



中國飛鶴有限公司

China Feihe Limited

Stock Code: 6186

2024

## Environmental, Social and Governance Report



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# About The Report

This report truly reflects China Feihe Limited's proactive efforts to fulfill its environmental, social and governance (ESG) responsibilities, and promote balanced and sustainable development. The business plans, development strategies and other forward-looking statements involved do not constitute substantive commitments to investors.



## Reporting Period

This report covers January 1 to December 31, 2024, with some parts earlier or later than the time above.

## Reporting Scope

It covers China Feihe Limited and its subsidiaries. The scope of the subsidiaries is consistent with that in our financial reports.

## Data Sources

Data in this report comes from internal statistics, documents, reports, third-party investigations and interviews. The currency unit is RMB (yuan).

## Reporting Entity

For ease of presentation and reading, China Feihe Limited refers to "Feihe", "the Company" and "we" in this report.

## References

The report is prepared based on the *Environmental, Social and Governance Code ("ESG Code") in Appendix C2 of the Main Board Listing Rules* of the Hong Kong Stock Exchange Limited ("HKEX"). It responds to and complies with the non-compliance interpretation requirement in the Code in relation to the materiality of issues, the quantitative nature of data, the balance of data and the consistency of disclosure. Unless otherwise specified, this report uses the same data statistics method as that adopted for the 2023 Feihe ESG Report without any significant changes.

## Form of Report

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

## Access to this Report

The digital version of the report can be viewed and downloaded at <http://www.feihe.com>. Download this report by following the steps below: Open the official website of Feihe, following under Investor Relations, Disclosure, Environmental, Social and Governance Report.



# Message From The Chairman



Leng Youbin Chairman

Time flows relentlessly forward, and our commitment only grows stronger with time. In 2024, amidst profound adjustments in the global economic landscape and waves of industry transformation, Feihe navigates the course of high-quality dairy development, anchored by over six decades of experience and guided by our unwavering mission to "Safeguard the Healthy Growth of Chinese Babies." We remain steadfast in our ethos "Customer Comes First, Actions Speak Louder than Words," embedding ESG principles deeply into our corporate DNA. With compliance as our foundation, excellence as our standard, responsibility as our guiding principle, and green transformation as our vision for the future, we continue to write a story of progress for China's dairy industry amidst the tides of change.

A solid foundation is the key to sustainable growth. In 2024, we are driving high-quality corporate development with a modernized governance framework. Our Board of Directors has established four specialized committees to enhance coordinated decision-making, steering the course with scientific decision-making. In risk management, we have innovatively built a "three lines of defense" system covering multiple dimensions, including strategy, operations, and ESG, reinforced by 8 dedicated audits to fortify business compliance safeguards. Our anti-corruption and integrity initiatives continue to advance in depth, achieving a 100% signing rate for anti-corruption clauses across the supply chain. Through transparent and standardized operations, we are continuously strengthening the foundation for high-quality growth.

Quality is the lifeline of Feihe and the cornerstone of trust for countless families. We are redefining quality management across the entire industry chain with "world-class manufacturing" standards. All of our factories are fully certified under both ISO 9001 and FSSC 22000 systems, while core factories in Kedong and Shanxi have further obtained HACCP certification, constructing a 360-degree safety shield from pasture to table. In 2024, we established 11 product testing laboratories and achieved accreditation for 105 projects through CNAS, scientifically safeguarding nutritional safety. In the realm of technological innovation, we added 234 new patents over the year and participated in 11 standards. We continue to advance the National Key Research and Development Project under the "14th Five-Year Plan" by building a Chinese breast milk sample bank, promoting the industrialization of next-generation infant formula, and collaborating with top institutions such as Tsinghua University, Peking University Health Science Center and Capital Medical University on research into nutrition for brain development and function. At the same time, we have launched the world-leading technology for fresh extraction of milk protein, which has enabled the precise extraction and functional activation of various high-quality active milk protein ingredients. This not only promotes the domestic production of milk protein ingredients but also allows us to "overtake on a different track" in terms of dairy product quality.

A sense of responsibility has always been the spiritual compass guiding Feihe's development. Internally, we cultivate enterprise growth momentum by providing fertile

ground for talent development, establishing a comprehensive "3+2+4" training system that offers extensive and diverse course resources for senior management and all employees, facilitating rapid professional advancement. Externally, we fulfill our mission through industry chain partnerships, holding over 100 supply chain collaboration conferences throughout the year to collectively build quality safeguards. Furthermore, Feihe has always adhered to the responsibility concept of "Giving Back to Society to the Best of Our Ability," and we give back to society through philanthropic initiatives, engaging in rural revitalization and other livelihood projects. Over three years, we have invested over 65 million yuan in support of rural education, benefiting over 3.3 million students and illuminating the future of remote areas with knowledge. This unwavering commitment has woven a sense of responsibility into the very fabric of our enterprise, as we join together with a heart of pure dedication in painting a vivid portrait of marching forward with the nation in our times.

The green transition is reshaping the future of the dairy industry. Feihe actively responds to China's "dual carbon" strategy by setting three strategic objectives: reducing greenhouse gas emissions, enhancing resilience to natural disasters, and promoting sustainable development. The company aims to achieve carbon neutrality across Scope 1, Scope 2, and Scope 3 emissions by 2050. At the same time, we remain committed to the fight against pollution, continuously innovating eco-friendly production processes, standardizing emission management procedures, strictly controlling the generation and discharge of wastewater, exhaust gases, and waste throughout the production process, and integrating the concept of green development into every stage of our operations. In 2024, we were successfully selected for the 2024 ESG Excellence Practice Report and once again made it to the "China ESG Listed Companies Pioneer 100" list. Our ESG development achievements have been widely recognized by society.

At this new historical juncture, we will be guided by the "dual carbon" goals as we deepen sustainable development practices across the entire industry chain. Looking ahead, Feihe will actively fulfill the responsibilities of private enterprises, lead the high-quality development of China's dairy industry, and contribute greater Feihe strength to the advancement of Chinese modernization.



# Board Statement

Feihe consistently upholds the principle of sustainable development and recognizes the critical role of environmental, social, and governance (ESG) in the Company's long-term growth. We are dedicated to establishing a comprehensive ESG management framework, actively engaging with stakeholders, including shareholders, investors, customers, suppliers, employees, and the public, to effectively safeguard their interests.

The Board of Directors is fully engaged in identifying and confirming ESG issues that have a significant impact on the Company, formulating corresponding ESG management policies and strategies. By aligning the Company's internal strategy with external environment and maintaining timely and transparent communication with stakeholders, the Board discusses and determines sustainability priorities. It regularly assesses the achievement of ESG targets to ensure that ESG management contributes to the Company's long-term sustainable development.

This report details the Company's ESG progress in 2024 and was deliberated and adopted by the Board of Directors on March 28, 2025.



# About Feihe

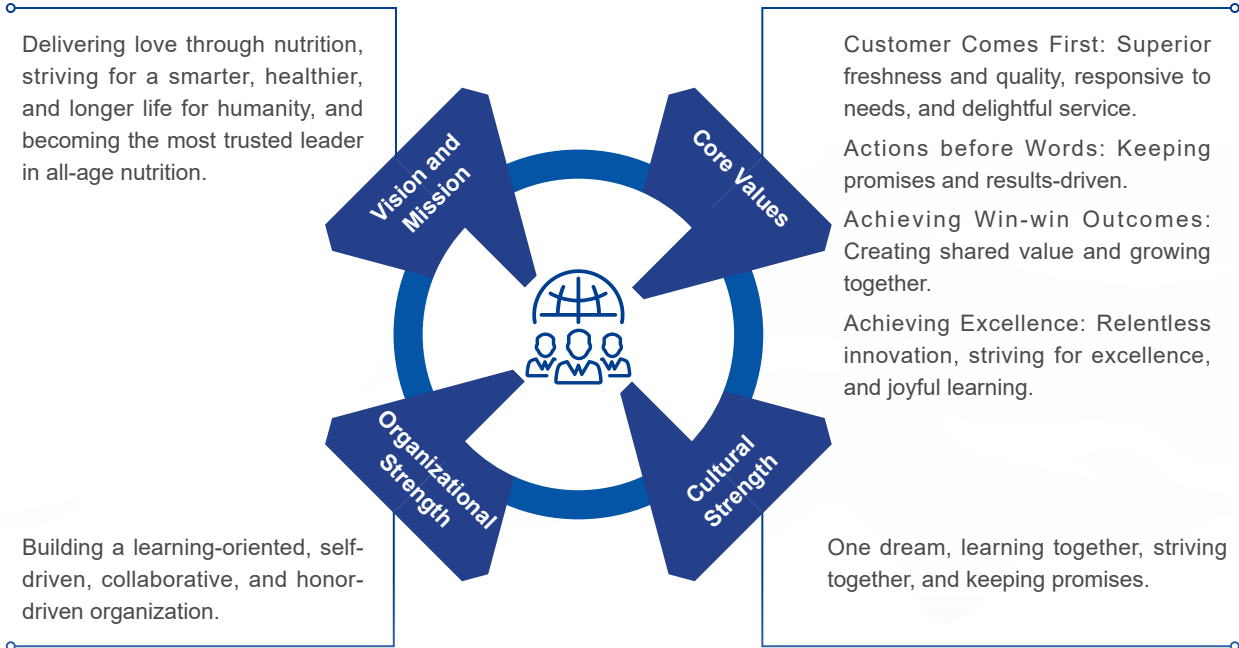
## Company Profile

Feihe, which was established in 1962 and based in Qiqihar, in Northeast China's Heilongjiang province, Feihe is among China's longest-operating dairy brands. For over 60 years, Feihe has focused on the research and production of infant formula, gradually expanding its business to include exclusive farms and scientific research, continuously increasing its production scale, and expanding from the Chinese market to the global stage. In November 2019, Feihe was listed on the Hong Kong Stock Exchange and registered the biggest IPO in the formula milk industry. With its deep historical foundation and outstanding market performance, Feihe has been the top-selling infant formula brand in China for 6 consecutive years (2019-2024) and ranked number one in global formula milk sales for four consecutive years. Its AstroBaby series has been the world's top-selling product for 3 consecutive years.

For many years, Feihe has been dedicated to researching the constitution of Chinese babies and breast milk nutrition, pioneering multiple technologies and formulas that improve the adaptability of infant formula to Chinese babies' needs. Feihe is committed to offering "fresher and more suitable" high-quality milk powder. Feihe adheres to its strategic positioning as "Wise Babies Opt for Feihe," providing Chinese consumers with premium quality fresh milk powder while actively fulfilling our corporate social responsibilities.

Feihe China has always adhered to the philosophy of "with perseverance, build enduring business," taking root in China and accelerating the high-quality development of the dairy industry. Looking to the future, Feihe will uphold the values of "Putting consumers first and actions before words, and achieving win-win outcomes and excellence", constantly innovating and breaking new ground, leading the industry's development, using nutrition to convey love, and becoming a trusted leader in providing nutritional solutions for wisdom, health, and longevity for all ages

## Corporate Culture





2024 Rewards

Products and Services

China Feihe – Golden Camel Bell Award  
(China's Most Internationally Influential - Outstanding Enterprise Award)

2024 The IAA World Congress

2024 Exemplary Case of New Quality Productive Forces – China Feihe Technology Innovation

Guangdong Times Media Group  
Guangdong Provincial Situation Investigation and Research Center

China Feihe – Core Competitiveness Leading Enterprise in Efficient Supply Chain Services (The Economic Observer)

2024 China International Fair for Trade in Services  
China International Economics and Technology Administration Forum Organizing Committee

Feihe Astrobaby Zhuorui  
2024 Quality Consumption Innovation Case

2024 Hengqin Global Bay Areas Forum  
Quality Consumption Theme Forum

Feihe-Dairy  
Zhenbuchuo Brand V Power List

2024 Weibo Zhenbuchuo Brand V Power Summit

2024 China New Consumption Driving Force Excellent Case  
Technological Innovation – Feihe (China)

China Business Journal

2024 China's 500 Most Valuable Brands

World Brand Lab

Annual Investment Value Enterprise  
Feihe – 2024 Jinchan Award

China Times

2024 Whale V Award – 2024 Market Value Enterprise – Feihe Dairy

Blue Whale News

2024 Listed Companies Reputation List – Most Promising Consumer Sector Listed Company – China Feihe

National Business Daily

9th Cherry Award – Annual Quality Domestic Brand – Feihe Astrobaby Zhuorui

Maternity Industry Observation, Cherry Award Jury, Maternity Research Institute

R&D and Innovation

Certificate of Scientific Achievements for Analysis of Functional Components in Chinese Breast Milk and the Development & Industrialization of Bovine Milk-Based Infant Formula

Heilongjiang Provincial Science and Technology Department

Heilongjiang Feihe Dairy Co., Ltd. – Selected as a "2024 Exemplary Case of Technological and Industrial Innovation by Private Enterprises" (Private Enterprise Technological Innovation Category)

General Office of the All-China Federation of Industry and Commerce

Certificate of Scientific Achievements for Analysis of Functional Components in Chinese Breast Milk and the Development & Industrialization of Bovine Milk-Based Infant Formula

Heilongjiang Provincial Science and Technology Department

20th People's Ingenuity Award  
Ingenuity in Technology – Feihe Brain Development Research

People's Daily Online

Social Responsibility

Feihe - China Volunteer Service Foundation's Light Plan Initiative Joint Development Action Group

China Volunteer Service Foundation's Light Plan Initiative

Feihe Selected for the "2024 China Corporate ESG Practice Observation Report": Outstanding Case in Supply Chain Management Practice

China Times  
China ESG Observers Consortium

Guru Club "Golden Grid Award"  
ESG Sustainable Development Excellence Enterprise - China Feihe

Guru Club

Golden Antelope Award - China Feihe  
2024 ESG Model Enterprise

Time ESG and High-Quality Development Research Institute

China Feihe - Core Competitiveness ESG Comprehensive Governance Benchmark Enterprise (The Economic Observer)

2024 China International Fair for Trade in Services  
China International Economics and Technology Administration Forum Organizing Committee

Typical Case of Green, Low-Carbon, and Sustainable Development in the Chinese Dairy Industry

China Dairy Industry Association



Key Performances in 2024

Ensure Compliance in Operations 1

The Company has received **no** concluded legal cases related to corruption.

**100%** resolution rate of whistleblower reports.

**100%** of Feihe's supplier signed anti-corruption clause contract.

Conducted **29** anti-corruption and risk control training sessions, achieving **100%** coverage.

**No** major cybersecurity incidents occurred.

Organized **2** information security training sessions, with **3,500** participants.

Lead Excellence in Quality 2

**All** factories have obtained ISO 9001 Quality Management System and FSSC 22000 Food Safety Management System certifications.

Conducted **9** quality and safety training sessions, attracting over **500** participants with a total of **149** training hours.

Operates **11** product testing laboratories, with **5** accredited by the China National Accreditation Service for Conformity Assessment (CNAS) for **105** testing items.

Employs **81** dedicated R&D personnel, with over **89%** holding postgraduate degrees, including **10** PhDs.

The Company has filed **1,008** patent applications, secured **640** granted patents, and registered **2,342** trademarks.

A total of **6,842** employees received training, achieving **100%** coverage, with a cumulative training duration of **401,227** hours and an average of **58.9** training hours per employee.

**7** factories have obtained ISO 45001 Occupational Health and Safety certification.

Invested RMB **21.24** million in workplace safety initiatives.

**0** severe injuries or fatal accidents occurred.

Achieved **100%** coverage in safety education and a **100%** rectification rate for safety hazards.

Achieved a **100%** timely health examination rate for pre-employment, on-the-job, and post-employment.

**0** cases of occupational diseases or suspected occupational diseases were detected.

Conducted over **100** engagement activities with suppliers.

Donated approximately RMB **26** million in funds and materials.

Invested over RMB **65** million in teacher training over the past three years, benefiting more than **280,000** full-time teachers and **3.3** million students.

Created a total of **170,000** jobs as of 2024 and contributed to improving the livelihoods of **160,000** farmers, and promoted the appreciation of over 100 million of acres of farmland in Heilongjiang Province.

Enhance Social Well-being 3

Reduced carbon emissions per unit of output by **11%**.

Decreased hazardous waste per unit of output by **4%**.

Achieved a **95%** recycling rate for non-hazardous waste.

Green electricity accounted for **16.5%** of total energy consumption, while biogas contributed **21.3%**.

Attained a **25%** water reuse rate in production.

Added **1** new factory certified as a national-level green factory.

Invested RMB **28.56** million in environmental protection, with no penalties incurred for environmental violations.

Saved **817,900** kWh of energy, reduced water consumption by **138,400** tons, and decreased natural gas usage by **302,600** cubic meters—equivalent to a reduction of **1,143.80** tons of CO<sub>2</sub> emissions.

**100%** of packaging materials used in production are recyclable.

Build Green and Low Carbon Future 4

# Sustainability Management

## Sustainability Philosophy

Feihe integrates responsibility and commitment into its corporate development strategy, prioritizing sustainable management. Guided by the core values of "Putting consumers first and actions before words, and achieving win-win outcomes and excellence", we drive sustainability across five key areas: quality innovation, industry prosperity, ecological recycling, people-oriented development, and love & responsibility. Following the principle of "Pursuing Sustainability in a More Suitable Way," we advocate the concept of "Giving Back to Society to the Best of Our Ability," fostering balanced economic, environmental, and social development while working hand in hand with stakeholders to create a sustainable future.

## ESG Governance

The Company's Board of Directors serves as the highest decision-making authority for ESG matters, responsible for formulating ESG-related policies, strategies, objectives, and disclosures. It establishes the Company's ESG risk management and internal control systems, undertaking comprehensive assessments of ESG-related risks and opportunities. Under the Board, the Environmental, Social, and Governance (ESG) Committee is responsible for the overall planning of ESG management, primarily tasked with formulating the Company's ESG strategies, frameworks, principles, and policies, while overseeing ESG issues that may impact the Company's business operations, shareholders, and other stakeholders. The Company's management team is responsible for setting specific ESG goals and action plans, while the executive levels are assigned to coordinate the implementation of these plans and drive progress across various ESG initiatives.

## Communication with Stakeholders

As we advance our ESG initiatives, Feihe remains attentive to the concerns and expectations of stakeholders, continuously refining its stakeholder management mechanism. Through diverse communication channels, the Company maintains regular engagement with stakeholders, actively gathering and incorporating their feedback into corporate governance and decision-making processes, thereby continuously enhancing our sustainability management.



Feihe's Stakeholder Communication Mechanism

Key Stakeholders	Expectations & Demands	Our Response
Governments and regulators	Operate in accordance with laws and regulations Pay taxes in full and on time	Accept supervision and assessment Participate in meetings and training organized by government and industry associations
Shareholders and investors	Improve returns on investment Enhance information disclosure Build greater market value	Convene the general meeting of shareholders Disclose information and make regular announcements Organize investor relations activities
Consumers	Produce high quality products Provide innovative services Create convenient communication channels	Conduct basic scientific research Invest in research and development Provide online and offline communication channels Enhance visualized traceability across the industry
Industrial chain partners	Abide by business ethics Seek win-win outcomes for shared growth	Communicate regularly with suppliers Train and evaluate distributors
Industry peers	Engage in fair competition Boosting the industry	Partake in appraisal Propose guidelines Collaborate and conduct research with universities
Environmentalists	Protect the environment Use resources responsibly	Build green factories Go green in the workplace Conserve energy and reduce emissions
Employees	Safeguard basic rights and interests Provide career growth Ensure a work-life balance	Build a multi-tiered training structure Create more opportunities for promotion Offer diversified bonuses for employees
Communities	Boost local economies Engage with the community Help those in need	Provide nutritious and healthy products to those in poverty Participate in charitable activities Focus on the health of mothers and babies

Materiality Assessment

To prepare this report, we followed the *Environmental, Social and Governance Reporting Code ("ESG Reporting Code") in Appendix C2 of the Main Board Listing Rules* of the Hong Kong Stock Exchange, identified ESG issues and made materiality assessment. Through extensive communication with stakeholders, combined with an analysis of our business characteristics and industry trends, we have carefully identified ESG topics that have a significant impact on both the Company and its stakeholders. This ensures that the report comprehensively covers key areas of concern while meeting the Hong Kong Stock Exchange's disclosure requirements for environmental, social, and governance performance.

Feihe's Material ESG Issues Identification Process

Identify relevant issues

01

In alignment with *Hong Kong Stock Exchange's ESG Code*, along with national policies, corporate management strategies, industry benchmarks, and stakeholder feedback, 24 material ESG issues encompassing environmental, social, and governance aspects were identified and evaluated.

Survey on the concern of issues

02

Electronic questionnaires were distributed to a diverse range of stakeholders, including the Company's management, employees, suppliers, consumers, investors, distributors, government and regulatory agencies, community representatives, partners, industry associations, and the media. This research invited respondents to assess the importance of each issue from their respective perspectives.

Analyze impacts on operations

03

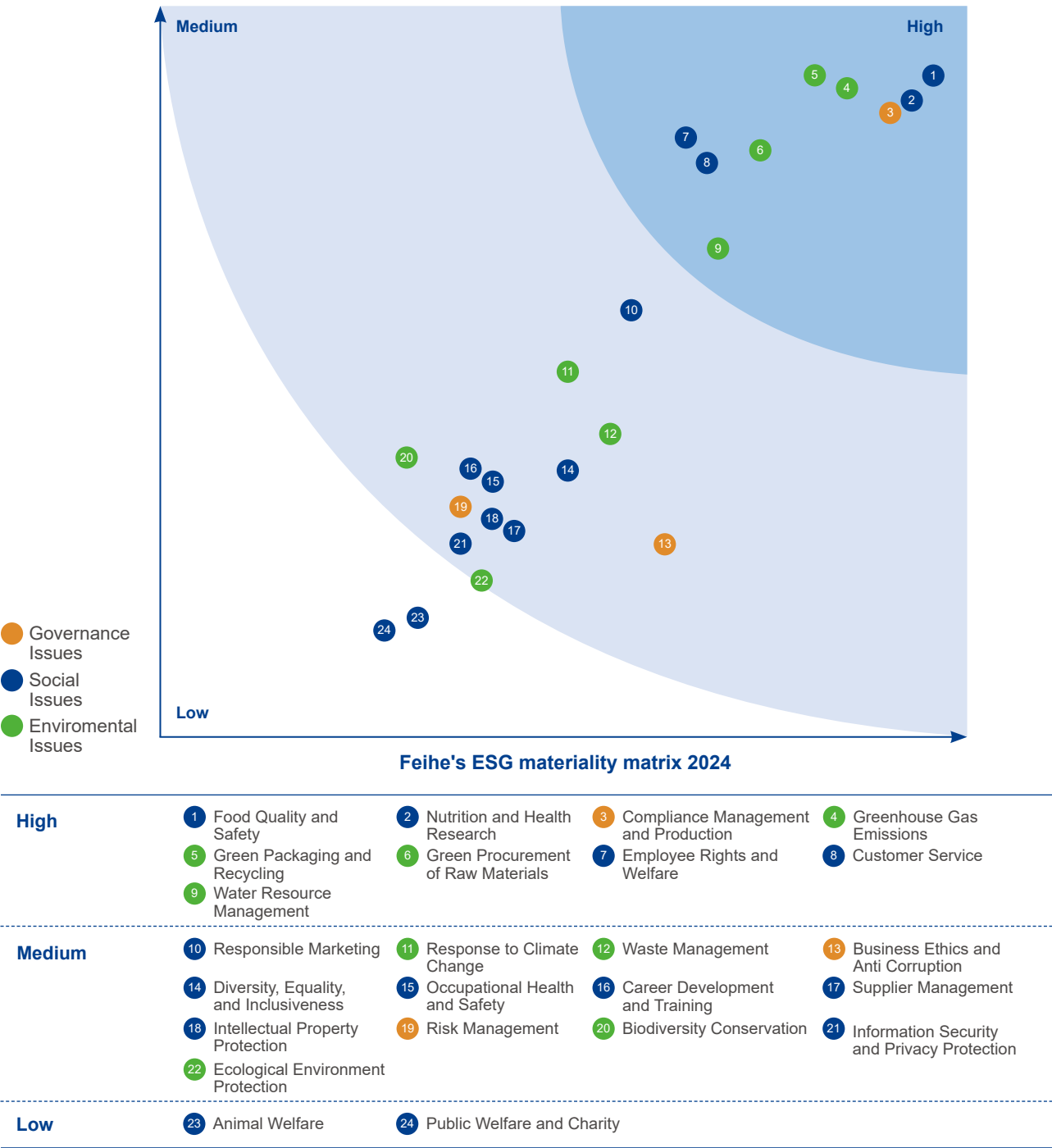
By analyzing the Company's annual business priorities and soliciting input from management, the relevance of these issues was evaluated from the company's viewpoint.

Determine rankings

04

The Board of Directors reviewed the findings related to substantive issues and presented them in a matrix format that assesses two parameters: the importance of the issues to all stakeholders and the importance to Feihe. This materiality matrix served as a crucial reference for the development of future ESG strategies, goal setting, and ongoing information disclosure.

In 2024, Feihe conducted a comprehensive review of its ESG material topics, assessing, analyzing, and refining them to better align with sustainability trends and stakeholder expectations. Through identification, prioritization, and validation, Feihe presents 24 material topics in a matrix format. Highly important topics are positioned in the upper-right quadrant, medium-importance topics in the middle, and low-importance topics in the lower-left quadrant. The results of Feihe's 2024 ESG materiality assessment are as follows:



Sustainability Activities

In October 2024, Feihe was invited to participate in the "2024 ESG Global Leaders Conference." At the conference, Feihe's Chairman, LENG Youbin, delivered a speech, sharing Feihe's innovative practices and values in the ESG field.





01

## Ensure Compliance in Operations

Feihe regards compliance management as a key pillar of its stable development. By refining its risk management system and upholding business ethics, the Company ensures the compliance of its business operations. Feihe continuously optimizes its governance structure, enhances governance efficiency, and strengthens information security measures to effectively prevent and mitigate cybersecurity risks, ensuring the protection of data security and personal privacy.



# Governance Structure

Feihe strictly complies with national laws and regulations as well as domestic and international regulatory requirements, adhering to the *Company Law of the People's Republic of China*, the *Cayman Islands Companies Law*, and the *Corporate Governance Code in Appendix C1 of the Main Board Listing Rules* of the Hong Kong Stock Exchange. The Company has established a tiered management model centered around the Board of Directors, encompassing decision-making, supervisory, and executive levels, with clearly defined responsibilities to ensure efficient operations and checks and balances among departments. As the highest decision-making body, the Board of Directors is supported by the Audit Committee, Remuneration Committee, Nomination Committee, and the Environmental, Social, and Governance (ESG) Committee, each providing specialized insights on critical management matters. Through coordinated collaboration, these committees enhance the efficiency and effectiveness of the Board's decision-making processes.



Structure of the Board of Directors

Feihe continuously enhances its corporate governance structure, placing a strong emphasis on the independence of the Board of Directors to ensure objectivity and fairness in decision-making, thereby laying a solid foundation for the company's long-term development. The Company values board diversity and has formulated and implemented a *Board Diversity Policy*, which is assessed annually for its effectiveness and execution. In board member appointments, Feihe adheres to a merit-based selection principle, considering objective criteria such as gender, age, cultural background, professional experience, and tenure to meet diversity requirements. As of December 31, 2024, the Board consists of 11 directors, including 4 executive directors, 3 non-executive directors, and 4 independent non-executive directors. All board members remain independent of the controlling shareholder in terms of management, operations, and financial oversight.

During the reporting period,



the Board convened  
**4** meetings



with an attendance rate of  
**93%** among directors

## Board Members

Name	Age	Gender	Title	Experience/Skills
Mr. LENG Youbin	56	Male	Executive Director, Chairman and Chief Executive Officer	Industry Expert
Mr. LIU Hua	52	Male	Executive Director, Vice Chairman and Chief Financial Officer	Industry Expert, Financial Expert
Mr. CAI Fangliang	56	Male	Executive Director and President	Industry Expert
Ms. Judy Fong-Yee TU	49	Female	Executive Director, Vice President and Company Secretary	Industry Expert, Legal Expert
Mr. GAO Yu	51	Male	Non-Executive Director	Financial Expert
Mr. CHEUNG Kwok Wah	60	Male	Non-Executive Director	Industry Expert
Mr. Kingsley Kwok King CHAN	48	Male	Non-Executive Director	Financial Expert
Mr. FAN Yonghong	57	Male	Independent Non-Executive Director	Financial Expert
Ms. LIU Jinping	53	Female	Independent Non-Executive Director	Medical Expert
Mr. Jacques Maurice LAFORGE	69	Male	Independent Non-Executive Director	Industry Expert
Mr. SONG Jianwu	61	Male	Independent Non-Executive Director	Journalism Expert



# Risk Management System

Feihe is committed to fostering a transparent and law-abiding corporate environment, ensuring compliance in business operations and creating long-term value for shareholders, employees, and society. The Company continuously strengthens its internal control system, enhances management capabilities, and raises risk awareness. Through effective internal audit oversight, Feihe ensures the achievement of its strategic goals and the stability of its operations, laying a solid foundation for long-term sustainable development.

## Internal Control & Risk Management System

Guided by the *Basic Standards of Internal Control* and the *Group Internal Control Assessment Methods*, Feihe continuously improves its internal control system, reinforcing risk prevention mechanisms. Regular assessments and reviews of business processes ensure the effectiveness of internal controls, driving the ongoing optimization of the Company's risk management framework.

The Audit Committee is responsible for overseeing the full implementation of the risk management system and ensuring the effectiveness of risk control measures. Under the committee, a crisis management team has been established to enable swift response and resolution of various crises, minimizing potential risks. For any crisis event that occurs, Feihe conducts a comprehensive assessment of the impact and uses the findings to guide future operations.

Feihe has built a "three lines of defense" mechanism encompassing risk identification, assessment, and mitigation, continuously enhancing its risk monitoring capabilities. By integrating data analytics and specialized audits, the Company has developed a risk management framework and key risk indicator monitoring system, ensuring the efficiency of its risk control and internal oversight. In 2024, Feihe updated its risk management framework and risk inventory, incorporating ESG-related risk indicators such as climate change, employee rights, business ethics, and data privacy & security to better align with evolving sustainability challenges.

### Feihe's "Three Lines of Defense" Risk Management Mechanism

#### Risk identification

- ▶ Establish a company-wide risk framework covering strategic risks, market risks, operational risks, financial risks, legal risks, and ESG-related risks. In 2024, the Company's risk framework includes 36 primary risks, 129 secondary risks, and 288 tertiary risks.
- ▶ In alignment with the company-wide risk framework, all employees participate in quarterly risk event collection activities to gain a deeper understanding of the various risks the Company faces, further strengthening risk management capabilities.
- ▶ Procurement contract risk indicators are quantified, and continuous risk reporting and monitoring improvements are conducted based on quarterly evaluation data.

#### Risk assessment and response

- ▶ Identified risk events are classified and categorized, with corresponding strategies and closed-loop management approaches developed based on specific situations.
- ▶ The implementation of risk control measures is closely monitored to ensure risks remain under control.

We regularly conduct systematic risk management training and awareness programs for all departments, covering key areas such as the closed-loop risk identification mechanism, risk identification methods, risk assessment standards, and risk response strategies. This ensures employees fully understand risk management concepts and tools. During the quarterly risk identification and control effectiveness evaluations, the Company adopts a one-on-one communication approach to address employees' questions related to risk management, further strengthening risk awareness.

## Audit and Supervision

During the reporting period, the Company revised the *Reward and Punishment Management System of Feihe Dairy* to clarify the scope of audit supervision, covering the Company's board of directors, senior management, functional departments, as well as wholly-owned, controlled subsidiaries, and significant equity-invested companies, ensuring business compliance. The Company conducts audits according to the annual audit plan, obtaining evidence through document review, on-site inspections, and other methods, and prepares audit working papers, which are reviewed internally before the audit report is issued. In 2024, the Company conducted a comprehensive audit of the core business units and middle/back-office departments across the entire group, and carried out 8 special audits focusing on key business areas or risk segments, including evaluations of laboratory equipment, production equipment, and third-party execution companies.

Feihe integrates audit evaluations and risk monitoring results from all business units and middle/back-office departments into the year-end organizational performance appraisal system, directly linking them to departmental performance assessments. Additionally, the Company further strengthens individual responsibility by linking violations to employees' individual performance appraisals. Through a clear reward and punishment mechanism, employees are encouraged to actively fulfill their job responsibilities, ensuring compliant operations.





# Anti-corruption and Integrity Initiatives

Feihe places great importance on the construction of anti-corruption and integrity initiatives, adhering to honest and compliant business ethics, and actively works on building a business ethics framework to foster a culture of integrity. The Company strictly complies with the *Company Law of the People's Republic of China*, the *Inspection Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China* and other national policies and regulations, and has established internal norms including *Anti-Fraud System of Feihe Dairy* and the *Audit System Management of Feihe Dairy*. Additionally, the Company has set up a comprehensive supervision mechanism with zero tolerance for violations, maintaining a firm commitment to corporate compliance.

## Anti-corruption Management

Feihe has established a comprehensive anti-corruption governance structure with clearly defined responsibilities to ensure the legality and ethics of corporate operations. The Board of Directors, as the highest decision-making body, is responsible for formulating anti-fraud policies and overseeing the overall progress of anti-corruption initiatives. The Audit and Internal Control Center, as the dedicated body for anti-fraud efforts, is fully responsible for the daily anti-fraud operations within the Company and its subsidiaries, ensuring that all business activities comply with laws, regulations, and ethical standards.

Through internal systems such as the *Anti-Fraud System of Feihe Dairy*, the Company clearly defines various fraudulent activities that harm the Company's financial interests or seek improper economic gains, and sets corresponding penalties. The Audit and Internal Control Center conducts annual special supervision of the business and management departments across the group for corruption risks. The supervision covers the completeness of policies and processes, the effectiveness of execution, potential fraud risk points, and the adequacy of control measures. Additionally, based on the results of these inspections, the Company promptly takes corrective actions, optimizes related processes to ensure risks are controllable, and handles any violations seriously to strengthen the effectiveness of the anti-fraud efforts.

To ensure that employees' behavior complies with regulations, the Company links corruption-related incidents to the annual assessment and performance evaluation of the Company and its subsidiaries, reinforcing employees' awareness of "daring not to be corrupt, being unable to be corrupt, and not wanting to be corrupt." For employees involved in fraudulent activities, the Company will impose internal economic penalties and/or administrative penalties based on the severity of the case. The results of investigations into business ethics and anti-corruption matters are directly reported to the Company's President and Chairman for review. If criminal acts are involved, the company will refer the case to judicial authorities in accordance with the law.

During the reporting period,



the Company received  
**0** concluded legal cases  
related to corruption



## Feihe Dairy's 2024 External Communication on Business Ethics

- 01
- In 2024, Feihe participated in two offline visits organized by the Sunshine Integrity Alliance and took part in the annual summit forum.
- 02
- In July 2024, Feihe attended the "Agricultural and Livestock Industry Integrity and Compliance Seminar" to discuss risk control and synchronization with industry blacklists.
- 03
- In October 2024, Feihe participated in the "Fraud Interview Practical Application Training" to enhance the professional capabilities of audit personnel.
- 04
- In December 2024, Feihe attended the 7th Corporate Integrity Risk Prevention and Control Summit Forum to learn about technology empowering internal audits and compliance in overseas operations.

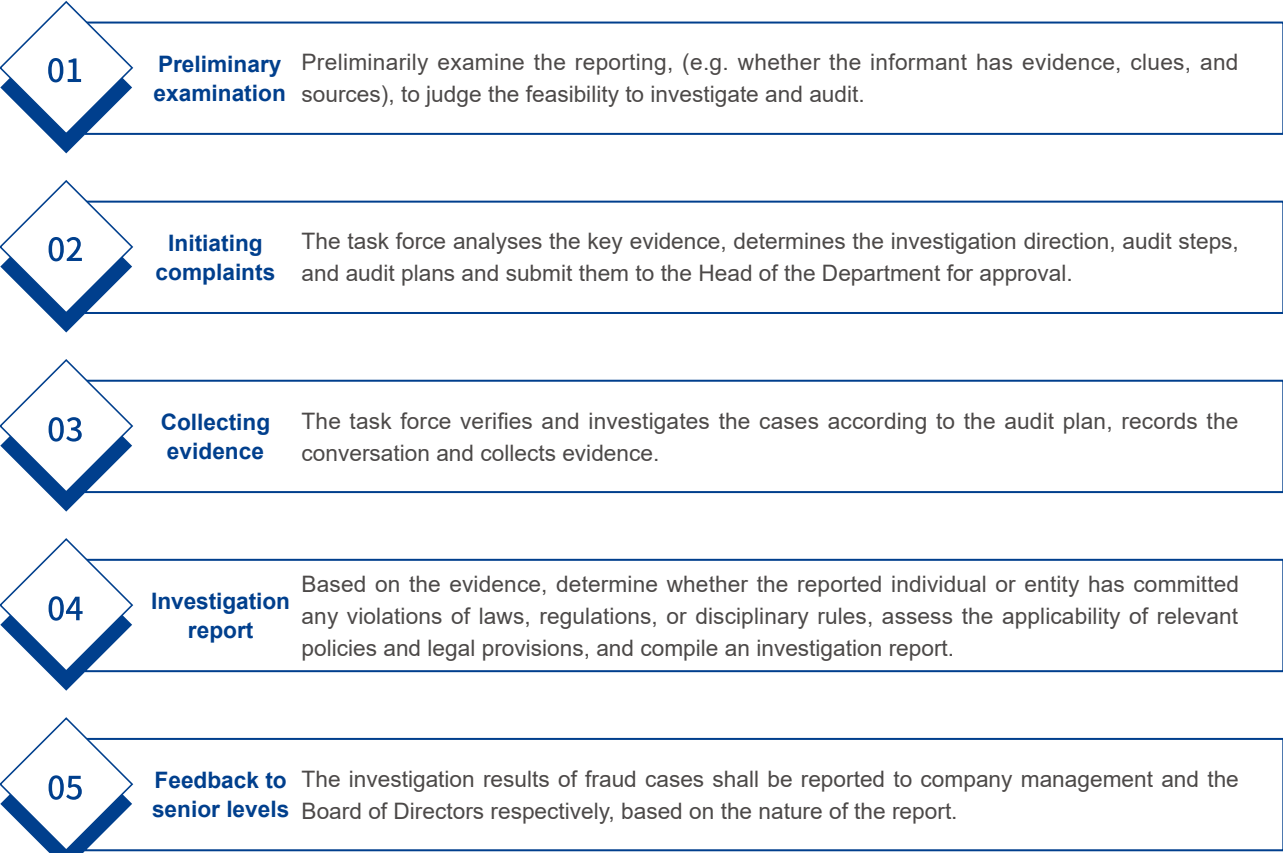


7th Corporate Integrity Risk Prevention and Control Summit Forum

## Reporting Process and Whistleblower Protection

To prevent and combat fraudulent activities, the Company clearly prohibits the disclosure of whistleblower information and retaliation in the *Feihe Dairy Group Audit Management System*, with penalties imposed on violators. The Company has established convenient reporting channels, allowing employees and partners to report corrupt practices via phone, email, or letters. Additionally, the Company has set up a special team responsible for investigating reported matters and assessing compliance risks identified during regular evaluations, while formulating appropriate penalties and control measures. During the investigation process, the Company strictly protects the confidentiality of whistleblowers' information, safeguarding the legal rights of both the whistleblowers and investigators, creating a compliant and healthy business environment. In 2024, a total of 18 reports were received, all of which were processed, resulting in a 100% resolution rate.

Reporting Processing Process



Anti-Corruption in the Supply Chain

Feihe actively practices transparent procurement and is committed to establishing fair and clean supplier relationships. The Company requires suppliers to strictly adhere to anti-corruption laws, regulations, and relevant codes of conduct, upholding principles of openness, fairness, integrity, and honesty, while firmly prohibiting all forms of bribery and corruption. At the same time, a dedicated position for anti-corruption in the supply chain has been set up to effectively manage corruption risks within the supply chain.



Anti-corruption Training

Feihe actively builds a culture of integrity and continues to promote anti-corruption compliance awareness through widespread campaigns. These activities include publishing integrity initiatives during important holidays such as the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival to enhance the awareness of integrity and compliance among all employees and stakeholders. The Company invites external experts to conduct compliance training, covering audit methods, big data analysis, fraud case detection and investigation, and other topics, further implementing clean governance practices. In 2024, Feihe held 29 anti-corruption risk control training sessions, covering the Board of Directors, senior management, and employees, achieving a 100% training coverage rate. Additionally, 19 anti-corruption and integrity training sessions were held for distributors, and regional anti-corruption training and initiatives were conducted for suppliers and distributors through offline training and case drills, with over 500 participants in total.

Information Security

Feihe continues to improve its information security management system, implementing various information security measures, regularly conducting employee training on information security, and continuously enhancing its information security management level and risk resilience, providing strong protection for user privacy and data security.

Information Security System

Feihe places great importance on protecting customer privacy and information security, establishing a comprehensive information security management system and framework to ensure the effective implementation of management measures. The Company has built a three-tier management structure, including an Information Security Committee, management team, and representatives, to comprehensively safeguard information security. The system includes dynamic monitoring of information security risks and the timely adjustment of management strategies. At the same time, the Company has established an information security reporting mechanism, requiring all levels of the organization to regularly summarize and report on information security work progress to higher levels, thereby enhancing supervision and management effectiveness.

Feihe Information Security Management System		
Management Levels	Personnel Composition	Management Responsibilities
Information Security Committee	Senior leadership of the Company and heads of information security-related departments	<ul style="list-style-type: none"><li>Formulated and supervised information security policies and strategies, guided information security work;</li><li>Hold quarterly meetings to review and guide the reports of the Information Security Committee, assessed the Company's information security status, and plan the work of the next phase.</li></ul>
Information Security Management Team	Professional staff from the Information Technology Center	<ul style="list-style-type: none"><li>Conducted daily information security management tasks such as risk assessment, vulnerability management, and compliance checks;</li><li>Hold weekly meetings to report and handle information security incidents, summarize and arrange daily management work, and report the information security work of their department to the head of the Information Security Management Team.</li></ul>
Information Security Representatives in Each Department	Designated personnel from each department	<ul style="list-style-type: none"><li>Collaborate with the Information Security Management Team to implement information security work in their respective departments;</li><li>Regularly report the information security work of their department to the Information Security Management Team, including security incidents, risk assessment results, vulnerability management, etc.</li></ul>



Feihe strictly adheres to the *Cybersecurity Law of the People's Republic of China* and has developed a series of information security management systems, including the *Information Confidentiality Management System* and the *Personal Information Protection Management Regulations (Trial)*, tailored to the Company's specific situation. This helps establish a comprehensive information security system. In 2024, the Company revised the *Emergency Response Plan for Network and Information Security Incidents* and released the *Endpoint Security Management System*, clearly defining the overall network security management strategy and main objectives, further refining emergency response processes, and improving endpoint network access management requirements.

Feihe follows ISO 27001 Information Security Management System and network security level protection guidelines for construction, actively conducting classification and filing of information system network security levels, and promptly implementing rectifications for network security level protection assessment issues. In 2024, the Company completed the level protection assessment of level three systems such as the "Feihe Dairy Online Operation Platform," the "Feihe Dairy Big Data Platform," and "Smart Nutrition Membership Management System." During the reporting period, the Company did not experience any major cybersecurity incidents but received 9 information security risk alerts, which were promptly investigated and properly handled, efficiently mitigating information security risks.

To effectively prevent information security risks, in 2024, the Company conducted comprehensive and systematic audits of its public cloud platforms, private cloud platforms, and internal production systems. The audits covered critical areas such as basic security, network architecture security, data security, information security risk management, emergency management, and the information security management system, effectively preventing potential information security threats.

Feihe's Information Security Management Measures



The Company implemented physical access controls and physical security monitoring for the production environment to ensure that only authorized personnel can enter critical areas.



Strict access restrictions are imposed on data to ensure that only authorized personnel can access sensitive data and resources. Key information encryption measures are adopted to protect important data.



We developed emergency response plans and recovery plans to ensure timely response and data/system recovery in the event of security incidents.



We enhanced the internal network security capabilities of the production system, conducted 7 specialized inspections of industrial control systems, and optimized and adjusted 348 workstations of industrial control systems.



We established a comprehensive risk management and security auditing mechanism, conducting regular security checks and assessments on cloud platforms to promptly identify and rectify security vulnerabilities. In 2024, four security checks were conducted, resulting in the identification and rectification of 2,040 vulnerabilities.

Information Security Training

To further enhance the Company's information security management and raise employee awareness of information security, Feihe conducted information security training and awareness programs, including emergency response drills for website tampering and information security exercises. These practical exercises strengthened employees' ability to handle information security risks. In 2024, the Company organized two information security training sessions, with a total of 3,500 participants.

Information Security Training in 2024

"Secure Development" Training Session 150 persons

The training focused on "secure development," discussing development languages and frameworks, offering targeted security knowledge explanations and practical operations. Through simulated exercises and case studies, developers learned security development skills and methods in practical settings.

"Strengthening Cybersecurity Defense, Building a Fortress of Awareness" Live Course 3,000 persons

This course focused on network security awareness, analyzing common cybersecurity knowledge and cases to comprehensively improve employees' security awareness and skills.

Case Feihe Organized Webpage Tampering Emergency Drill

In order to enhance the ability to respond to information security emergencies, Feihe conducted a webpage tampering emergency drill. The drill simulated a hacker attack scenario, focusing on risk identification and emergency response related to the activity platform. A unified command and coordinated emergency management mechanism was successfully established. Through this drill, the Company optimized its emergency plan, strengthened employees' emergency response abilities, and further improved the information security management system.



Emergency Drill Kickoff Meeting





02

## Lead Excellence in Quality

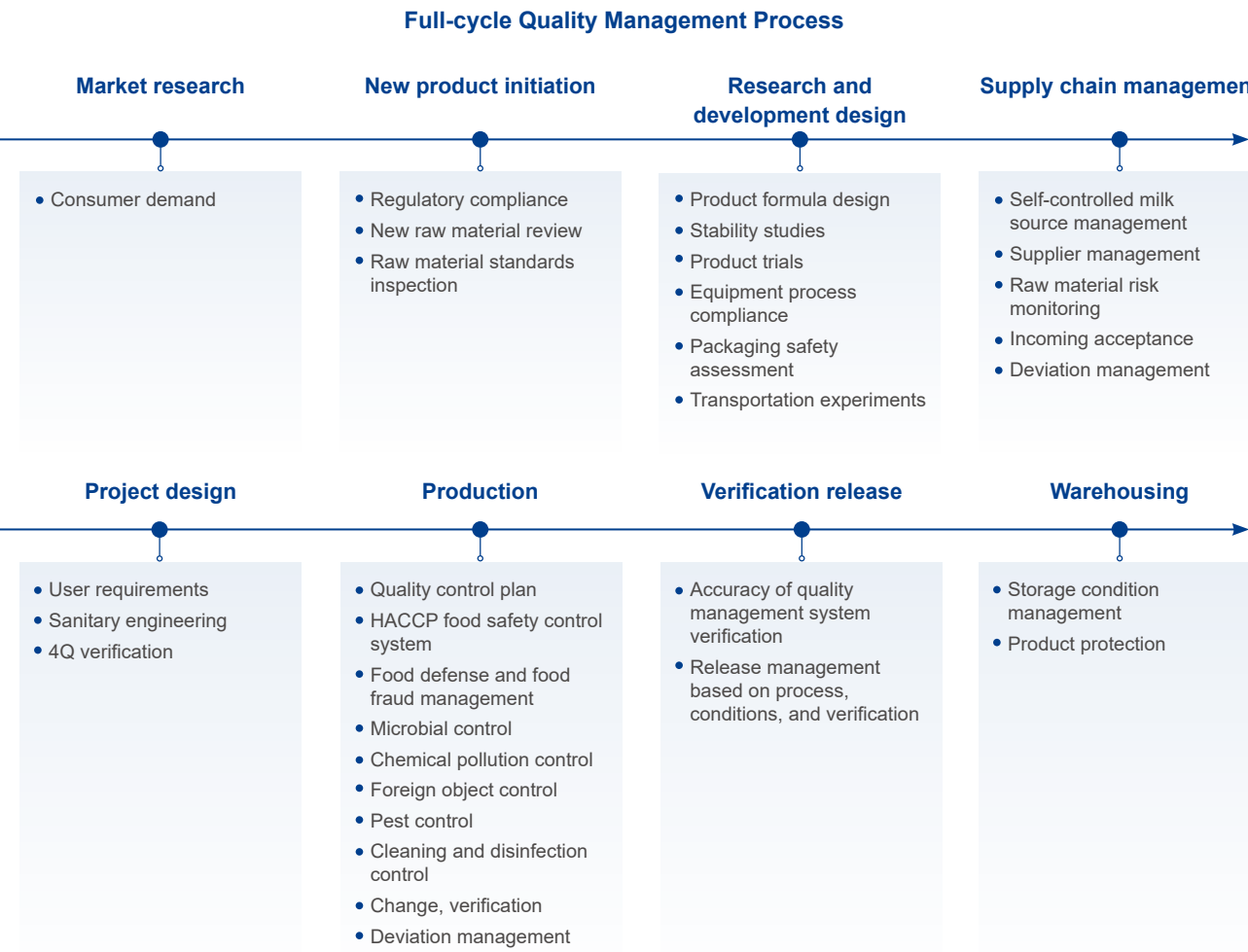
Feihe is committed to providing consumers with nutritious, delicious, and high-quality dairy products, aiming to create a world-class Chinese infant formula brand. We prioritize quality, strictly controlling every link from milk source to production, and continuously enhancing product research and development and independent innovation capabilities, empowering the development of China's dairy industry with high-quality products.

# Product Quality

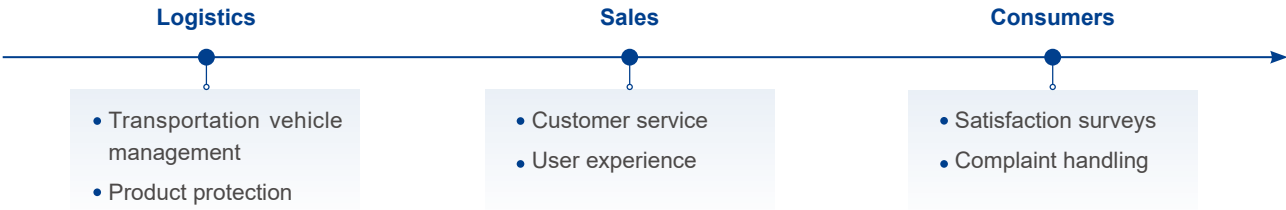
Feihe adheres to the quality management philosophy of "customer-centric, all-inclusive, earning trust, pursuing excellence, and steady progress." We continuously strengthen our quality management system by improving milk source management, enhancing veterinary drug control, boosting product testing capabilities, and conducting supplier audits, among other quality control measures, to comprehensively ensure product quality.

## Quality Management System

Feihe strictly adheres to the *Food Safety Law of the People's Republic of China* and relevant regulations, including product standards such as the *National Food Safety Standard: Infant Formula* (GB 10765-2021), the *National Food Safety Standard: Formula for Older Infants* (GB 10766-2021), and the *National Food Safety Standard: Toddler Formula* (GB 10767-2021), among others. Feihe continuously optimizes its quality and food safety management system, enhancing quality standards across various stages including production and distribution, with a particular focus on strict control of milk source quality. The Company has also established a full-cycle quality management process from source to endpoint, utilizing methods such as quality design, process management, risk prevention, and the PDCA<sup>1</sup> cycle. This preventive quality assurance mechanism ensures that the entire product lifecycle is safe and controllable.



<sup>1</sup> PDCA stands for Plan, Do, Check, and Act, dividing quality management into four stages: planning, execution, inspection, and action. It involves making plans, executing them, checking the effectiveness of the implementation, incorporating successful outcomes into standards, and addressing any issues in the next cycle for resolution.



Feihe actively promotes the application of the World-Class Manufacturing (WCM)<sup>2</sup> system, focusing on improving the six key pillars: FI<sup>3</sup> (Focus Improvement), AM<sup>4</sup> (Autonomous Maintenance), PM<sup>5</sup> (Planned Maintenance), QM<sup>6</sup> (Quality Maintenance), EHS<sup>7</sup> (Environmental, Health, and Safety), and E&T<sup>8</sup> (Education and Training), to enhance the effectiveness of the Company's quality management. At the same time, we actively adopt and follow European Hygienic Engineering & Design Group guidelines, European Dairy Plant Design Standards, and Germany Institute for Standardization norms and relevant domestic guidelines, advancing quality and food safety system certifications. During the reporting period, all Feihe factories have achieved ISO 9001 Quality Management System and FSSC 22000 Food Safety Management System certifications, covering production processes for infant formula milk powder, milk powder, and others. Additionally, the Kedong and Shanxi factories have obtained HACCP<sup>9</sup> and GMP<sup>10</sup> certifications, covering the production processes for infant formula milk powder, milk powder, liquid milk, and others; the Hengqin factory has obtained HACCP certification, covering the production process for reconstituted milk powder.

### Milk Quality Inspection Processes

<b>Process inspection</b>	<ul style="list-style-type: none"><li>On the basis of national food safety standards including GB 10765, GB 10766, GB 10767, and GB 19301, we monitor the whole process including raw milk, raw and auxiliary materials, the environment, packaging, products to be packaged, finished products and energy, and fully inspect each batch of products to ensure the quality and safety meet the national and industrial internal control standards.</li><li>We mainly inspect conventional chemicals, nutrients, pollutants, mycotoxins, pesticide residues, veterinary drug residues, microorganisms, etc.</li></ul>
<b>Environmental inspection</b>	<ul style="list-style-type: none"><li>We monitor, track, and analyze the manufacturing environment, process, circulation channels and product stability on the shelf to ensure the continuous, safe and stable quality of samples.</li></ul>
<b>Third-party appraisal</b>	<ul style="list-style-type: none"><li>We chose SGS-CSTC Standards Technical Services Co. Ltd., Eurofins, Mérieux NutriSciences, Intertek and AIB Food Technical Consulting Company Limited (Shanghai) to carry out third-party inspections and evaluations according to international standards.</li></ul>
<b>Identification and improvement</b>	<ul style="list-style-type: none"><li>Our factory regularly uses big data analysis to comprehensively inspect the quality of the pasture under its jurisdiction and identifies the hazards in the whole process.</li><li>The Improvement Project Team under the Milk Source Management Department rectifies existing problems and reinforces good practice.</li></ul>

<sup>2</sup> WCM: World Class Manufacturing.

<sup>3</sup> FI: Focused Improvement, a pillar of focused improvement, effectively controls costs, reduces changeovers, increases efficiency, shortens lead times, and better supports on-time delivery, supporting the fresh strategy.

<sup>4</sup> AM: Autonomous Maintenance, a pillar of autonomous management, involves organizing frontline operators to participate in the early-stage inspection of abnormal issues and simple maintenance tasks.

<sup>5</sup> PM: Planned Maintenance, a pillar of planned maintenance, establishes a preventive maintenance system to improve factory reliability and reduce maintenance costs.

<sup>6</sup> QM: Quality Maintenance, a pillar of quality maintenance, involves determining the baseline conditions and variability of the production process to ensure product quality. It aims to improve customer satisfaction through continuous optimization of the process.

<sup>7</sup> EHS: Environment, Health & Safety, the pillar of safety, environmental protection, and occupational health, involves establishing an environmental compliance and accident prevention system. It aims to reduce carbon emissions and create a comfortable and healthy working environment.

<sup>8</sup> E&T: Education & Training, the pillar of training and education, involves establishing a training system to continuously improve skill levels and consistently develop talent.

<sup>9</sup> HACCP: Hazard Analysis and Critical Control Points.

<sup>10</sup> GMP: Good Manufacturing Practice, a set of guidelines for ensuring proper manufacturing processes.



Feihe focuses on enhancing the professional capabilities of its quality team by developing personalized skill improvement plans for different roles and conducting training programs covering quality standards, food safety, and process technology. These initiatives have effectively strengthened the professional competence of the quality team. During the reporting period, the company held 9 training sessions with over 500 participants, accumulating a total of 149 training hours. A total of 129 improvement projects were completed, and through these projects, 41 Yellow Belt internal trainers<sup>11</sup> and 43 TWI-JI<sup>12</sup> internal trainers were developed.

During the reporting period,



the company held  
**9** training sessions



with over  
**500** participants



accumulating a total of  
**149** training hours



A total of  
**129** improvement projects were completed

Case Feihe 2024 Quality Training Activities



Feihe Starry Sky Project & HACCP Coaching Exchange Activity



Feihe FSSC 22000 Standard Presentation Activity



Feihe Sensory Evaluation Capability Enhancement Training



Feihe Proactive Indicator Practice Activity

<sup>11</sup> Yellow Belt Internal Trainers: Primarily responsible for mentoring and training teams on pathway methodologies.

<sup>12</sup> TWI-JI: Training Within Industry-Job Instructions, a method for faster and more efficient guidance and skill education.

Case Feihe Launches Quality Month Series Activities

In September 2024, Feihe's factories successively carried out Quality Month activities under themes such as "Pursuing Excellence Together," "Enhancing Standardization Awareness for All," "Quality Awareness Starts from the Heart, Responsibility is Practiced in Action," and "Quality Carnival."



Feihe Quality Month Series Activities



## Product Testing

Feihe continuously enhances its quality testing capabilities, operating 11 product testing laboratories, 5 of which have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS)<sup>13</sup>, covering 105 accredited testing items to ensure the authority and reliability of product inspections.

In 2024, with the launch of multiple new products, Feihe's central laboratory, in collaboration with its factories, developed new testing methods and introduced additional inspection projects. This ensures the precise detection of nutrients and trace elements in products, providing consumers with safer and more scientifically backed nutritional assurance.



## Milk Source Management

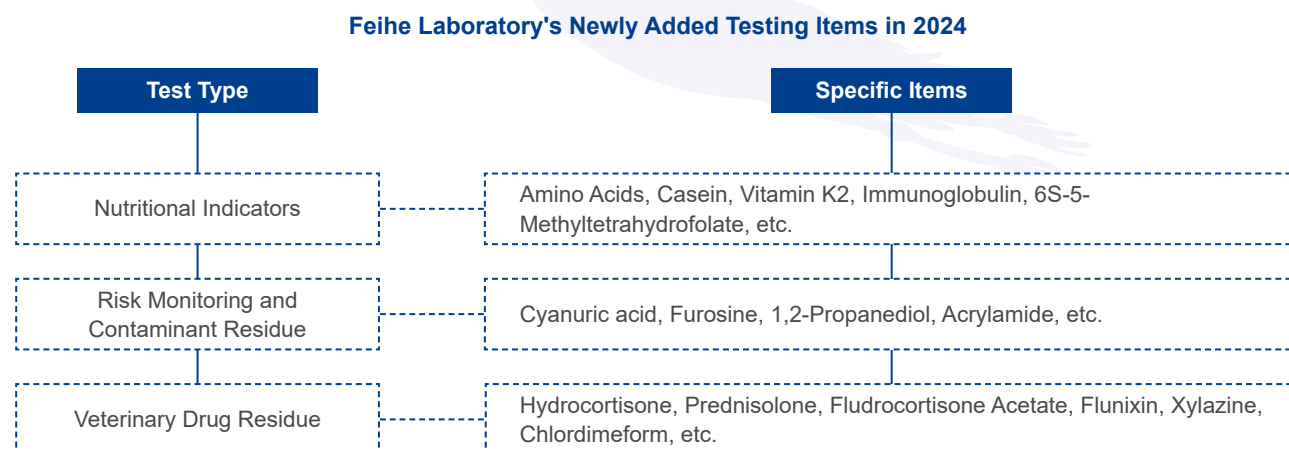
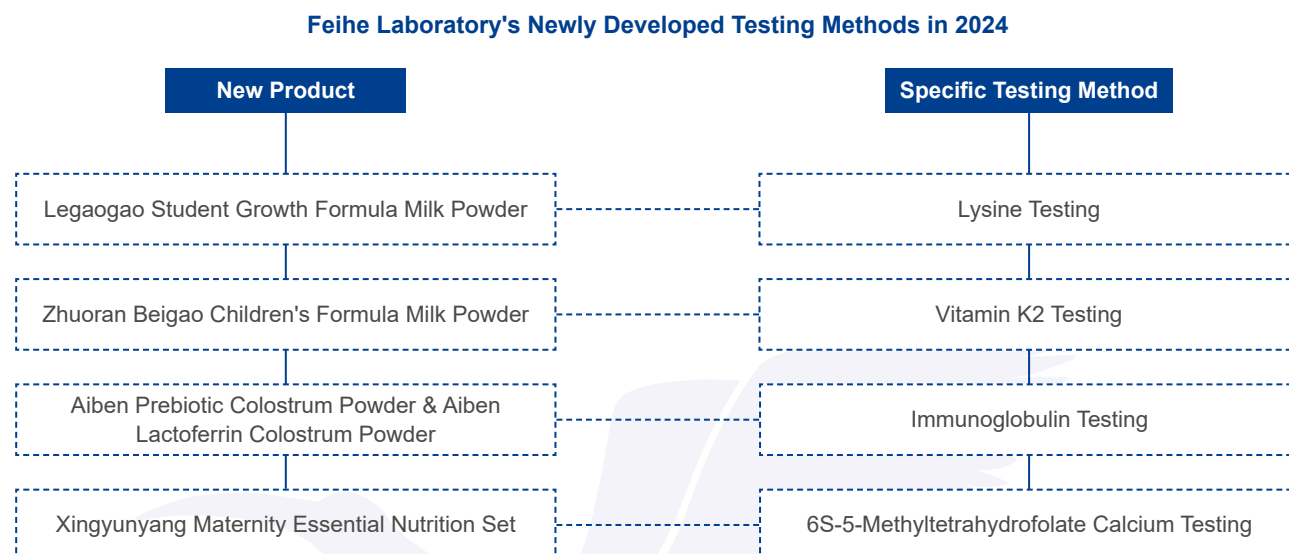
Feihe adheres to high standards in milk source management. By operating self-built pastures and exclusive farms, Feihe has achieved full control over the entire process, from forage planting, feed processing, to cow breeding, ensuring the safety and quality of its milk source. Feihe's pastures are located in the world's Golden Milk Source Belt at 47°N latitude, and the Company has achieved a 100% self-sufficiency rate in milk source, ensuring full control from forage to fresh milk.

Additionally, Feihe continues to advance intelligent management of its pastures through IoT technology to monitor the health status of cows in real-time. Big data analysis is used to optimize breeding plans. In terms of quality control, Feihe has established a dual supervision mechanism of "monthly inspections + annual audits," strictly managing key areas such as fresh milk microbiological indicators, feed management, and veterinary drug usage. Feihe also implements a digital traceability platform that enables full visibility, traceability, and transparency of quality information.

In terms of animal welfare, Feihe adopts internationally advanced TMR<sup>14</sup> (Total Mixed Ration) feeding technology and regularly conducts cow health care, hoof trimming, and pest control to provide clean food and a comfortable living environment for the cows. Measures such as playing music and providing massages are employed to meet the physiological and psychological needs of the cows. The Company also organizes regular animal welfare training and technical exchanges, continuously improving the professional skills of its employees and enhancing their awareness of animal welfare.

## Veterinary Drug Control

Feihe strictly adheres to the *National Food Safety Standard: Maximum Residue Limits for 41 Veterinary Medicines in Food* (GB 31650.1-2022) and references risk warnings on chemical contaminants in milk and dairy products issued by international organizations such as the European Union, the World Health Organization, the U.S. Food and Drug Administration, and the Canadian Food Inspection Agency. Based on these guidelines, Feihe has developed a raw milk risk monitoring plan to strictly manage veterinary drug use and herd health. Regular inspections are conducted to ensure the accuracy of veterinary drug inventory, usage, and stock levels. Veterinary drugs are carefully categorized, with strict separation between lactating and non-lactating cows to prevent cross-use. Additionally, all prescription medications must be administered only under the guidance of qualified veterinarians, and treatment plans are adjusted based on observations of the cows' feeding behavior, rumination, and excretion. To further ensure milk safety, Feihe commissions third-party testing of raw milk annually to minimize the risk of antibiotic residues and uphold the highest dairy product quality standards.



<sup>13</sup> CNAS: China National Accreditation Service for Conformity Assessment, the national accreditation body of China.

<sup>14</sup> TMR: Total Mixed Ration, a feeding technique that thoroughly blends roughage, concentrate, minerals, vitamins, and other additives to provide sufficient nutrition to meet the needs of dairy cows.



Supplier Quality Management

Feihe's suppliers strictly comply with internationally recognized management system standards, including ISO 9001, ISO 22000, FSSC 22000, HACCP, and GB/T 20014. As of 2024, all raw material suppliers and key packaging material suppliers have successfully obtained certifications such as ISO 9001, FSSC 22000, and ISO 22000.

Supplier Quality Management Measures

Quality Access and Audit

- We conducted systematic evaluations of the suitability, adequacy, and effectiveness of suppliers' food safety management systems. Suppliers that did not pass the audit were not permitted to enter Feihe's qualified supplier list. In 2024, Feihe completed on-site systematic audits for 119 suppliers.
- In accordance with the *Supplier Access and Re-evaluation Procedure* and *Supplier Audit Procedure*, Feihe conducts a comprehensive evaluation and audit of suppliers' quality and food safety management systems during the qualification admission stage to ensure compliance with required standards. In 2024, Feihe carried out 66 unannounced on-site audits on high-risk raw material and packaging suppliers to obtain real-time production site information and enhance audit effectiveness.
- Feihe has developed raw material and packaging risk control standards based on domestic and international regulations. Suppliers are required to provide third-party quality test reports, while factories conduct independent monitoring of raw materials and packaging. In 2024, Feihe established 158 new raw material quality standards and 52 food safety risk monitoring standards.

Daily Management

- We implemented an extensive internal control system for quality to guarantee rigorous oversight in all areas, ranging from procurement to production.
- We identified and prevented potential risks, effectively avoiding and controlling potential risks of chemical pollutants and pathogens entering finished products, thereby ensuring product quality.

Evaluation and Assessment

- We established supplier quality evaluation indicators and graded suppliers based on annual performance scores. Outstanding suppliers were given priority in procurement and offered increased order quantities. For suppliers with poor delivery quality, we conducted investigations, implemented corrective actions, and eliminated suppliers whose performance improvements did not meet requirements.

Quality Training

- In 2024, Feihe enhanced suppliers' quality and food safety management by standardizing change management processes for 24 suppliers of direct-contact packaging materials and providing 6 training and coaching sessions. Additionally, supplier technical exchange and training sessions were conducted to address quality issues in raw materials.

Product Recall

Feihe strictly adheres to the *Food Safety Law of the People's Republic of China* and the *Food Recall Management Measures*, establishing a comprehensive and multi-level product quality and safety assurance system. By continuously optimizing internal management regulations such as the *Product Recall Management Procedure* and *Unqualified Product Control Procedure*, the Company has standardized the entire recall process—from risk assessment to recall execution—while clearly defining the responsibilities of each department. A specialized product recall emergency response team has been established to implement a rapid response mechanism. Additionally, Feihe regularly conducts mock recall drills to comprehensively evaluate the feasibility and coordination efficiency of emergency response plans, ensuring the swift activation of recall procedures in case of unexpected incidents. In 2024, no product recall incidents occurred.

Feihe Product Recall Drill Process

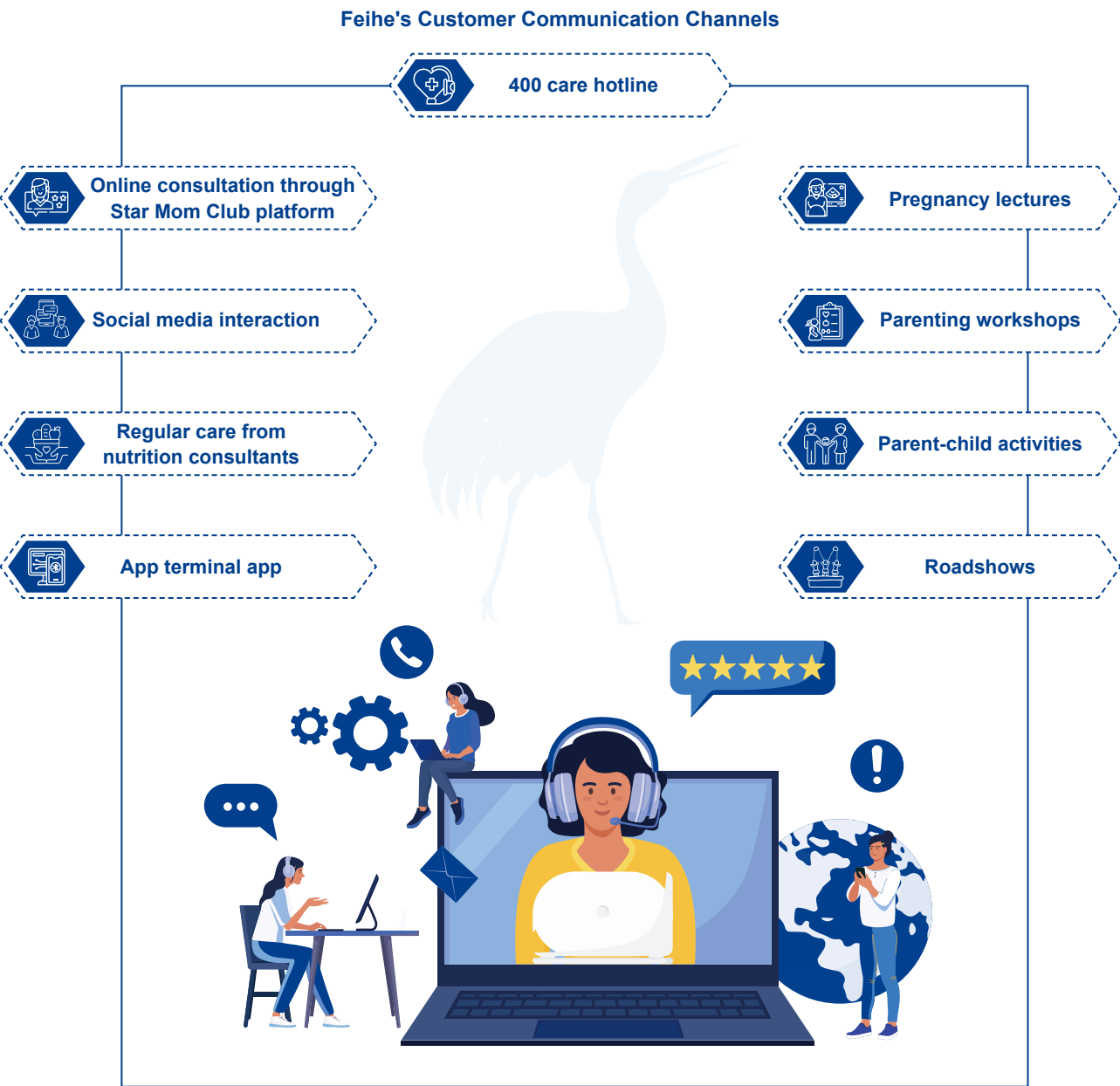


# Customer Service

Feihe always prioritizes the voice of its customers, actively listening and responding promptly to their needs. We adhere to marketing compliance, strive to build trust-based customer relationships, and uphold exceptional quality standards to provide reliable products and services.

## Customer Communication

Feihe has established diverse communication channels, including hotlines, mobile apps, events, and roadshows. Additionally, through the "Star Mom Club" platform, we offer scientific parenting guidance and personalized nutrition and health services to consumers. In 2024, the total number of "Star Mom Club" members surpassed 80 million, with user engagement increasing by 20%, fostering deeper interactions and building strong trust with consumers.



To further enhance customer service levels, we have developed internal policies such as the *Customer Feedback Incentive Program* and *Performance and Monthly Reward Program*, aiming to continuously improve customer satisfaction. At the same time, we place great importance on building the capabilities of our customer service team and actively conduct training programs. In 2024, we designed systematic pre-job training courses for new customer service representatives to help them quickly familiarize themselves with business processes and master service skills. For formal employees, we provide ongoing advanced training to continuously enhance their professional expertise and service standards, ensuring we meet the diverse needs of our customers more effectively.

Feihe Customer Service Training

Training Target	Training Content	Training Performance
New Employees	Pre-job & On-the-job Training	In 2024, a total of 7 batches of new employee training were conducted, covering 35 employees. Throughout the year, 266 training sessions were organized, with a total duration of 893 hours. The average training score was 93, with a pass rate of 83%.
Formal Employees	"Brain Strategy" Speech Contest	100% participation rate
	Internal Training Knowledge Review	100% participation rate
	Xuanxing Learning Platform	100% completion rate
	Monthly Assessment Test	99% pass rate

### Case Feihe "Brain Strategy" Speech Contest

In March 2024, Feihe organized the "Brain Strategy" Speech Contest, with a total of 88 employees participating. This competition focused on the learning and implementation of Brain Strategy training materials. Through speech presentations, the contest aimed to assess employees' mastery of related knowledge, ensuring that they could articulate, memorize, and comprehend key concepts. This initiative laid a solid knowledge foundation for delivering high-quality customer service.



"Brain Strategy" Speech Contest Event Scene

Customer Rights Protection

Feihe prioritizes consumer rights protection and continuously enhances its after-sales service system. We have optimized internal policies such as the *Complaint Handling Management Procedure* and the *Consumer Inquiry & Complaint Risk Identification Management Process*, clarifying responsibilities and reducing complaint risks. In 2024, we reduced the complaint resolution time from 72 hours to 48 hours and introduced a KPI requiring a 90% resolution rate within this timeframe to ensure timely and efficient responses. As of the reporting period, Feihe achieved an 88% resolution rate within 48 hours, marking a 6% improvement from 2023. Additionally, we successfully identified and addressed 22 complaint risks related to products, sales, and packaging, resolving 13 issues.

We also actively conduct customer satisfaction surveys through channels such as the 400 hotline and the Star Mom Club online platform. By gathering consumer feedback and suggestions, we formulate improvement plans to continuously enhance customer satisfaction.



2024 Feihe Customer Satisfaction Performance



Responsible Marketing

Feihe strictly adheres to the *Advertising Law of the People's Republic of China*, *Food Safety Law of the People's Republic of China*, and other local laws and regulations. We have developed and implemented internal systems such as the *Product Packaging Design Process* to standardize advertising and marketing behavior. We have established a review process for marketing slogans, advertisements, and posters, requiring review officers to ensure the accuracy and compliance of the content. Additionally, in collaboration with the China Advertising Association, we have initiated a campaign advocating that "No promotion for Stage 1 formula, no advertising for Stage 1-2 formula" to promote industry self-regulation and create a healthy market environment.

In 2024, Feihe placed high importance on advertising compliance. We organized more than 920,000 online and offline briefing sessions regarding the advertising compliance review process, covering market, brand, and other relevant departments to standardize responsible marketing behavior. In total, we reviewed 400 advertising materials, with our review work covering fixed review processes, compliance consulting, and occasional platform material risk spot checks. Furthermore, in preparation for brand Key Visual (KV) positioning and other aspects in 2025, we focused on risk assessment and explanation, particularly regarding potential risks related to violations of advertising laws, to ensure all advertising content complies with legal regulations, protecting both the brand reputation and consumer rights.

Case

Feihe Advocates for Breastfeeding

Feihe actively responds to the World Health Organization's recommendation and advocates for and fully supports exclusive breastfeeding for at least 6 months. To promote this, we have designed related pop-up windows on our official website, using engaging visuals and simple, easy-to-understand content to educate a wide audience on the importance and scientific methods of breastfeeding.



Feihe's Breastfeeding Advocacy Pop-up on the Official Website



Distributor Management

Feihe always views distributors as important partners and is committed to building a mutually beneficial and sustainable dealer ecosystem. The Company has established internal policies, including the *Distributor Management System* and the *Distributor Star Management Program*, to provide institutional support for distributor management. At the same time, we conduct comprehensive assessments and evaluations of distributors based on six key evaluation principles—operating channels, strength, philosophy, self-governance, industry experience, and willingness to cooperate—ensuring they align with the brand's development needs and optimizing cooperation strategies accordingly. Feihe also established a distributor service platform to provide full-scale support and services, helping dealers expand their businesses.


We regularly hold distributor conferences to listen to their feedback and suggestions, resolve issues encountered during the cooperation process, and continuously improve collaboration efficiency and satisfaction. To enhance distributors' market competitiveness, we regularly offer training on product knowledge, sales techniques, and after-sales service, helping distributors improve their professional skills and service levels.



Case

Feihe held a Distributor Conference in 2024

In 2024, Feihe hosted the "Journey Together, Sync to the Future" Partner Conference in Harbin, attracting over 1,400 participants. The event included a tour of the Feihe Smart Industrial Park, enhancing customer recognition and trust in the brand. The conference focused on industry trends, Feihe's strategy, and channel cooperation, expressing gratitude for the support of partners and looking forward to a collaborative future. The overall feedback from the conference was positive, effectively boosting customer confidence and brand recognition, and laying the foundation for future cooperation.



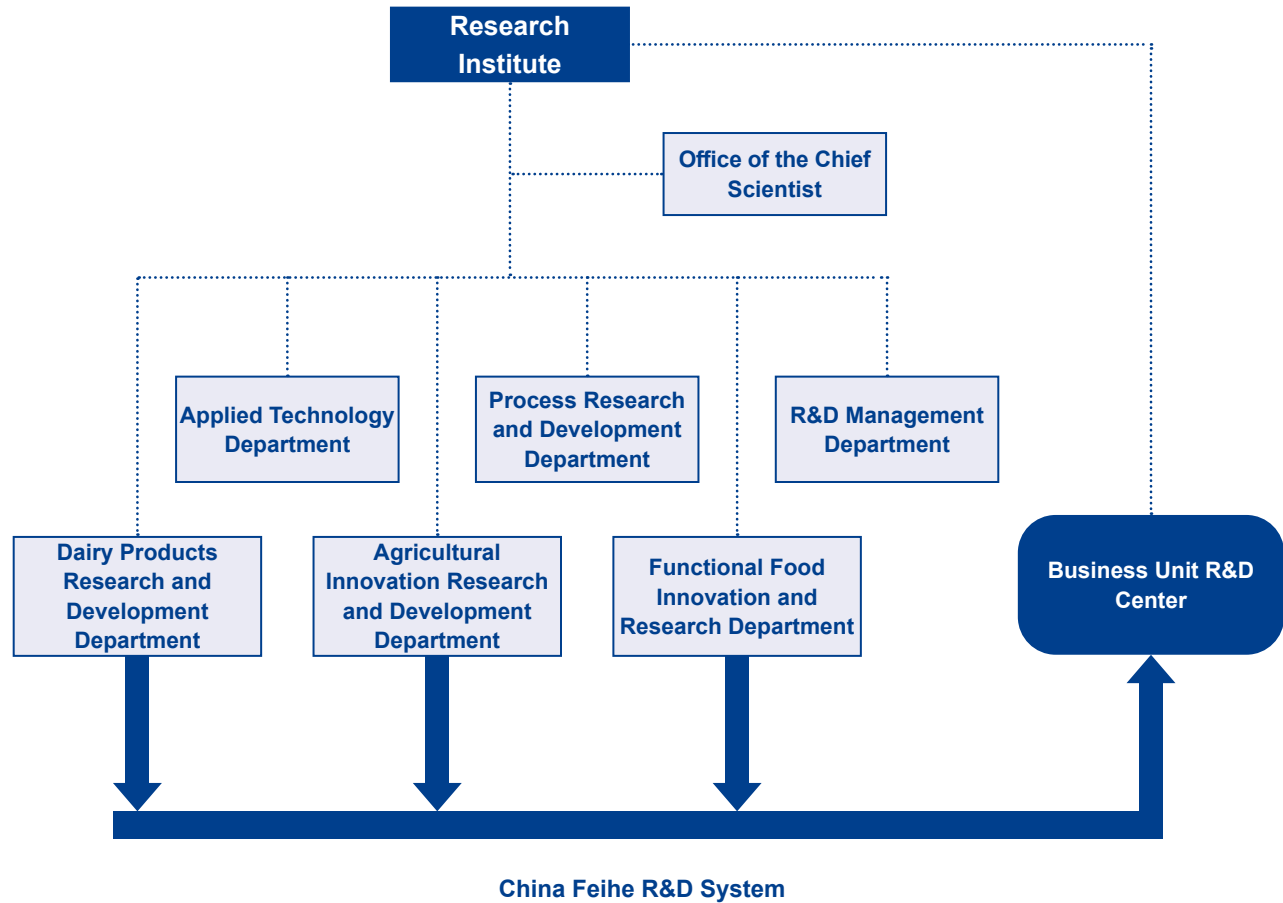
Feihe Distributor Conference on-site

Technological Innovation

Feihe regards technological innovation as the core driving force to accelerate digital transformation and scientific research innovation, promote product upgrades and industrial upgrades, conduct nutritional research, popularize healthy eating concepts, and further consolidate its leading position in the dairy industry.

Innovation Capability

Feihe focuses on enhancing scientific research and independent innovation capabilities, establishing a Dairy Engineering Academy of Sciences workstation, an infant formula industry chain innovation center, and clinical feeding trial points, creating a favorable innovation ecosystem to promote high-quality, innovative development. To empower the R&D of its business units, meet market demands, and accelerate product launches, in 2024, Feihe improved the unified R&D system covering all business sectors of the group, providing diversified R&D support and achieving the integration and efficient utilization of R&D resources.



Feihe places great importance on the development of its R&D team. Currently, the Company has 81 full-time R&D personnel, with over 89% holding graduate degrees, including 10 Ph.D. holders. Many team members have overseas study and work experience, bringing rich industry knowledge and expertise to support Feihe's technological innovation. This strong talent pool plays a crucial role in advancing the Company's R&D capabilities. In 2024, Feihe established new R&D teams for cheese development, whipped cream development, and functional nutrition food development, aiming to drive innovation and promote the launch of related products. The Company's total R&D investment for the year reached 585 million RMB, covering areas such as fundamental research, product innovation, R&D resource support, infant formula, specialized medical nutrition products, children's products, and adult nutrition.

Case Feihe Wins "2024 China Dairy Product Technology Progress First Prize"

In May 2024, Feihe was awarded the "2024 China Dairy Product Technology Progress First Prize" for its project on "Bovine Colostrum Powder Research, Efficacy Verification, and Industrial Application." During the project implementation, Feihe successfully developed bovine colostrum powder with high bioactive content, good sensory characteristics, and low hormone and antibiotic residues, based on its proprietary production process, and successfully achieved industrial-scale production. Through in-depth research, the Company integrated bovine colostrum powder into its product system and launched the Aiben Bovine Colostrum Formula Powder. This product underwent rigorous animal testing, which confirmed its significant immune-boosting effects. Additionally, human clinical trial results indicated that the Aiben Bovine Colostrum Formula Powder helps maintain stable postprandial blood glucose levels, providing safe and effective nutritional support for adults, enhancing overall vitality. This innovative achievement demonstrates Feihe's outstanding capabilities in dairy product technology R&D and industrial application.



"2024 China Dairy Product Technology Progress First Prize" Certificate

Intellectual Property Protection

Feihe strictly follows national laws and regulations, such as the *Enterprise Intellectual Property Management Standards* (GB/T 29490-2013), and has established internal systems including the *Trademark Protection Management Measures*, *Intellectual Property Incentive Measures*, and *Feihe Group Patent Fast Track Guidelines*. This year, Feihe revised the *Feihe Group Intellectual Property Incentive Management System*, regulating the management, use, and protection of intellectual properties such as patents, trademarks, and copyrights. While ensuring the protection of its own intellectual property, the Company adopts a zero-tolerance attitude towards any infringement of others' intellectual property rights. To support this, Feihe has established a professional intellectual property team, including 2 engineers with experience in intellectual property management and qualifications as patent agents, to drive the high-quality development of intellectual property.

To enhance patent utilization efficiency and search timeliness, Feihe has built a dedicated patent database. By the end of 2024, the Company had successfully integrated more than 1,000 publicly available patents and created over 1,500 data tags. In 2024, Feihe upgraded its trademark management system to a legal database, adding pathways for querying overseas trademarks and legal information, improving work efficiency. By the end of the reporting period, Feihe had applied for a total of 1,008 patents, of which 640 had been granted, including invention patents, utility model patents, and design patents. The Company had also applied for 2,342 trademarks, of which 1,845 had been registered, and 497 were under application, reinforcing its technological advantages.

Feihe actively participates in the formulation of industry standards, national standards, and international standards, covering fields such as infant formula, dairy products, and green manufacturing. Enhanced the company's influence within the industry and promoted standardized industry development. In 2024, we participated in the development of 11 standards, including 1 national standard and 10 association standards.

Feihe 2024 Patent Information

Patent Type	Applications	Grants
New Invention Patents	60	36
New Utility Model Patents	122	72
New Design Patents	52	45
Total New Patens	234	153
Total Invention Patents	303	81
Total Utility Model Patens	505	387
Total Design Patents	200	172
Total Patents	1,008	640

To comprehensively enhance the creation, utilization, and protection of intellectual property, the Company actively conducts intellectual property training and strengthens the capabilities of its intellectual property talent team. In 2024, we held 11 intellectual property-related training sessions, totaling nearly 40 hours, with over 750 participants. The training content included basic patent knowledge for new factories, World Intellectual Property Day themed training, advanced patent knowledge for R&D personnel, and system document promotions.

Case Patent Basic Knowledge Training at New Factory Supporting Innovation

In 2024, Feihe's new factory conducted a patent basic knowledge training for its new employees. The training covered core knowledge such as patent application processes, patent writing techniques, patent search methods, and patent protection strategies. This training attracted many new employees, and during the session, participants actively interacted with the instructor, raising practical questions. Some participants with previous patent application experience shared their success stories, providing valuable references for others. After the training, the number of patent applications at the new factory significantly increased, and the participants' understanding and application of patent knowledge greatly improved, resulting in noticeable training outcomes.



Patent Basic Knowledge Training



Industry-University-Research Cooperation

Feihe actively engages in external collaborations, strengthening the integration of industry, academia, and research to build a unified research platform and consolidate various research forces to create a high-quality innovation ecosystem. The Company closely follows industry technological trends and has established cooperative relationships with over 20 leading research institutions from 7 countries, forming an international research and technology alliance. This collaboration focuses on early brain development research and the development of nutritional products for all age groups. At the same time, leveraging academician and postdoctoral workstations, Feihe works with numerous authoritative research institutions, universities, and hospitals both domestically and internationally to carry out project cooperation and research, promoting the transformation and application of scientific research results.

Case Feihe Partners with Tsinghua University to Promote Brain Development and Cognitive Research

In May 2024, Feihe signed a cooperation agreement with the Tsinghua Laboratory of Brain and Intelligence to launch a special research project on "Brain Development and Cognition." The collaboration focuses on the impact of early nutrition on brain development and conducts animal experiments and cognitive development research on infants and toddlers aged 0-6. The goal is to accelerate the transformation and application of brain science research results, providing scientific support for Feihe's nutritional health products and further enhancing the Company's scientific strength in the field of brain development.



Feihe and Tsinghua University Signing Ceremony

Nutrition and Health Research

Feihe adheres to the philosophy of "harnessing technology to promote wellness" and conducts in-depth research into the nutritional needs of different demographic groups, helping users discover healthier lifestyles. The Company actively participates in national nutrition improvement initiatives, conducting research on reducing sugar, fat, sodium, and fortifying essential nutrients. Feihe is committed to reducing the use of artificial additives and promoting healthy eating concepts to provide the public with more scientific and healthier nutritional choices.

Feihe is also focused on developing organic products, offering safer and higher-quality nutritional solutions. In 2024, the company launched the Organic Zhenzhi Zhuobei infant milk formula, which strictly follows the new national standards, strengthens the ratio of key nutrients, and has been certified as an organic food product. Additionally, Feihe has introduced a variety of small-sized, individually packaged products for both adult and infant formulas to meet the nutritional needs of different consumers while reducing food waste.

Feihe's Specialized Nutrition Products

Beishuyue Special Medical Infant Formula with Partially Hydrolyzed Milk Protein:

Designed for infants at high risk of allergies and those with incomplete intestinal function, this formula utilizes unique hydrolysis technology to reduce gastrointestinal burden and enhance protein digestion and absorption.

Xingyunyang Maternity Essential Nutrition Set:

An innovative formula featuring active folic acid for better absorption, enriched with HMOs<sup>15</sup>, sialic acid, DHA<sup>16</sup> (Docosahexaenoic Acid): A vital polyunsaturated fatty acid essential for the human body, commonly referred to as "Brain Gold" due to its crucial role in brain development and cognitive function, and other key nutrients to comprehensively support maternal and fetal health.

Zhenai Feifan Infant Milk Formula:

Fortified with added DHA and ARA<sup>17</sup> to support infants' cognitive development.

Aiben Lactoferrin Colostrum Powder:

Developed using Feihe's proprietary membrane filtration technology, adhering to clean-label and low-sugar principles, ensuring self-sufficiency in core dairy functional ingredients.

Legaogao & Zhiduoduo Student Milk Powder:

Tailored for school-age children, this formula enhances immunity, brain development, and bone growth while aligning with the sugar-reduction trend—sucrose content is undetectable.

Aiben Active Protein Nutrition Powder:

Specially designed for young, middle-aged, and elderly individuals, incorporating patented enzymatic hydrolysis technology to address bone, joint, and muscle function decline.

Feihe places great emphasis on digital transformation and scientific innovation, actively expanding the research and application of full-lifecycle nutritional products. The Company has obtained multiple national invention patents in areas such as breast milk research, infant formula, and nutritional intervention. In 2024, Feihe continued to advance 3 National Key R&D Project under China's 14th Five-Year Plan, including the "Research and Demonstration of Next-Generation Infant Formula Manufacturing Technology Based on Chinese Breast Milk Studies," the "Innovation and Demonstration of Large-Scale Preparation Technology for Core Ingredients in Infant Dairy Products," and the "Development and Industrial Demonstration of Medical Foods for Special Life Stages."

<sup>15</sup> HMOs(Human Milk Oligosaccharides): The third largest solid component in human milk

<sup>16</sup> DHA (Docosahexaenoic Acid): A vital polyunsaturated fatty acid essential for the human body, commonly referred to as "Brain Gold" due to its crucial role in brain development and cognitive function.

<sup>17</sup> ARA (Arachidonic Acid): A crucial fatty acid that plays an important role in brain development.

Intelligent Ecology

Feihe continues to drive digital transformation and has upgraded its "3+2+2"<sup>18</sup> digital development strategy to the "3+3+2" intelligent digital strategy blueprint this year. The upgrade includes the addition of an AI capability middle platform, which, in coordination with the data middle platform and business middle platform, aims to achieve new retail and intelligent supply chain goals. The Company focuses on both management and business model transformation, promoting the full integration and optimized application of intelligent digital systems. Feihe is actively expanding projects in smart manufacturing, ERP<sup>19</sup> system development, and intelligent office solutions, further enhancing digital intelligence across the entire industry chain.

Feihe Smart Manufacturing Model

Industrial equipment layer	We adopted various types of advanced industrial production equipment, sensors, PLC <sup>20</sup> control, transmission networks, and IoT gateways to collect, convert, gather, process, and calculate data, as well as perform necessary control. Through a unified interface (such as OPC <sup>21</sup> 、UA <sup>22</sup> ) and according to the transmission protocol (such as industrial Ethernet transmission protocol), we connect to the automation control system.
Automation control layer	Through equipment monitoring and control systems (e.g. SCADA <sup>23</sup> 、HMI <sup>24</sup> , etc.), we realized functions such as data acquisition, equipment control, measurement, parameter regulation and various types of signal alarms. For example, SCADA is a computer-based automatic control system and automatic monitoring system that monitors and controls the network of operating equipment on site.
Business execution layer	The production execution system, consisting of MES <sup>25</sup> , LIMS <sup>26</sup> , WMS <sup>27</sup> , and other systems that meet different industrial needs, is responsible for receiving tasks, assigning them, and executing the processes. During this process, it is necessary to communicate with the automation control layer systems or industrial equipment layer devices through networks and various interfaces to request various parameters, variables, statuses, and data needed, enabling communication with on-site equipment for automated and even intelligent data collection, as well as reverse control. The construction of the production execution system comprehensively manages the production process, effectively achieving quality control and process traceability, using multiple systems to cover the entire production-to-storage management.
Operation management layer	Through the enterprise data bus, the production system works together with the Enterprise Resource Planning system, Product Lifecycle Management system, Customer Relationship Management system, and Quality Management System to enable collaborative management of the entire production process.
Business decision layer	After layers of data collection, processing, storage, analysis, and utilization, it can finally provide data foundation for the business decision layer (data middle platform). The business decision layer effectively integrates the existing data in the enterprise, and comprehensively displays and analyzes lean production data and smart supply chain data, which can be used to guide production and supply chain management and support enterprise business decisions.

<sup>18</sup> The "3+2+2" strategy refers to Feihe's core capabilities, which include smart manufacturing in digital factories, ERP-centered business system development, and a unified digital and intelligent office platform. Through the integration of the business platform and data platform, Feihe ensures seamless interconnection between various systems, enabling the application of big data and algorithms across all business processes.

<sup>19</sup> ERP: Enterprise Resource Planning.

<sup>20</sup> PLC: Programmable Logic Controller, is a new generation of industrial control devices that integrates microelectronics, computer technology, automatic control technology, and communication technology based on traditional sequential controllers.

<sup>21</sup> OPC, or OLE for Process Control, is a standardized interface designed to facilitate communication between industrial control system applications by establishing a unified data access specification between industrial control equipment and control software.

<sup>22</sup> UA: User-Agent, identifies the operating system, version type and identifier, CPU model, browser kernel and language, hardware information and related models, browser rendering engine, and browser language through the server.

<sup>23</sup> SCADA: Supervisory Control And Data Acquisition.

<sup>24</sup> HMI: Human Machine Interface, is the medium for interaction and information exchange between the system and the user, converting information from its internal form to a format that can be understood by humans.

<sup>25</sup> MES: Manufacturing Execution System, is a management system focused on workshop production.

<sup>26</sup> LIMS: Laboratory Information Management System, is an information management system that combines database-centered information technology with laboratory management needs.

<sup>27</sup> WMS: Warehouse Management System, is a real-time computer software system that can manage information, resources, actions, inventory, and distribution operations more efficiently according to operational business rules and algorithms.

Feihe is actively promoting digital transformation in the marketing field, significantly enhancing consumer interaction experiences and strengthening brand influence through technological innovation and intelligent applications. The Company has established a complete consumer traceability system, effectively combating unauthorized cross-region selling, and significantly improving market health. Additionally, the company is advancing the construction of an AI capability middle platform, leveraging the power of large models to deepen interactions with consumers and empower intelligent applications on the business side.

AI Technology Boosts Consumer Interaction and Brand Communication

Feihe has added an AI capability middle platform and built the Feihe AI big model management platform, launching the digital assistant "He Xiaofei" to reach users through multiple channels and spread brand concepts and parenting knowledge. Since its launch in October 2024, He Xiaofei has achieved a 100% response rate and an accuracy rate of over 95%, providing consumers with efficient and accurate service experiences. Additionally, Feihe has developed over 80 intelligent agents covering various application scenarios such as product promotion, marketing, and office work, significantly improving work efficiency.

Feihe continues to advance intelligent manufacturing and digital management in the manufacturing field. By implementing automated control across the entire production process, the Company has established an information-based, intelligent quality management system, significantly improving production efficiency and product quality stability. During the reporting period, the company has established MES intelligent manufacturing systems in seven major factories, including Kedong, Gannan, Longjiang, Qiqihar, and Harbin, achieving full-process automation management from raw material reception to finished product warehousing. At the same time, Feihe introduced the "Thousand Eyes System," which enables millisecond-level online monitoring and cellular-level testing throughout the entire milk powder production process, further optimizing product quality and production efficiency.

Feihe Pioneers Full-Line Near-Infrared Technology with the "Thousand Eyes System"

In 2024, Feihe introduced the "Thousand Eyes System," enabling millisecond-level online monitoring and cellular-level detection throughout the entire milk powder production process, further optimizing product quality and production efficiency. Through this system, Feihe can monitor real-time micro-indicators in production stages such as fresh milk standardization, wet blending, spray drying, and dry mixing, precisely controlling the mixing sequence, guiding real-time process adjustments during spray drying, and determining the optimal dry mixing time. The Company has completed the full system installation and operation of the "Thousand Eyes System" at its Harbin factory and partially deployed it at the Hengqin, Kedong, and Tailai factories. It plans to fully implement the system across all factories by 2025, driving a comprehensive improvement in production efficiency and product quality through digital management.



Display of "Thousand Eyes System"

Feihe has received multiple domestic and international recognitions for its digital management system and world-class manufacturing capabilities. In 2024, Feihe Dairy was selected as one of the first "Excellence-Level Intelligent Factories" by the Ministry of Industry and Information Technology, listed on the "2024 China Light Industry Digital Transformation Urgent Technical Solutions" list, its Harbin factory was awarded "Intelligent Factory" in Heilongjiang Province, and Feihe's Information Center was recognized on the Harvard Business Review "Agile Teams List," showcasing Feihe's outstanding achievements in the collaborative development of digital and green initiatives.



2024 China Light Industry Digital Transformation Urgently Needed Technology "Problem-Solving and Leadership" Solution

<sup>26</sup> MES: Manufacturing Execution System, is a management system focused on workshop production.





**03**

## **Enhance Social Well-being**

Feihe actively fulfills its corporate social responsibilities by taking concrete actions to create greater social value. The Company focuses on talent development, employee health and well-being, responsible procurement, and philanthropic initiatives, working together with stakeholders to build a harmonious society.

# Talent Development

Feihe upholds employee rights as a fundamental principle and is committed to fostering an inclusive and equitable workplace. The Company supports employees' professional development, ensures their well-being, and enhances their sense of happiness and belonging, achieving mutual growth between talent and corporate development.

## The Rights and Interests of Employees

Feihe emphasizes compliant recruitment and employment practices, providing an inclusive and diverse work environment where every employee has equal opportunities for growth. The company strictly abides by laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Special Provisions on Labor Protection of Female Workers*, and the *Social Insurance Law of the People's Republic of China*. It has established and continuously updated 16 human resources management policies covering employee relations, recruitment, training, compensation, performance, and benefits to safeguard the legal rights of applicants and employees.

The Company adheres to laws and regulations such as the *Law of the People's Republic of China on the Protection of Minors* and the *Regulations on the Prohibition of Child Labor*, strictly prohibiting the employment of child labor and any form of forced labor. In the event of violations, Feihe will handle them in accordance with legal provisions. The Company is also committed to providing fair and inclusive employment opportunities regardless of gender, ethnicity, region, religious belief, or cultural background.

In 2024,




there were **no** incidents of child labor, forced labor



there were **no** incidents of employment discrimination at Feihe

In compliance with the *Trade Union Law of the People's Republic of China*, Feihe adheres to the principle of equal consultation and has signed collective agreements with labor unions to protect employees' rights and maintain harmonious labor relations. In 2024, the total number of employees of Feihe both domestically and internationally was 7,215, all of whom were full-time employees. Among them, 373 were overseas staff.

In 2024,

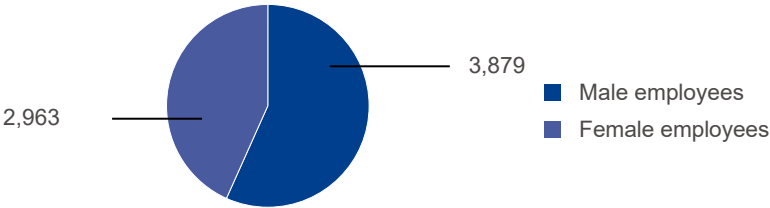


the signing rate of the *Collective Contract of Heilongjiang Feihe Dairy Co., Ltd.* reached **100%**

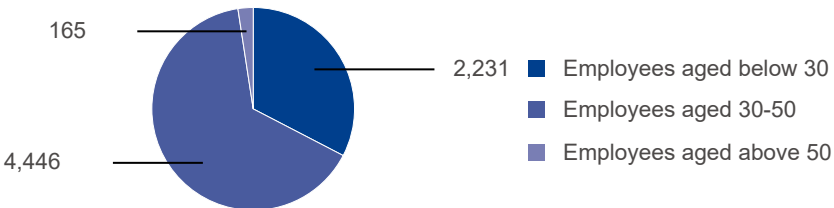


Composition of Full-time Employees in 2024<sup>28</sup>

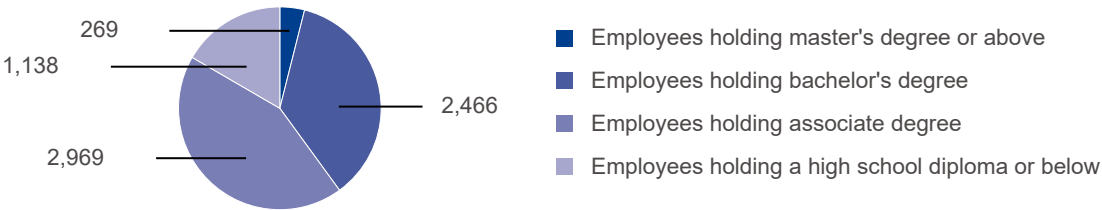
Employees by gender:



Employees by age:

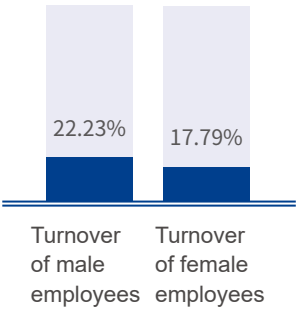


Employees by education background:

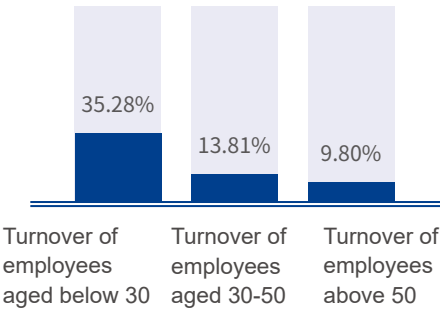


Turnover Rate in 2024 (Unit:%)

Turnover by gender:



Turnover by age:



<sup>28</sup> The number of employees by gender, age and education does not include the number of overseas employees of Feihe.



During the talent recruitment process, Feihe adheres to seven core principles, striving to provide equal employment opportunities for all talents. We conduct a comprehensive evaluation of candidates to ensure the selection of outstanding individuals who truly align with the Company's culture and strategic needs. At the same time, the company is committed to creating a positive and uplifting work environment, offering a variety of career development opportunities and generous benefits to attract and retain outstanding talents within the industry. In 2024, the employee turnover rate in Mainland China was 20.31%.



In 2024, we continued to conduct diverse campus recruitment activities, including external platform recruitment, offline job fairs, and school-enterprise cooperation programs, attracting talents with various skills, backgrounds, and experiences. During the reporting period, we introduced AI-powered interview technology for the first time. By precisely defining job profiles and competency requirements, we developed a highly targeted management trainee position model, ensuring interview accuracy, significantly reducing student wait times, and accelerating the recruitment process. This resulted in a 20% increase in student interview attendance rates and a 60% improvement in recruitment efficiency.

Feihe Campus Recruitment Activities



Case The 3rd "Feihe Cup" Innovation Competition

In April 2024, Feihe hosted the 3rd "Feihe Cup" Innovation Competition, further strengthening school-enterprise cooperation and accelerating the integration of industry, academia, and research. The competition covered eight designated universities nationwide, along with several non-designated institutions. After an initial campus evaluation and expert review, 30 proposals were selected from over 120 creative proposals to advance to the finals, providing strong support for identifying and nurturing innovative talent for the Company.



Scene from the 3rd "Feihe Cup" Innovation Competition

Employee Development

Feihe places great importance on the personal growth of its employees, establishing a clear compensation and performance system while providing fair and transparent promotion pathways. The Company supports diverse career development choices and is committed to building a comprehensive talent development system. Through this approach, Feihe empowers employees in their professional growth and skill enhancement, continuously strengthening its talent pool.

Remuneration and Performance

Feihe upholds the principles of scientific and fair remuneration, following remuneration and benefits management regulations. The Company designs differentiated salary structures for employees in various functional roles, clearly defining the proportion of fixed salary and performance-based remuneration. Through the establishment of a differentiated, dynamic, and periodic performance evaluation mechanism, we ensure that employees' remuneration is closely linked to their work performance, thereby fully motivating employees. In addition, the Company conducts annual industry remuneration surveys to stay informed about remuneration trends for various positions, ensuring that employees' remuneration remains competitive within the industry.

Feihe's performance management is closely aligned with its annual strategic objectives, ensuring that departmental and individual goals are fully integrated with the Company's overall strategy. Through goal setting, process monitoring, performance evaluation, and results application, the Company systematically manages both organizational and individual performance. This approach effectively stimulates internal motivation, helps employees continuously improve their skills and competencies, and lays a strong talent foundation for the Company's sustainable development.

Feihe Performance Assessment System

Objective Management

Feihe employs a top-down approach to break down objectives, a bottom-up objective management system supported by employees to ensure consistency between employees' and organizational goals.

Process Management

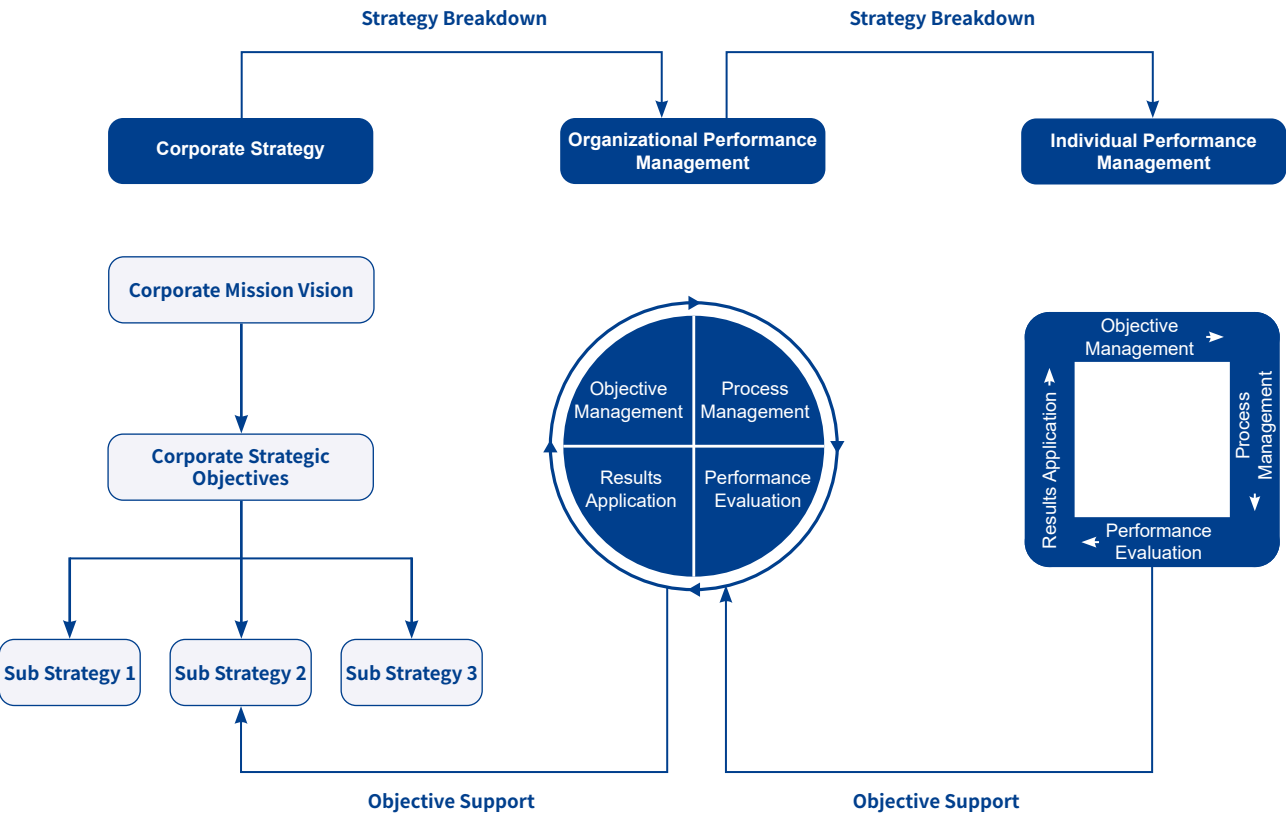
Each business division and each department conduct process follow-up on performance through monthly review meetings, quarterly meetings, regular department meetings, and daily reports. We summarize experience for excellent performances, analyze the gaps and reasons for incomplete assessment indicators, formulate improvement measures, and help employees make continuous progress through process coaching.

Performance Evaluation

Organizational performance assessment is conducted on a quarterly basis using a combined approach of "evaluation plus assessment". The primary focus is on performance goal assessment, supplemented by evaluating the performance of responsibilities not covered by core indicators, and contributions beyond duties (such as the completion of significant projects).

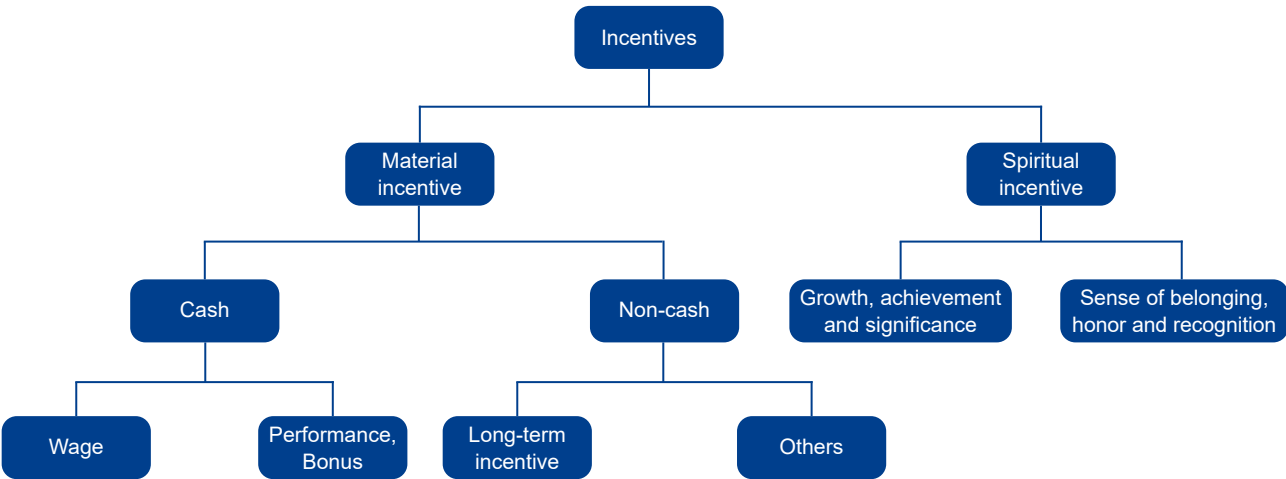
Results Application

The performance results are reflected in the current remuneration, as well as value allocation considerations, including medium and long-term stock incentives, grade adjustment, remuneration adjustment, training, merit evaluation, etc.



To further inspire employees' enthusiasm and creativity, we uphold the core values of "shared ownership, co-creation, shared responsibility, and mutual success." We have introduced a Restricted Stock Unit plan as a long-term incentive. This initiative fosters employees' growth alongside the company, enabling them to share in its development achievements.

Feihe's Employee Incentive System



Promotion Mechanism

Feihe places employees at the core and has established a promotion mechanism based on a competency qualification standard system to meet their development needs. By integrating the "Five Promotion Principles", we conduct a comprehensive evaluation of key indicators within the qualification framework, ensuring that every capable and high-potential employee has fair and just promotion opportunities. This approach fosters enthusiasm and creativity among employees, driving the Company's continuous growth.

Feihe's Five Promotion Principles

- Valuing performance and output**
  - Focus on assessing the value, contribution, results and outputs of employees at their work based on their abilities.
- Promoting internal talents and outsiders**
  - Comprehensively evaluate the personnel structure at all levels of departments and adjust the proportion of outsiders and internal talents according to the structure and business needs.
- Principle of vertical and horizontal development**
  - Encourage the adoption of a "zigzag" growth path, which involves vertical development leading to horizontal development before returning to vertical development, gradually achieving promotion after job rotation.
  - A non-linear career development model helps employees accumulate diverse experiences and skills, enabling more comprehensive growth while also fostering versatile talent for the Company.
- Promotion and demotion**
  - Comprehensively assess employees' performance and ability on the basic job qualification and promote and demote them.
- Combining sequential promotion and cross-ranking promotion**
  - In principle, employees are promoted in sequential order. However, employees making contributions or possessing excellence and capability can be promoted across the rankings.



Additionally, we have refined the evaluation criteria for various qualification levels, placing greater emphasis on "capacity to bear responsibility", "value contribution", and "growth potential" in promotion assessments. The Company provides relevant training programs before and after promotions and continuously monitors employees' personal development plans to help newly promoted personnel quickly adapt to their new roles. In 2024, 79 employees were promoted to managerial and higher levels, with a 46% promotion and reassignment rate for mid-level and above positions in headquarters functional departments, and 11% of newly promoted employees at or above the branch manager level.



Employee Training

Feihe firmly believes that talent development and growth are the foundation of a company's steady progress. To this end, we have established a comprehensive "3+2+4" training system, offering extensive and diverse course resources for senior management and all employees. We leverage the roles of talent development advisors and business partners, conducting precise training needs analysis and personalized course designs to achieve the goal of "Pool talents sharing the same vision at all levels, and build a powerful organization". At the same time, we have strengthened the management of two-tier training, focusing on enhancing three core competencies across all levels of employees to maximize training effectiveness and provide solid support for employees' career development.



Feihe 3+2+4 Employee Training System

In 2024, Feihe launched an executive leadership development program, including the core executive study tour in Japan, the Gongsheng Academy, and the Shanhai Program. These initiatives leverage an international perspective, cross-disciplinary knowledge sharing, and localized practical applications to help executives achieve strategic alignment, enhance business acumen, and strengthen cultural cohesion.

Feihe Executive Leadership Development Programs

Japan study tour

Gongsheng Academy


Shanhai Program

In March and June 2024, more than 60 mid-to-senior-level managers from various Feihe departments participated in two study tours to Japan. They engaged in in-depth discussions with seasoned corporate management consultants, gaining insights into long-term business philosophy and management models. This experience provided valuable inspiration for Feihe's management team, who will continue to explore and apply their learnings to drive innovation and development.




Feihe Management Team's 2024 Japan Study Tour

In June 2024, Feihe launched the Gongsheng Academy, a one-and-a-half-year program consisting of seven sessions for core business management personnel. The curriculum covers modules such as self-reflection and insight, as well as value-driven business models. Through in-class discussions, group workshops, post-session assignments, and team-building activities, the program aims to enhance participants' overall competencies, align core team perspectives, and strengthen leadership capabilities.



Feihe Management Team at Gongsheng Academy Study Program

In September 2024, Feihe initiated the Shanhai Program, a one-and-a-half-year training initiative designed for key management personnel across all business units. Nearly 100 executives underwent structured learning focused on three key areas: strategy, business operations, and organizational development.



Feihe "Shanhai Program" Training Session

To enhance employees' expertise in internationalization, digitalization, innovation, R&D, and channel marketing, Feihe maintains long-term collaborations with external institutions and experts. The Company integrates in-house training programs covering topics such as competitive strategy, organizational performance, and long-term incentives. Training effectiveness is ensured through post-training assessments, individual/group assignments, cost-reduction initiatives with progress tracking, and specialized reporting and evaluation. During the reporting period, Feihe conducted over 100 in-house training sessions in various formats, covering employees at all levels across different business units, with total participation exceeding 1,000 employees.



2024 Formal Employee Training Overview<sup>29</sup>

Employee composition		Training Coverage (%)	Average Training Hours (Hours)
By Gender	Male	100%	55.70
	Female	100%	55.70
By Employment type	Senior Management	100%	41.10
	Middle Management	100%	77.30
	Frontline Employees	100%	58.50

Health and Safety

Feihe prioritizes the health and safety of its employees by establishing a comprehensive safety management system, regularly organizing safety culture activities, and striving to create a safe and healthy working environment.

Safety Management System

Feihe strictly complies with the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China*, and other relevant regulations. The Company continuously updates its internal policies, including the *Environmental Protection, Health, and Safety Incident/Accident Reporting and Investigation Procedures* and the *Temporary High-Risk Operations Management System*. The Board of Directors has established an Executive Committee responsible for overseeing safety performance, setting safety targets, and integrating them into performance assessments. To further enhance employees' safety awareness and accountability, Feihe requires all employees to sign safety responsibility agreements annually. In 2024, 7 out of Feihe's 8 factories obtained ISO 45001 Occupational Health and Safety Certification, and the Company invested 21.24 million RMB in workplace safety initiatives.

<sup>29</sup> The employee training data does not include training data for Feihe employees in overseas regions and Hong Kong.

In 2024, Feihe successfully achieved the following safety and health management goals as planned:

	Target Value	Actual Achievement
Serious injury and fatality rate	0	0
Safety education coverage rate	100%	100%
Safety hazard rectification rate	100%	100%
LTIFR <sup>30</sup>	1.1	0.4
Timely pre-employment / on-the-job / post-employment health examination rate	100%	100%
Occupational disease/suspected occupational disease detection	0	0

Occupational Health at Feihe<sup>31</sup>

Indicator	Unit	2022	2023	2024
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	%	0	0	0
Number of working days lost due to work-related injury	Day	64	356.5	108

Safety Risk Management

Feihe establishes a dual prevention mechanism for risk classification and hazard investigation based on the PDCA<sup>32</sup> cycle of the ISO management system and relevant national occupational health and safety laws and regulations. To ensure stable and continuous safety in production, the Company implements a strict safety inspection system, which includes daily safety checks, weekly site inspections by each department, and monthly site inspections led by plant managers. Additionally, comprehensive safety risk inspections are conducted before long holidays, covering areas such as personal protective equipment usage, fire safety, and temporary electrical safety. After the inspections, the EHS department is responsible for monthly factory-level checks and issuing reports. We follow up on and review the resolution of safety issues based on scheduled timelines to ensure timely rectification of hazards.

Health and Safety Management

Feihe strictly adheres to the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, continuously revising internal management systems such as the *Environmental and Occupational Health and Safety Management System Manual* and *Risk Identification, Risk Evaluation, and Control Measures Determination Procedure*. We implement a "no vote" policy for major casualties to ensure the safety and compliance of production.

<sup>30</sup> LTIFR: Lost time injury frequency rate.

<sup>31</sup> The occupational health-related data does not include data for Feihe's employees in overseas regions and Hong Kong.

<sup>32</sup> PDCA: Plan, Do, Check, and Act. It divides management work into four phases: planning, execution, checking, and handling. Work is carried out by making a plan, implementing the plan, checking the implementation results, incorporating successful outcomes into standards, and addressing unsuccessful ones in the next cycle.



In 2024, to further safeguard employee health and safety, the Company established clear guidelines for wearing labor protection equipment and implemented a regular inspection system for various protective items. The Company also created a *Labor Protection Equipment Allocation Standard List*, covering 34 different areas and defining the standards for 36 types of protective equipment, usage methods, and inspection procedures. Furthermore, Feihe has established a management ledger and distribution map for labor protection equipment, set an effective usage rate indicator, and conducts monthly inspections of on-site execution to ensure proper use and management of protective equipment.

Safety Culture Promotion

Feihe actively organizes diverse health and safety culture initiatives, continuously conducting themed activities such as Safety Production Month Activities, World Environment Day, and Fire Safety Day. These initiatives aim to enhance employees' awareness of workplace health and safety while comprehensively improving their professional safety skills.

Feihe Safety Culture Activities Overview

Activity Name	Theme	Number of Activities	Participants covered
World Environment Day	Advancing the Construction of a Beautiful China	8	1,274
Occupational Disease Prevention Week	Prioritizing Prevention, Safeguarding Occupational Health	11	1,385
Safety Production Month Activities	Everyone Speaks Safety, Everyone Knows Emergency Response – Unblocking Life Channels	32	2,799
Fire Safety Day	Training & Awareness Campaigns Safety Knowledge Competitions, Prize Q&A Emergency Drills	11	1,275



Fire Safety Emergency Drill and Evacuation Scene

Employee Care

Feihe prioritizes employee well-being by organizing diverse activities, addressing the needs of female employees, and ensuring open communication channels to actively listen to employees' voices and continuously enhance job satisfaction.

Employee Support

Feihe recognizes and appreciates every employee's contribution to the Company's growth. The Company strictly complies with national laws and regulations, ensuring that all employees are entitled to statutory benefits, including social insurance, housing funds, annual leave, marriage leave and maternity leave. In addition to these legal benefits, we provide a range of non-monetary perks and regularly host various cultural and sports activities to foster a harmonious and caring workplace environment.

Non-monetary Benefits for Feihe Employees

<b>Onboarding Care</b> <ul style="list-style-type: none"><li>Pre-employment health check</li><li>Onboarding training</li></ul>	<b>Enriched Life</b> <ul style="list-style-type: none"><li>Holiday events and themed activities</li><li>Sports competitions</li><li>Movie screenings</li></ul>	<b>Maternity Support</b> <ul style="list-style-type: none"><li>Maternity leave, paternity leave, etc.</li><li>Baby care room</li></ul>
<b>Welfare and Care</b> <ul style="list-style-type: none"><li>Festival gifts</li><li>Monthly offered products</li><li>Internal discounted products</li></ul>	<b>Health Assurance</b> <ul style="list-style-type: none"><li>Love Foundation</li><li>Major illness assistance</li><li>Charity support</li></ul>	<b>Insurance coverage</b> <ul style="list-style-type: none"><li>Pension insurance, medical insurance, unemployment insurance, occupational injury insurance, maternity insurance</li><li>Housing provident fund</li><li>Commercial insurance</li></ul>

Feihe offers a variety of cultural and sports activities, such as photography contests, knowledge competitions, and short video contests, helping employees balance work and life while fostering communication, sharing, and team enthusiasm.

Case

Feihe Mind Olympics

In 2024, leveraging the Olympic opportunity, Feihe launched the "Mind Olympics", engaging 16,000 employees. The competition was hosted on an internal mini-program, allowing employees to participate in individual and team-based quiz battles covering corporate culture, products, and policies. Throughout the event, employees attempted quiz challenges over 85,000 times, with more than 50 offline learning competitions organized. The internal mini-program received over 200,000 clicks, reinforcing corporate identity, boosting team cohesion, and enhancing competitiveness in an engaging and interactive way.



Mind Olympics On-Site



Case Feihe "Salute to the Frontline through Light and Shadow" May 1st Photography Contest

In May 2024, Feihe hosted the "Salute to the Frontline through Light and Shadow" photography contest, with over 400 employees participating. Centered around the theme "Salute to the Frontline through Light and Shadow," the contest received 375 submissions. After an open employee vote and expert panel evaluation, 22 winning works were selected. This event effectively strengthened employees' sense of belonging and team cohesion, promoted the Company's culture of perseverance, and inspired all employees to continue striving in their respective roles.



"Salute to the Frontline through Light and Shadow" May 1st Photography Contest

Feihe values the well-being of its female employees and organizes innovative Women's Day activities across various departments. By incorporating current social trends and popular themes, we provide fun and heartfelt celebrations to show our appreciation.

Feihe Women's Day Care Initiatives

Company Headquarters

To celebrate Women's Day, Feihe hosted the "A Date with Beauty" event, reaching over 400 female employees. The event featured a professional workshop on workplace styling, an exclusive screening, and the distribution of thoughtful gifts to express our appreciation.



Feihe Women's Day Care Initiatives

Production Facilities & Marketing Regions

Tailored to different business units, Feihe organized a variety of themed activities, including flower arranging, spring outings, DIY fan painting, and yoga sessions. Additionally, the company leaders personally delivered flowers, gifts, and warm greetings to frontline marketing employees, collectively covering over 10,000 female employees.



Feihe Women's Day Care Initiatives

Employee Communication

Feihe values open communication and strives to create a transparent and responsive work environment. By actively listening to employees and addressing their concerns, we enhance their sense of belonging and overall satisfaction.

We collect employee feedback through the "Employee Voices" column and email. Upon receiving feedback, we promptly conduct investigations and verifications. For general issues, we ensure an initial response within 24 hours; for complex issues, we commit to providing a final response within 3 working days. During the reporting period, we received feedback from 20 employees, and all issues have been successfully resolved.

In 2024, the Company held quarterly all-employee meetings, focusing on summarizing completed work, planning future directions, and recognizing outstanding teams and individuals. Additionally, for policies and management measures concerning employees' interests, we organize special meetings as needed to solicit input from employee representatives.

During the reporting period,



we received feedback from 20 employees



Feihe Annual Awards Ceremony



# Responsible Procurement

Feihe upholds the principles of "open, fair, and just" in procurement, continuously strengthening its supplier management system while conducting ESG risk assessments and management for suppliers. We are committed to building a sustainable supply chain. Additionally, we actively organize supplier empowerment training programs, working closely with our partners to drive mutual progress and fulfill social and environmental responsibilities.

## Supplier Lifecycle Management

In 2024, Feihe systematically reviewed and refined its supplier management policies, further improving regulations such as *Supplier Performance Evaluation and Improvement*, *Procurement Management Procedures*, and *Bidding Process*. These efforts aim to standardize procurement activities and establish a comprehensive lifecycle management system that covers key aspects, including supplier admission, management, and exit.

Supplier Lifecycle Management System




Feihe 2024 Supplier Quantity and Distribution



## Supplier Risk Management

Feihe continuously improves its supplier risk management mechanism, with building a stable supply chain as one of the core tasks in supplier management. The Company optimizes the supplier layout and conducts supplier risk assessments to effectively reduce the overall risk of the supply chain. In 2024, we strengthened the promotion of the content in the supplier commitment letter, using methods such as performance feedback and on-site audits to emphasize aspects like product quality and transportation requirements, further enhancing suppliers' awareness of their responsibilities.

Feihe Supplier Risk Management Measures



### Optimize Supplier Layout

- Adopt a diversified supply model with multiple regions and factories for key suppliers to ensure supply chain stability and flexibility.
- Adjust the supply model in a timely manner based on changes in the dairy market supply and demand and the uncertainty of international situations.

### Promote Raw Material Localization

- Successfully established the first domestic automated production line for lactoferrin, achieving self-production of lactoferrin.
- Successfully developed chromatography ultrafiltration technology for efficient extraction and protection of lactoferrin.
- Completed domestic production of hydrolyzed egg yolk powder and OPO, ensuring that these raw materials fully meet product requirements.

### Supplier Risk Assessment

- Conduct annual supplier risk identification and assessment, covering political risks, labor health and safety risks, ethical risks, etc., and strengthen risk control of suppliers through strict indicators and on-site inspections.

### Supplier Audits

- Conduct annual supplier audits covering key areas such as raw material quality and factory management, using methods such as unannounced inspections, on-site visits, and regular evaluations.

### Supplier Commitment Letter Signing and Promotion

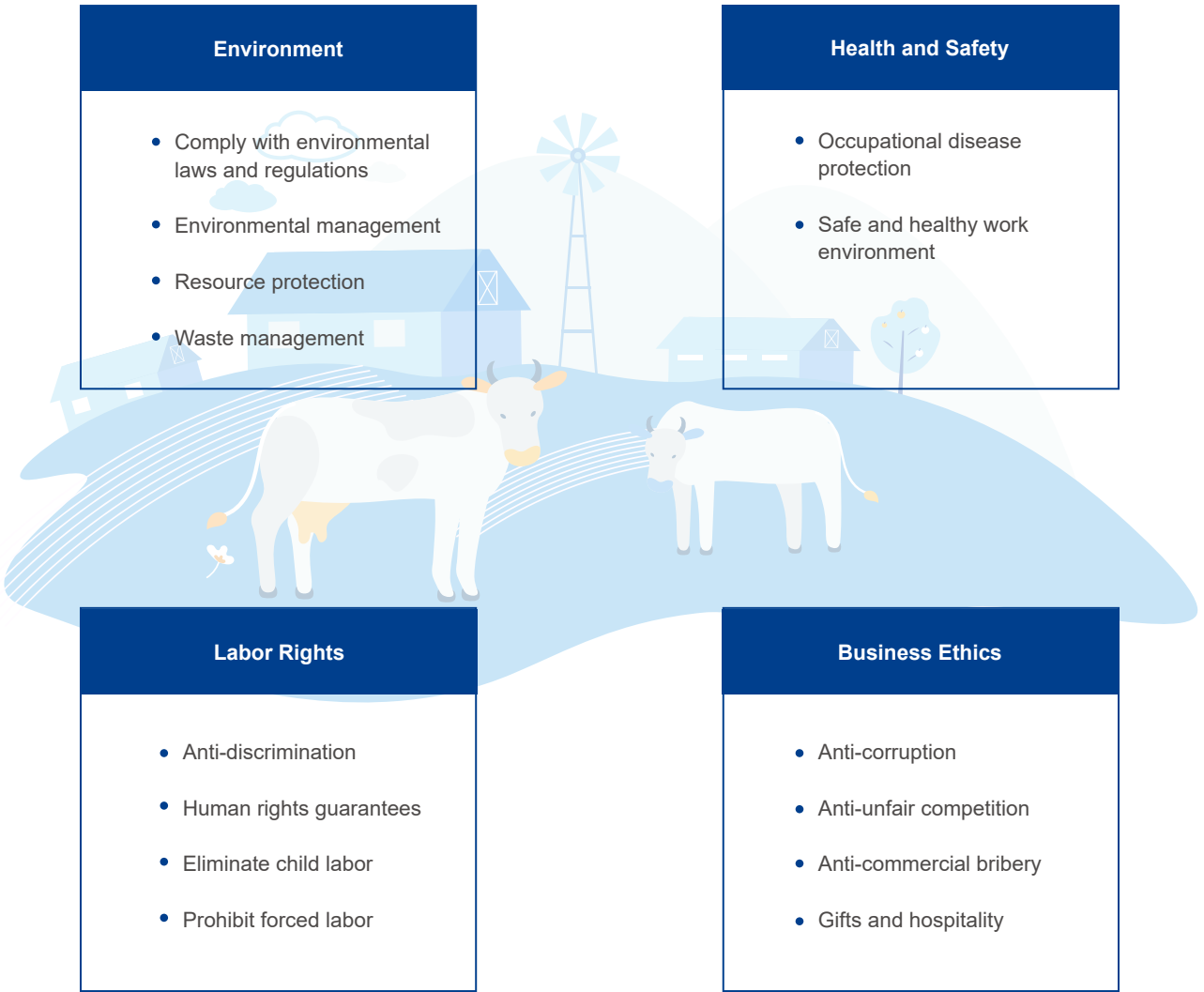
- Annually sign environmental protection commitment letters, product quality assurance commitment letters, transportation commitment letters, and change management agreements with suppliers, using standardized contract templates based on relevant regulations and standards to bind supplier behavior.
- Regularly organize promotional activities for supplier commitment letters, explaining and emphasizing aspects like product quality and transportation requirements through performance feedback, on-site audits, etc.

Feihe Supplier ESG Management

Feihe is committed to building a comprehensive supplier ESG management system. Through the signing of guidelines, setting standards, and deepening cooperation, the Company provides guidance to suppliers on aspects such as environmental protection, health and safety, labor rights, and business ethics, encouraging all partners to comply with relevant international standards and norms.

The Company continuously improves the *Green Supply Chain Management Regulations*, specifying concrete requirements for suppliers in areas such as good cooperation, sustainable development, raw material production, data information management, and product recall. ESG management-related content is integrated into supplier management processes, procurement management processes, and related documents. In 2024, Feihe signed the *Supplier Code of Conduct* with raw material and packaging material suppliers, effectively conveying its sustainability requirements to upstream and downstream partners to jointly build a sustainable supply chain.

Main Topics of the Supplier Code of Conduct



Supplier Empowerment

Feihe values mutual growth with its suppliers and actively conducts various communication activities, such as senior leadership visits and business exchanges, to discuss areas like product quality, supply chain management, and technological innovation. The Company maintains frequent communication with suppliers through methods like issue-based communication groups, team meetings, on-site inspections, and special innovation communication sessions. In 2024, Feihe conducted over a hundred exchange activities with suppliers, ensuring strong support for continuous optimization and collaborative development of the supply chain.

Case Feihe's In-depth Exchange with ARLA

In 2024, Feihe held in-depth exchanges with the internationally renowned dairy supplier ARLA, focusing on new product research, strategic cooperation, and technological innovation. The aim was to leverage complementary strengths, further strengthen the long-term partnership, and provide new ideas and directions for new product development and technological innovation.



Feihe's exchange with the internationally renowned supplier ARLA

In addition, Feihe conducts regular empowerment training and experience sharing with suppliers to help improve their management capabilities and technical levels. In 2024, Feihe conducted change management training and communicated performance evaluation standards to its raw material and packaging suppliers, achieving a 100% coverage rate.



Feihe's Second Supplier Technical Exchange and Training Event



# Public Welfare and Charity

Feihe has always adhered to the philosophy of "Doing one's best to give back to society". We are actively involved in public welfare and charitable causes, showing care for veterans and vulnerable groups, supporting rural revitalization, and promoting the development of education.

In 2024,



Feihe donated approximately **26** million RMB in funds and goods

## Care for Veterans

Feihe, as a military-friendly enterprise, actively participates in activities that support the military and the resettlement of retired soldiers, promoting military-civilian integration and social harmony.

### Feihe's Care for Veterans Actions

#### Supporting Employment for Retired Soldiers

- Partnered with the Qiqihar Municipal/County/District Bureau of Veterans Affairs and counties to provide job opportunities for retired soldiers, successfully placing over 2,000 retired soldiers and their families, helping them reintegrate into society and realize their potential.

#### "Charity Light of Hope" Initiative

- Provided 61 free cataract surgeries for retired soldiers and their families, helping them regain their vision.

#### Material Donations

- Donated sportswear, nutritional products, and other goods to the Qiqihar Ship's officers and soldiers, worth nearly 1 million RMB.
- Donated formula milk to babies of 9 officers and soldiers' families on the vessel until they reach 3 years old.
- Donated 600,000-RMB worth of epidemic prevention supplies to the troops stationed in Qiqihar.
- Donated 1.28 million-RMB worth of Feihe milk powder to preferential care recipients in Qiqihar City and its Counties/ Districts.

#### Infrastructure Assistance

- Organized the construction of Militia training barracks to improve the training conditions of the militia.

#### Caring for Korean War Veterans

- Donated nutritional products to the Heilongjiang provincial veterans rehabilitation hospitals and Korean War veterans, offering assistance to veterans in difficult circumstances, with total donations amounting to nearly 10 million RMB.

Case

### Feihe Signs "Military-Enterprise Cooperation" Agreement

In June 2024, Feihe signed a "Military-Enterprise Cooperation" agreement with the Qiqihar Ship. The Qiqihar Municipal Party Committee, the Qiqihar Municipal People's Government, and the Qiqihar Municipal Double Support Office, along with Feihe, formed a visitation group to visit the officers and soldiers on the Qiqihar Ship. Lan Tianwei, Vice Chairman of the Feihe Charity Foundation, represented the Company and presented care packages to all officers and soldiers, expressing respect and care for the military.



"Military-Enterprise Cooperation" Agreement Signing Ceremony

## Rural Revitalization

Feihe contributes to rural revitalization by building an industrial chain centered around milk powder processing. We are committed to promoting the joint development of upstream and downstream industries and creating specialized industrial clusters. At the county level, Feihe accelerates land circulation to establish high-quality silage and forage planting bases, integrating local specialized agricultural cooperatives, agricultural companies, and proprietary farms into an exclusive industrial cluster chain.

As of 2024,



Feihe has created **170,000** job opportunities



helped **160,000** farmers increase their income and achieve prosperity



and promoted the appreciation of over **100** million of acres of farmland in Heilongjiang Province



Educational Charity

Feihe focuses on rural education and supports the development of rural teaching staff. Over the past three years, we have invested more than 65 million RMB in teacher training, benefiting more than 2.8 million full-time teachers and over 3.3 million students.

Case With Love, "He" Protects Growth (First Batch) Dream-Fulfilling Journey

In July 2024, Feihe officially launched the "With Love, 'He' Protects Growth (First Batch) Dream-Fulfilling Journey." Sponsored by Feihe, this event was jointly organized with the Qiqihar Women's Federation. Over 40 participants (Young Pioneers) were selected from various counties and districts in Qiqihar, and the event lasted for 5 days. This initiative was in line with the spirit of President Xi Jinping's important speeches on children and child welfare and was part of the implementation of the *Three-Year Action Plan to Improve the Quality of Services for Left-behind and Vulnerable Children in Heilongjiang Province* and the *Three-Year Action Plan for the "Happy Longjiang – Loving Mothers" Pairing Care Initiative*. The project was a public welfare effort aimed at supporting children in challenging situations, and the Feihe Charity Foundation in Heilongjiang Province provided 300,000 RMB in public welfare funding to support the event.



With Love, "He" Protects Growth (First Batch) Dream-Fulfilling Journey

Caring for Vulnerable Groups

On the path of fulfilling social responsibility, Feihe has always given back to society with warmth and compassion. We illuminate hope for vulnerable groups through various initiatives such as the "Warm Winter Action" and Action for Public Welfare programs, helping them overcome challenges and embrace a better life.

Case Feihe Launches "Warm Winter Action"

In 2024, Feihe partnered with the Kedong County Civil Affairs Bureau to carry out the "Warm Winter Action." The initiative reached communities such as Chunhe Community, Guanghui Village, the Five Guarantees Support Center, and Yugang Town, providing New Year blessings and relief supplies to disadvantaged women, left-behind children, and the Five Guarantees beneficiaries. The event effectively supported the beneficiaries while also contributing to the development of local agricultural industries.



Feihe's "Warm Winter Action"

Case Feihe Collaborates with Light Plan

In April 2024, the 17th World Autism Awareness Day theme event and the "Encounter the Light" Charity Art Exhibition were successfully held in Beijing. Feihe collaborated with the "Light Plan" charity program to launch a joint charity edition, the "Jugaoxing" public art limited edition. The packaging features artwork by young autistic artist Wang Jianshu. For every box of "Jugaoxing" public art limited edition sold, Feihe will donate 1 yuan to the charity fund, which will be directed to the China Volunteer Service Foundation's Light Plan, supporting improvements and development for children with autism in areas like education and daily life.



Light Plan





## 04 Build Green and Low Carbon Future

Feihe is strategically aligning with the national targets of carbon peaking and neutrality and values green and low-carbon initiatives as the cornerstone of sustainability strategy. Recognizing the effects of climate change on both global ecology and economy, Feihe is diligently pursuing a low-carbon trajectory by enhancing its environmental management systems, optimizing resource utilization efficiency, and tightening emission controls.



# Climate Change

Feihe closely tracks global climate change trends, while systematically identifying and analyzing their impacts. Feihe enhances its capacity to address climate change by developing response strategies. Concurrently, Feihe establishes sustainable development as a central objective, actively advancing the phased achievement of carbon neutrality targets, which aligns with and supports the national targets of carbon peaking and neutrality.

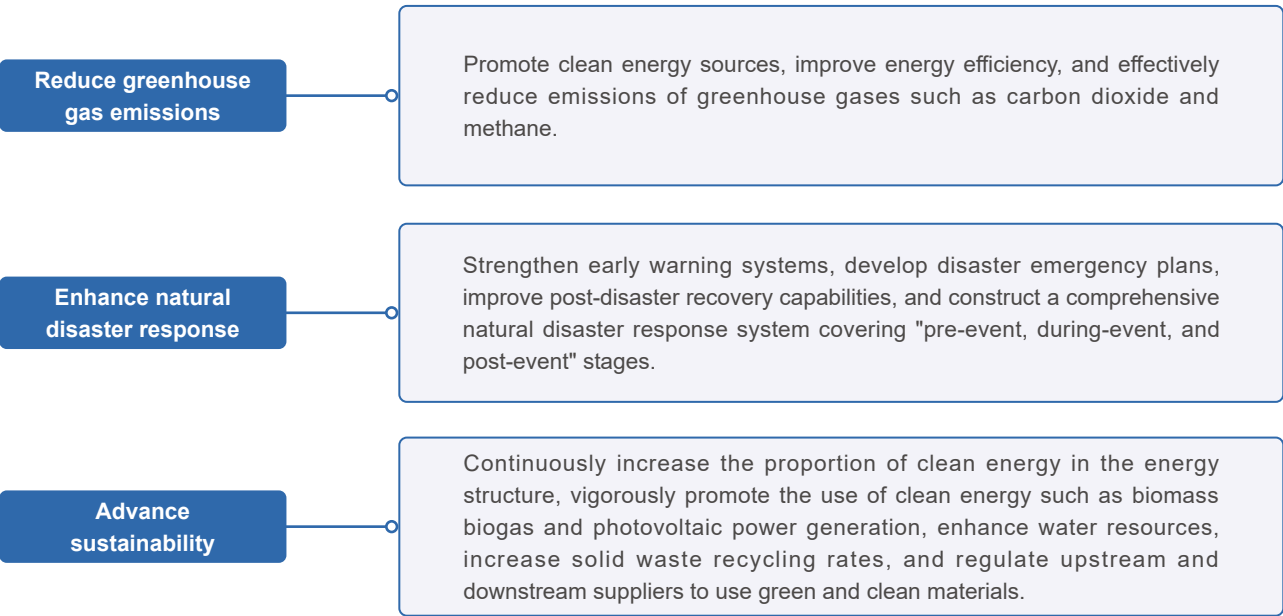
## Governance System

Feihe has implemented a tripartite carbon neutral management framework, consisting of "Decision, Management, and Execution," to enhance climate change management strategy. The Environment, Social, and Governance Committee (ESGC) operating under the Board of Directors is tasked with developing climate-related strategies and policies while assessing their repercussions on the Company's activities and stakeholders. The Company's management oversees the formulation of specific climate change goals and action plans, orchestrating their implementation and dissemination throughout the organization. At the execution level, each department is charged with executing these objectives and plans, ensuring the effective and coordinated application of climate change countermeasures in practice, and providing consistent feedback on the progress to guarantee that the set targets are met.

## Strategic Planning

Feihe actively responds to China's targets of carbon peaking and neutrality by setting up three strategic goals to reduce greenhouse gas emissions, improve natural disaster response capacity and promote sustainable development. Feihe has formulated specific initiatives under each of the goals to realize precise climate risk control.

Feihe's Climate Risk Response Measures



## Climate Change Risk Identification and Response and Transition Opportunities

Feihe focuses on two critical dimensions—transition risk and physical risk—when managing climate risks within its operations and strives to continuously refine and enhance its climate risk management and response mechanisms. The Company has conducted an initial assessment of climate risks following the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD). This assessment facilitates the expansion of its response strategy implementation, ensures the complete execution of all climate contingency plans throughout operations and fosters the development of a more systematic and thorough climate risk response framework. Feihe has integrated a risk matrix and vulnerability assessment to facilitate the prompt identification and response to potential climate risks and opportunities, thereby bolstering its capability to tackle the challenges posed by climate change.

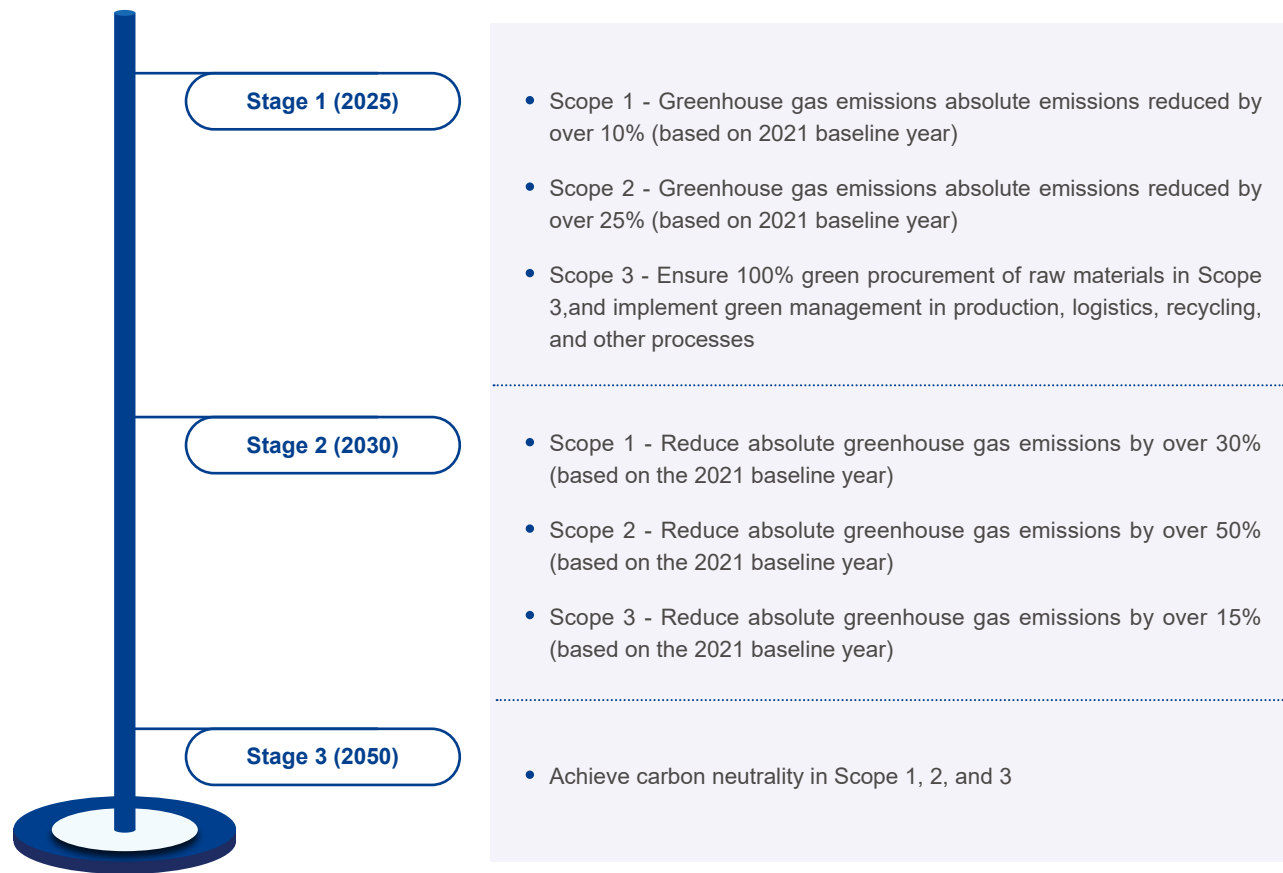
Risk/Opportunity Category	Risk/Opportunity	Description of Risk/Opportunity	Response
Transition risk	Policy risk	<ul style="list-style-type: none"><li>With the advent of national targets of carbon peaking and neutrality and an array of climate regulations, companies are compelled to hasten the transition towards green and low-carbon operations. These directives have propelled companies to diminish their carbon footprints and refine their energy portfolios, thereby posing challenges to conventional production paradigms and energy frameworks, and necessitating adaptations to comply with increasingly rigorous environmental standards.</li><li>Regulators are continually enhancing carbon emission governance structures and enacting associated policies, which in turn escalate the need for prompt, precise, and transparent reporting of climate-related data.</li></ul>	<ul style="list-style-type: none"><li>Rigorously adhering to national and local statutes, vigilantly monitoring shifts in climate policy, and persistently refining energy management protocols; upholding the ethos of high efficiency and reduced emissions in the utilization of energy resources, and fostering the development of sustainable energy utilization initiatives and resource conservation efforts across all production sectors.</li><li>Proactively gathering and interpreting emerging regulatory frameworks and disclosure mandates pertaining to carbon emissions, constructing a data-driven carbon emissions management system, and fortifying third-party verification processes.</li></ul>
	Market risk	<ul style="list-style-type: none"><li>With the widespread adoption of sustainable development concepts, customers and consumers are increasingly inclined to invest in enterprises that practice environmental protection and choose green, low-carbon products.</li></ul>	<ul style="list-style-type: none"><li>Adopting a diversified product strategy, continuously increasing the proportion of "natural", "organic", and "locally produced" products.</li><li>Conducting responsible marketing to enhance consumers' understanding of the environmental impact of products.</li><li>Formulating strategic procurement plans, selecting green and environmentally friendly raw materials, and creating a green value chain.</li><li>Actively engaging in the research and development of green products, and providing natural and organic offerings.</li></ul>
	Technology risk	<ul style="list-style-type: none"><li>Transitioning to a low-emission, high-efficiency economic system through technological improvements or innovations may lead to a gradual decline in production efficiency within the reporting period for enterprises.</li></ul>	<ul style="list-style-type: none"><li>Actively exploring the application of renewable energy sources, innovative equipment, and emerging technologies in existing production lines.</li><li>Integrating state-of-the-art digital and intelligent technologies into the aquaculture sector, fostering collaborations with research institutions to advance studies and applications focused on carbon reduction.</li><li>Establishing factories at the national level that adhere to green standards.</li></ul>
Physical risk	Acute physical risk	<ul style="list-style-type: none"><li>Extreme weather conditions such as typhoons, floods, and heavy rainfall threaten the water environment, stimulate cows, damage production equipment, disrupt production processes, and impact various stages of production manufacturing.</li></ul>	<ul style="list-style-type: none"><li>Installing wind speed monitoring stations equipped with high-precision sensors at construction sites, and ensuring regular maintenance and calibration to guarantee the accuracy and comprehensiveness of wind speed data collection.</li><li>Establishing an emergency management organization, regularly updating emergency plans for extreme weather, and organizing emergency drills for extreme weather.</li><li>Inspecting the deployment of emergency materials based on the emergency material list, and regularly maintaining emergency equipment such as generators and submersible pumps.</li><li>Maintaining smooth communication with the urban management information platform to timely obtain extreme weather or natural disaster warnings, scientifically organizing personnel evacuation, and transferring milk sources and equipment.</li></ul>
	Chronic physical risk	<ul style="list-style-type: none"><li>Global climate warming affects the product quality of fresh milk products, posing potential food safety risks.</li></ul>	<ul style="list-style-type: none"><li>Committing to the ongoing surveillance of evolving trends in chronic risks.</li><li>Improving the product transportation system, increasing transportation efficiency, and reducing the possibility of product deterioration.</li><li>Increasing product quality inspection stages to control product quality throughout the entire life cycle.</li></ul>
Transition Opportunities	Green energy	<ul style="list-style-type: none"><li>The utilization of renewable energy sources, including photovoltaics, wind power, and biomass fuels, enables enterprises to refine their energy composition and decrease the intensity of carbon emissions. Companies expedite the overhaul of their energy framework by augmenting the share of renewable energy in their overall energy mix.</li></ul>	<ul style="list-style-type: none"><li>Steadfastly advancing the development of photovoltaic projects to augment the utilization of clean energy sources.</li></ul>
	Energy Saving	<ul style="list-style-type: none"><li>Through the adoption of energy-conserving innovations and high-efficiency apparatus, enterprises can curtail both energy usage and emissions during production, enhance the efficiency of resource utilization, and, consequently, diminish operational expenses.</li></ul>	<ul style="list-style-type: none"><li>Proactively integrating innovative energy-conserving technologies, and reducing energy consumption.</li></ul>



Indicators and Targets

Feihe diligently aligns with the national carbon neutrality initiative by establishing carbon neutrality targets. The Company plans to attain carbon neutrality across Scope 1, Scope 2, and Scope 3 by 2050, while progressively implementing greenhouse gas emission reduction targets to facilitate the effective execution of emission reduction strategies.

Feihe's Emission Reduction Targets at Various Stages



Carbon Emissions Audit

In pursuit of low-carbon goals, Feihe undertakes carbon emission audits in accordance with Greenhouse gases — Carbon footprint of products — Requirements and guidelines for quantification. These audits produce detailed greenhouse gas emission reports for each facility, based on carbon inventory outcomes, to pinpoint potential areas for emission reduction. In 2024, a full lifecycle analysis of the carbon footprint for our milk powder products and the third phase of the Astrobaby milk powder was performed, encompassing emissions from raw material acquisition through to waste management. The carbon footprint for each functional unit of product was quantified at 6248 kilograms of carbon dioxide equivalent.



Carbon Footprint Certificate for Feihe's Astrobaby Stage 3

Environment Management

Feihe consistently practices sustainable development and embeds environmental protection and biodiversity within its strategic framework. The Company promotes resource conservation and ecological preservation through the implementation of a rigorous scientific management system and thorough environmental assessments. Feihe's dedication extends to the construction of green factories, carbon footprint management, and the safeguarding of ecological integrity. These efforts are aimed at reducing the Company's ecological footprint and fulfilling its social responsibilities with diligence.

Environment Management System

Feihe meticulously adheres to key legislation, including the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Environmental Impact Assessment*, and has developed internal protocols such as the *Environmental Management Operation Control System*, *Cleaner Production Management System*, and *"Three Simultaneities" Management System for Environment, Health, and Safety*. To facilitate the effective execution of environmental management, Feihe has instituted a comprehensive environmental management framework, which delineates the responsibilities and functions at every level, ensuring the holistic implementation of environmental protection measures.

Environmental Management Structure



Feihe has established distinct environmental management targets that encompass emissions, waste, energy consumption, and water efficiency. The Board of Directors consistently assesses the progress of these targets, facilitates the effective execution of diverse environmental strategies, and champions the ongoing enhancement of environmental performance.

Feihe Environmental Management Targets

Category	Target	Progress
Emission Management	• Reduce CO <sub>2</sub> emissions per unit of output by 3% annually	• Reduced CO <sub>2</sub> emissions per unit of output by 11%
Waste Management	• Reduce hazardous waste per unit of output by 2% annually • Achieve a recycling rate of over 80% for non-hazardous waste	• Reduced hazardous waste per unit of output by 4% • Achieved a recycling rate of over 95% for non-hazardous waste
Energy Use Management	• Achieve a 15% rate for electricity use, and a 20% rate for biomass biogas	• Achieved a 16.5% rate for electricity use, and a 21.3% rate for biomass biogas
Water Efficiency Management	• Attain a water reuse rate of 20% for the production water	• Attained a water reuse rate of 25% for the production water

Environmental Management Certification

Feihe has established a systematic environmental management framework, and diligently advances environmental stewardship through the approach of planning, executing, inspecting, and enhancing to ensure the attainment of environmental protection targets. As of December 31, 2024, the Company had achieved ISO 14001 environmental management system certification for 7 out of its 9 operational facilities. Two factory is scheduled to undergo the certification audit in 2025, with plans to further refine and standardize environmental management practices.



Green Factory

Feihe proactively engages in the development of green factories, and prefers eco-friendly raw materials, processes, technologies, and equipment before ensuring both product functionality and quality while adhering to environmental standards in infrastructure, management systems, and other domains. In 2024, Feihe integrated a factory that has attained the national certification for green factories, enhancing its green manufacturing capabilities within the dairy industry.

Feihe's Application for Green Factory Certification in 2024



Biodiversity Conservation

Feihe proactively engages in ecological and biodiversity conservation, striving to mitigate the adverse effects of its production activities on the ecological environment through methodologically sound measures. The Company employs a scientifically rigorous evaluation framework to holistically evaluate eight key environmental factors, encompassing aquatic ecosystems, atmospheric emissions, natural resources, and waste management. Utilizing the outcomes of these assessments, tailored control strategies are developed to maximize the preservation of the local ecological environment during production. In 2024, Feihe invested a total of RMB28.56 million in environmental protection, and no penalties due to environmental violations were recorded.

Biodiversity Conservation Measures

- 01

**Green space and vegetation planting**

Through lawn planting and other greening measures, the green coverage rate of the area has reached 20%, providing habitats for local wildlife and promoting the conservation of biodiversity.
- 02

**Reducing the impact on aquatic organisms**

Efficiently manage and recycle water resources to minimize adverse effects on aquatic life.
- 03

**Reducing the impact on wild species**

Conducting regular ecological monitoring around the facility to mitigate noise, pollution, and other environmental stressors that could impact surrounding ecosystems during the industrial process.

Resource Utilization

Feihe commits to a sustainability strategy, and vigorously advances the transition towards eco-friendly practices and enhances resource efficiency. Through holistic optimization of energy management and environmental safeguards, the Company has realized substantial reductions in energy consumption across diverse sectors including manufacturing, administrative operations, and logistics, pioneering the industry's shift towards a low-carbon future.

Energy Conservation and Consumption Reduction

Feihe rigorously adheres to the *Energy Conservation Law of the People's Republic of China*, developing the *Operation Manual for Energy Management System* along with 18 procedural documents, and establishes a robust energy management framework. In 2024, Feihe revised pertinent regulations and continuously enhanced the resource consumption management protocols for water, electricity, natural gas, and gasoline. Through specialized statistical ledgers and on-site management models, the Company implements scientific and meticulous management of resource utilization and ensures more efficient and standardized energy management practices.

Feihe proactively conducts targeted initiatives and pledges to achieve energy conservation and reduced consumption through refined management and optimization strategies. As of December 31, 2024, a total of 70 special actions had been carried out across the company's factories, with energy-saving task forces established to manage and improve various production processes and areas of energy consumption. By the end of 2024, these efforts had resulted in energy savings of 817,900 kilowatt-hours, water savings of 13,840 tons, and a reduction in natural gas consumption of 302,600 cubic meters, which is equivalent to a reduction of 1,143.80 tons of carbon dioxide emissions.

2024 New Energy Application Achievements of Each Factory

The Tailai Factory generated a total of 4,127.40 megawatt-hours of electricity through solar photovoltaic power, resulting in an estimated annual reduction of approximately 2,215.37 tons of carbon dioxide emissions.

The Kedong Factory utilized 8.5377 million cubic meters of biogas from biomass, resulting in an estimated annual reduction of approximately 16,768.04 tons of carbon dioxide emissions.

Energy Conservation and Consumption Reduction Measures

Emission Reduction Projects	Achievements
Separation and renovation of steam drainage pipe and sewage expansion tank's drainage pipeline	Separating the steam drain pipe from the sewage expansion tank's drainage pipeline to mitigate internal temperature rise caused by high-temperature gas and water, thereby conserving approximately 45,000 tons of softened water and yielding an annual cost savings of RMB58,000.
One-line steam pipeline renovation	Reducing the pipeline detour by 300 meters, which decreases pressure loss by 8%, eliminates the need for 7 steam traps, and results in an annual steam cost savings of RMB460,000.
Improvement of concentrated water recovery	Using a 45-ton water tank to collect concentrated water and incorporating a water supply pump to save 225 tons of well water per day and save RMB25,000 annually.
Power generation by solar photovoltaic	Actively developing photovoltaic power generation, with an annual power generation of 20,955.39 megawatt-hours.
Biomass biogas	Actively utilizing biogas from biomass, with an annual usage of 15.774 million cubic meters.



Case Pipeline Separation Renovation Reduces the Use of Softened Water

The original steam drainage pipe at Feihe, intersected with the sewage expansion tank's drainage pipeline, resulted in an increase in internal tank temperature due to the discharge of high-temperature gas and water from the steam trap, which necessitated the use of substantial quantities of softened water for cooling. To address this issue, Feihe implemented a renovation strategy involving the separation of the steam drainage pipe from the sewage expansion tank's drainage system, effectively mitigating temperature increase and reducing the consumption of softened water. Post-renovation, the Company saved approximately 45,000 tons of softened water annually, yielding cost savings of roughly RMB58,000, thereby significantly enhancing resource utilization efficiency.

Case Pipe Network Renovation Project at Kedong Factory

The Kedong factory has modified its pipelines to channel cooling water from air compressors into the second-phase boiler for utilization. This renovation recycles 185 tons of water daily, significantly enhancing the efficiency of water resource utilization.



Pipe Network Renovation Project



Water Resources Management

Feihe meticulously adheres to the *Water Law of the People's Republic of China* and consistently prioritizes the conservation and protection of water resources as a fundamental component of sustainable development. The Company perpetually enhances water efficiency within its production processes through the establishment of a scientifically grounded water resource management system and incorporates measures such as tiered water treatment, recycling and utilization, and infrastructure upgrades.



In 2024, each factory conserved a total of **138,000** tons of water

Water Resources Management Measures

Tiered water treatment

- Feihe Intelligent Industrial Park categorizes and utilizes water resources for diverse purposes to mitigate water wastage.

Recycling and utilization

- Longjiang factory inaugurates a specialized water-conservation initiative, which encourages the recycling of water used for pre-treatment, cleaning, pre-flushing, concentrated water from RO<sup>33</sup> units, and first-stage condensates from evaporators, among others, to further diminish water resource squander.
- Feihe Intelligent Industrial Park employs membrane technology to reclaim the concentrated water produced during the purification process and purify it prior to reuse, enhancing the efficiency of water utilization.

Pipeline network renovation

- Through pipeline modifications, the Kedong factory introduces the cooling water of air compressors into the second-phase boiler, effectively recycling and utilizing this cooling water.

Process optimization

- The Longjiang factory streamlines cleaning techniques to minimize both the duration and frequency of Clean-In-Place<sup>34</sup> (CIP) procedures, resulting in a reduction of water resource consumption.

Packaging Material Management

Feihe strictly adheres to relevant laws and regulations, including the *Circular Economy Promotion Law of the People's Republic of China*, and actively engages with national environmental policies with a dedication to minimizing the use of packaging materials. The Company has enhanced the utilization rate of packaging materials and reduced waste by optimizing packaging design throughout the raw material supply process. Furthermore, Feihe prioritizes the use of recyclable packaging materials and employs precise design strategies to reduce unnecessary packaging, thereby decreasing overall packaging consumption and fostering resource recycling. In 2024, 100% of the packaging materials utilized in Feihe's production were recyclable.

Packaging Material Management Project and Measures at Feihe

Lightweight carton box for infant products

Reduce consumption of paper materials by optimizing the carton design of infant products

Lightweight covers for milk powder containers

Achieve a lightweight solution and reduce plastic usage by improving the design of covers for milk powder containers

Use of recyclable logistics container

Promoting the use of plastic recycling boxes, facilitating the reuse of logistics packaging, decreasing the reliance on disposable packaging materials, and further advancing environmental protection and resource conservation


<sup>33</sup> RO: Reverse osmosis, membrane filtration/reverse osmosis water treatment system

<sup>34</sup> CIP: Clean-in-Place

Green Office

Feihe actively champions the adoption of green office practices, committing to the promotion of energy conservation, emission reduction, and the efficient utilization of resources. By implementing a comprehensive array of environmental measures, the Company has diminished energy consumption and costs within the office environment and augmented employees' awareness of environmental sustainability.


Green Office Measures


Project	Measure
Build energy-saving signage in the headquarters' office area	Build energy-saving signage in work areas to encourage employees to conscientiously switch off air conditioning and electrical devices when not in use.
Green commuting	Launch a 10-day "Green Commuting Challenge" to encourage staff to adopt low-carbon commuting methods, such as walking or cycling, and to log their environmental contributions through applications like Baidu Maps, which involves 27 participants, and accumulates a collective low-carbon travel distance of 636.7 kilometers. <div></div>
Sort out and recycle office waste	Foster the sorting and recycling of office waste, encompassing materials like paper, plastic, and electronic goods. Encourage reduced use of disposable products, and advocate for the transition to electronic documents over traditional paper formats to reduce paper waste.

Case

### Build Energy-saving Signage in Headquarters' Office Area

Feihe commenced an initiative to enhance energy efficiency within the headquarters office area from March 2024 onward. The administrative department introduced energy-saving signage to prompt employees to deactivate air conditioning units and electrical devices when not in use and fostered a culture of vigilance and reduction in energy consumption during their routine activities. As a result of this intervention, the Company reported substantial advancements in water conservation for the year 2024, achieving a 50.9% reduction in water usage relative to the previous year.





Signage in Office Area

Emissions Management

Feihe consistently embraces the principles of environmental sustainability and rigorously complies with regulations and dedicates efforts to reduce environmental degradation. The Company has introduced a suite of innovative and effective measures for managing wastewater, emissions, solid waste, noise, and particulate matter to ensure that all discharges adhere to environmental standards and mitigate adverse effects on the local ecosystem.

Wastewater Discharge

Feihe rigorously adheres to national and local environmental regulations, including the *Water Pollution Prevention and Control Law of the People's Republic of China*. The Company meticulously oversees the treatment, utilization, and discharge of both industrial and domestic wastewater.

Feihe adopts a wastewater segregation and treatment plan to separate rainwater, domestic sewage, and production effluent for targeted discharge and treatment. By minimizing sewage volume at its source and employing measures such as establishing wastewater treatment facilities and conducting online equipment testing, the Company ensures that all wastewater discharges meet regulatory standards.

Wastewater Discharge Management Measures at Feihe

#### Wastewater treatment facilities

Feihe has established independent wastewater treatment facilities at various factories and integrated these systems with municipal sewage infrastructure to ensure that the treated wastewater complies with regulatory standards prior to its release into urban treatment facilities.

In 2024 Feihe's wastewater treatment plant attained full compliance with emission standards for pollutants

100%

#### Online equipment testing

Feihe has introduced state-of-the-art wastewater treatment technologies and real-time monitoring systems to assess water quality continuously, significantly mitigating the risk of water pollution.

Case

### Wastewater Segregation and Treatment

Feihe has introduced a wastewater segregation and treatment plan that segregates rainwater, domestic sewage, and industrial effluent for targeted treatment. This approach significantly diminishes the workloads and expenses associated with wastewater processing. By implementing this strategy, Feihe has refined its wastewater treatment procedures, lowered the financial burden of treatment, and effectively mitigated environmental contamination.






Waste Gas Emission

Feihe complies with relevant laws and regulations, including the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* and the atmospheric emission standards applicable to the place where it operates. This year, the Company has developed management frameworks such as the *Pollutant Emission Management System* and the *Waste Gas Emission Management Procedure*. By identifying key pollution sources and implementing effective control measures, Feihe ensures that its waste gas emissions adhere to environmental protection standards. The Company has adopted several strategies to significantly reduce waste gas emissions, including the installation of bag filter systems on drying towers and enhancing the detection and inspection of waste gas emissions across various operations to ensure regulatory compliance. Furthermore, Feihe has established a packaging material production line within the factory premises through a "factory within a factory" model, which shortens transportation distances and reduces waste gas emissions during transit, further advancing its goals of environmental protection, energy conservation, and emission reduction.

Case

Waste Gas Emission Control at the Lactoferrin Workshop of Kedong factory

Following the resolution of waste gas emissions issues in the lactoferrin workshop, the Kedong factory has taken several corrective measures. The factory has installed testing ports within the workshop and conducts regular waste gas testing and inspections. Additionally, signage has been erected to ensure that waste gas emissions comply with environmental standards. Through these effective measures, the Kedong factory has successfully managed waste gas emissions from the lactoferrin workshop, enhancing its environmental management practices.



New Testing Ports at Lactoferrin Workshop

Case

Applying the Model of "Factory Within a Factory"

Feihe Dairy has improved its production layout by adopting the model of "factory within a factory", which significantly lowers the transportation of raw materials and finished products, and reduces the emissions of waste gases associated with transit. The synergy of independent production units with advanced exhaust gas treatment systems facilitates meticulous control over waste gas emissions. Concurrently, the refinement of production techniques has curtailed both energy usage and emissions and fostered eco-friendly production and sustainable growth.



Partners's Internal Factory at Feihe

Waste Discharge

Feihe strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* and the *Law of the People's Republic of China on Environmental Impact Assessment*. In 2024, Feihe revised the *Hazardous Waste Management System* to ensure the principles of reduction, recycling and harmless Treatment are integrated into waste management practices and guarantee compliant disposal of waste.

Feihe has implemented tailored treatment measures for various waste types, enhancing the efficiency of waste disposal. To foster recycling, the Company categorizes and manages solid waste across factories and adheres to standardized protocols. With regard to garbage sorting, Feihe actively encourages the adoption of the waste sorting system among all employees and ensures the correct disposal of household and construction waste through ongoing training and promotional activities. For hazardous waste, the Company regularly updates management inventory, refines processing procedures, minimizes environmental hazards, and ensures compliance with environmental regulations and protection standards.

Type of Waste	Measure
General waste	<ul style="list-style-type: none"><li>Place different waste receptacles in the office environment and at construction sites, affix clear labels and provide training to staff to ensure accurate sorting and disposal of waste.</li><li>Designate specific individuals to liaise with the environmental sanitation authorities to determine the schedule, location, and frequency of waste collection, guaranteeing prompt waste removal and transport.</li><li>Establish waste records documenting the daily volume of waste to understand waste patterns and facilitate compliance with regulatory inspections.</li></ul>
Hazardous waste	<ul style="list-style-type: none"><li>It strictly prohibits the direct dumping of hazardous chemical waste into the sewer, aiming to prevent water environmental pollution incidents.</li><li>The warehouse administrator within the storage and transportation supply department meticulously sorts out and stores hazardous waste in accordance with established identification protocols, and fills in the <i>Hazardous Waste Entry and Exit Ledger</i> before storing the waste. They ensure the recycling and safekeeping of waste, conduct regular ledger audits, and monitor disposal activities.</li><li>In each production unit, clearly labeled dedicated storage barrels or boxes are set up for recycling hazardous waste. Once the amount of recycled waste aligns with predefined standards, it is uniformly sent to the storage and transportation department's hazardous waste storage room. When the warehouse's storage capacity approaches 80%, a <i>Hazardous Waste Transfer Plan Form</i> is submitted to initiate the process for external transportation.</li><li>Following the preparation of the hazardous waste disposal manifest by the Environmental, Health, and Safety (EHS) department, a certified company is commissioned to execute transportation and ensure environmentally sound disposal practices.</li></ul>

Noise Management

Feihe proactively takes action to mitigate noise pollution by incrementally substituting high-decibel machinery with quieter alternatives. For equipment that cannot be substituted, comprehensive improvements are devised to minimize noise emissions. The Company persistently engages in noise surveillance, evaluates the noise levels within the factory premises quarterly and conducts monthly assessments in areas with elevated noise levels, while consistently monitoring the efficacy of improvement initiatives. Moreover, Feihe has established a greenbelt around the factory perimeter and augmented the deployment of acoustic barriers to attenuate the noise impact on the adjacent environment, thereby safeguarding a serene and congenial working and living ambiance.

Dust Management

Feihe has instituted robust dust control protocols. In 2024, the Company enhanced the road surfacing within the factory premises and erected solid barriers around construction sites to mitigate dust dispersal effectively. For the management of construction debris, the Company employs both water spraying and bag filters to curtail dust production maximally. Concurrently, rigorous cleaning procedures are applied to vehicles departing the facility, ensuring that no residual mud adheres to their exteriors, preventing dust pollution at its origin. Additionally, the factory routinely deploys road sprinklers to cleanse and hydrate the internal roadways and greenbelts, suppressing dust and upholding the cleanliness and sanitary conditions of the factory's surroundings.

Key Environmental Performance

Feihe's Key Environmental Performance in the past three years

Indicator		Unit	2022	2023	2024	
Waste gas	Total waste gas emissions	m³	621,748,140.50	663,921,366.12	638,041,578.97	
	SO <sub>2</sub>	Tonne	5.14	22.08	19.45	
	NO <sub>x</sub>	Tonne	25.52	50.87	57.59	
	PM	Tonne	6.65	2.31	2.06	
	Smoke	Tonne	5.93	1.96	2.01	
Waste water	Total domestic and industrial waste water discharge	10,000 tonnes	274.11	315.49	404.50	
	COD	Tonne	80.52	72.19	106.67	
	BOD	Tonne	23.52	23.08	33.96	
	Ammonia nitrogen	Tonne	4.00	6.54	10.68	
CO <sub>2</sub> emissions	Total	10,000 tonnes	16.08	18.78	18.70	
	Scope 1	10,000 tonnes	11.93	12.16	12.61	
	Scope 2	10,000 tonnes	4.15	6.62	6.08	
	Green-house gas(GHG) emissions per unit	Tonne/RMB ten thousand	0.075	0.096	0.090	
Hazardous waste	Abandoned laboratory flasks	Tonne	8.94	13.39	14.91	
	Waste liquid	Tonne	11.01	12.58	12.49	
	Waste engine oil	Tonne	3.25	3.49	5.81	
	Waste battery	Tonne	/	9.89	/	
	Total	Tonne	25.44	39.35	33.21	
	Density	Tonne/RMB ten thousand	0.0000119	0.0000201	0.0000160	
General waste	General domestic solid waste	Kitchen waste	Tonne	36.95	42.65	47.51
		Other	Tonne	1,156.87	/	/
	General industrial solid waste	Ash	Tonne	114.89	/	/
		Slag	Tonne	1,051.05	/	/

Indicator			Unit	2022	2023	2024
General waste	General industrial solid waste generated	Sludge	Tonne	94.17	143.70	149.56
		Waste paper	Tonne	29.57	/	/
		Waste wooden pallets	Tonne	/	80.53	/
		Total	Tonne	2,483.50	266.88	197.07
	Density		Tonne/RMB ten thousand	0.00114	0.00014	0.00009
Energy consumption		Purchased electricity	10,000 kWh	6,883.22	11,100.22	10,809.64
		Solar power generation electricity	10,000 kWh	/	198.70	2,095.54
		Coal	Tonne	3,991.22	/	/
		Diesel	Liter	48,467.47	55,835.16	56,606.11
		Petrol	Liter	/	1,257.53	670.59
		Natural gas	10,000 standard m³	5,065.68	5,548.66	5,756.03
		Biomass-to-natural gas consumption	10,000 standard m³	/	566.03	1,577.40
		Steam	Tonne	737,467.56	860,971.35	976,734.36
		Total comprehensive energy consumption	10,000 tonnes of standard coal	17.07	19.82	23.65
		Total comprehensive energy consumption per unit	Tonne standard coal/RMB ten thousand	0.080	0.101	0.114
Water consumption		Total office and industrial water consumption	10,000 tonnes	326.32	406.81	403.78
		Water consumption per unit	Tonne/RMB ten thousand	1.531	2.083	1.946
Packaging material consumption		Paper	Tonne	18,065.16	27,176.72	21,198.57
		Metal	Tonne	37,526.02	26,079.63	33,251.96
		Plastic	Tonne	9,844.82	9,674.35	10,190.76
		Total	Tonne	65,436.01	62,930.70	64,641.29
Office wastepaper			Tonne	/	32.62	14.23
Environmental protection investment			RMB ten thousand	638.19	353.68	2,856.00



Note:

1. Data collected was based on domestic businesses in the People's Republic of China.
2. After adjustment, we traced and updated some of the data for 2022 and 2023.
3. Comprehensive energy consumption calculations are based on the *General Principles for Calculation of Total Production Energy Consumption GB/T 2589-2008*, which refers to the usage of fuel oil, diesel, natural gas, electricity, steam, coal and water.
4. GHG emissions are calculated according to the *Guidelines for Greenhouse Gas Emission Accounting and Reporting for Food, Tobacco, Wine, Beverages, and Refined Teas Enterprises (For Trial Implementation)* issued by the National Development and Reform Commission and electricity carbon dioxide emission factor for 2022 issued by Ministry of Ecology and Environment of the People's Republic of China Scope I emissions include emissions from fossil fuel combustion and Scope II emissions include those attributable to externally purchased electricity.

5. Notes on the statistical method:

In 2024, the environmental data disclosed by Feihe came from nine factories, namely, Heilongjiang Feihe Dairy Products Co., Ltd, Gannan Factory, Longjiang Factory, Jilin Factory, Baiquan Factory, Tailai Factory, Shanxi Factory, Harbin Factory and Qiqihar Factory, with Qiqihar Factory being the newly added statistical unit. Due to the expansion of the statistical scope, some data has shown a certain increase compared to the same period last year.

6. Calculation method:

For the conversion of air pollutants, reference is made to the calculation formula in the *Emission Coefficient and Material Calculation Methods for Industries Not Included in the Emission Permit Management (For Trial Implementation)* issued by the Ministry of Environment Protection of the PRC.

The formula for calculation of SO<sub>2</sub> emissions:  $PSO_2 = Q \times \eta \times 0.85 \times 2 \times 10$ .

The formula for calculation of NO<sub>x</sub> emissions:  $PNO_x = Q \times \mu$ .

Where: PSO<sub>2</sub> is sulphur dioxide emissions (kg); Q is fuel consumption (tonne); n is sulphur content of fuel (%). PNO<sub>x</sub> is NO<sub>x</sub> emissions (kg); Q is fuel consumption (tonne); is pollutant discharge coefficient.

Combined energy consumption is calculated according to the *General Principles for Calculation of Combined Energy Consumption (GB/T25892008)* based on the consumption of energy sources including coal, diesel, natural gas, electricity and externally purchased thermal power.

GHG emissions are calculated according to the *Guidelines for Greenhouse Gas Emission Accounting and Reporting for Food, Tobacco, Wine, Beverages, and Refined Teas Enterprises (For Trial Implementation)* issued by the National Development and Reform Commission and electricity carbon dioxide emission factor for 2022 issued by Ministry of Ecology and Environment of the People's Republic of China, where Category I emissions include emissions from fossil fuels combustion and emissions from wastewater treatment and Category II emissions include those attributable to externally purchased electricity.

Appendix

Index of the HKEX ESG Reporting Code

Environmental

General Disclosures and KPIs		Description	Location
Aspect A1: Emissions			
General Disclosure		Information on:  (a) The policies; and  (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P77-P88
KPI	A1.1	The types of emissions and respective emissions data.	P89-P91
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P89-P91
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g.per unit of production volume, per facility).	P89-P91
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P89-P91
	A1.5	Description of emission target(s) set and steps taken to achieve them.	P86-P88
	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.	P86-P88

General Disclosures and KPIs		Description	Location
Aspect A2: Use of Resources			
General Disclosure		Policies on the efficient use of resources, including energy, water and other raw materials.	P82-P85
KPI	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).	P89-P91
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P89-P91
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P82-P85
	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.	P82-P85
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P89-P91
Aspect A3: The Environment and Natural Resources			
General Disclosure		Policies on minimising the issuer's significant impacts on the environment and natural resources.	P80-P81
KPI	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P80-P81
Climate-related Disclosures	Governance	Governance	P77-P79
	Strategy	Climate-related risks and opportunities	P77-P79
		Business model and value chain	P77-P79
		Strategy and decision-making	P77-P79
		Financial position, financial performance and cash flows	Not applicable

General Disclosures and KPIs		Description	Location
Climate-related Disclosures	Strategy	Climate resilience	Not applicable
		Financial effects of climate-related risks and opportunities	Not applicable
	Risk Management	Risk Management	P77-P79
	Metrics and Targets	Greenhouse gas emissions	P77-P79
		Climate-related transition risks	P77-P79
		Climate-related physical risks	P77-P79
		Climate-related opportunities	P77-P79
		Capital deployment	Not applicable
		Internal carbon prices	Not applicable
		Remuneration	Not applicable
		Industry-based metrics	Not applicable



Social

General Disclosures and KPIs		Description	Location
Aspect B1: Employment			
General Disclosure		Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods,  equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P53-P56
KPI	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	P54
	B1.2	Employee turnover rate by gender, age group and geographical region.	P54-P55
Aspect B2: Health and Safety			
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 providing a safe working environment and protecting employees from occupational hazards.	P61-P63
KPI	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P62
	B2.2	Lost days due to work injury.	P62
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P61-P63
Aspect B3: Development and Training			
General Disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P56-P61
KPI	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P61
	B3.2	The average training hours completed per employee by gender and employee category.	P61

General Disclosures and KPIs		Description	Location
Aspect B4: Labour 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.	P53-P56
KPI	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P53-P56
	B4.2	Description of steps taken to eliminate such practices when discovered.	P53-P56
Aspect B5: Supply Chain Management			
General Disclosure		Policies on managing environmental and social risks of the supply chain.	P67-P70
KPI	B5.1	Number of suppliers by geographical region.	P68
	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.	P67-70
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P67-70
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P69
Aspect 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.	P31-P38
KPI	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P38

General Disclosures and KPIs		Description	Location
KPI	B6.2	Number of products and service related complaints received and how they are dealt with.	P41
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P45-P46
	B6.4	Description of quality assurance process and recall procedures.	P31-P38
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P26-P28
Aspect 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.	P23-P25
KPI	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.	P23
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P24-P25
	B7.3	Description of anti-corruption training provided to directors and staff.	P25
Aspect 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.	P71-P74
KPI	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P71-P74
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P71-P74

# Feedback Form

Dear readers,

Thank you for taking the time to read the 2024 Environmental, Social, and Governance (ESG) Report of China Feihe Limited. We deeply appreciate your feedback on our ESG management, practices, and reporting. Your insights and suggestions are invaluable to us as we strive to enhance our corporate ESG initiatives. We eagerly await your response.

1. Which type of stakeholder do you belong to for Feihe?

- ☐ Shareholder and investor
- ☐ Employee
- ☐ Supplier
- ☐ Customer
- ☐ Government and regulator
- ☐ Community
- ☐ Partner
- ☐ Industry Association/NGO
- ☐ Other (please specify) \_\_\_\_\_

2. Your overall evaluation of this report?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

3. How clear, accurate and complete do you think the information and data disclosed in this report is?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

4. How comprehensive do you think this report is in reflecting the governance responsibilities

undertaken by Feihe?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

5. How comprehensive do you think this report is in reflecting the environmental responsibilities undertaken by Feihe?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

6. How comprehensive do you think this report is in reflecting the social responsibility undertaken by Feihe?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

7. What do you think of the design and layout of this report ?

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Poor

8. Are there any specific details that you wish were included in this report?

9. Do you have any comments or suggestions on Feihe's environmental, social and governance work and the preparation of the report?



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