412-2 Employee training on human rights policies or procedures</p>	<p>Protection of Employees' Rights and Interests</p> <p>Building an Employee Growth Platform</p> <p>Enhancing Employee Well-being</p>
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	<p>GRI 2-7 Employees</p> <p>GRI 405-1 Diversity in governance bodies and employees</p>	Protection of Employees' Rights and Interests
	B1.2 Employee turnover rate by gender, age group and geographical region.	GRI 401-1 Recruitment and employee turnover rates	Building an Employee Growth Platform
B2 Health and safety	<p>General disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	GRI 403-1 Occupational health and safety management system	Protecting Employee Health and Safety
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	GRI 403-9 Work-related injuries	Protecting Employee Health and Safety
	B2.2 Lost days due to work injury.	GRI 403-9 Work-related injuries	Protecting Employee Health and Safety
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	<p>GRI 403-2 Hazard identification, risk assessment, and incident investigation</p> <p>GRI 403-3 Occupational health services</p> <p>GRI 403-5 Training on occupational health and safety for workers</p> <p>GRI 403-6 Promotion of worker health</p> <p>GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relationships</p>	Protecting Employee Health and Safety

ESG Code of the Hong Kong Stock Exchange		GRI Standard	Location
B3 Develop ment and training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	GRI 404-2 Employee skills enhancement programs and transition assistance programs	Building an Employee Growth Platform
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	GRI 404-1 Average hours of training per employee per year	Building an Employee Growth Platform
	B3.2 The average training hours completed per employee by gender and employee category.	GRI 404-1 Average hours of training per employee per year	Building an Employee Growth Platform
B4 Labor standards	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Protection of Employees' Rights and Interests
	B4.1 Description of measures to review employment practices to avoid child and forced labour.		Protection of Employees' Rights and Interests
	B4.2 Description of steps taken to eliminate such practices when discovered.		Protection of Employees' Rights and Interests
B5 Supply chain manag ement	General disclosure Policies on managing environmental and social risks of the supply chain.		Building Sustainable Supply Chain
	B5.1 Number of suppliers by geographical region.		
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.		
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	GRI 308-1 New suppliers selected using environmental criteria GRI 414-1 New suppliers selected using social criteria	
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	GRI 308-1 New suppliers selected using environmental criteria	

ESG Code of the Hong Kong Stock Exchange		GRI Standard	Location
B6 Product Responsibility	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Ensuring Product Quality Excellence
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	GRI 416-1 Assessment of health and safety impacts of product and service categories	
	B6.2 Number of products and service related complaints received and how they are dealt with.		
	B6.3 Description of practices relating to observing and protecting intellectual property rights.		Product Nutrition and Health
	B6.4 Description of quality assurance process and recall procedures.		Ensuring Product Quality Excellence
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	GRI 418-1 Confirmed complaints regarding breaches of customer privacy and loss of customer data	Intelligent Operation
B7 Anti-corruption	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Business Ethics
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.		
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GRI205-3 Confirmed corruption cases and actions taken	
	B7.3 Description of anti-corruption training provided to directors and staff.	GRI 205-2 Communication and training on anti-corruption policies and procedures	

ESG Code of the Hong Kong Stock Exchange		GRI Standard	Location
B8 Community investment	General disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Embracing Corporate Responsibility
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).		
	B8.2 Resources contributed (e.g. money or time) to the focus area.		

Part D: Climate-related Disclosures		GRI Standard	Location
(I) Governance			Top-Level Design for "Dual Green Collaboration"
(II) Strategy	Climate-related risks and opportunities	GRI 201-2 Financial impacts resulting from climate change as well as other risks and opportunities	Climate risk and opportunity management
	Business model and value chain		Strategic blueprint for a "zero-carbon future" Climate risk and opportunity management
	Strategy and decision-making		Strategic blueprint for a "zero-carbon future" Actions for mitigating climate risks
	Financial position, financial performance, and cash flow		Climate risk and opportunity management
	Climate resilience		Climate risk and opportunity management

Part D: Climate-related Disclosures		GRI Standard	Location
(III) Risk management			Climate risk and opportunity management
(IV) Metrics and targets	Greenhouse gas emissions	GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 305-3 Other indirect (Scope 3) GHG emissions GRI 305-4 GHG emission intensity GRI 305-5 Reduction of GHG emissions	Climate indicators and goals
	Climate-related transition risks		Climate risk and opportunity management
	Climate-related physical risks		Climate risk and opportunity management
	Climate-related opportunities		Climate risk and opportunity management
	Capital deployment		Sustainable Development Strategy Climate risk and opportunity management
	Internal carbon prices		Climate indicators and goals
	Remunerations		Top-Level Design for "Dual Green Collaboration"
	Industry-based metrics		Sustainable Development Strategy Climate indicators and goals
	Climate-related targets		Climate indicators and goals

The Ten Principles of UNGC	GRI
Principle One: Enterprises should respect and uphold the various human rights recognized by the United Nations	GRI 412: Human Rights Assessment
Principle Two: Enterprises should never be involved in any acts that ignore or trample on human rights	
Principle Three: Enterprises should uphold freedom of association and recognize the right to collective bargaining between labor and management	GRI 407: Freedom of Association and Collective Bargaining
Principle Four: Enterprises should completely eliminate all forms of forced labor	GRI 409: Forced or Compulsory Labor
Principle Five: Enterprises should support the reduction of child labor	GRI 408: Child Labor
Principle Six: Enterprises should eliminate any discriminatory behavior in employment and occupation	GRI 406: Anti-discrimination
Principle Seven: Enterprises should prepare for environmental challenges in advance	GRI 307: Environmental Compliance GRI 303: Water and Effluents GRI 302: Energy GRI 305: Emissions GRI 306: Effluents and Waste GRI 306: Waste GRI 301: Materials GRI 304: Biodiversity
Principle Eight: Enterprises should take the initiative to increase their responsibilities for environmental protection	
Principle Nine: Enterprises should encourage the development and promotion of environmentally friendly technologies	
Principle Ten: Enterprises should oppose all forms of corruption, including extortion, blackmail, and bribery	



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