

中国飞鹤

中國飛鶴有限公司

China Feihe Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code:6186

2025

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, 2025, with some parts earlier or later than the time above.

Reporting Scope

This report 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).

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 2024 Feihe ESG Report without any significant changes.

Reporting Entity

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

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.

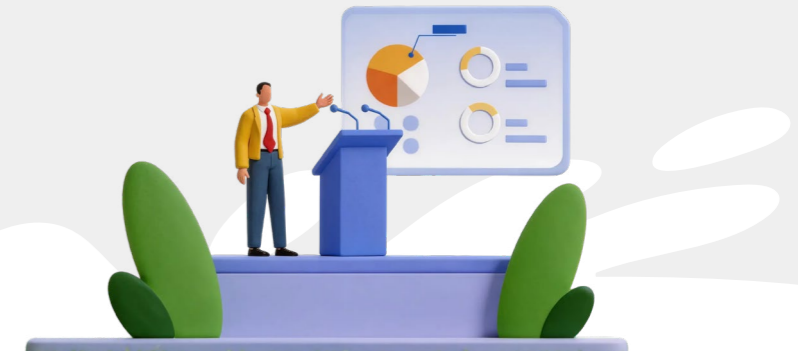
Message From The Chairman



Rooted in decades of dedicated advancement, our founding mission remains steadfast and unwavering. As we step into 2025, amid the evolving landscape of high-quality development and consumption upgrading within the global dairy industry, Feihe draws on 63 years of heritage and expertise in infant nutrition and dairy manufacturing as our cornerstone. Guided by our core philosophy of "Better Suited to the Physique of Chinese Babies", we forge ahead boldly on the path of full-industry-chain sustainable development. We uphold our core values—customer first, action speaks louder than words, mutual achievement, and endless progress—and deeply embed ESG principles into every dimension of corporate operations. We consolidate the foundation of sustainable growth through compliance-centric governance, forge our brand core essence with uncompromising quality, empower industrial advancement with technological innovation, gather collaborative momentum through corporate responsibility, and map out long-term value via green transformation. In this new era of development, we deliver tangible, high-standard performance that embodies the commitment and responsible practice of a leading national dairy enterprise.

Refining Governance System to Fortify Sustainability Foundations

Feihe propels high-quality, steady and long-term corporate growth via the modernization of its governance structure and internal control systems. We have established a robust Three Lines of Defense risk management mechanism covering the entire business chain. Throughout 2025, we conducted 30 specialized compliance and risk audits, achieved a 100% signing rate for anti-corruption and integrity agreements across the entire supply chain, and obtained ISO 27001 information security management certification, with our data protection capabilities fully aligned with international standards. Through continuous optimization of the corporate governance structure and upgrading of key risk control nodes, we have built a modern governance system featuring scientific decision-making, proactive risk control, and full-process compliant operations.



Quality as the Cornerstone, Forging a Trusted Brand Core

Feihe has upgraded its full-industry-chain quality management system to meet top-tier global standards. All manufacturing facilities hold dual authoritative certifications of ISO 9001 and FSSC 22000, while our six core production bases have concurrently obtained HACCP and GMP certifications. The Company has implemented a full-lifecycle closed-loop quality management system spanning from dairy farms to end consumers, realizing standardized control across the entire product value chain. In terms of quality assurance infrastructure, Feihe operates 11 CNAS-accredited in-house laboratories, covering 104 authoritative testing indicators and items. Adopting a comprehensive, batch-by-batch inspection protocol for incoming raw and auxiliary materials as well as outgoing finished products, we maintained a zero product recall record throughout the reporting year. For raw milk procurement, we achieve 100% self-sufficiency of fresh raw milk from self-operated dairy farms via intelligent precision farming systems. Concurrently, we have built a full-lifecycle digital supplier management platform, reaching 100% coverage of digitalized supplier oversight. With meticulous attention to every detail and unwavering craftsmanship, we stay true to our founding commitment to protecting the nutritional health and well-being of Chinese infants.

Embracing Corporate Responsibility, Fostering Collaborative Industrial Growth

We have established a structured 3+2+4 talent development and empowerment system, achieving 100% coverage of employee training and fully implementing an occupational health and safety management system. Throughout the year, we hosted more than 300 sessions of industry chain collaboration and technical capacity-building training programs, driving upstream and downstream partners to jointly build a consolidated food safety and quality defense line. Over the past three years, we have invested a cumulative total of RMB 65 million in rural education initiatives, benefiting 3.3 million students; donated nutritional products worth over RMB3 million to earthquake-affected areas in Shigatse to safeguard maternal and infant health; and contributed RMB 1 million to support the preservation of the Former Site of Japanese Army Unit 731, protecting national historical memory. Through such multi-dimensional social initiatives, we integrate corporate social responsibility into the broader landscape of national social and economic development.

Deepening Green Transition, Leading Sustainable Dairy Industry Development

Feihe actively responds to the national dual carbon (carbon peaking and carbon neutrality) strategy, establishing a three-tiered climate governance structure and setting a long-term vision of achieving full value chain carbon neutrality by 2050. We have constructed the largest biomass and natural gas project in high-altitude and cold-climate regions, processing 40,000 tons of crop straw and 100,000 tons of livestock manure annually, lifting the comprehensive resource utilization rate of agricultural waste to 95%. In 2025, 100% of our manufacturing facilities obtained ISO 14001 environmental management certification, with three additional facilities recognized as national-level green factories. All packaging materials achieved 100% recyclability, with the packaging material consumption intensity decreasing by 16%. Furthermore, our innovative crop-livestock integration ecological model has been selected as a best practice case by the Food and Agriculture Organization of the United Nations (FAO).

With clear long-term milestones and a steadfast commitment to our founding mission, we embrace the responsibilities of the new era. As the dairy industry enters a new phase of high-quality development, we remain true to our original aspirations and focus on long-term value creation. Looking ahead, Feihe will continue to take quality as the lifeblood, anchor innovation as the core driving force, continuously deepen full-industry-chain lean quality management, accelerate the implementation of green and low-carbon transformation, and promote symbiotic industrial growth through corporate responsibility. With concrete actions and tangible results, we will empower the steady and sustained progress of China's dairy industry, injecting robust momentum from Feihe into the advancement of Chinese-style modernization.

Leng Youbin
Chairman

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 the 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.

1. Materiality

Underpinned by Board oversight and review mechanisms, Feihe systematically identifies material ESG topics by focusing on issues that exert a substantial impact on key stakeholders, including investors, consumers, employees, supply chain partners, and local communities.

2. Quantification

All ESG targets established by Feihe are designed to be measurable, trackable, and verifiable, enabling historical comparison, peer benchmarking, and assessment against industry standards. Greenhouse gas (GHG) emissions are calculated in strict compliance with guidelines issued by the Ministry of Ecology and Environment (MEE) and the National Development and Reform Commission (NDRC), specifically referencing the *Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions from Enterprises in the Food, Tobacco, Beverage and Refined Tea Industries (Trial)*, the *General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)*, and relevant energy and resource quota standards applicable to the dairy and food processing sectors. This approach ensures that all disclosed data is scientifically robust, transparent, and comparable across reporting periods and industry peers.

3. Balance

This report is prepared in accordance with the principles of objectivity and fairness, providing a comprehensive and accurate account of Feihe's ESG performance, governance mechanisms, and areas requiring improvement. It deliberately avoids selective reporting, omission of material information, or presentation formats that could unduly influence stakeholder judgment, thereby offering investors, regulators, consumers, and the public with reliable and complete information for informed decision-making.

4. Consistency

To ensure the longitudinal comparability of ESG data, Feihe maintains consistency in the reporting boundaries, calculation methodologies, and underlying assumptions for all Key Performance Indicators (KPIs) on a year-on-year basis. Where adjustments are necessitated by business expansion, updates to reporting standards, methodological refinements, or mergers and acquisitions, the Company will clearly disclose the rationale, scope of impact, and any restatement of historical data (as applicable). This practice safeguards the continuity, transparency, and regulatory compliance of our disclosures.

This report details the Company's ESG progress in 2025 and was deliberated and adopted by the Board of Directors on March 26, 2026.



About Feihe

Company Profile

Since its establishment in 1962 in Qiqihar, Heilongjiang Province, Feihe has evolved into a leading enterprise in China's infant formula industry. In November 2019, Feihe was listed on the Hong Kong Stock Exchange and registered the biggest IPO in the formula milk industry. For more than 60 years, Feihe has maintained an unwavering focus on the research, development, and manufacturing of infant formula. Through the construction of a fully integrated "agriculture-livestock-processing" industrial chain, the Company has realized independence and control over its supply chain, spanning forage cultivation, dairy farming, production, and processing. Feihe has been the top-selling infant formula brand in China for seven consecutive years (2019-2025).

Guided by its strategic positioning of "Better Suited to the Physique of Chinese Babies," Feihe has been dedicated to researching the constitution of Chinese babies and breast milk nutrition. Backed by robust research and development capabilities and strong market performance, Feihe has pioneered a series of advanced technologies and formulations to improve product suitability. The Company is committed to developing "fresher and more suitable" infant formula, delivering fresh, safe, and nutritious dairy products to Chinese consumers.

Going forward, Feihe will continue to embrace the philosophy of "with perseverance, build enduring business" and uphold its core values: customer first, action speaks louder than words, mutual achievement, and endless progress. Powered by technological innovation, the Company will further advance green transformation across its full supply chain and accelerate research in precision nutrition, firmly promoting high-quality development within the dairy industry.

Corporate Culture

Vision and Mission

Delivering love through nutrition, striving for a smarter, healthier, and longer life for humanity, and becoming the most trusted leader in all-age nutrition.

Core Values

Customer First: Prioritizing freshness, responsive service, and customer delight.

Action Speaks Louder than Words: Delivering results and keeping promises.

Mutual Achievement: Creating shared value and growing together.

Endless Progress: Continuous innovation, striving for excellence, and joyful learning.

Cultural Strength

One dream, learning together, striving together, and keeping promises.

Organizational Strength

Building a learning-oriented, self-driven, collaborative, and honor-driven organization.



Feihe Awards in 2025

Customer Service

China's Top 100 Service Brands 2025
 CCSO Standards Evaluation Center, Organizing Committee of the China Digital Services Annual Billboard, and Organizing Committee of the China Digital Services Industry Development Annual Conference

**Top 10 Call Centers of 2025
 Excellence in Applied Technology**
 Organizing Committee of the China Call Center Industry Development Annual Conference

2025 Excellence in Customer Service
 GCCA Greater China Contact Centre Alliance

Product Quality

Level 5 Rating in Maturity Assessment for Performance Excellence
 China Association for Quality

Nomination for China Quality Award
 The 5th China Quality Award Selection and Commendation Committee

TPM (Total Productive Maintenance) Award
 Japanese Institute of Plant Management (JIPM)

A' Design Award (Italy)
 International Council of Graphic Design Associations

R&D and Innovation

Special Prize for the Project Research and Development of Key Technologies for Deep Processing of Milk Proteins and the Creation and Industrialization of a New Generation of Nutritional Powder for the Middle-Aged and Elderly
 China Dairy Industry Association

**China Feihe Co., Ltd.
 2025 Superior Taste Award**
 International Taste Institute

**Feihe Infant Formula – Industry Benchmark of the Year
 Ocean Engine Award: Industry Pioneer**
 Ocean Engine

Wiley China Excellent Author Program
 Wiley

2025 World Dairy Innovation Awards
 The 18th Global Dairy Congress

Special Award for Scientific and Technological Progress
 China Dairy Industry Association

Exemplary "Digital Varieties, Quality, and Brands" Initiative
 Ministry of Industry and Information Technology

Social Responsibility

**Feihe's 1.2 Billion Maternity Subsidy Program
 2025 People's Daily Case for Corporate Social Responsibility**
 People's Daily Online

ESG Jinling Best Practice Case, Leading Enterprise in ESG Social Responsibility Practices 2025
 Times Weekly

Green Design International Contribution Award 2025 · ESG Excellent Enterprise Award
 Sina Finance

Best Practice Case: China Feihe Co., Ltd. China Corporate Supply Chain ESG Blue Book 2025
 Research Team of the China Corporate Supply Chain ESG Blue Book (2025)

**China Feihe
 First Batch of Partner Companies for Building Sustainable Brands**
 Sustainable Business Leaders Forum

2025 GF60 Best Sustainable Practice Case
 Green Finance Forum of 60

ESG Whale & Bull Awards ESG Pioneer
 Responsibility Cloud Research Institute

Annual ESG Best Practice Case Studies
 China Times

Participating Companies in the China Business Journey's Public Welfare Initiative for New Consumer
 China Business Journey

Key Performances in 2025

Ensure Compliance in Operations

- 100%** of core business underwent annual audit and inspection.
- 100%** of partners signed the *Integrity and Self-Discipline Agreement* and the *Anti-Commercial Bribery Agreement*.
- 100%** of received complaints and reports were processed.
- 16** anti-corruption and integrity training sessions were held, reaching **100%** of employees.
- 6** information security training sessions were organized, involving **3,500** participants.

Achieve Excellence in Quality

- All factories obtained **ISO 9001** Quality Management System and FSSC 22000 Food Safety Management System certifications.
- We organized **29** quality training sessions, attracting over **600** participants and totaling **280** hours of training.
- No** product recalls occurred.

Enhance Social Well-being

- 9,040** employees received training, achieving **100%** coverage.
- The total training duration reached **496,025** hours, with an average of **55** hours per person.
- We received multiple **Excellent Employer** awards.
- 7** factories obtained ISO 45001 Occupational Health and Safety certification.
- We invested RMB **9.75** million in workplace safety.
- Zero** serious injuries or fatalities.
- 100%** of employees received safety training; **100%** of safety hazards were rectified.

Build Green and Low Carbon Future

- 100%** of solid waste was disposed lawfully.
- Green electricity accounted for **20%** of total electricity consumption, and biogas accounted for **29%**.
- Water reuse rate in production reached **22%**, and water consumption in the supply chain was reduced by **6%**.
- Three** additional factories obtained national-level Green Factory certification.
- Total environmental investment reached RMB **45.0438** million, with **no** environmental-related penalties incurred.
- 74** special campaigns were launched, saved **2,490,900** kWh of energy, and **616,700** tons of water and reduced natural gas consumption by **5,677,600** cubic meters, equivalent to a reduction of **12,852.30** tons of carbon dioxide.
- 100%** of packaging materials used in production are recyclable.

- 100%** medical examination rate for pre-employment, on-the-job, and post-employment.
- We conducted over **300** exchange activities with suppliers.
- 100%** of raw milk is traceable to the pasture; **8** dairy farms obtained GAP certification, and **2** dairy farms obtained organic certification.
- 100%** of procured palm oil and related products are traceable to the refinery; **90%** are traceable to the palm oil mill; and **70%** are traceable to the plantation.
- Nearly RMB **850** million in cumulative cash and goods donations.
- RMB **65** million in cumulative teacher training investment, benefiting **300,000** teachers and over **3.3** million students.

Sustainability Management

Sustainability Philosophy

Feihe fully integrates the concept of sustainable development into its strategic planning and business operations. Guided by its core values of "customer first, action speaks louder than words, mutual achievement, and endless progress," the Company has deeply embedded its brand DNA—"FRESH"—into all dimensions of environmental protection, social responsibility, and product innovation. The Feihe FRESH system is built on full-industry-chain operations. With the vision and mission of "delivering love through nutrition, striving for a smarter, healthier, and longer life for humanity, and becoming the most trusted leader in all-age nutrition," the Company focuses on five key dimensions: **F** (Full-lifecycle Nurture), **R** (Responsible Co-Prosperity), **E** (Environmental Sustainability), **S** (Scientific Empowerment), and **H** (Health & Wellbeing Stewardship). This framework establishes an ESG development system centered on "nutrition as the core, shared industrial prosperity, ecological circulation, technology-driven innovation, and love and responsibility," systematically advancing corporate sustainability practices and promoting the coordinated development of the economy, society, and the environment.

Guided by the principle of "pursuing sustainable development in a better way," we convey love through nutrition by building a comprehensive product portfolio covering all life stages—from infants and toddlers to children, adolescents, adults, and the elderly. Combined with customized formulations and professional nutritional services, we lay a solid foundation for family health across all life stages. Leveraging our integrated "agriculture, animal husbandry, and processing" industrial chain, we drive a shared prosperity chain, create jobs, increase farmers' incomes, and enhance the value of local farmland. Meanwhile, we provide educational and skills support in rural areas, using industrial revitalization to propel comprehensive rural revitalization. Grounded on the national dual carbon goals, we operate multiple national-level green factories, pioneer an "Crop-Livestock Integration" ecological model, deploy renewable energy, realize resource utilization of waste, and continuously advance green production and black soil protection. We use technology to drive quality production and product service upgrades, deepen research on Chinese breast milk, master milk protein extraction and in-house production of core raw materials, and leverage AI technology to empower R&D, dairy farm management, production and quality control, and customer service. Driven by a commitment to milk protein nutrition and public health, we carry out public welfare initiatives such as maternal and infant care and medical assistance, sponsors sports events, and advocates for national health. We also provide targeted relief for emergencies and vulnerable groups, ensuring that public welfare benefits more areas of people's lives.

ESG Governance

Feihe puts in place a three-tiered ESG governance framework consisting of the Board of Directors, the Environmental, Social and Governance (ESG) Committee, and the management and executive teams. By clearly defining the authority and accountability of each tier, Feihe establishes a closed-loop ESG governance mechanism featuring "decision-making, coordination and implementation," thereby ensuring the effective and efficient execution of ESG strategy.











ESG Governance Structure

Communication with Stakeholders

In advancing its sustainability strategy, Feihe attaches importance to stakeholder engagement. Through diversified communication channels, the Company maintains two-way dialogue with all key stakeholders. The Company regularly identifies, collects, and responds to its concerns and expectations, integrating such insights into corporate governance and strategic decision-making frameworks. This continuous engagement drives iterative optimization and upgrading of the sustainability management system, fostering shared value creation for all parties.

Feihe's Stakeholder Communication Mechanism

Key Stakeholders	Expectations & Demands	Our Response
 Governments and regulators	<ul style="list-style-type: none"> Operate in accordance with laws and regulations Pay taxes in full and on time 	<ul style="list-style-type: none"> Accept supervision and assessment Regularly participate in meetings and training organized by government and industry associations to maintain effective communication
 Shareholders and investors	<ul style="list-style-type: none"> Improve returns on investment Enhance information disclosure Build greater market value 	<ul style="list-style-type: none"> Convene the general meeting of shareholders Disclose information and make regular announcements Organize investor relations activities
 Consumers	<ul style="list-style-type: none"> Produce high quality products Provide exceptional service experience Create convenient communication channels 	<ul style="list-style-type: none"> Ensuring product quality and safety Invest in R&D and innovation Establish diversified communication mechanism Establish a visual traceability system covering the entire industry
 Industrial chain partners	<ul style="list-style-type: none"> Abide by business ethics Seek win-win outcomes for shared growth 	<ul style="list-style-type: none"> Communicate regularly with suppliers Conduct dealer training and incentive programs
 Industry peers	<ul style="list-style-type: none"> Engage in fair competition Boosting the industry 	<ul style="list-style-type: none"> Participate in industry awards and standards development Collaborate and conduct research with universities
 Environmentalists	<ul style="list-style-type: none"> Protect the environment Improve resource efficiency 	<ul style="list-style-type: none"> Promote green factories Conserve energy and reduce emissions Go green in the workplace
 Employees	<ul style="list-style-type: none"> Safeguard basic employee rights and interests Empower employee career growth Ensure a work-life balance 	<ul style="list-style-type: none"> Establish comprehensive training system and promotion structure Offer competitive compensation and benefits Foster an inclusive and welcoming work environment
 Communities	<ul style="list-style-type: none"> Promote local economic development and job creation Engage in community engagement and support charitable initiatives Support vulnerable groups 	<ul style="list-style-type: none"> Create jobs through industrial development Contribute to rural revitalization Provide nutritious and healthy products to those in poverty Participate in community development Focus on the health of mothers and babies

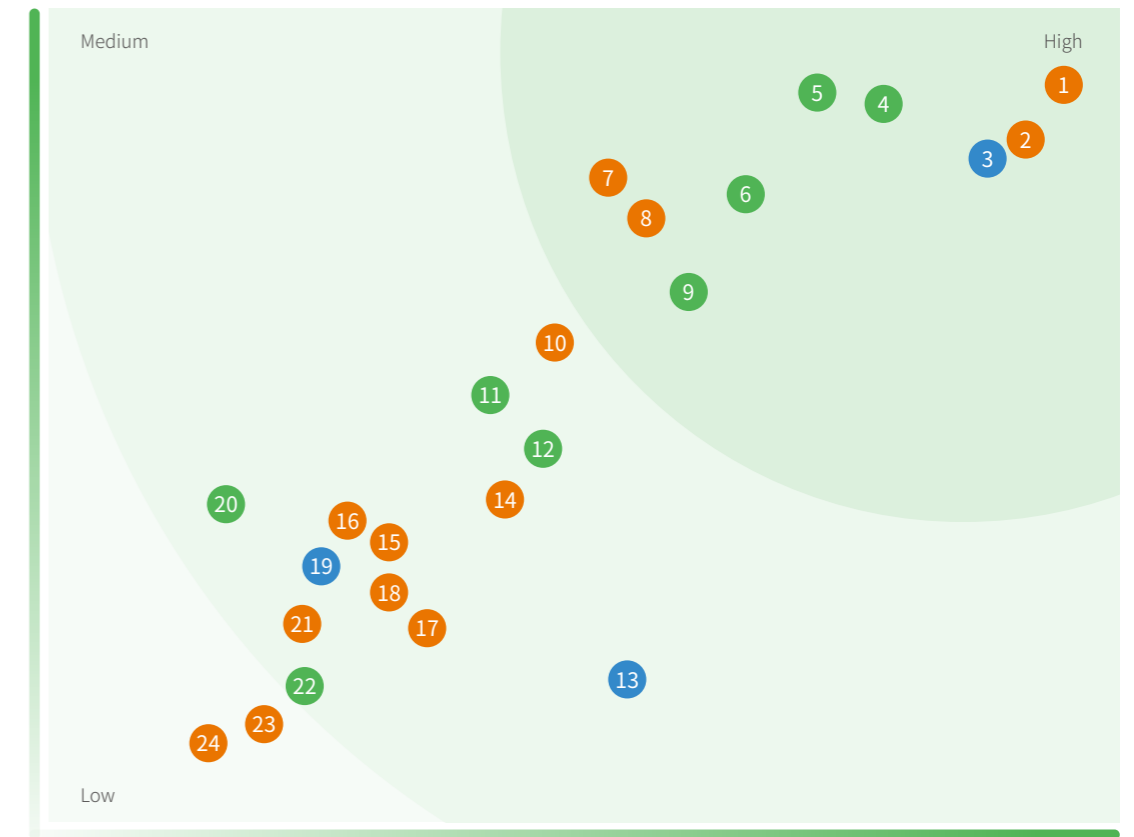
Materiality Issues Assessment

The Company establishes a systematic materiality issues assessment and identification mechanism. Through extensive engagement with both internal and external stakeholders, coupled with analysis of corporate development strategies and industry dynamics, we scientifically prioritize issues that exert substantial impact on operations and stakeholders. This framework ensures that our ESG governance and information disclosure accurately respond to stakeholder concerns and fully align with regulations and sustainability objectives.



Feihe's Material ESG Issues Identification Process

In 2025, Feihe systematically reviewed and reassessed ESG material issues, ensuring dynamic alignment with evolving sustainability trends and effective responsiveness to stakeholder expectations. Through identification, prioritization, and validation, the Company visually mapped the distribution of 24 material issues through a two-dimensional matrix framed by importance to stakeholders and importance to business operations.



Feihe's ESG Materiality Matrix 2025

High	Medium	Low
<ul style="list-style-type: none"> 1 Food Quality and Safety 2 Nutrition and Health Research 3 Compliance Management and Production 4 Greenhouse Gas Emissions 5 Green Packaging and Recycling 	<ul style="list-style-type: none"> 6 Green Procurement of Raw Materials 7 Employee Rights and Welfare 8 Customer Service 9 Water Resource Management 10 Responsible Marketing 11 Response to Climate Change 12 Waste Management 13 Business Ethics and Anti Corruption 14 Diversity, Equality and Inclusiveness 	<ul style="list-style-type: none"> 15 Occupational Health and Safety 16 Career Development and Training 17 Supplier Management 18 Intellectual Property Protection 19 Risk Management 20 Biodiversity Conservation 21 Information Security and Privacy Protection 22 Ecological Environment Protection 23 Animal Welfare 24 Public Welfare and Charity

Sustainability Activities

In 2025, the World Dairy Summit, themed Nourishing a Sustainable World, was successfully hosted in Santiago, Chile. As the sole Chinese brand delivering a keynote address at the opening ceremony, Feihe showcased its upgraded product portfolio, Astrobaby Zhuorui, at the event. The Company also shared its time-tested symbiosis model, which comprises three core dimensions: symbiosis with industrial foundations, symbiosis with global intelligence, and symbiosis with future environment to highly align with ESG governance principles.

Feihe pioneered the industry's first fresh-extraction process for active milk proteins, filling a gap in domestic milk protein extraction technology and continuously enhancing its deep dairy processing capabilities. In 2025, Feihe achieved 100% self-sufficiency in 11 key raw materials, and established large-scale production lines for concentrated whey protein, lactoferrin, desalted whey, cream, and casein, among others. This delivered a replicable technological breakthrough pathway and industrialization model for China's dairy industry. Through core milk protein extraction technology breakthroughs, Feihe fundamentally resolved the dual challenge of low-value utilization of local raw milk and reliance on imported high-value ingredients, thereby boosting raw milk value-added and reducing whey byproduct waste in dairy processing. Additionally, fresh milk from Feihe's own dairy farms reaches the factory within two hours. Locally sourced fresh raw materials shorten the supply chain, reduce the carbon footprint associated with importing raw materials, and cut carbon emissions from repeated high-temperature drying in infant formula production.

01 | Ensure Compliance in Operations

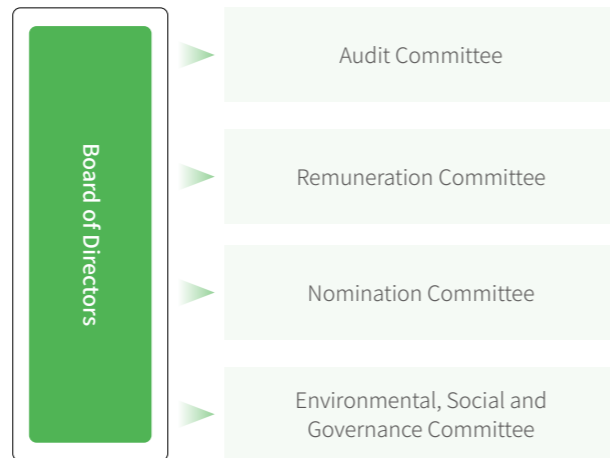
Feihe regards robust corporate governance as the cornerstone of sustainable development. The Company drives long-term sustainability by optimizing its governance framework, enforcing rigorous compliance standards, embedding ethical business practices, and strengthening information security controls. Under the oversight of the Board of Directors, Feihe continuously refines its governance structure, implements an end-to-end compliance and risk management system, integrates business ethics and legal requirements across strategy formulation and operational execution, and deploys advanced technologies and management measures to enhance information security and privacy capabilities.



Governance Structure

Feihe strictly complies with applicable national laws and regulations, as well as domestic and international regulatory regimes, including the *Company Law of the People's Republic of China*, the *Cayman Islands Companies Law*, and Appendix C1 (*Corporate Governance Code*) under the *Main Board Listing Rules of the Hong Kong Stock Exchange*. The Company has established a three-tier governance framework covering decision-making, supervision and execution, centred on the Board of Directors, ensuring clear accountability and coordinated operation across all functions. As the highest decision-making body, the Board oversees four specialized committees: the Audit Committee, Remuneration Committee, Nomination Committee, and Environmental, Social and Governance Committee. This structured governance ecosystem addresses strategy, risk management, human capital and sustainability, delivering professional guidance for key resolutions, elevating decision-making efficiency, and supporting compliant, transparent and sustainable value creation.

Feihe proactively enhances its governance system, viewing Board independence, diversity and professionalism as fundamental to sound operation and sustainable growth. The Company has formally adopted and implemented the *Board Diversity Policy*. Director appointments follow merit-based and objective criteria, taking into account gender, age, cultural background, professional expertise and tenure to foster balanced Board composition. The effectiveness of the policy is reviewed annually, ensuring the Board represents broad stakeholder interests and possesses forward-looking, inclusive leadership to address emerging challenges. Currently, the Board comprises 12 directors, including 4 executive directors, 4 non-executive directors and 4 independent non-executive directors, with full independence from the controlling shareholder in management, operation and finance. During the reporting period, the Board convened 4 meetings, achieving an attendance rate of 92%.



Structure of the Board of Directors

Board Members

Name	Age	Gender	Title	Experience/Skills
Mr. LENG Youbin	57	Male	Executive Director, Chairman and Chief Executive Officer	Industry Expert
Mr. LIU Hua	53	Male	Executive Director, Vice Chairman and Chief Financial Officer	Industry Expert, Financial Expert
Mr. CAI Fangliang	57	Male	Executive Director and President	Industry Expert
Ms. Judy Fong-Yee TU	50	Female	Executive Director, Vice President and Company Secretary	Industry Expert, Legal Expert
Mr. GAO Yu	52	Male	Non-Executive Director	Financial Expert
Mr. CHEUNG Kwok Wah	61	Male	Non-Executive Director	Industry Expert
Mr. Kingsley Kwok King CHAN	49	Male	Non-Executive Director	Financial Expert
Mr. Maher EL-OMARI	55	Male	Non-Executive Director	Financial Expert
Mr. FAN Yonghong	58	Male	Independent Non-Executive Director	Financial Expert
Ms. LIU Jinping	54	Female	Independent Non-Executive Director	Medical Expert
Mr. Jacques Maurice LAFORGE	70	Male	Independent Non-Executive Director	Industry Expert
Mr. SONG Jianwu	62	Male	Independent Non-Executive Director	Journalism Expert



Risk Management System

Building on a robust legal and compliance foundation, Feihe is committed to cultivating a standardized, transparent and ethical operating landscape. The Company continuously refines internal control mechanisms aligned with its core businesses, enhances risk prevention awareness and management capabilities across all employees, and ensures the effective delivery of corporate strategies and stable operations via systematic internal audits and oversight.

Internal Control & Risk Management System

Feihe adopts the *Basic Standards of Internal Control* and the *Group Internal Control Assessment Methods* as the core guidelines for its risk and internal control governance, establishing a comprehensive internal control system that covers the full scope of business operations. Adhering to a prevention-first philosophy, the Company integrates risk management into end-to-end business processes. Through regular effectiveness reviews and assessments of critical workflows, Feihe systematically strengthens risk identification, response and control capabilities, driving the iterative optimization of risk management mechanisms toward standardized and refined operations.

As the core supervisory body of the risk management system, the Audit Committee oversees the comprehensive implementation and effective execution of risk control policies. The Committee has set up a crisis management team to build a full-cycle governance mechanism covering pre-event prevention, in-process response and post-event review. This mechanism enables the Company to respond swiftly and manage crises appropriately, minimizing risk impacts to the fullest extent. Feihe has also established a comprehensive post-crisis assessment and review process: through systematic analysis, lessons learned aggregation and policy refinement, the Company continuously strengthens organizational risk resilience and crisis withstand capacity.

Feihe has implemented a "three-line-of-defense" risk management governance framework featuring clear accountability and collaborative coordination, systematically embedding risk management responsibilities into the organizational structure. By deeply integrating data analytics with specialized verification practices, the Company has developed a risk management architecture and a monitoring system for key risk indicators, ensuring coordinated and efficient operation of risk control and internal supervision mechanisms. The Internal Control Department organizes company-wide annual risk identification activities, evaluating both risks and opportunities from dual positive and negative perspectives. This process updates the risk management framework, assesses identified risk incidents, formulates targeted control measures, and conducts regular monitoring of risk management effectiveness. In 2025, in response to business expansion and new market development, the Company added a series of additional risk control checkpoints, covering risks associated with AI technology application, live-streaming operations, personal information protection and emergency response management.



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

Risk identification

- Each business unit and functional department is the primary entity responsible for risk management and is tasked with implementing risk controls in its day-to-day operations. They establish a company-wide risk framework covering strategic risks, market risks, operational risks, financial risks, legal risks, and ESG-related risks. In 2025, the Company's risk framework includes 31 primary risks, 98 secondary risks, and 156 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

- The Group's Internal Control Department and other functional departments constitute the second line of defense. They are responsible for developing risk management policies, tools, and standards, and for providing professional guidance and independent oversight to the first line of defense.
- They organize company-wide annual and quarterly risk identification and assessment initiatives, classify and prioritize identified risks, and oversee business units in developing response strategies.
- They establish a monitoring system for key risk indicators and regularly report on the overall risk profile.

Risk response

- The Internal Audit Department serves as the third line of defense, operating independently of business operations. It is responsible for objectively auditing and verifying the effectiveness of risk management by the first and second lines of defense. It classifies and ranks identified risk events and develops corresponding strategies and closed-loop management approaches based on specific circumstances.
- Through regular and special audits, it evaluates the effective design and operation of the overall risk management framework and internal control processes. It provides independent assurance to the Board of Directors and the Audit Committee, driving the continuous improvement of the governance system.

Feihe integrates risk awareness and practical competency training into daily management practices. Through department-level thematic training and quarterly specialized coaching sessions, the Company systematically disseminates risk identification methodologies, assessment standards and response strategies, driving the practical application of risk management tools across real-world business scenarios. Quarterly risk management reviews include one-on-one targeted consultations to deliver personalized guidance on specific challenges, effectively enhancing employees' risk sensitivity and response capabilities. In 2025, in tandem with the Group's expansion into new business segments, the Company delivered scenario-based risk identification training for key sectors, including infant and adolescent nutrition, adult milk protein products, functional nutrition, and the "Star Mom's Choice" portfolio. Tailored to the unique characteristics of each business line, the training provided in-depth guidance on risk definitions, identification techniques and strategic assessment frameworks, laying a solid risk control foundation for sustainable business growth.

Internal Control Management

Feihe has established a "Four Horizontal, Nine Vertical" internal control management system to enable structured and process-driven governance of corporate operations and business activities. The Group maintains a dynamic policy optimization mechanism: the Internal Control Department conducts annual comprehensive reviews to promptly identify policy gaps and revision requirements, while tracking amendment progress on a quarterly basis. In 2025, the Group introduced 55 newly formulated and revised policies, building a three-tier policy framework with clear hierarchy and full coverage to ensure all business operations run efficiently within a standardized compliance framework.

Committed to pursuing management excellence, Feihe leverages its pursuit of the National Quality Award as a catalyst to systematically elevate internal management standards. The National Quality Award assessment framework covers five core dimensions: leadership, quality management, innovation capability, brand strength and overall performance. Benchmarked against these standards, Feihe continuously refines governance mechanisms, strengthens process controls, fosters innovation vitality and enhances brand value, achieving the coordinated development of operational quality, efficiency and social responsibility. In 2025, the Company successfully passed the assessment of Provincial Quality Award in Heilongjiang and was honored as an Advanced Unit for Provincial Quality Award, while also advancing to the final evaluation stage of the National Quality Award.

Audit and Supervision

The Company updated its audit policies, including the *Reward and Punishment Management System of Feihe Dairy*, to reinforce business compliance. Audits are performed strictly in accordance with the annual audit plan, with scope covering directors, senior management, functional departments, wholly-owned and controlled subsidiaries, as well as equity-invested companies over which the Group exercises significant influence. Audit evidence and working papers are collected via document review, on-site inspections and other standardized procedures, with formal audit reports issued following internal review and approval. In 2025, the Company conducted full-scope audits of all core business units and middle-to-back-office departments across the Group, and implemented over 30 special audits targeting key business areas and high-risk segments. These targeted audits covered sales expense management, marketing campaign oversight, channel business governance, brand-related expenditures, production material procurement, human resource administration and daily expense reimbursement.

To strengthen the compliance culture and accountability, Feihe integrates audit assessment outcomes and risk monitoring results into the year-end performance appraisal system. A "internal control effectiveness" metric is incorporated into the organizational performance assessments of all business and middle-to-back-office departments, with scores determined based on annual audit findings. A "one-strike veto" rule applies to organizational performance ratings for departments with material compliance issues. Departmental performance results are directly linked to individual employee performance, and a personal performance veto mechanism is enforced for employees bearing direct or indirect responsibility for audit-identified violations. Clear reward and disciplinary mechanisms incentivize employees to diligently fulfill their compliance obligations.



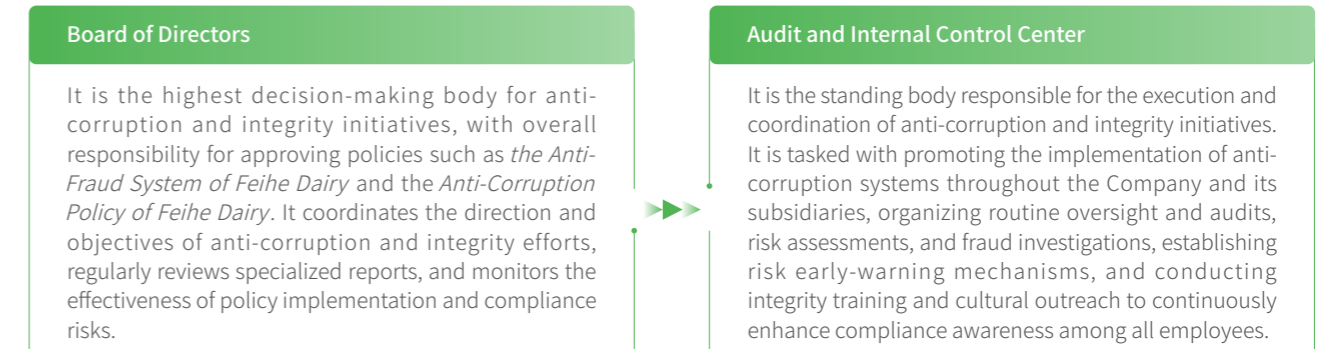
Anti-corruption and Integrity Initiatives

Feihe strictly abides by applicable national laws and regulations, including 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 relevant statutes. The Company has formulated a suite of internal governance policies, such as the *Anti-Fraud System of Feihe Dairy* and the *Audit System Management of Feihe Dairy*, the *Anti-Corruption Policy of Feihe Dairy*, the *Internal Audit Management System of Feihe Dairy* and the *Code of Business Conduct of Feihe Dairy*, maintaining a zero-tolerance approach to all violations and misconduct. Anchored in compliance requirements and guided by business ethics, the Company systematically promotes integrity governance and cultivates a culture of compliance, continuously raising the integrity awareness and ethical conduct of all employees.

Anti-corruption Management

Feihe has established a tiered anti-corruption and integrity governance framework with clear authority and accountability. The Board of Directors and Audit Committee serve as the supreme decision-making bodies, responsible for approving anti-corruption policies and overseeing the full implementation of integrity initiatives. The Audit and Internal Control Center functions as the standing executive body, coordinating day-to-day anti-corruption efforts across the Group and its subsidiaries comprehensively. Through regulatory enforcement, supervisory reviews and risk mitigation, the Company ensures its operations remain fully aligned with legal and ethical standards at all times.

Feihe's Anti-Corruption and Integrity Governance Structure

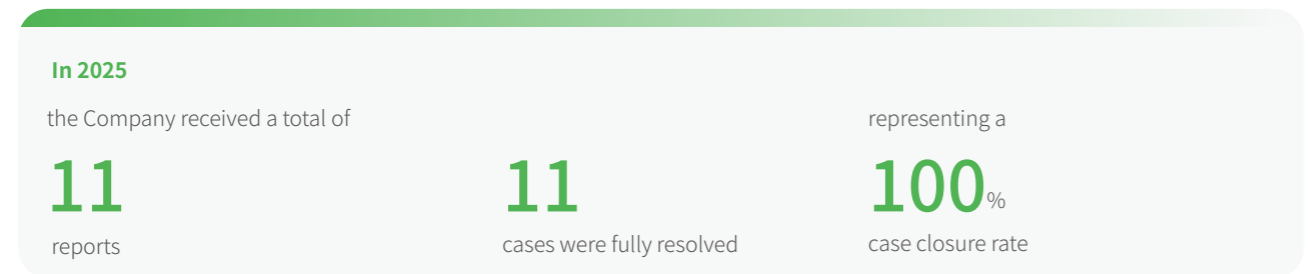


In accordance with internal policies, including the *Anti-Fraud System of Feihe Dairy*, the *Reward and Disciplinary Management System of Feihe Dairy* and the *Values Assessment Scoring Criteria*, the Company clearly defines identification standards for corruption and conflicts of interest, as well as evaluation norms for corporate culture and employee values, with annual reviews and updates to maintain relevance. The Audit and Internal Control Center conducts regular annual special supervision of corruption risks across the Group's business and administrative departments. Supervision scope covers, but is not limited to, the completeness of systems and processes, implementation effectiveness, potential fraud risk points and adequacy of control measures. For identified issues, the Company has established a closed-loop rectification mechanism to promptly carry out corrective actions, optimize relevant processes, maintain risk controllability and strictly handle violations, thereby enhancing anti-fraud governance effectiveness. In 2025, the Company focused on high-priority areas and launched multiple targeted anti-corruption inspections covering the Procurement Department, the Sales and Procurement Department for the Star Mom's Choice project, and marketing expense management, achieving 100% supervision coverage of core businesses for the year.

To ensure effective enforcement of employee conduct standards, the Company has integrated anti-corruption performance into the annual organizational and individual performance appraisal system, embedding integrity and compliance requirements deeply into daily management. For confirmed fraud incidents, corresponding financial accountability and administrative disciplinary measures are implemented based on the severity of violations and resulting impacts, in accordance with the *Reward and Disciplinary Management System of Feihe Dairy*. Reports of special investigations into business ethics and corruption matters are formally submitted to the President and Chairman of the Board for review, ensuring direct and authoritative oversight by senior management. For acts suspected of criminal offenses, the Company resolutely refers cases to judicial authorities in accordance with the law to pursue legal liability. No concluded corruption-related litigation cases were recorded during the reporting period.

Reporting Process and Whistleblower Protection

The Company has established a whistleblowing and investigation mechanism for fraudulent misconduct. The *Audit System Management of Feihe Dairy* explicitly prohibits the disclosure of whistleblower identities and any form of retaliation, with corresponding penalties for violations. Diverse confidential reporting channels—including telephone, email and postal mail—are maintained to facilitate reporting by employees and business partners, with uninterrupted accessibility. For submitted reports and compliance risks identified in routine assessments, the Company deploys special task forces to conduct thorough investigations and verify allegations, implementing targeted corrective actions and improvement plans based on investigation findings. Strict information confidentiality protocols are enforced throughout the investigation process to safeguard the legitimate rights and interests of whistleblowers and involved parties, cultivating a sound and integrity-driven business environment.



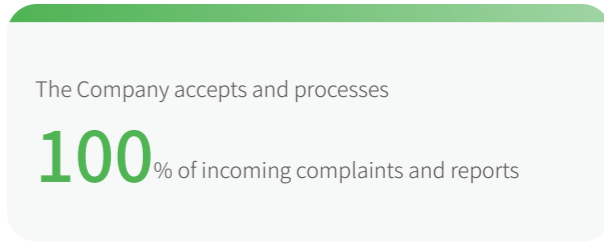
Reporting Processing Process



Anti-Corruption in the Supply Chain

Feihe continuously advances transparent procurement practices, embedding integrity requirements into end-to-end supplier management and fostering fair, ethical partnerships with suppliers. The Company has established a dedicated Code of Business Conduct and mandates suppliers to adhere to anti-corruption laws, regulations and ethical standards via binding *Anti-Commercial Bribery Agreements* and *Integrity and Self-Discipline Agreements*. Upholding the principles of openness, impartiality, fairness and integrity, the Company maintains a strict prohibition on all forms of bribery and corrupt practices. In 2025, the Company achieved the target of 100% signature rate for the *Integrity and Self-Discipline Agreement* and *Anti-Commercial Bribery Agreement* among all external partners, establishing a standardized framework for fair and equitable transactions between the Group and its collaborators.

To strengthen supply chain integrity risk governance, the Company has set up dedicated anti-corruption roles responsible for the identification, assessment and prevention of supply chain corruption risks. In addition, the Group Audit Department's complaint hotline and email contact details are disclosed in relevant agreements and public channels, establishing clear oversight channels for internal and external stakeholders. The Company accepts and processes 100% of incoming complaints and reports, conducts targeted investigations in line with reported matters, and promptly escalates investigation outcomes to Group management to ensure timely and effective resolution of oversight issues.



Anti-corruption Training

Feihe promotes a company-wide integrity culture system, cultivating an honest and compliant operating environment both internally and across its external ecosystem. The Company conducts regular anti-corruption training for all employees and issues targeted integrity initiatives prior to major statutory holidays including the Spring Festival, Dragon Boat Festival and Mid-Autumn Festival, continuously strengthening integrity awareness and ethical standards among employees and external partners. Concurrently, the Company actively participates in industry exchanges, professional training programs and study tours organized by the Trust and Integrity Enterprise Alliance, broadening the professional expertise of the audit team and elevating its overall governance capabilities.

To improve the pertinence and effectiveness of integrity education, the Internal Control and Audit Center organizes annual specialized business ethics training for senior executives and all employees, with a focused emphasis on sales, procurement and other high-risk positions, highlighting the principles of fairness, impartiality and integrity in daily business operations. Furthermore, the Company regularly engages external experts to deliver compliance capacity-building training covering specialized domains including audit methodologies, big data analytics and fraud case investigation, driving the in-depth implementation of integrity management practices.

In 2025, the Company hosted 16 internal anti-corruption and integrity training sessions, covering middle and senior management as well as all employees (including part-time and contract staff), achieving 100% training coverage. Three dedicated anti-corruption and integrity training sessions were also delivered for external stakeholders, including suppliers and distributors. Combining online and offline lectures with scenario-based case simulations, these training activities attracted a cumulative total of more than 150 participants, reinforcing compliance awareness across the entire industrial ecosystem.



Feihe Participated in the 8th Transparency Forum on Corporate Integrity Risk Control



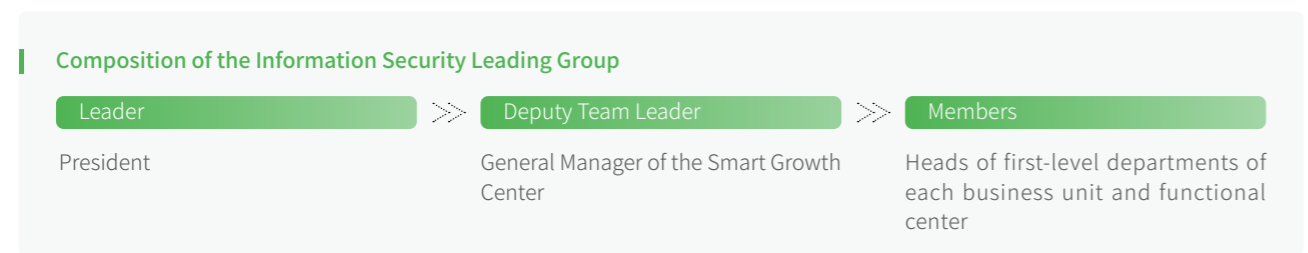
Business Ethics Training Session to Employees

Information Security

Feihe has established a comprehensive end-to-end information security system. Through refined management standards, enhanced technical safeguards and regular professional training, the Company delivers systematic protection for user data security and privacy, while continuously increasing its information security governance capabilities and risk resilience.

Information Security Management System

Feihe attaches paramount importance to information security and customer privacy protection. A three-tiered management structure has been instituted, consisting of the Information Security Committee, the management team and cross-departmental representatives. The Group's Information Security Leading Group acts as the governing body, assuming overall leadership for group-wide information security initiatives. It directs all business units to strengthen and standardize the collection, analysis, evaluation and reporting of information security data, and coordinates oversight of information security audits. Concurrently, Feihe has implemented a dynamic risk monitoring mechanism and a formal regular reporting process. Weekly task tracking is adopted to supervise relevant operations, monitor the security posture in real time, assess the efficacy of control measures and escalate progress updates promptly to senior management. Such arrangements provide systematic assurance for business continuity and user data security.



Feihe Information Security Management System



Information Security Management Measures

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 2025, the Company published the *Information Security Management Regulations of Feihe Dairy* to provide policy assurance for information security.

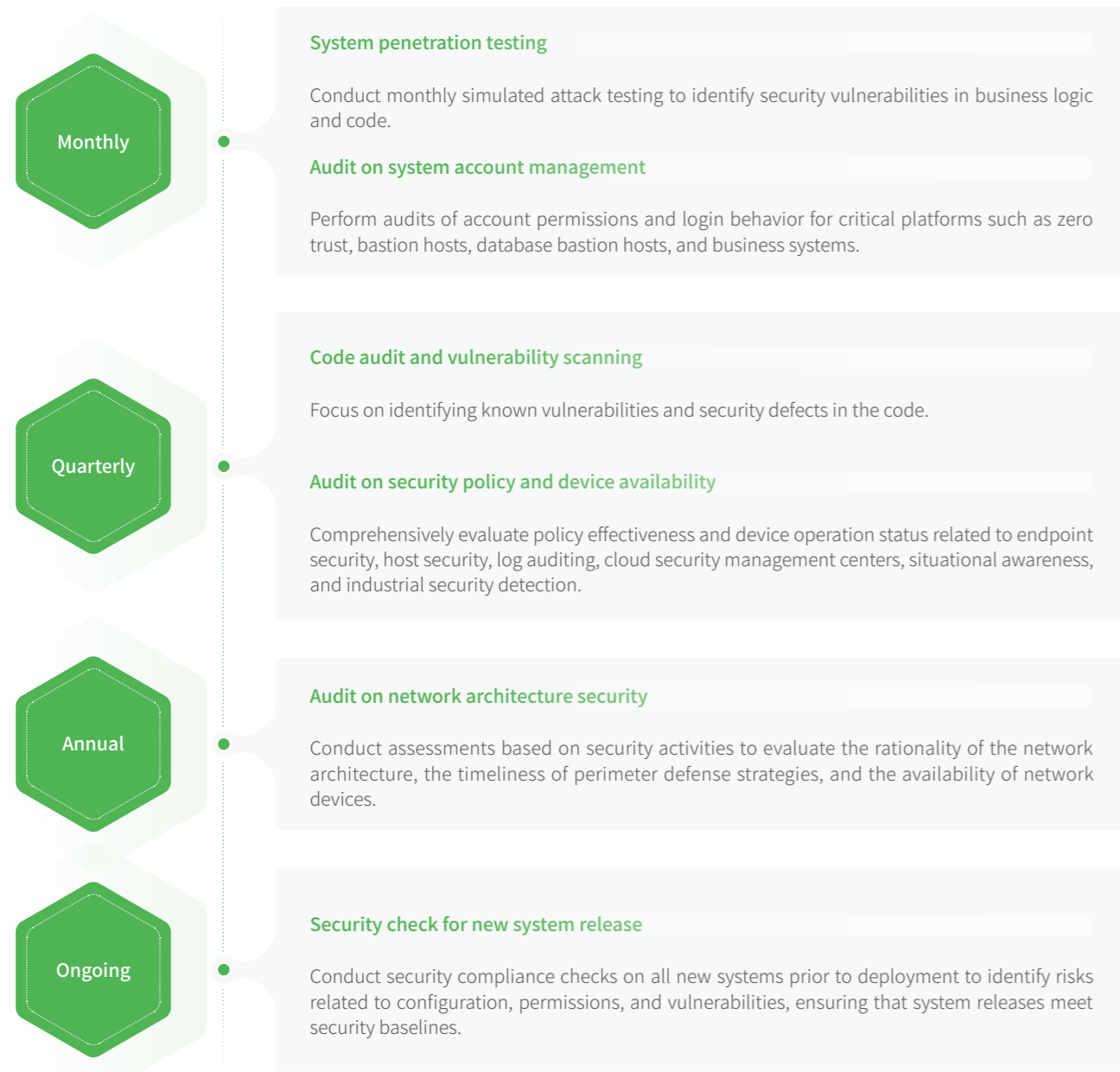
Feihe follows ISO 27001 Information Security Management System and network security level protection guidelines for construction, actively conducting classification and filing of information system network security levels, and promptly implementing rectifications for network security level protection assessment issues. In 2025, 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." The certification involves a comprehensive assessment of the secure physical environment, secure communication networks, secure zone boundaries, secure computing environments, security management centers, security management systems, security management organizations, security management personnel, security capability management, and security operations and maintenance management. During the reporting period, the Company did not experience any major cybersecurity incidents. In response to information security risk alerts, the Company conducted investigations immediately and addressed them appropriately, thereby effectively and precisely mitigating information security risks.

Feihe's Information Security Measures

<p>Security System</p> <p>The Company establishes a multi-layered access control and security monitoring system that covers the physical environment, data resources, network architecture, and endpoint systems, ensuring security and control at every stage.</p>	<p>Access Control</p> <p>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.</p>
<p>Network Security</p> <p>Through technical measures such as next-generation firewalls at the network perimeter, application web firewalls, cloud security centers, endpoint security management systems (EDR), and security group policies, the Company has built an integrated protection system that spans the cloud, endpoints, and the internal network, effectively monitoring anomalous traffic, intercepting attack behaviors, and blocking lateral threats.</p>	<p>Physical Security</p> <p>The Company implements physical access controls and physical security monitoring for the production environment to ensure that only authorized personnel can enter critical areas. The Company enhances the internal network security capabilities of the production system, conducts specialized inspections of industrial control systems, and optimizes and adjusts workstations of industrial control systems.</p>

To enhance its ability to respond to security incidents, the Company has established a routine emergency response and recovery mechanism, which defines criteria for classifying security incidents by severity and establishes corresponding response procedures with a cross-departmental emergency response team to ensure rapid response and containment of impacts when incidents occur. The Company establishes standardized procedures for system reconstruction and data recovery, and conducts regular testing, validation, and continuous optimization to ensure critical business operations can quickly resume normal operations following a security incident.

The Company continues to promote the routine operation of risk management and security audit mechanisms, conducting regular security inspections and risk assessments of the cloud platform to promptly identify and address security vulnerabilities. In 2025, the audits revealed issues such as outdated network perimeter protection policies and performance degradation risk in some perimeter firewalls. By implementing corrective measures, including dynamic policy reviews, hardware version upgrades, and architectural restructuring, the Company has further enhanced its cybersecurity capabilities and driven the continuous optimization and improvement of its security policies and architectural framework.



Information Security Training

To strengthen the information security risk control capabilities and further improve information security management standards, Feihe conducts a variety of training programs tailored to different audiences and scenarios, including security awareness training and secure development training. By combining in-person group sessions with online live-streaming, the Company enhances employees' ability to address information security risks. In 2025, the Company organized six information security training sessions, with a total of 3,500 participants, effectively raising employees' awareness of information security.

Feihe Information Security Training Content

Training Category	Trainees	Training Content
New employee security awareness training	Newly hired employees in the current quarter	Definitions of information security, explanations of relevant laws and regulations, and common security issues and case studies encountered in the workplace
Secure development training	Developers at the headquarters	Security-conscious development and best practices
Security awareness training	All employees	Common security issues and case studies encountered in the workplace



Feihe Security Awareness Training

Case | Feihe Conducted Cyber Attack and Defense Drill

In October 2025, Qiqihar Network Security conducted an unannounced cyber attack and defense drill targeting the Company's systems by organizing engineers from security agencies to launch non-destructive attacks on the Company's systems using network and information technology. Upon detecting anomalies, the Company's security team immediately initiated an emergency response and collaborated with security service providers to implement targeted defenses, successfully intercepting multiple attacks. This practical exercise enhanced the Company's capabilities in monitoring, responding to, and coordinating the handling of sudden security incidents, and prompted the Company to further refine security asset management and network-wide scanning mechanisms.

Case | Feihe Conducted Emergency Drill for Data Breaches

In December 2025, Feihe organized an emergency drill for AK/SK¹ leakage by simulating the entire response process through a combination of on-site operations and coordination with online system administrators. The drill began with a security monitoring alert and proceeded through incident confirmation, reporting by event levels, source tracing and investigation, and emergency response, ultimately culminating in key replacement, account deactivation, and vulnerability remediation. The drill effectively validated the feasibility of the emergency response procedures and coordination capabilities of various roles and it also improved response efficiency to credential-related security incidents and strengthened awareness of preemptive monitoring and control measures.



Kickoff Meeting for the Drill

¹ AK/SK is an identity authentication method commonly used for identity verification in system-to-system API calls, where AK stands for Access Key ID and SK stands for Secret Access Key.

02 | Achieve Excellence in Quality

Feihe is committed to its mission of providing consumers with nutritious, delicious, and high-quality dairy products, aiming to create a world-class Chinese infant formula brand. The Company places product quality at the forefront, implementing stringent controls across every critical link in the supply chain — from raw milk sourcing and cultivation to production and final delivery. It maintains sustained growth in R&D investment, continuously strengthening product development and independent innovation capacities, and driving the sustainable development of China's dairy industry through premium offerings.



Product Quality

Feihe strictly abides by its quality policy: customer-centric, all-inclusive, earning trust, pursuing excellence, and steady progress. The Company establishes and continuously optimizes a comprehensive quality management system covering raw milk management, production processes and supply chain collaboration. The Company reinforces compliance controls for veterinary drug residues, steadily upgrades product testing capabilities, and operates a full-scope quality assurance mechanism.

Quality Management System

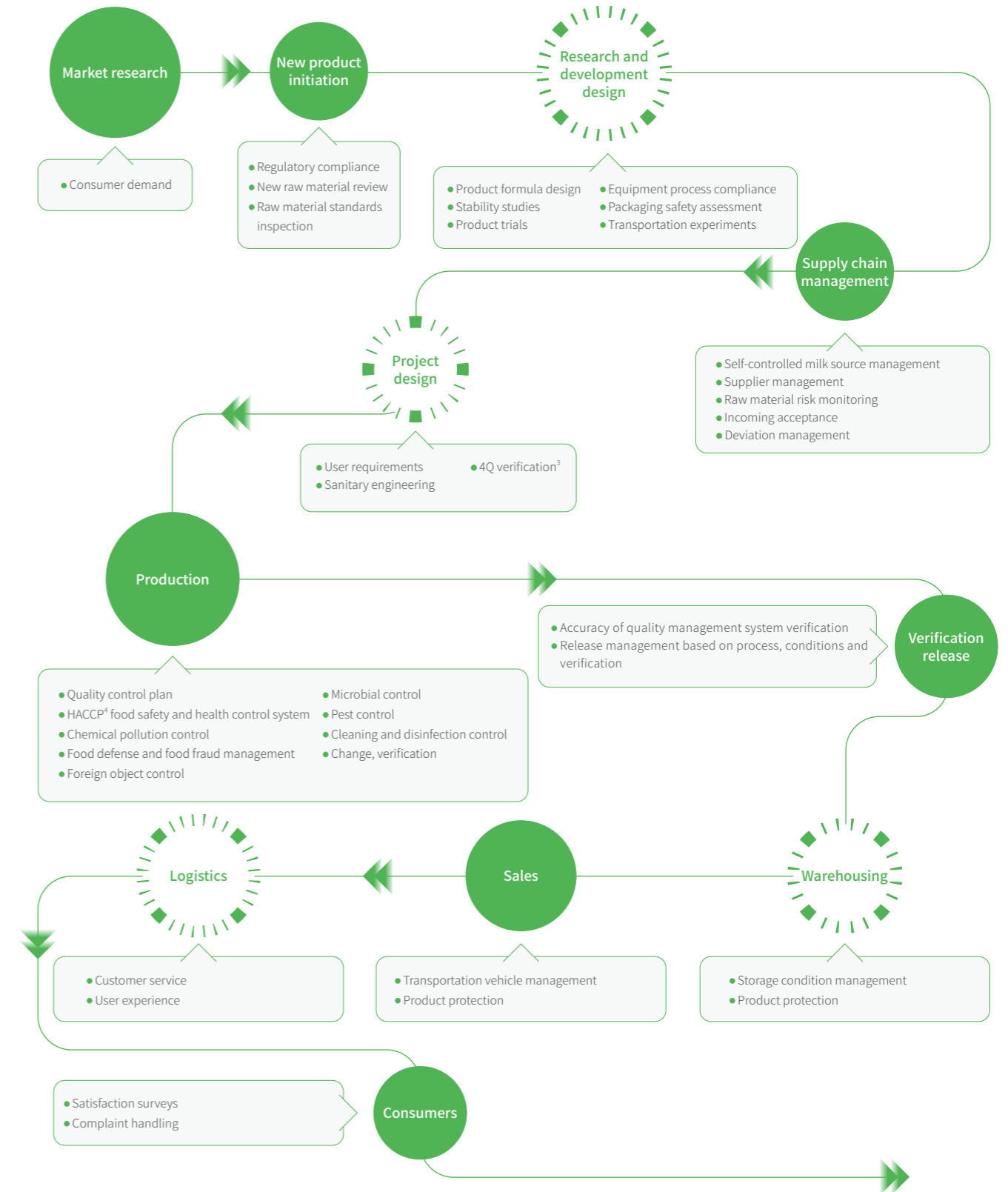
Feihe strictly adheres to the *Food Safety Law of the People's Republic of China* and relevant regulations, including product standards such as the *National Food Safety Standard Infant Formula* (GB 10765-2021), the *National Food Safety Standard for Older Infants and Young Children Formula* (GB 10766-2021), and the *National Food Safety Standard for Toddler Formula* (GB 10767-2021), among others, to continuously optimize its quality and food safety management system. The Company has established the position of Chief Quality Officer to coordinate and oversee all product quality-related affairs. Leveraging scientific management methodologies including quality design, process management, risk prevention and control, and the PDCA² cycle, the Company has built a comprehensive preventive quality assurance framework. An end-to-end quality management process spanning from raw milk sources to end consumers has been established, ensuring full-lifecycle product safety and traceability.

In 2025, the Company's Quality Center launched a quality and food safety management maturity assessment initiative, and developed the Gold Shield Quality & Food Safety Management Maturity Assessment System to further refine the internal evaluation mechanism for quality and food safety operations.



² PDCA is a systematic management method that involves a cyclical process of planning (Plan), doing (Do), checking (Check), and acting (Act) to continuously improve work quality and management effectiveness.

Full-cycle Quality Management Process of Feihe



³ 4Q validation refers to a systematic validation process conducted on equipment and systems through four progressive phases—Design Qualification (DQ), Installation Qualification (IQ), Operational Qualification (OQ), and Performance Qualification (PQ)—to ensure that the equipment consistently meets its intended use and regulatory requirements from the design phase through to actual production.

⁴ HACCP: Hazard Analysis and Critical Control Points.

Feihe actively promotes the application of the World-Class Manufacturing (WCM)⁵ system, focusing on improving the six key pillars: FI⁶ (Focus Improvement), AM⁷ (Autonomous Maintenance), PM⁸ (Planned Maintenance), QM⁹ (Quality Maintenance), EHS¹⁰ (Environment, Health, and Safety), and E&T¹¹ (Education and Training), to drive the continuous improvement and systematic optimization of quality management effectiveness. Feihe actively adopts international advanced facility and process standards and follows European Hygienic Engineering & Design Group guidelines, European Dairy Plant Design Standards, and German Institute for Standardization norms and relevant domestic guidelines, ensuring the forward-looking nature and compliance of production environments and process designs.

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 factory has obtained HACCP and GMP¹² 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.

Quality Testing and Control

Feihe continues to strengthen its quality testing infrastructure, having established 11 specialized product testing laboratories. Six of these laboratories have been accredited by the China National Accreditation Service for Conformity Assessment (CNAS), with accreditation covering 105 testing items, providing a solid foundation for the authority and reliability of product quality testing.

Established

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6

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Feihe CNAS Certification

Ensure Compliance in Operations

Achieve Excellence in Quality

Enhance Social Well-being

Build Green and Low Carbon Future

Quality Testing Processes of Feihe

Process Testing

On the basis of national food safety standards including GB 10765, GB 10766, GB 10767, and GB 19301, Feihe monitors the whole process including raw milk, raw and auxiliary materials, the environment, packaging, products to be packaged, finished products and energy, and fully inspects each batch of products to ensure the quality and safety meet the national and industrial internal control standards.

Feihe mainly inspects conventional chemicals, nutrients, pollutants, mycotoxins, pesticide residues, veterinary drug residues, and microorganisms, to ensure that products fully comply with national and industry quality and safety standards.

Environmental Testing

Feihe establishes a quality monitoring system that covers production environments, production processes, distribution channels, and shelf stability. By integrating traceability management with data analysis, we maintain real-time oversight of the status at every stage to continuously ensure the stability and safety of our products.

Third-Party Testing

Feihe chooses SGS-CSTC Standards Technical Services Co. Ltd., Eurofins, Mériex NutriSciences, Intertek and AIB Food Technical Consulting Company Limited (Shanghai) to carry out third-party testings and evaluations according to international standards.

Identification and Improvement

Feihe regularly implements comprehensive quality and food safety risk prevention and control management at dairy farms within the jurisdiction while leveraging big data analytics, precisely identifies quality and food safety risks across the entire supply chain.

The Milk Source Management Department leads the formation of an Improvement Project Team to develop and implement targeted corrective action plans for identified issues. Upon completion of corrections, best management practices will be promptly institutionalized, establishing a closed-loop improvement mechanism of risk identification, targeted correction, and institutionalization of best practices.

In 2025, Feihe's Central Laboratory collaborated with all production facilities to upgrade testing capabilities, focusing on the development of new testing methods for specific projects. Concurrently, new key testing items were introduced to ensure precise control over the accuracy of core indicators, such as nutritional components and trace elements in products, thereby leveraging professional testing capabilities to enhance product quality.

Quality Culture Building

Feihe has established a systematic talent development framework, with personalized quality competency improvement programs tailored to employees across diverse job roles. The Company delivers structured training programs focusing on core domains including quality standards, food safety protocols and production technologies, comprehensively enhancing the workforce's professional expertise and quality control capabilities. During the reporting period, the Company hosted 29 specialized quality training sessions, attracting more than 600 participants and accumulating 280 training hours. Quality teams across all manufacturing facilities spearheaded the completion of 138 quality improvement projects.

In parallel, the Company continues to cultivate internal training resources, with 1,171 Yellow Belt internal trainers¹³ and 45 TWI-JI¹⁴ Level 1 internal trainers certified. This robust talent pool lays a solid foundation for the effective implementation of the quality management system. In 2025, the Company Quality Center compiled the quality culture white paper titled *Quality as the Foundation, Unified Vision for Progress*, which systematically defines the Company's quality values and code of conduct.

⁵ WCM: World Class Manufacturing.

⁶ 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.

⁷ 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.

⁸ PM: Planned Maintenance, a pillar of planned maintenance, establishes a preventive maintenance system to improve factory reliability and reduce maintenance costs.

⁹ 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.

¹⁰ 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.

¹¹ E&T: Education & Training, the pillar of training and education, involves establishing a training system to continuously improve skill levels and consistently develop talent.

¹² GMP: Good Manufacturing Practice.

¹³ Yellow Belt Internal Trainers: Primarily responsible for mentoring and training teams on pathway methodologies.

¹⁴ TWI-JI: Training Within Industry-Job Instructions, a method for faster and more efficient guidance and skill education.

Case | 2025 Quality Month Activities

In 2025, Feihe launched a series of National Quality Month activities under the theme Rooting Quality and Safety Culture, Safeguarding Food Safety Across the Entire Supply Chain. Leveraging diversified initiatives including cultural promotion, professional capacity building and engagement activities, the Company drove the deep integration of quality and safety culture into all production and operational processes.

Cultural Promotion: Launched the 2025 National Quality Month slogan campaign and the "Quality Spotlight – Campaign for Quality Powerhouse Outline Promotional Visuals" open to all employees. Hosted "Everyone Speaks About Quality" themed events to disseminate quality philosophy through varied formats.

Professional Empowerment: Conducted specialized training on food safety primary responsibility implementation, internal audit standards and supplier audit criteria, delivering targeted capability upgrades for quality control teams and relevant staff.

Engagement Activities: Coordinated on-site events across manufacturing bases, including leading indicator targeted management, cafeteria quality interactive games and quality knowledge quizzes. A Group-wide quality knowledge competition was also held to drive the translation of quality awareness into actionable practice.



Quality Month Activities

Product Recall

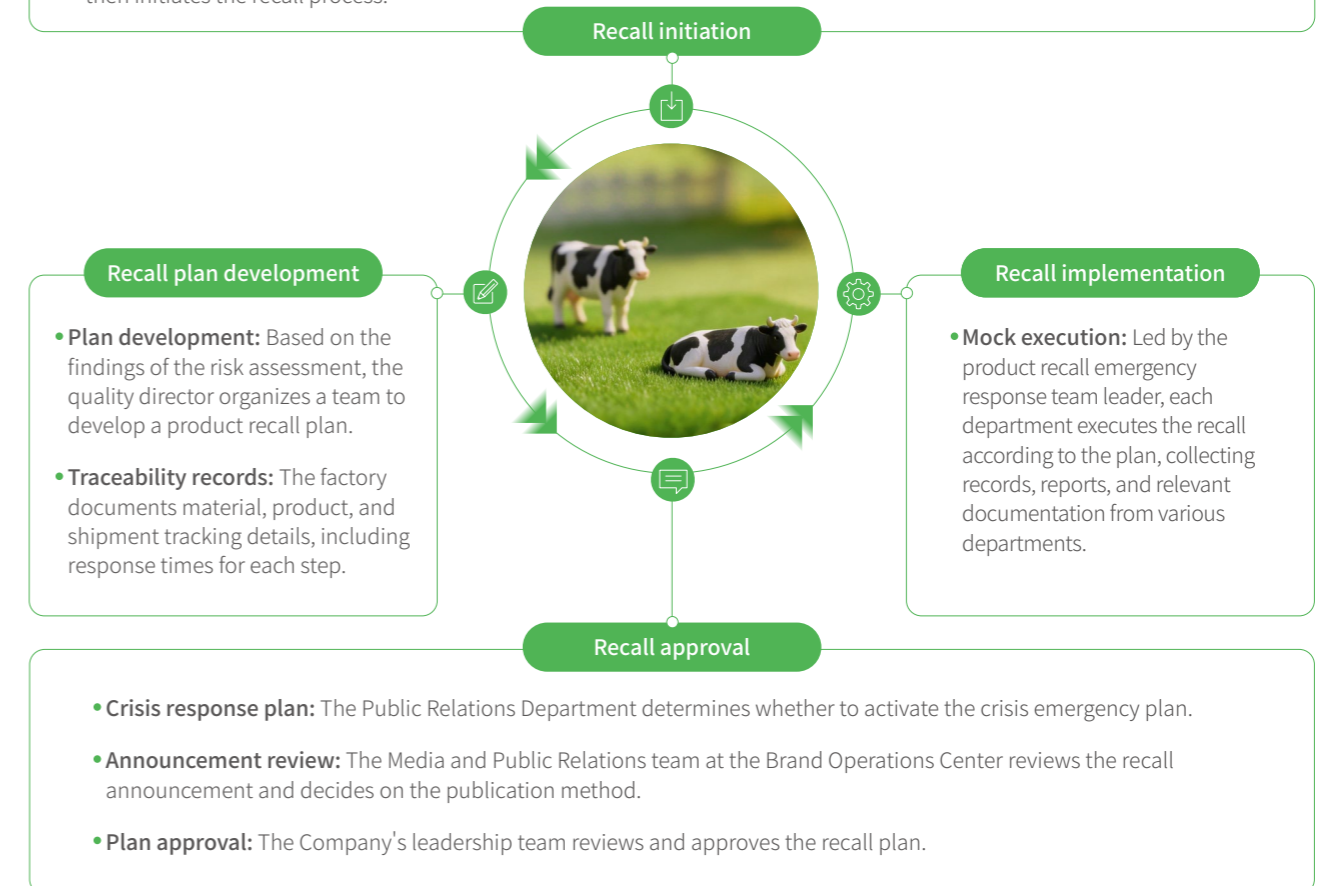
Feihe strictly complies with applicable laws and regulations, including the *Food Safety Law of the People's Republic of China* and the *Administrative Measures for Food Recalls*, and continuously optimizes internal management protocols such as the *Product Recall Management Procedure* and the *Unqualified Product Control Procedure*. The Company has established clear, end-to-end process standards covering product safety risk assessment, recall initiation, implementation and closure.

A dedicated product recall emergency response team has been formed, supported by an efficient and coordinated rapid-response mechanism. Regular product recall drills are conducted to continually verify the feasibility of emergency response plans and the effectiveness of cross-departmental coordination. During the reporting period, no product recall incidents occurred.

In 2025, the Company organized scenario-based, full-scope product recall drills across all production bases to strengthen product safety emergency management. Led by the product recall emergency response team and with full participation from all relevant departments, the drills covered Level 1 to Level 3 recall scenarios, encompassing the entire process chain: risk assessment, plan activation, cross-departmental collaboration, information communication and market recall execution. These exercises effectively validated the practicality and adaptability of the Company's product recall management system.

Feihe Product Recall Drill Process

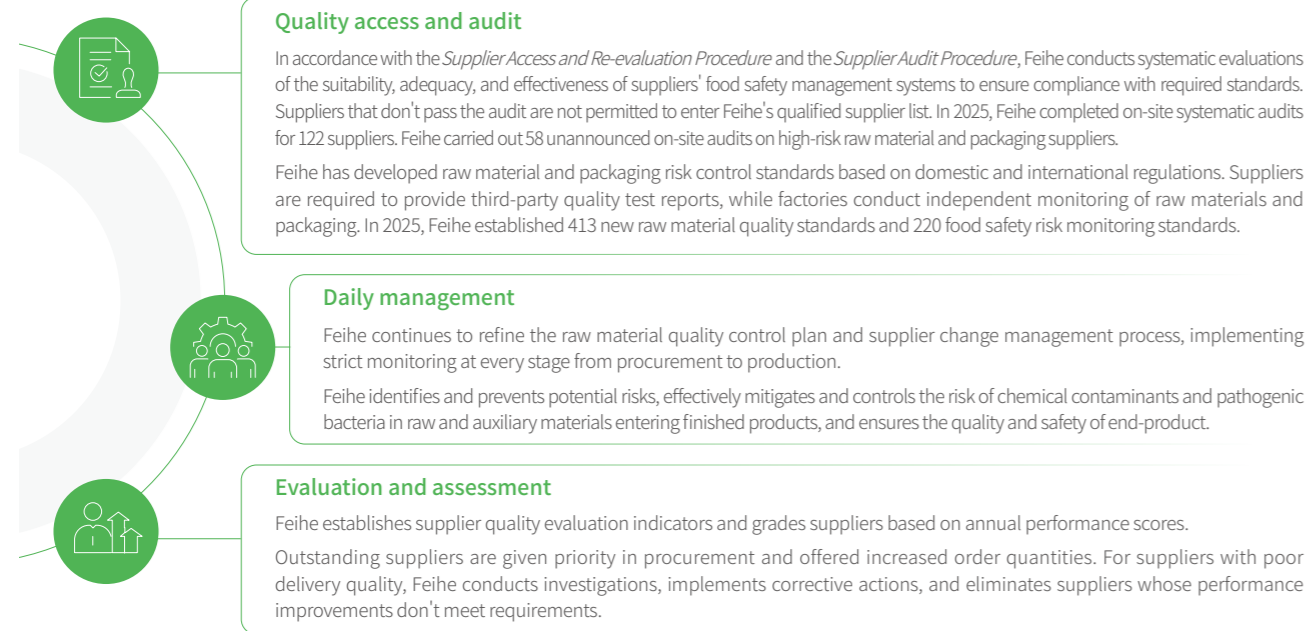
- **Source of non-conformance information:** Obtain non-conformance information through self-inspection, market complaints, notifications from operators, or regulatory authorities.
- **Risk assessment:** Once potential risks have been identified, the factory food safety team immediately conducts a professional assessment of the non-conformities, reports to management at all levels, and then initiates the recall process.
- **Risk confirmation:** The factory quality director verifies the food safety risk, convenes a product risk assessment meeting, analyzes the root cause of the non-conformance, conducts a food safety risk assessment, and determines the scope, level, steps, and timeline of the recall.



Supplier Quality Management

Feihe has established a rigorous supplier screening and evaluation system, requiring all suppliers to strictly adhere to advanced domestic and international management standards such as ISO 9001, ISO 22000, FSSC 22000, and HACCP, and treating compliance with these standards as fundamental requirements for cooperation and evaluation. In 2025, all raw material suppliers and key packaging material suppliers have successfully obtained certifications such as ISO 9001, FSSC 22000, and ISO 22000.

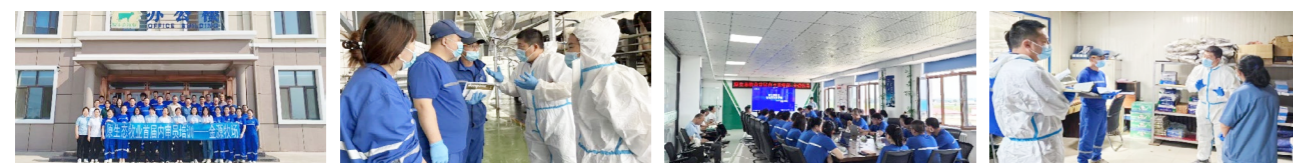
Supplier Quality Management Measures



In line with business continuity and risk management requirements, Feihe has established a production and supply risk mitigation framework, underpinned by its quality management system, that covers all products and end-to-end operational processes. Critical materials are managed through a dual- or multi-sourcing strategy with qualified suppliers, and backup manufacturing facilities have been developed that maintain identical quality control standards to primary production sites. Additionally, the Company has established and operationalized emergency response and continuous improvement protocols to ensure production continuity and stability, while keeping product quality consistently compliant and strictly controlled.

In addition, Feihe assists suppliers in upgrading their quality and food safety management capabilities by establishing a full-process training and support system covering supplier onboarding, performance evaluation and daily collaboration. Each year, the Company organizes quality-related training sessions for key suppliers, conducting technical exchanges and specialized training on topics such as full-lifecycle quality management, workplace safety, procurement best practices and quality culture cultivation. Via knowledge sharing and technical empowerment, Feihe drives the synchronous improvement of suppliers' quality and food safety governance capabilities. In 2025, the Company delivered 20 dedicated training sessions on the HACCP system for dairy farms, and hosted multiple supplier technical workshops to tackle raw material quality pain points, further boosting partners' food safety management capacities.

Targeting core business priorities and prevalent supply chain challenges, the Company focuses on critical domains including foreign object control, pest management, HACCP system design, quality management system (QMS) establishment, energy conservation and emissions reduction. It provides customized training resources that precisely align with suppliers' developmental needs, with a focus on in-depth empowerment for key suppliers. Through diversified channels including on-site practical guidance, targeted technical exchanges, Case sharing and dedicated quality expert on-site support, the Company helps suppliers steadily elevate quality management benchmarks and core competitiveness. In 2025, Feihe expanded supply chain management coverage to secondary suppliers: via joint audits and tailored training, more than 50 secondary supplier representatives participated in relevant programs, continuously strengthening the overall quality resilience of the entire supply chain.



Supplier Quality Training

Milk Source Management

Feihe has developed an industrial model integrating company-owned dairy farms and exclusive dairy farms, realizing full autonomy and control over the entire upstream supply chain from forage cultivation and feed processing to dairy farming. This integrated model fundamentally safeguards the safety and quality of raw milk supply. The Company's dairy farms are situated at the 47° north latitude, the world's Golden Milk Source Belt. The company-owned dairy farms achieve 100% self-sufficiency in raw milk supply, guaranteeing consistent safety and premium quality while effectively mitigating end-to-end supply chain risks.

The Company continuously promotes the intelligent transformation of dairy farms, deploying Internet of Things (IoT) and big data technologies to conduct real-time health monitoring of dairy cows and optimize feeding regimens, enabling efficient and precise management of resource allocation and breeding operations. A dual oversight mechanism of monthly inspections and annual audits has been implemented to enforce strict controls over critical indicators, including raw milk microbial levels, feed safety and veterinary drug usage. Additionally, a digital traceability platform ensures full transparency and end-to-end traceability of quality data across the entire production chain.

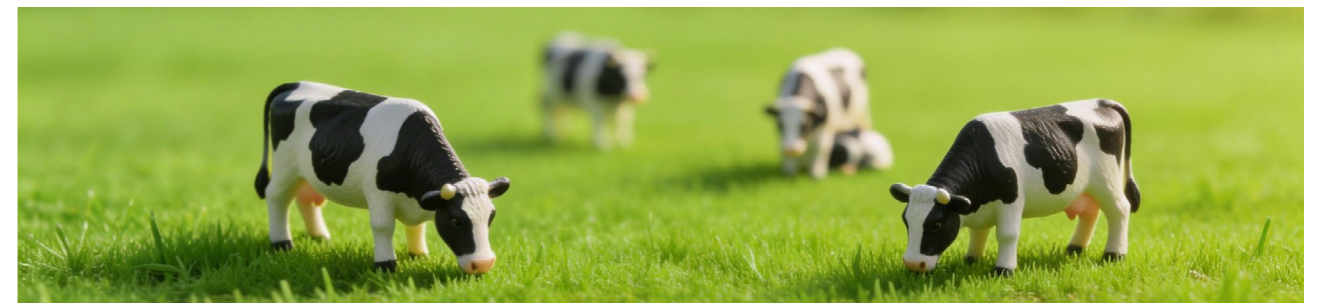
In terms of animal welfare, Feihe upholds the core principles of "Treat cows with kindness, for they are mothers too" and "Cows' needs are genuine requirements that all employees must fulfill" in cattle breeding and care. The Company adopts internationally advanced Total Mixed Ration (TMR)¹⁵ feeding technology combined with daily precise adjustments to feed formulations, catering to the nutritional demands of cows at distinct growth stages. It provides clean drinking water and comfortable housing, with multiple daily cleanings of bedding and manure areas; fan and sprinkler systems to mitigate heat stress; thermal insulation curtains to prevent cold stress; and routine health checks, hoof trimming and disease prevention programs to maintain a hygienic and comfortable living environment for the herd. Beyond physical care, the Company prioritizes the physiological and psychological well-being of dairy cows through enrichment measures such as music playback and massage therapy. It also conducts regular animal welfare training and technical exchanges for farm staff to continuously improve the professional competence and welfare awareness of the breeding team. In 2025, Feihe conducted a full-scale self-assessment in compliance with the *Farm Animal Welfare Requirements for Dairy Cattle* (T/CAI 004—2021), and developed and implemented targeted improvement initiatives based on assessment outcomes.

Veterinary Drug Control

Feihe strictly complies with the *National Food Safety Standard: Maximum Residue Limits for Veterinary Drugs in Food* (GB 31650-2019). Drawing on chemical contaminant risk warnings for milk and dairy products issued by authoritative international bodies including the European Union, World Health Organization, U.S. Food and Drug Administration and Canadian Food Inspection Agency, the Company has formulated and implemented a dedicated raw milk risk monitoring plan, integrating veterinary drug governance and herd health management into its holistic quality control system.

The Company adheres to the principle of "prevention first, treatment second". While ensuring therapeutic effectiveness, the Company prioritizes the use of proprietary Chinese medicines as alternative remedies. All dairy farms are required to strictly implement the *Veterinary Drug Management Procedures*, with a monthly updated list of authorized veterinary drugs — only listed products are permitted for use. The application of banned antibiotics, hormones and other prohibited substances is expressly forbidden, standardizing medication practices at the source.

Regular specialized inspections of veterinary drug management are conducted to accurately monitor data integrity across storage, usage and inventory stages. A refined veterinary drug classification system is enforced, with strict segregation of medication scopes for lactating and non-lactating cows to eliminate cross-contamination risks. Furthermore, the Company engages an authoritative third-party institution annually to conduct random sampling and testing of raw milk sources, further mitigating antibiotic residue risks via professional assay services.



¹⁵ TMR: Total Mixed Ration is a method that fully blends roughage, concentrates, minerals, vitamins and other additives to deliver balanced nutrition for dairy cows.

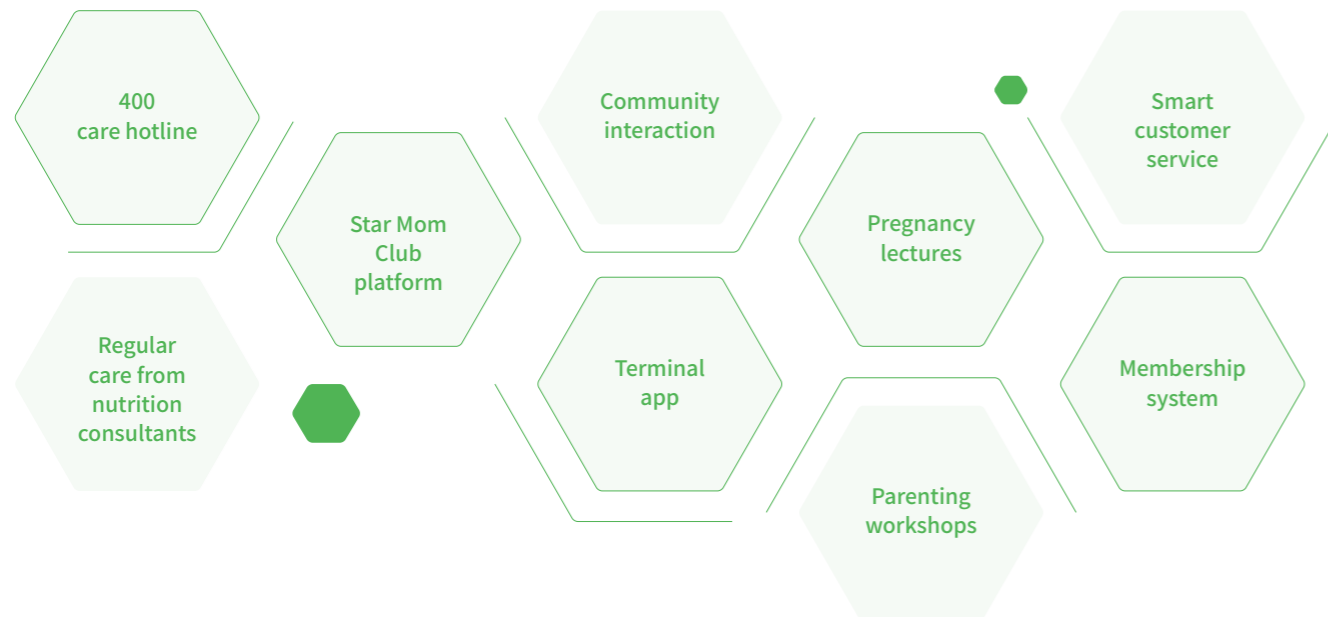
Customer Service

Feihe consistently places customer needs at the core of all operations, with a firm commitment to delivering a trustworthy consumer experience. The Company attaches paramount importance to building a high-caliber customer service team, actively listening to and responding to consumer feedback, adhering to compliant marketing practices, and safeguarding legitimate consumer rights and interests.

Customer Communication

Feihe maintains a consumer-first mindset and has established diversified customer communication channels. By identifying feeding pain points and needs of parents and infants, the Company has built a full-cycle service matrix covering pre-sales consultation to post-sales parenting guidance. Leveraging digital tools to integrate the "product-service-experience" value chain, it delivers personalized and professional maternal and infant care support to millions of families through its membership system, intelligent customer service platform, and the "Star Mom Club".

Feihe's Customer Communication Channels



Feihe has rolled out internal management policies including the *Customer Experience Optimization Mechanism* and *Service Value Incentive System*, to drive continuous service quality enhancements. For team capability development, the Company has fully implemented a mandatory certification system for customer service representatives, ensuring professional and consistent service responses while comprehensively raising the standard of customer communications. In 2025, Feihe further launched an intelligent talent training system, integrating artificial intelligence technologies into customer service scenarios to accelerate the digital and intelligent transformation of the service team. This upgrade enabled more efficient and precise responses to the diverse and evolving needs of consumers.

Feihe Customer Service Training

Training Target	Format	Highlights
New employees	A learning model that combines "online foundational learning with offline practice of key skills"	This year, Feihe added practical training scenarios such as maternity benefits and the "Feihe New Customer" program, covering over 1,800 knowledge points. Employees who score 90% or higher on the assessment are eligible to begin work, ensuring professional and accurate service delivery.
Formal Employees	A three-step learning model consisting of knowledge sharing, knowledge challenges, and monthly assessments	100% employees participated in training
	Launching training programs for AI talent	10% of employees held the "AI Application Specialist" certification, providing core talent support for the department's digital transformation efforts.

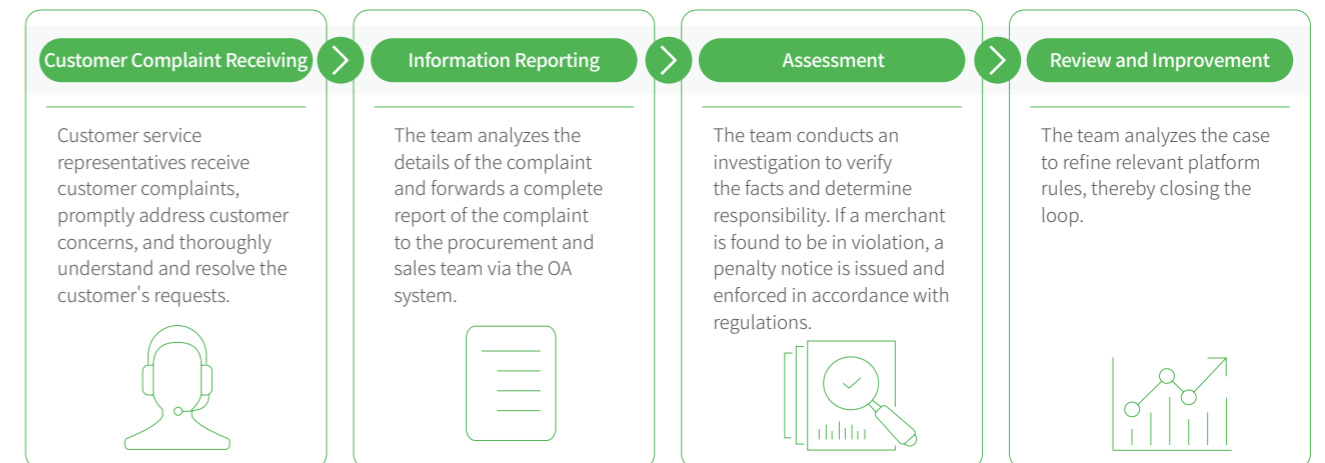


Feihe Customer Service Training Session

Customer Rights Protection

Feihe places a high priority on consumer rights and is committed to continuously improving customer satisfaction. The Company has established internal policies such as the *Complaint Handling Management Procedure* and the *Consumer Inquiry & Complaint Risk Identification Management Process* to standardize complaint handling procedures and mitigate complaint risks. In 2025, the Company released the *Star Mom Platform Mechanism for Handling Major Customer Complaints*, which provides clear guidelines for the handling procedures and coordination mechanisms for major customer complaint incidents.

Customer Complaint Process



To elevate the customer experience, the Company has set a clear 48-hour complaint resolution deadline, coupled with a 90% on-time resolution KPI to drive full improvements in response efficiency and closure timelines. In 2025, Feihe attained a 94% complaint resolution rate within the 48-hour window, marking a 6% year-on-year increase from 2024. During the same year, the Company proactively identified and addressed 151 potential complaint risks across key areas including promotional campaign rules, product quality, and logistics delivery. Of these risks, 149 were fully resolved, achieving a 99% closure rate.

In 2025

Feihe attained a **94%** complaint resolution rate marking a **6%** year-on-year increase from 2024

Feihe has also implemented a routine customer satisfaction survey and a continuous improvement mechanism. Leveraging multiple touchpoints such as the 400 service hotline and the "Star Mom Club" online platform to collect product and service feedback, the Company translates consumer insights into targeted, actionable improvement plans to steadily boost overall customer satisfaction.

2025 Feihe Customer Satisfaction Performance

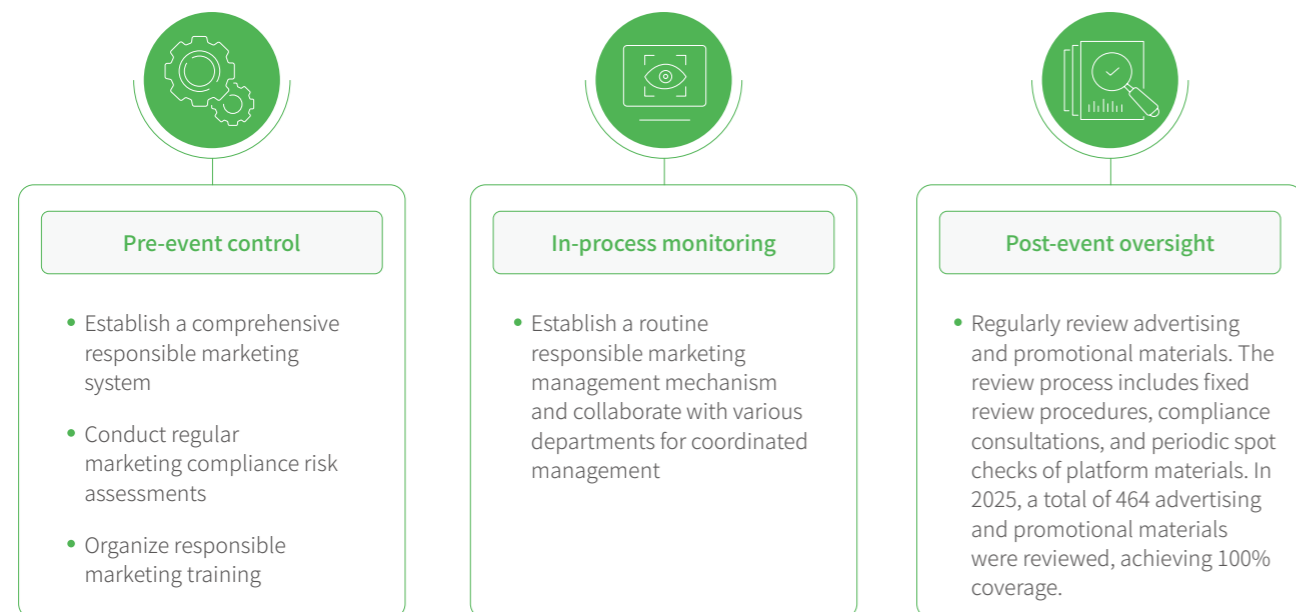
2025	Channel	Score
Customer Service Satisfaction	400 service hotline	99%
	"Star Mom Club" Online	96%
	Functional Nutrition E-commerce Customer Service	96%
Complaint Satisfaction	Complaint Handling	96%
WeChat Public Account Satisfaction	"Star Mom Club" Official Account	97%

Responsible Marketing

Feihe upholds the principle of responsible marketing, ensuring all promotional activities adhere to legal and regulatory requirements. The Company strictly complies with applicable laws, including the *Advertising Law of the People's Republic of China* and the *Food Safety Law of the People's Republic of China*, and has established internal governance systems such as the *Responsible Marketing Policy of Feihe* and *Product Packaging Design Process* to standardize marketing and communication practices. A formalized content review mechanism covers marketing slogans, advertisements and promotional materials, with dedicated compliance reviewers conducting rigorous oversight to guarantee content authenticity, accuracy and regulatory adherence. In 2025, the Company expanded the review scope to include live-streaming activities and implemented compliance revisions to related materials in line with updated regulatory mandates.

Feihe has built a comprehensive end-to-end marketing compliance management system, encompassing pre-event control, in-process monitoring and post-event oversight, effectively mitigating potential marketing compliance risks. In 2025, the Company conducted responsible marketing training, covering 100% of core marketing personnel.

Marketing Compliance Management System



Case | Feihe Conducted Responsible Marketing Compliance Training

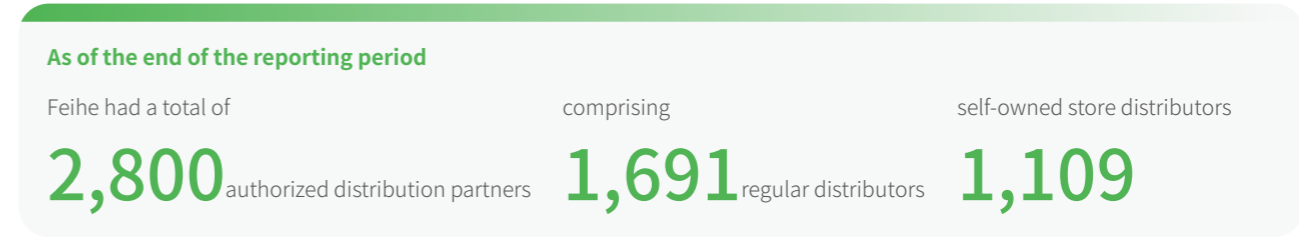
This year, in response to newly issued national standards and regulations, including the *National Food Safety Standard: General Rules for the Labeling of Prepackaged Foods (GB 7718-2025)*, *National Food Safety Standard: General Rules for the Nutrition Labeling of Prepackaged Foods (GB 28050)* and *Measures for the Supervision and Administration of Food Labeling*, the Company organized specialized compliance training sessions. The training delivered in-depth interpretations and risk alerts related to labeling and promotional content requirements, ensuring the marketing team promptly grasped and rigorously implemented new rules to curb compliance risks at the source. In 2025, 200 employees participated in the dedicated training, totaling 4 training hours and achieving a 50% employee coverage rate.

Distributor Management

Feihe remains committed to building a mutually beneficial, collaborative industrial ecosystem alongside its distributors. The Company has established internal governance policies, including the *Distributor Management System* and the *Distributor Star Management Program*, to ensure standardized and professional partnership operations. In 2025, Feihe introduced the *Operational Guidelines for Refined Distributor Classification* and *Channel Customer Service Incentive Program*, further optimizing the distributor management framework. Through refined tiered classification and targeted incentive mechanisms, the Company drives sustained growth and value enhancement for its distribution partners.

Concurrently, Feihe has developed a comprehensive distributor evaluation system centered on six core dimensions: business philosophy, independent governance capacity, distribution network coverage, operational capabilities, industry experience, and collaboration willingness. This system ensures strategic alignment with the brand's development roadmap and enables accurate identification of partners with high compatibility to Feihe's corporate strategy.

The Company regularly hosts distributor conferences to collect feedback and insights on market trends, cooperation mechanisms and operational support, addressing partner concerns in a timely manner to improve collaboration efficiency and satisfaction. Moreover, Feihe is dedicated to strengthening the sustainable development capacity of its distributors. The Company invites industry experts and internal professional teams to deliver targeted training covering product knowledge, sales strategies and customer service, continuously elevating distributors' professional competence and market competitiveness.



Case | 2025 Feihe National Distributor Conference

On November 28, 2025, Feihe hosted its national partner conference at Wuhan International Conference Center, themed *Journey: Striding Toward Spring*. The event gathered more than one thousand distribution partners from across the country. Attendees reviewed key collaborative achievements in channel expansion, marketing innovation and service optimization, conducted in-depth discussions on the development trends of China's dairy industry, and honored high-performing distribution partners for their outstanding contributions. The conference garnered widespread positive feedback, effectively strengthening trust and cohesion between Feihe and its channel partners, and injecting new impetus into in-depth collaborative development in the years ahead.



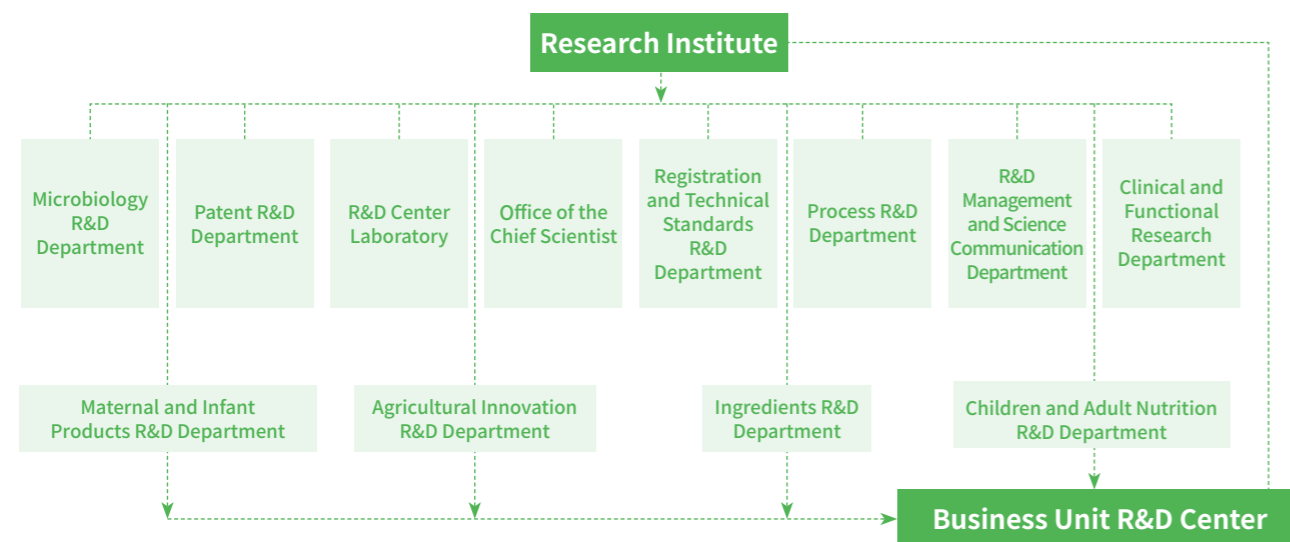
Annual Partner Conference

Technological Innovation

Feihe leverages cutting-edge technology to drive corporate transformation and upgrading, advancing product quality optimization and industrial efficiency via digital transformation and scientific innovation. Grounded in professional nutritional research and evidence-based health advocacy, the Company continuously elevates its brand influence and consolidates its industry-leading position.

Innovation Capability

Feihe has cultivated a resilient innovation ecosystem by optimizing its group-level R&D structure. The Company has established a Dairy Engineering Academy of Sciences workstation, an infant formula industry chain innovation center, and clinical feeding trial points, delivering diversified R&D support to spearhead high-quality, innovation-driven growth. In 2025, the Research Institute launched new specialized divisions, including the Clinical and Functional Research Department, Microbiology R&D Department, Registration and Technical Standards R&D Department, Intellectual Property Department, and R&D Management and Science Communication Department. These initiatives further refine the R&D system, standardize management workflows, accelerate the efficient commercialization of research findings, drive independent breakthroughs in core technologies, and strengthen the Company's industrial core competitiveness.



China Feihe R&D System

The Company attaches paramount importance to building a high-caliber R&D team. Currently, the team consists of 82 full-time R&D professionals, with over 84% holding postgraduate degrees (including 14 PhDs). Many team members possess overseas academic and professional experience, bringing extensive industry expertise and product insights that form a robust talent foundation for Feihe's technological innovation.

In 2025, the Company's total R&D investment amounted to RMB 0.53 billion, spanning core domains including basic research, product innovation, R&D infrastructure support, infant formula, medical foods, children's nutritional products, and adult dietary supplements.

Case | Feihe Aiben Won the Special Prize for Milk Protein Deep Processing Technology

In May 2025, the 31st Annual Meeting of the China Dairy Industry Association and 2025 China Dairy Technology Expo were held in Nanjing. Feihe Aiben was honored with the Special Prize of the 2025 China Dairy Industry Association Science and Technology Progress Award for its project: Research and Development of Key Technologies for Deep Processing of Milk Proteins and the Creation and Industrialization of a New Generation of Nutritional Powder for the Middle-Aged and Elderly. The award-winning product, Feihe Aiben Active Protein Nutrition Powder, was also showcased at the expo and emerged as the event's flagship star product.



Certificate from the China Dairy Industry Association

Case | Feihe's Global Showcase of Innovative Achievements at the 2025 World Dairy Summit

In October 2025, as the sole invited Chinese dairy enterprise, Feihe delivered a keynote address at the 2025 World Dairy Summit, sharing its pioneering innovative practices with the global dairy industry across four core areas: full industrial chain construction, breast milk-mimicking formula development, the "Fresh Nutrition System," and feeding efficacy validation. Through its globally groundbreaking "Fresh Nutrition System," the Company has achieved systematic breakthroughs across the entire supply chain—from raw milk sources and core ingredients to production processes. This innovation has effectively enhanced the bioavailability of key nutrients in products, significantly improving human absorption efficiency and setting a new benchmark for nutritional efficacy in the industry.

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*, regulating the management, use, and protection of intellectual properties such as patents, trademarks, and copyrights. In 2025, the Company proactively responded to the stringent requirements of the updated national standard for corporate IP compliance management. The Company successfully completed the on-site audit for IP management system recertification, integration and version upgrade, maintaining the validity of its IP management system certification and further optimizing the IP governance framework.



Feihe Intellectual Property Compliance Management System Certification

To enable systematic IP management and improve operational efficiency, Feihe has deployed a digital management system covering patents and trademarks as core modules. The Company has built a proprietary patent database, integrating public industry patent resources and establishing an intelligent tagging system to boost patent search efficiency and utilization value. Simultaneously, the Company has developed a trademark management system that aggregates global trademark data and regulatory updates, offering domestic and cross-border trademark search functionality and compliance guidance. This system robustly supports domestic and international trademark strategy and compliance decision-making, elevating the professionalism and efficiency of IP management. As of the end of the reporting period, the Company had filed a cumulative total of 1,319 patent applications and secured 847 granted patents, spanning invention patents, utility model patents and design patents. The Company also held 3,121 valid trademarks, including 2,342 registered trademarks, further consolidating its technological competitive advantages.

Feihe 2025 Patent Information

Patent Type	Applications	Grants
New Invention Patents	91	26
New Utility Model Patents	88	109
New Design Patents	132	72
Total New Patents	311	197
Total Invention Patents	394	107
Total Utility Model Patents	593	496
Total Design Patents	332	244
Total Patents	1,319	847

Feihe plays an active role in formulating national and industry standards across infant formula, dairy products, raw milk production, nutritional research and other key sectors. As a core drafting entity for relevant standards, the Company contributes its R&D achievements and testing expertise to enhance industry influence and drive the standardization and high-quality development of the entire dairy industry. In 2025, the Company participated in the development of 11 standards, comprising 3 national standards and 8 industry standards, of which 3 industry standards have been officially promulgated to date.

Standards Contributed by Feihe in 2025

Standard Category	Standard Title
National Standards Under Development	Methods for Sensory Evaluation of Milk Powder
	Methods for Establishing and Managing Sensory Evaluation Panels
	Methods for Analyzing and Evaluating the Characteristics of Powdered Milk
Published Industry Standards	Processing Practice for Infant Formula Milk Powder
	Determination of α -lactalbumin and β -lactoglobulin in Milk and Dairy Products by High Performance Liquid Chromatography
Industry Standards Under Development	Determination of Immunoglobulin IgG in Milk and Its Products by High Performance Liquid Chromatography
	Determination of Protease Activity in Raw Milk and Dairy Products
	Determination of Lipase Activity in Raw Milk and Dairy Products
	Rapid Determination of Calcium in Raw Milk and Dairy Products
	Technical Specifications for Fecal Manure Fertilizer in Dairy Cows
	α -Lactalbumin

To build a comprehensive IP management system and strengthen employees' capabilities in IP creation, application and protection, Feihe has carried out diversified IP training initiatives. In 2025, the Company hosted 10 IP-related training sessions, totaling over 30 training hours and engaging more than 500 participants. Training topics covered include World Intellectual Property Day-themed workshops, advanced patent search skills for R&D personnel, preliminary examination acceleration procedures, technical disclosure document drafting for production teams, and design drawing specification compliance.

Case | Feihe's Intellectual Property Training for Overseas Business Operations

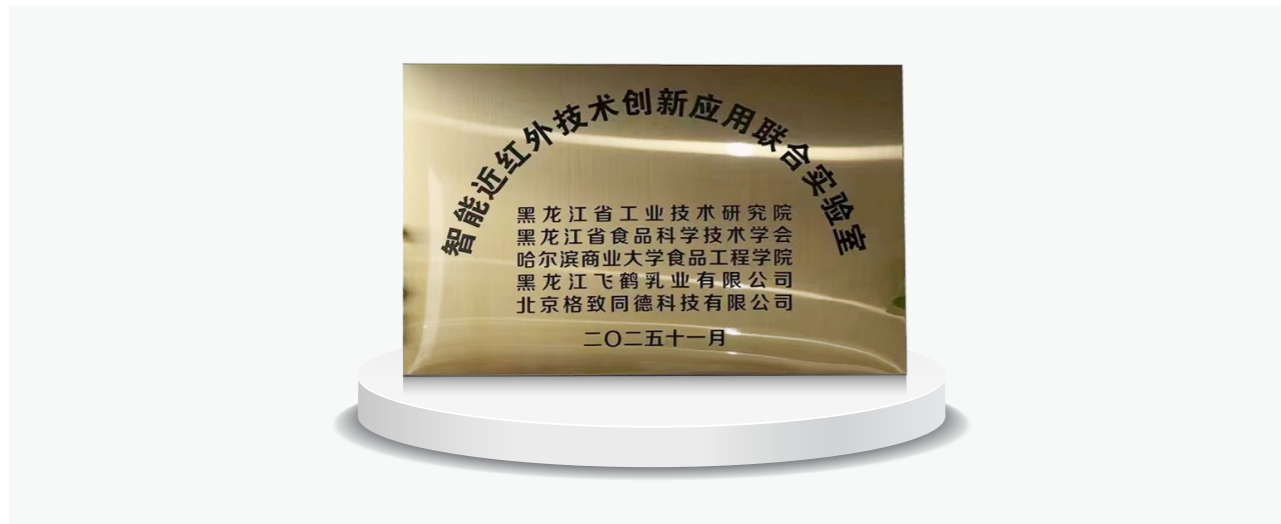
In 2025, to support the Group's global business expansion, Feihe invited senior experts from Huajin Law Firm to deliver specialized training on overseas trademark strategy and risk management. The training targeted marketing, brand and public relations teams, with over 40 attendees participating via online and offline channels. This initiative effectively enhanced the team's practical capabilities in managing cross-border trademark affairs and mitigating international IP risks.

Industry-University-Research Cooperation

Feihe continues to expand its global scientific research network, forging partnerships with over 40 research institutions across seven countries to co-establish an international research alliance. Together with its partners, the Company conducts joint research on early-life brain development and full-age-range nutritional product development, and accelerates the commercialization of multiple research findings via dedicated platforms including academicians workstations and postdoctoral workstations.

Case | Strategic Collaboration with Harbin Engineering University on Smart Near-Infrared Technology Innovation

In November 2025, Feihe signed a strategic cooperation agreement with Harbin Engineering University to jointly launch the Joint Laboratory for Innovative Applications of Smart Near-Infrared Technology. The initiative focuses on quality control for liquid dairy products and the development of online liquid dairy quality monitoring and analysis equipment. This partnership will advance the construction of the joint laboratory, facilitate technical service acceptance and research outcome commercialization, pursue provincial-level science and technology project filings, and continuously strengthen the Company's independent innovation capabilities.



Joint Laboratory by Feihe and Harbin Engineering University

Nutrition and Health Research

Feihe drives breakthroughs in core technologies spanning breast milk research, infant formula development and nutritional interventions, addressing full-life-cycle human nutritional needs. Leveraging world-leading fresh milk protein extraction technology, the Company directly isolates active proteins from its proprietary high-quality fresh milk, fully preserving their natural bioactivity and nutritional functions. Building on this technological edge, Feihe has achieved 100% in-house production of key raw materials such as lactoferrin and desalted whey powder, establishing a fully autonomous and controllable supply chain from raw materials to finished products. This ensures every can of infant formula delivers superior freshness and enhanced nutritional vitality.



Case | Feihe's Full-Chain Self-Sufficiency in Core Raw Materials

Leveraging its full-industry-chain layout, Feihe conducts independent R&D and manufacturing of core infant formula raw materials, upgrading high-quality raw milk into high-value-added ingredients with a focus on key technological breakthroughs in whey protein, lactoferrin and desalted whey powder. By adopting advanced processes including low-temperature membrane separation and chromatographic purification, the project enables efficient extraction and retention of active nutrients. Feihe has also built China's first fully automated lactoferrin production line and the nation's first membrane filtration-based desalted whey production line. These achievements have significantly boosted self-sufficiency in core raw materials, reduced reliance on imported ingredients, and strengthened the autonomy and controllability of the entire supply chain.



Fully Automatic Lactoferrin Production Line

Guided by the philosophy "Nourishing Life Through Science", Feihe conducts in-depth research into the nutritional needs of diverse age groups and specialized populations, developing nutritious, health-focused products to deliver precise, targeted health support for consumers. The Company continuously accelerates product innovation, expanding into segmented sectors including early-life nutrition, child growth support, adult wellness maintenance and elderly nutritional interventions. The Company prioritizes enhanced product functionality and advances science-driven, precision formulation design to meet evolving consumer nutritional demands.

Targeted Nutritional Products for Diverse Demographics

- **Qicui Series Infant Formula:** Fosters infants' cognitive development through a scientifically optimized DHA-to-ARA ratio, fortified with key ingredients including Sn-2 DHA and phospholipids to support the healthy growth of babies' brains and nervous systems.
- **Jicui Series Infant Formula:** Enhances immunity for infants and toddlers. Specially formulated with two types of human milk oligosaccharides (2'-fucosyllactose and lacto-N-neotetraose), paired with dual probiotics (Bb-12 and BB536) and high-purity lactoferrin to nurture babies' innate immune defenses.
- **Beishuyuan Extensively Hydrolyzed Milk Protein Formula for Special Medical Purposes:** Designed for infants with milk protein allergies or impaired digestive and absorptive functions. The hydrolysis process breaks down proteins into small, easily absorbable molecules to relieve allergic reactions; added medium-chain triglycerides (MCTs) enable direct intestinal absorption for rapid energy supply; OPO structured fats are also incorporated to improve fat absorption and maintain gut health.
- **Zhiyun Shuyang Nutritional Powder for Pregnant & Postpartum Women:** Developed exclusively for pregnant and postpartum females, featuring a zero-sucrose formula enriched with protein, folic acid, iron, calcium and multivitamins to meet the specialized nutritional demands of pregnancy and lactation.
- **Feihe Shuyixin Probiotic High-Calcium Goat Milk Powder:** Targeted at middle-aged and elderly consumers, each can contains 35 billion CFU of highly active probiotics. This sugar-free formula is fortified with vitamins A, D, E, C, selenium and calcium, focusing on gastrointestinal health and holistic nutritional supplementation.
- **Feihe Shaoyang High-Calcium Guardian Goat Milk Powder:** Specialized for bone health, this high-calcium formula is scientifically enhanced with sodium hyaluronate and yeast β -glucan, combined with multivitamins to deliver targeted nutritional support for the bone health of middle-aged and elderly groups.

Feihe actively aligns with national health strategies and is committed to the National Nutrition Improvement Initiative. The Company conducts targeted R&D focused on sugar, fat and sodium reduction, nutrient fortification, reduced artificial additives, and increased natural nutritional ingredients. In 2025, Feihe established clear nutritional improvement targets: raising the proportion of reduced-sugar products, and reduced-fat products, translating corporate responsibility into tangible actions to foster healthy dietary habits among consumers.

To meet growing demand for natural, healthy options, Feihe is expanding into emerging categories including organic dairy and natural functional dairy products. By advancing clean-label formulation development and promoting healthy eating philosophies, the Company strives to provide the public with more science-based, nutritious dietary choices. In 2025, low-fat and reduced-fat milk powder accounted for 14.3% of the Company's adult milk powder SKUs.

Signature Specialty Nutritional Products

- **Aiben Xianxian Probiotic Kale Protein Powder:** Tailored for consumers focusing on weight management, featuring a scientifically balanced high-protein, low-fat, high-dietary-fiber profile. Fortified with a patented weight-management probiotic strain and natural ingredients such as white kidney bean extract to support healthy body composition.
- **Aiben Small-Molecule Milk Protein Special Dietary Powder:** Addresses muscle and bone health needs, utilizing small-molecule milk protein for superior absorption. Scientifically formulated with milk mineral salts, prebiotics and comprehensive vitamins and minerals to provide targeted nutrition for athletes and middle-aged/elderly individuals.

To accommodate diverse consumption scenarios and personalized nutritional needs, Feihe has launched a range of small, individually packaged products across adult and infant formula lines. These designs enhance portability, enable precise nutrient intake, and effectively reduce food waste.

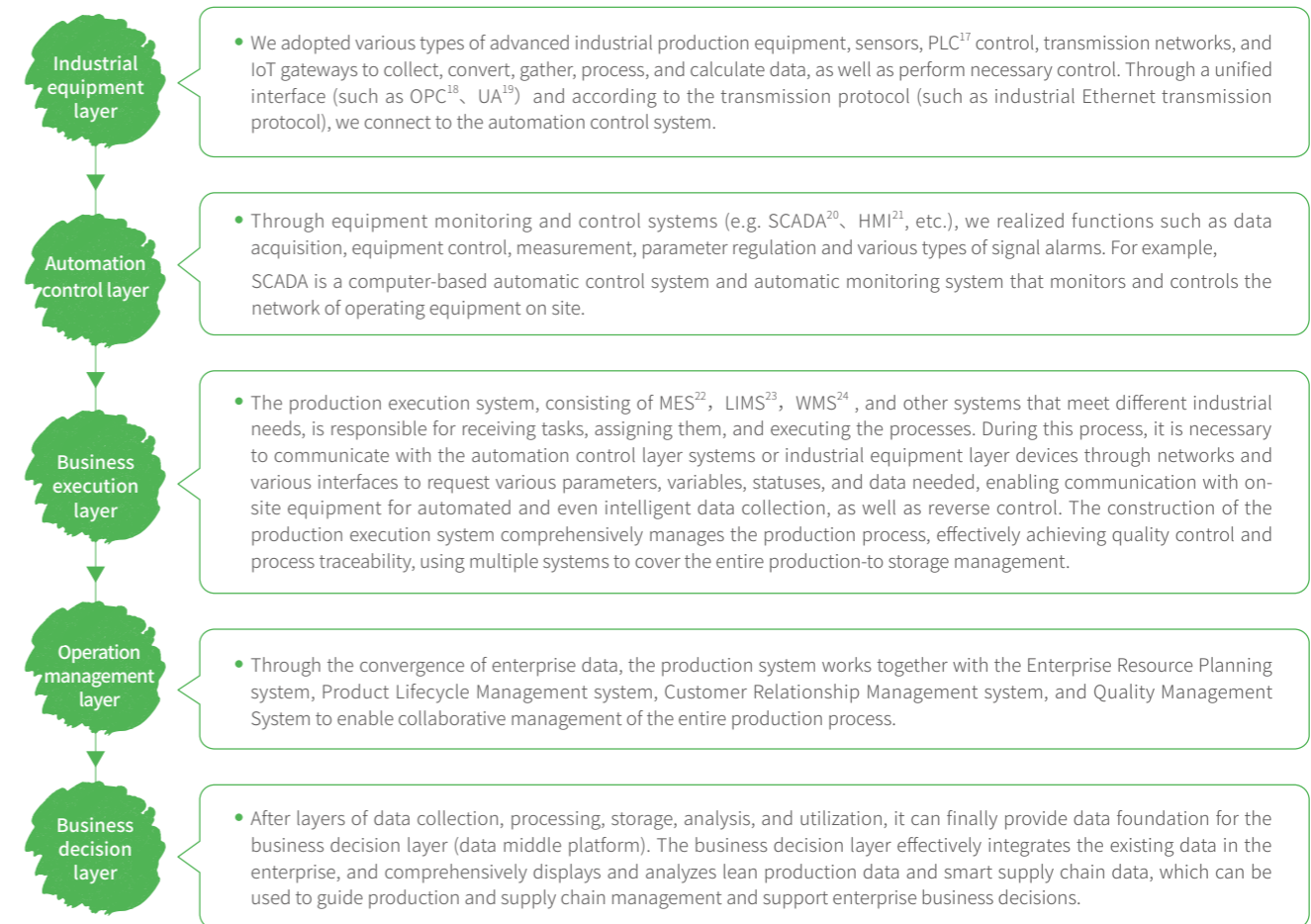
Nutritional Products in Portioned Packaging

- **Aiben Active Protein Nutrition Powder & Aiben Small-Molecule Milk Protein Special Dietary Powder:** 200g (10 sachets) compact packaging for easy portability and on-demand usage, minimizing food waste.
- **Zhiyun Luxe Nutritional Powder for Postpartum & Breastfeeding Mom:** 392g (14 sachets) individual packets, supporting flexible use across workplace lactation, travel and other scenarios.
- **Zhuoran Zhuohu:** 20g per sachet, 16 sachets (320g total) to align with children's recommended single-serving size.
- **Xingfeifan Stage 4, Jugaoxing & Jucongming:** 25g per sachet, 16 sachets (400g total) to ensure adequate nutrition and simplify parental portion control.

Intelligent Ecology

Feihe fully advances its digital and intelligent transformation, and leverages the development of data middle platform, business middle platform, and AI capability middle platform as its technological foundation. Focusing on three key business scenarios—smart manufacturing, smart supply chain, and new retail- the Company deeply integrates projects such as smart manufacturing, ERP¹⁶ system development, and smart office solutions to enhance management efficiency and further elevate digital and intelligent capabilities across the entire industrial chain.

Feihe Smart Manufacturing Model



¹⁶ ERP: Enterprise Resource Planning.

¹⁷ 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.

¹⁸ 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.

¹⁹ 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.

²⁰ SCADA: Supervisory Control And Data Acquisition.

²¹ 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.

²² MES: Manufacturing Execution System, is a management system focused on workshop production.

²³ LIMS: Laboratory Information Management System, is an information management system that combines database-centered information technology with laboratory management needs.

²⁴ 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.

Manufacturing Sector

Feihe continues to advance smart manufacturing initiatives, centering on "data-driven approaches, system integration, and intelligent decision-making." The Company is comprehensively building a digital management system that spans production, quality, energy, and laboratory operations, achieving a transformative shift from "experience-based management" to "intelligent control and management." Through the deep integration of systems such as MES, LIMS, QMS, and EMS, Feihe has created an efficient, transparent, and traceable smart factory ecosystem. This has significantly improved production efficiency, quality standards, and resource utilization, providing a solid foundation for sustainable development.

Feihe Smart Manufacturing System

System Name	Core Content
Manufacturing Execution System (MES)	<ul style="list-style-type: none"> The system enables deep interaction with critical equipment, automatically determines release criteria, and dispatches process parameters to prevent human error and reduce quality risks. In line with the factory's business development, Feihe supports the rollout of features such as unmanned operation, and cost analysis models.
Laboratory Information Management System (LIMS)	<ul style="list-style-type: none"> Feihe enables automatic generation of inspection tasks, sample scanning and circulation, and automatic data collection and transmission, thereby achieving the digitization and automation of the entire testing workflow and preventing human interference with raw data.
Quality Management System (QMS)	<ul style="list-style-type: none"> Feihe establishes a unified group-wide quality platform, integrating the quality data chain from the group headquarters to warehouses, production lines, and laboratories, enabling comprehensive online management of quality control activities and full data traceability.
Energy Management System (EMS)	<ul style="list-style-type: none"> Feihe completes the construction of energy management systems at the Kedong, Gannan, and Jilin plants, enabling energy consumption data collection and refined control to reduce energy consumption.
Data-Driven Decision Making	<ul style="list-style-type: none"> Feihe develops an intelligent dashboard for PCS regular meetings, covering multi-dimensional business scenarios such as production, quality, cost, and energy, to support data-driven decision-making.

Leveraging its digital-intelligent systems and world-class manufacturing prowess, Feihe has garnered widespread recognition from authoritative domestic and international institutions. In 2025, the Company was honored as an Excellence-Level Smart Factory by the Ministry of Industry and Information Technology (MIIT), named one of China's first High-Level Quality Management Capability Maturity Enterprises, accredited as a Heilongjiang Provincial Smart Factory, and selected as a Pioneer Case in the 2025 Light Industry Digital Transformation Initiative.

Logistics Sector

Feihe continues to advance the construction of its smart supply chain, underpinned by an integrated digital platform that comprehensively improves collaboration efficiency and responsiveness across procurement management, logistics distribution and new business expansion. With the full-scale deployment of the SRM procurement platform, the Company has achieved end-to-end digitalized procurement operations across eight major categories, including brand marketing, IT procurement, raw materials, packaging materials and MRO. This advancement standardizes procurement workflows, ensures transparent execution, and delivers full-process procurement transparency.

The smart supply chain system effectively empowers the Group's new business segments, enabling rapid response to the systematic needs of the Raw Milk Powder Division, Adult Milk Protein Division and Children & Adolescents Division. It supports end-to-end management of production, sales and shipping, as well as seamless integration with external warehouses, laying a solid foundation for business innovation and market expansion. In logistics and distribution, the system enables a rapid warehouse deployment mechanism that shortens setup cycles and reduces operational costs. This strongly supports the implementation of strategic initiatives including the "Fresh Strategy" and next-day delivery, significantly enhancing point-of-sale fulfillment capabilities and elevating the overall customer experience.

Marketing Sector

Feihe actively advances digital transformation in the marketing domain, driving higher consumer engagement and stronger brand influence via technological innovation and intelligent applications. The Company has built a comprehensive consumer traceability system to precisely curb channel diversion and substantially improve market order. Furthermore, Feihe accelerates the development of an AI capability middle platform, harnessing the advanced capabilities of large language models to deepen consumer interactions and empower intelligent business-side applications.

Case | AI Technology Empowering Consumer Interaction & Brand Communication

Built on its self-developed HiAgent AI platform, Feihe has launched a full suite of intelligent customer marketing applications, with dedicated scenario-specific agents for customer acquisition and sales support. The AI-powered customer service system delivers 24/7 inquiry responses via intelligent chatbots and large model integration, while the AI sales assistant provides real-time support for frontline teams, including sales script guidance, competitor analysis and customer demand forecasting. The "Star Moms Club" platform has upgraded membership services through intelligent functions such as smart formula selection and AI-enhanced search. Through deep integration of AI technology, Feihe has optimized the end-to-end customer marketing journey and established a new data-driven intelligent marketing paradigm, bolstering the Company's market competitiveness in the digital era.



03 | Enhance

Social Well-being

Feihe fully integrates the concept of sustainability into its corporate practices. The Company continuously refines employee development system, prioritize the physical and mental well-being of staff, and foster a caring work environment. At the same time, the Company actively promotes responsible sourcing, collaborate with partners to advance sustainability, and remain committed to community service and philanthropic initiatives, growing alongside society.



Talent Development

Based on the principle of fair employment, Feihe fully respects the individual differences and diverse values of every employee and is committed to building an equal, inclusive, and dynamic workplace ecosystem. The Company continuously optimizes its employee development system, comprehensively safeguards employee health, establishes a people-oriented care mechanism, and creates a warm and inclusive work environment that fosters a strong sense of belonging.

The Rights and Interests of Employees

Feihe 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*. The Company has established and implemented 16 human resources management policies covering employee relations, recruitment, training, compensation, performance, and benefits to provide clear guidance for employee management.

Equal Employment


Feihe adheres to national laws and regulations such as the *Law of the People's Republic of China on the Protection of Minors* and international conventions including the *Regulations on the Rights of the Child*, with a strict ban on child labor in all recruitment and hiring processes. The Company upholds lawful and compliant employment practices, abides by local regulations governing compensation, working hours and statutory benefits, and strictly prohibits all forms of forced labor. Any violations will be addressed in accordance with applicable laws and regulations. Furthermore, the Company has implemented an *Employment Diversity Policy* dedicated to cultivating a fair and inclusive employment environment, with a firm commitment to eliminating discrimination and harassment at all stages of employment, regardless of gender, ethnicity, region, religious beliefs, cultural background, or other characteristics. In 2025, Feihe reported zero incidents of child labor, forced labor, employment discrimination or harassment.

To further safeguard employee rights and interests, the Company establishes a trade union in accordance with the law and signs a collective agreement with the union on the basis of equal consultation, promoting harmonious and stable labor relations.

In 2025, Feihe



reported
zero incidents of child labor, forced labor,



reported
zero employment discrimination or harassment

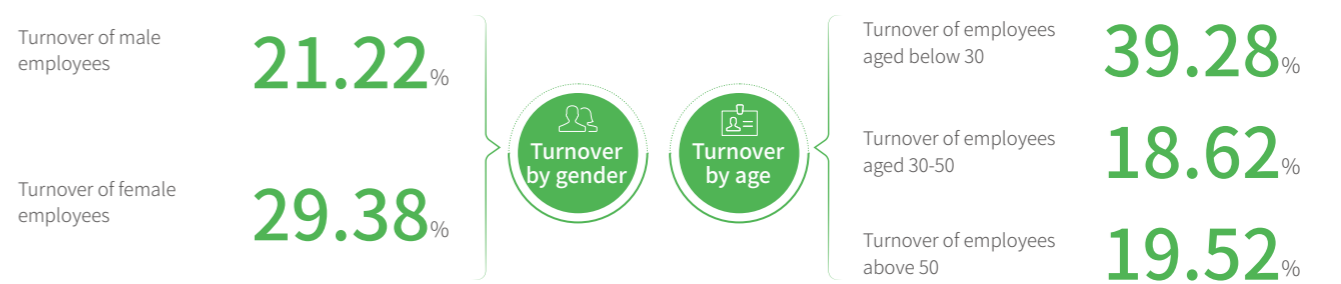
In 2025

the signing rate of the *Collective Agreement of Heilongjiang Feihe Dairy Co., Ltd.* reached

100%

Composition of Full-time Employees in 2025 ²⁵		Unit	2025
Employees by gender	Male employees	/	5,794
	Female employees	/	3,686
Employees by employment type	Full-time employees	/	9,480
	Temporary employees	/	0
Employees by age	Employees aged below 30	/	2,485
	Employees aged 30-50	/	5,976
	Employees aged above 50	/	579
Employees by geographical location	Employees in Chinese Mainland	/	9,040
	Employees in overseas regions and Hong Kong, China	/	440
Employees by education	Employees holding master's degree or above	/	318
	Employees holding bachelor's degree	/	2,675
	Employees holding associate degree	/	3,321
	Employees holding a high school diploma or below	/	2,726
Numbers of female employees in senior management		/	10
Percentage of female employees in senior management		%	29

Turnover Rate in 2025



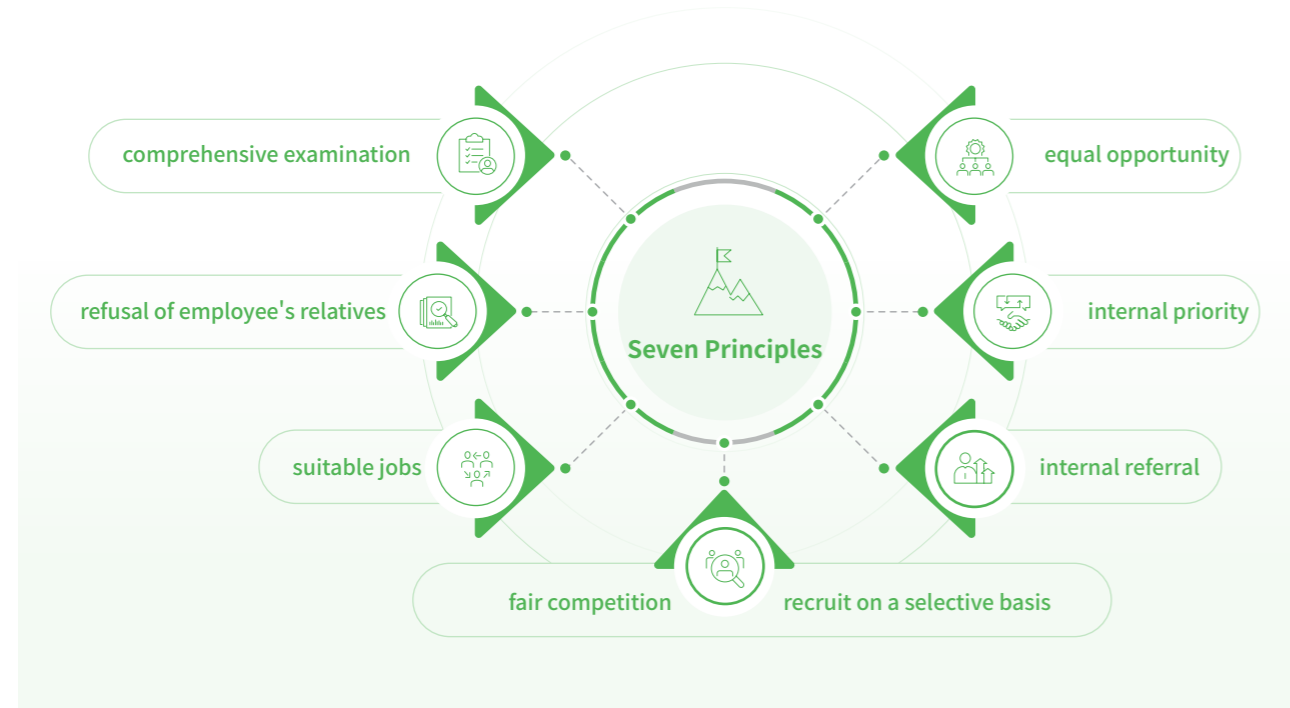
Human Rights Protection

Feihe is committed to operating with the highest ethical standards and firmly safeguarding the human rights of all employees. We actively align with the *Universal Declaration of Human Rights*, *International Covenant on Economic, Social and Cultural Rights*, *UN Guiding Principles on Business and Human Rights* and International Labour Organization's *Declaration on Fundamental Principles and Rights at Work*, while continuously improving our human rights protection mechanisms. The Company conducts regular human rights risk assessments across all business operations, focusing on key areas including forced labor, child labor, discrimination and occupational health and safety. Corresponding prevention, mitigation and response mechanisms are formulated and implemented based on assessment results to avoid and minimize adverse human rights impacts. In 2025, Feihe recorded no human rights-related non-compliance incidents.

²⁵ The number of employees by age, and educational background exclude employees in overseas regions and Hong Kong, China.

Talent Recruitment

Feihe formulates and optimizes talent recruitment strategy, adhering to seven core principles and committing to providing fair and open employment opportunities for talents of all backgrounds. Through comprehensive competency evaluations, the Company ensures selected candidates align with corporate values and long-term strategic objectives. The Company also actively supports internal talent mobility, with a sound job rotation system in place to promote rational allocation and professional development of internal human resources. In 2025, the proportion of internal positions filled by internal candidates was 55.56%.



Feihe's "Seven Principles" in talent recruitment

This year, the Company expanded campus recruitment channels, attracting outstanding diversified talents via external recruitment platforms, offline job fairs and university-enterprise cooperation programs. The Company further upgraded the AI interview system for campus recruitment, customizing interview questions and adding intelligent follow-up prompts based on role-specific competency models to accurately assess candidate capabilities. The system also supports flexible interview scheduling for students, reducing manual interview costs and improving recruitment efficiency by 66.7%.

Feihe Campus Recruitment Activities

External Platforms	Offline Job Fairs	School-Enterprise Cooperation
Conducted online outreach through external recruitment platforms (such as Zhaopin) and leveraged university career websites and targeted on-campus promotions by faculty members to precisely reach the target audience	Organized 20 specialized recruitment presentations at target universities and participate in 20 large-scale job fairs to effectively communicate the corporate philosophy and job requirements	Actively collaborated with universities to establish industry-academia-research partnerships with institutions such as Northeast Agricultural University, Northwest A&F University, Heilongjiang University, and Qiqihar University. Provided practical opportunities for graduates through joint research projects and support for cultural and sports activities

Case | Feihe Launched Unique Employer Engagement Activities

In 2025, capitalizing on the Asian Winter Games momentum, the Company launched the "Healthy Youth, Energetic Asian Winter Games" Feihe Energy UP Quiz Challenge for college students. The initiative promoted physical activity and healthy lifestyles while deepening students' understanding of the company. Blending online and offline engagement, the event covered 45 universities online and held on-site interactions at 6 universities, attracting over 1,000 student participants in total.

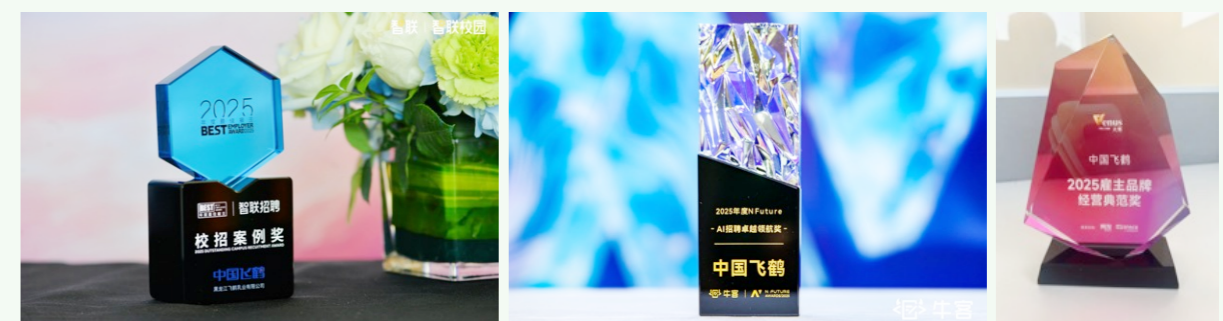


Feihe Unique Employer Engagement Activities

In 2025, the Company received multiple Excellent Employer Awards

Zhaopin 2025 Best Employer Outstanding Campus Recruitment Award	NEWCODER 2025 NFuture AI Recruitment Excellence Leadership Award	Liepin 2025 Client Success Award	Yonyou 2025 Employer Branding Management Model
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2025 China Human Resources Management Academy Award—China Human Resources Management Best Practice Award



Recognition in Excellent Employer Awards

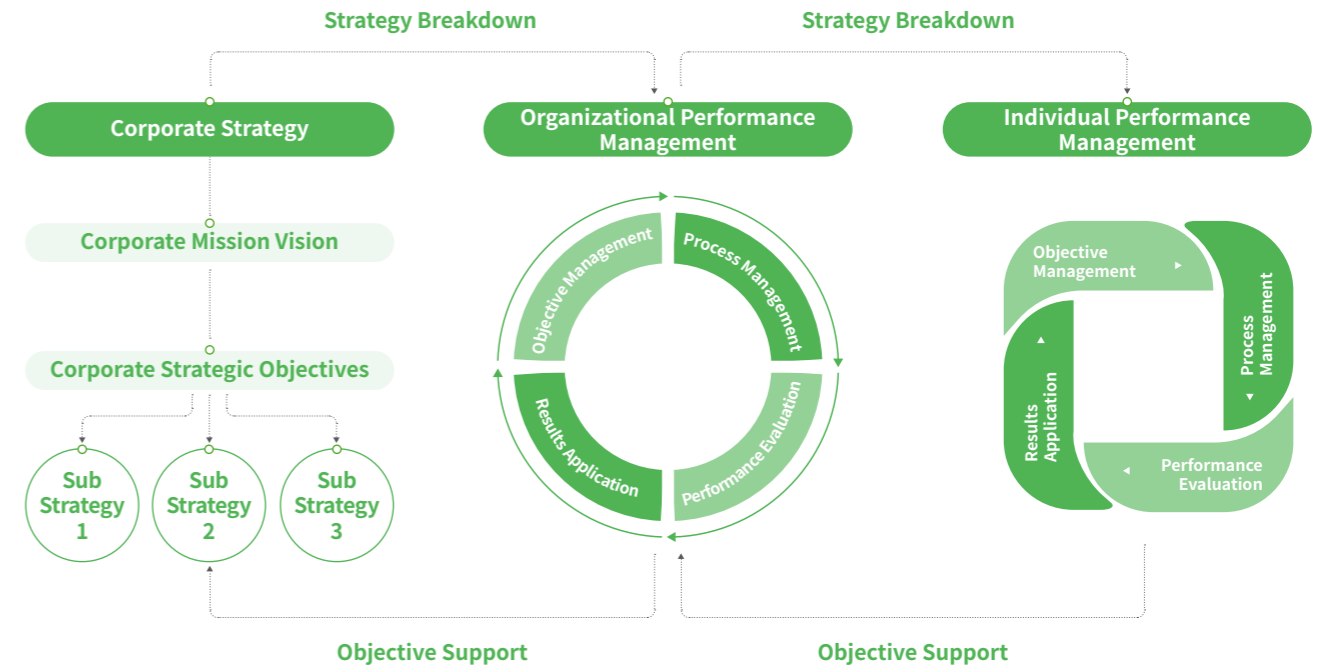
Employee Development

Feihe views employee growth as the core driving force behind organizational development. The Company establishes a comprehensive compensation and performance management system, along with fair and transparent promotion pathways, to support diverse career development paths for employees. The Company continuously builds a comprehensive talent development system, committed to providing employees with all-around support throughout their careers, fostering the continuous enhancement of professional capabilities, and achieving mutual growth between employees and the company.

Remuneration and Performance

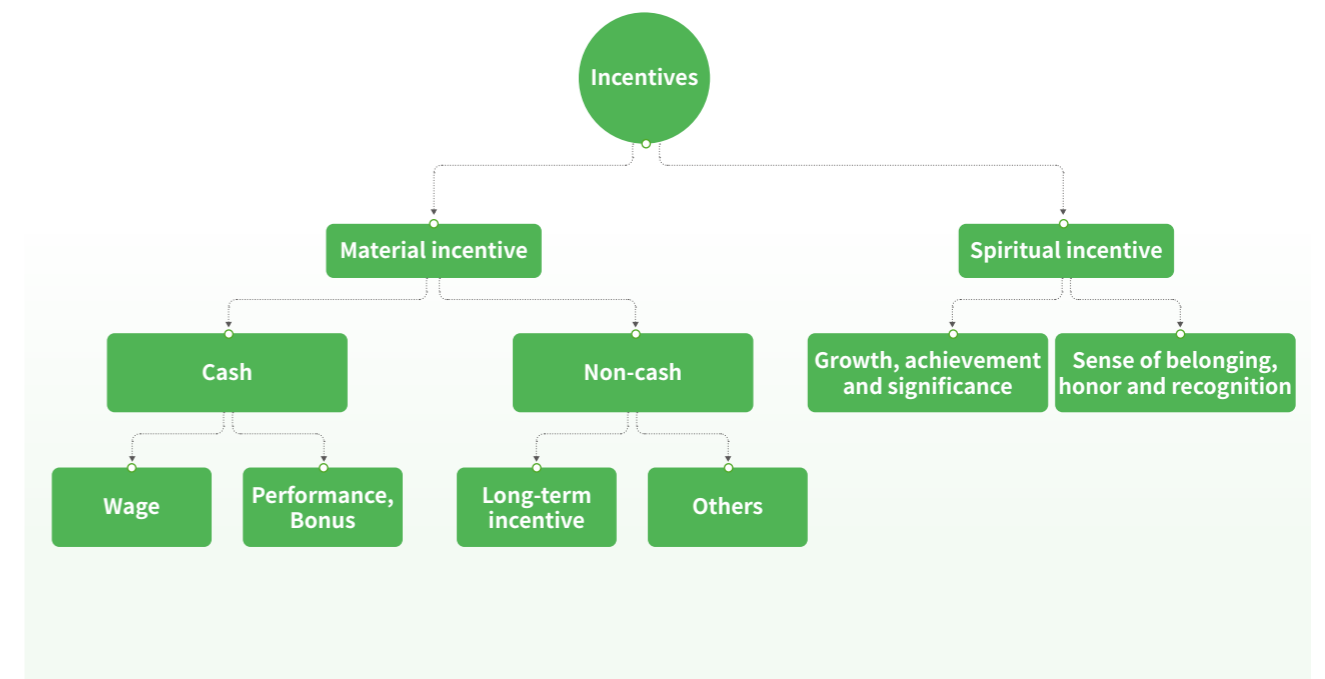
Feihe adheres to the principles of scientific rigor and fairness in implementing its compensation and benefits management system. The Company designs differentiated compensation structures tailored to different organizational units and positions, clearly defining the proportion of fixed salary versus performance-based pay. The company has established a differentiated, dynamic, and cyclical performance appraisal system to ensure that employee compensation is directly linked to their work performance, thereby stimulating their motivation and creativity. To maintain the competitiveness of compensation system, the Company conducts annual industry-wide salary surveys to understand market compensation levels for various positions, ensuring that employee compensation remains competitive within the industry.

Feihe establishes a scientific and reasonable performance management system centered on annual strategic goals, ensuring that the objectives of all departments and employees align with the Company's overall development direction. Through systematic goal setting, process tracking, performance evaluation, and application of results, the Company achieves comprehensive management of both the organization and individuals. The Company is committed to ensuring that every employee receives objective evaluation and effective incentives, thereby supporting employee growth and the company's sustainable development.



Feihe Performance Assessment System

Guided by the core values of "shared ownership, co-creation, shared responsibility, and mutual success," Feihe implements a Restricted Stock Unit plan and establishes long-term incentive mechanisms. This promotes the sharing of development outcomes between employees and the company, achieving mutual growth and sustained mutual success for both individuals and the organization.



Feihe's Employee Incentive System

Promotion Mechanism

Feihe ensures employees have diverse promotion opportunities by establishing a promotion mechanism centered on a competency-based qualification system. The Company adheres to the "Five Principles of Promotion," conducting systematic evaluations of key indicators within the competency framework to stimulate employee initiative and creativity, thereby providing a continuous talent pool to drive the Company's development.

Feihe's Five Promotion Principles

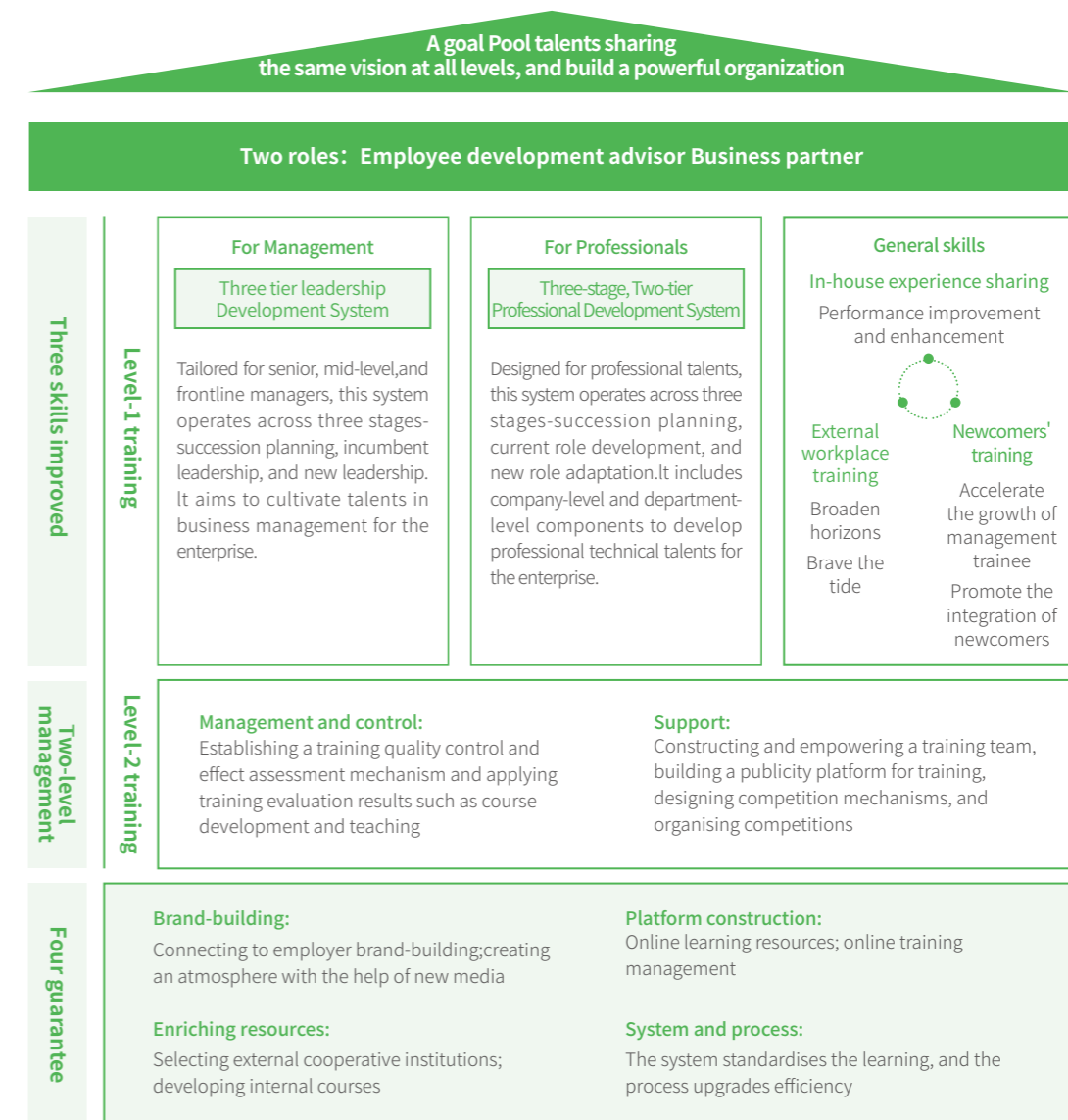


At the same time, the Company further refines the competency evaluation criteria at all levels, placing greater emphasis on "capacity to bear responsibility," "value contribution," and "growth potential" during promotion assessments. Both before and after promotions, the company arranges targeted specialized training and continuously tracks the implementation of individual development plans to ensure that newly promoted employees quickly adapt to their new roles and demonstrate new effectiveness. In 2025, the Company promoted 36 employees to manager-level positions and above, including 24 mid-level and senior employees in headquarters functional departments and 12 newly promoted sales department managers and above.



Employee Training

Feihe places great importance on enhancing employee capabilities. By establishing a comprehensive training system and conducting diverse training programs, the company provides strong support for employee development. The Company establishes a comprehensive "3+2+4" training system to provide senior managers and all employees with comprehensive and diverse course resources. The Company fully leverages the synergy between talent development consultants and business partners. Through precise training needs analysis and personalized course design, the Company drives the realization of talent development goals: "pool talents sharing the same vision at all levels, and build a powerful organization." At the same time, the Company continues to strengthen two-tier training management mechanism, focusing on enhancing employees' key core competencies to ensure that training outcomes are effectively implemented.



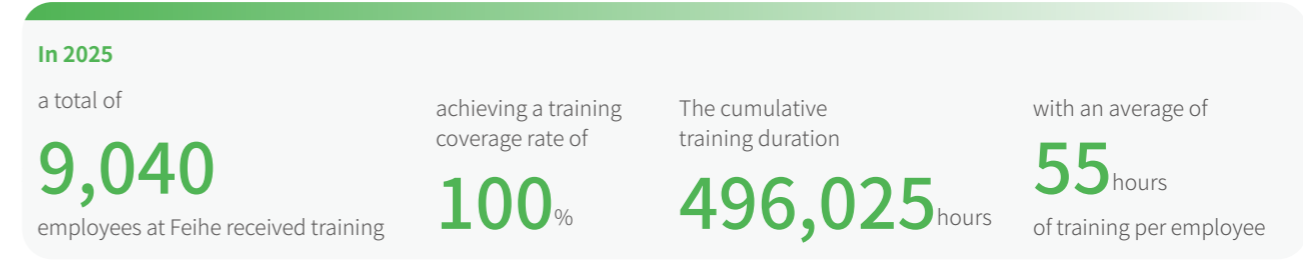
Feihe 3+2+4 Employee Training System

Feihe establishes a management talent pipeline development mechanism, focusing on building executive leadership development programs, including the "Black Alliance," the core executive study tour in Japan, the Gongsheng Academy, and the Shanghai Program. These programs integrate international perspectives, cross-disciplinary knowledge sharing, and localized practices, thereby cultivating a pool of high-level management talent to support sustainable operations.

Feihe Executive Leadership Development Programs

Project	Target	Scope	Outcomes
Feihe × Hundun Academy's "Black Alliance" Project	Founders, executive team, heads of new business units, and key managers	Participate in courses in Hundun Academy/Innovation Institute, conduct "Exploration Stream" mentoring, and study the "Innovation Course on Five-Step Work Method"; organize cross-departmental workshops centered on business scenarios	Over 1,000 participants have completed training, and more than 100 cross-departmental thematic seminars have been held
Zhishi Academy · Gongsheng Academy	Key managers from each business unit	Study modules on introspection and insight, value-based business models, and leadership; enhance comprehensive capabilities through workshops, assignments, team-building activities, and specialized cost-reduction initiatives	A total of 7 intensive training sessions were conducted throughout the year
Shanghai Program	Key managers from each business unit	Focus on learning across three key areas—strategy, operations, and organization—combining Chen Chunhua's curriculum system with insights from industry experts and company executives to strengthen practical skills	Four intensive training sessions and final presentations were held, reaching nearly 100 core managers
Peking University Executive Program	Outstanding managers and supervisors in marketing, production, and functional departments	Conduct theoretical study, visits to benchmark companies, and internal practice sharing around eight major themes, driving learning and class activities through a self-managed model	80 managers participated in multiple cross-company exchanges and internal knowledge-sharing sessions
Young Leaders Program	Young key personnel	Enhance management awareness, practical skills, and strategic adaptability through a standardized curriculum system that integrates business knowledge with general management principles	1,061 individuals were selected for the talent pool, completed the standardized development process, which supported the development of talent pipelines under the new strategy

The Company maintains long-term partnerships with external institutions and experts, introducing in-house training and coaching on topics such as competition strategy, organizational performance, and long-term incentives. The Company ensures effective training outcomes through post-course assessments, individual/group assignments, cost-reduction initiatives and progress tracking, as well as specialized project reviews and evaluations. During the reporting period, the Company conducted over 100 in-house training sessions in various formats, covering personnel across all departments and levels, with a cumulative participation of over 1,000 employees.



2025 Formal Employee Training Overview²⁶

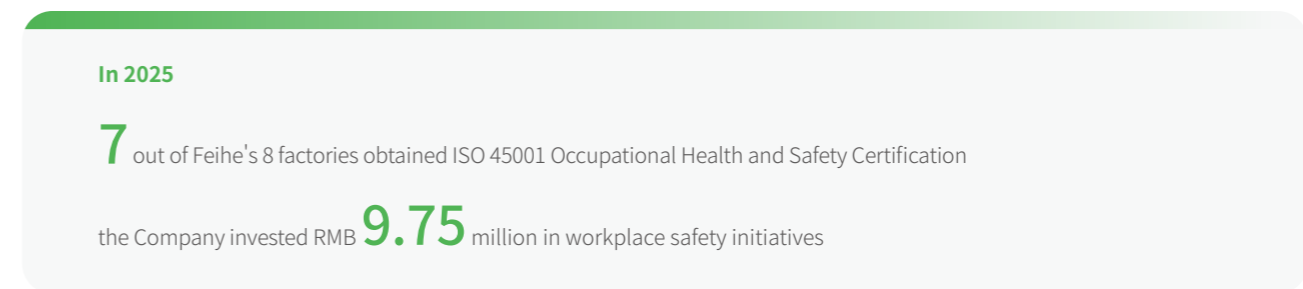
	Training Coverage (%)	Average Training Hours (Hours)
By gender	Male employee	100
	Female employee	100
By employment type	Senior management	41
	Middle management	44
	Front-line employees	58

Health and Safety

Feihe is committed to creating a healthy and safe environment. The Company continuously improves our safety management system, mitigates safety risks, and organizes various safety awareness activities to effectively safeguard the physical and mental well-being of every employee.

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 updates and implements 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 coordinating and 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.



²⁶ The employee training data does not include training data for Feihe employees in overseas regions and Hong Kong.

In 2025, Feihe's factories successfully achieved the following safety and health management goals as planned:

Indicator	Target Value	Actual Achievement
Serious injury and fatality rate	0	0
Safety education coverage rate	100%	100%
Safety hazard rectification rate	100%	100%
LTIF ²⁷	1.1	0.4
LTIFr for contractor	0	0
Timely pre-employment / on-the-job / post-employment health examination rate	100%	100%
Occupational disease/suspected occupational disease detection	0	0

Occupational Health at Feihe²⁸

Indicator	Unit	2023	2024	2025
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	973	1,785	1,876

Safety Risk Management

Feihe adheres to the PDCA cycle principle of the ISO management system and strictly complies with national occupational health and safety laws and regulations. The Company establishes a tiered safety risk control mechanism and continuously conducts special campaigns to identify and address potential hazards, thereby comprehensively reducing safety risks.

To ensure sustained and stable production safety, the Company implements a multi-tiered safety inspection system, including daily safety checks, weekly site inspections by each department, and monthly site inspections led by plant managers. Prior to major holidays, the Company organizes special safety inspections covering critical areas such as personal protective equipment, fire safety, and temporary electrical installations. Following these inspections, the EHS department compiles monthly safety reports and tracks and verifies the implementation of corrective actions according to established timelines to ensure closed-loop management of hazards and effectively enhance the Company's safety management standards. In 2025, a total of 490 EHS risks were identified, with a 100% completion rate for corrective actions.

Occupational Health and Safety Management

Feihe strictly adheres to laws and regulations such as 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*. The Company establishes internal management systems, including the *Occupational Disease Prevention and Control Management System* and the *Environmental, Occupational Health, and Safety Management System Manual*, to further refine the occupational health and safety management system. At the same time, the Company establishes and implements a daily management mechanism for employee safety and health, and carries out a series of management initiatives to comprehensively strengthen safety defenses.

²⁷ LTIF: Lost Time Injury Frequency Rate.

²⁸ The occupational health-related data does not include data for Feihe's employees in overseas regions and Hong Kong. In 2025, occupational health statistics for organic livestock farming will be incorporated, and data from 2023–2024 will be retrospectively adjusted.

Occupational Health and Safety Management Measures

Monitoring and management of occupational hazards

Regularly monitor occupational hazard factors across all areas, and carry out targeted rectification efforts for key factors.

Emergency management

Develop an *Emergency Response Plan Management System* to standardize emergency response levels, division of responsibilities, early warning response procedures, and mitigation measures.

Management of personal protective equipment

Develop *Standard List for the Provision of Personal Protective Equipment*, covering 34 different areas and specifying the provision standards, usage methods, and inspection procedures for 36 types of protective equipment.

Day-to-Day management

Organize regular health checkups for employees; Place warning signs and risk notification boards at production sites to promote occupational health and safety awareness.



Safety Culture Promotion

Feihe continues to promote the development of a safety culture. Through initiatives such as the Occupational Disease Prevention Law Awareness Week, Workplace Safety Month, and Fire Safety Day, the Company widely disseminates its safety philosophy and enhances safety awareness among all employees.



Fire Safety Emergency Drill and Evacuation Scene

Feihe Safety Culture Activities Overview

Activity	Theme	Number of Activities	Participants Covered
World Environment Day	Advancing the Construction of a Beautiful China	17	3,457
Occupational Disease Prevention Law Awareness Week	Prioritizing Prevention, Safeguarding Occupational Health	20	4,110
Workplace Safety Month Activities	Everyone Speaks Safety, Everyone Knows Emergency Response – Unblocking Life Channels	26	4,910
Fire Safety Day	Training & Awareness Campaigns Safety Knowledge Competitions, Prize Q&A Emergency Drills	30	4,847

Employee Care

Feihe places a high priority on employee well-being and continuously improves its employee benefits system. In addition to fully ensuring all employees' basic rights—such as social insurance and housing provident fund, as well as statutory holidays—in accordance with the law, the Company further expands its range of non-monetary benefits to continuously enhance employees' sense of belonging and well-being.

Non-monetary Benefits for Feihe Employees

Onboarding Care <ul style="list-style-type: none"> Onboarding training 	Balanced Life <ul style="list-style-type: none"> Holiday events and themed activities Sports competitions Movie screenings Flexible hours, remote work 	Maternity Support <ul style="list-style-type: none"> Maternity leave, paternity leave, etc. Baby care room Eligibility for subsidized formula
Welfare and Care <ul style="list-style-type: none"> Festival gifts Special meals for holiday events Monthly offered products Internal discounted products Holiday gifts for retired employees 	Health Assurance <ul style="list-style-type: none"> Love Foundation Major illness assistance Charity support Fat-loss program 	Insurance Coverage <ul style="list-style-type: none"> Pension insurance, medical insurance, unemployment insurance, occupational injury insurance, maternity insurance Housing provident fund Commercial insurance

Case | Feihe Knowledge Challenge

In 2025, Feihe launched an internal knowledge challenge to deepen employees' understanding of corporate culture, development strategy, and institutional values. The event organized individual and team quizzes through a UGC mini-program, vividly conveying the corporate spirit of "Building Dreams Together, Learning and Striving Together, and Walking the Talk." The challenge achieved remarkable participation results: attracting over 18,000 employees and partners, recording more than 110,000 cumulative responses, a total learning duration exceeding 5,388 hours, and over 200,000 visits to the mini-program.



Knowledge Challenge

Feihe places great importance on caring for female employees. By incorporating current social focus and contemporary trends into interactive formats, the Company organizes a variety of International Women's Day events to convey sincere sentiments and warm support.

Feihe Women's Day Care Initiatives

Headquarters

- Launched the "She Is Like a Spring Mountain, Naturally Uplifting" campaign to highlight outstanding female employees across various departments, producing themed videos and promotional content to showcase their contributions and spirits;
- Organized a private screening of Ne Zha 2 and distributed thoughtful gifts, covering over 400 female employees across the Group;



Feihe Women's Day Care Initiatives

Production Facilities & Marketing Regions

Tailored to the characteristics of each division, the Company organized a variety of themed care activities, including tea parties, strawberry picking, and Hanfu experiences. Leaders also presented flowers, gifts, and greetings to frontline marketing staff, with the initiatives reaching over 10,000 female employees in total.



Feihe Women's Day Care Initiatives

Employee Communication

Feihe is committed to establishing efficient and seamless channels of communication with employees and a closed-loop feedback system. Through regular satisfaction surveys, the Company gains precise insights into employee needs and uses this information to continuously optimize management practices, thereby enhancing the employee experience and satisfaction.

Feihe Employee Communication Channels

Daily Communication <p>Employee Voices column and dedicated email</p> <p>We collect daily feedback, suggestions, and concerns from employees, and verify and address these issues. For general inquiries, we ensure that employees receive an initial response within 24 hours; for complex issues, we commit to providing a final response within three business days. In 2025, we received feedback from one employee, and all issues raised were successfully resolved.</p>	Regular Communication <p>Quarterly All-Staff Meeting</p> <p>We summarize the achievements of the previous phase, outline goals and plans for the next phase, and recognize outstanding teams and individuals.</p>	Specialized Communication <p>Policy/Regulation Feedback Sessions</p> <p>For important policies and management measures that directly affect employees' interests, we invite employee representatives to participate and specifically solicit their opinions and suggestions.</p>
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To comprehensively understand employees' work experiences and core needs, Feihe regularly conducts employee satisfaction surveys. Through questionnaires and focus group discussions, the Company carries out employee engagement surveys covering multiple dimensions, including employee experience satisfaction and sustainable engagement, to fully reflect the actual satisfaction of the workforce. After the survey, the Company refined various management indicators based on employee feedback, ensuring that employee concerns and demands were fully addressed.

Survey results showed

employee participation rate	organizational perception score	employee experience satisfaction and sustainable engagement scored
90%	4.35 significantly higher than the industry average	4.25 and 4.5

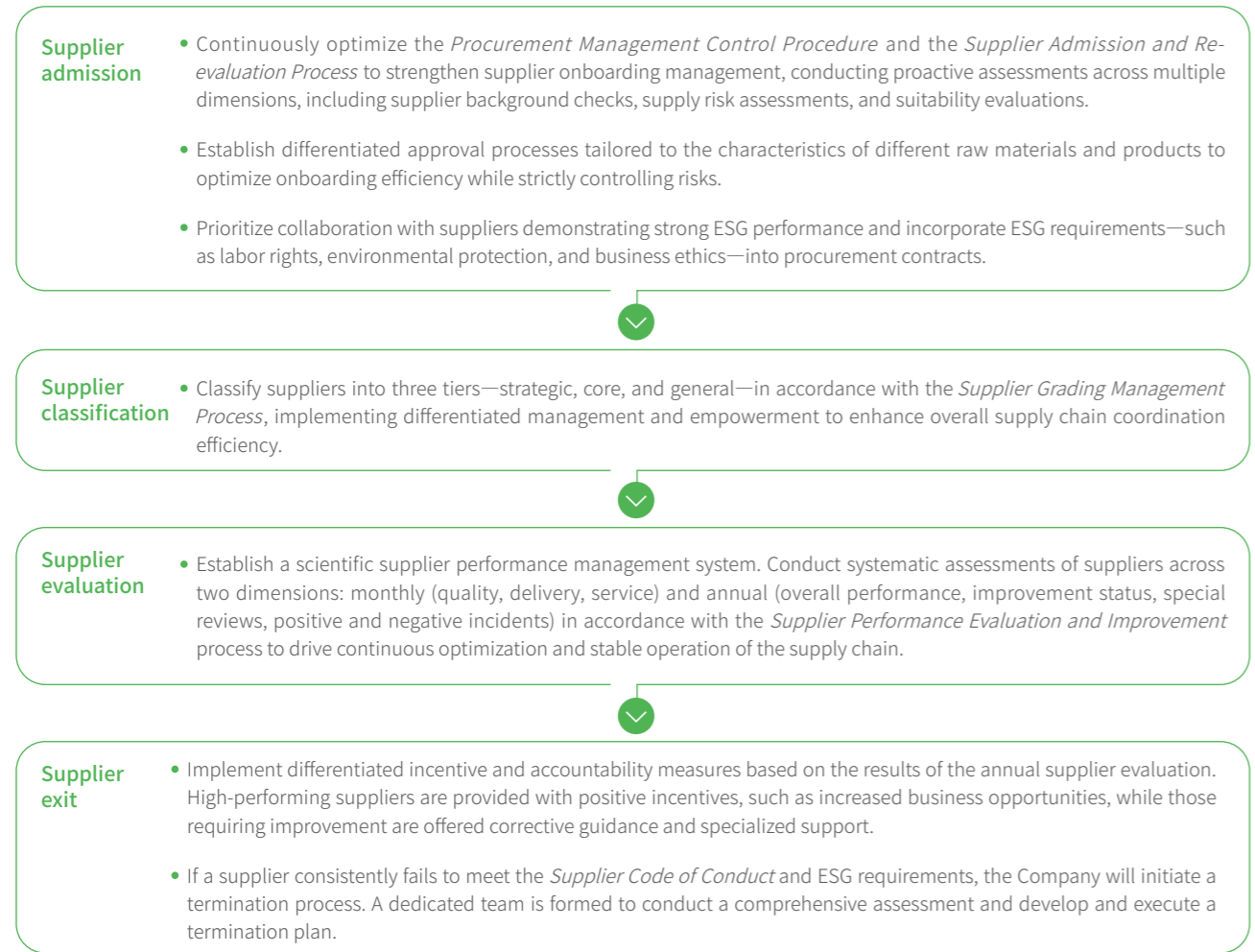
Responsible Procurement

Feihe adheres to the procurement principles of "openness, fairness, and impartiality," continuously refining its supplier lifecycle management system. The Company conducts ESG risk assessments and audits of suppliers to identify and mitigate risks across all stages of the supply chain. Feihe advances the development of a supplier empowerment system, and regularly organizes ESG-related training and exchange activities to foster mutual growth and shared success throughout the supply chain.

Supplier Lifecycle Management

Feihe continuously advances the standardization and systematization of its supplier management system, establishing a supplier lifecycle management framework of admission, classification, evaluation, and exit. Through diverse methods such as specialized audits, external reviews, and internal debriefings, the Company solicits feedback from all relevant stakeholders to drive document revisions. Upon completion of initial revisions, the Company actively conducts specialized training to ensure personnel at all levels understand the requirements of the system, thereby guaranteeing the accuracy, compliance, and effective implementation of the documents. In 2025, the Company further streamlined and consolidated all procurement documents, ultimately producing 34 standardized documents. Concurrently, the Company optimized the division of responsibilities and process details in the *Procurement Management Control Procedure*, the *Procurement Document Management*, and the *Supplier Share Management Measures*, and introduced the *Loss, Breach, and Compensation Recovery Process* to enable loss recovery and end-to-end control over defects originating from suppliers.

Supplier Lifecycle Management System



In addition, we develop a digital procurement platform that integrates "standardization, collaboration, digitization, visualization, and intelligence." The platform comprises six core management modules and is deeply integrated with eight external systems, enabling comprehensive digital management of suppliers. This further enhances management precision and operational efficiency.



Digital Procurement Platform

As of the end of the reporting period

Feihe had a total of	the number of tier 1 key suppliers was	the proportion of total expenditures attributable to key suppliers was
219 suppliers	219	100%

Number and Distribution of Suppliers in 2025

Indicator	Data in 2025	
Total number of suppliers	219	
By region	Suppliers in Chinese mainland	157
	Overseas suppliers	62
By type	Tier 1 suppliers ²⁹	219
	Non-tier 1 suppliers	0

²⁹ Tier 1 suppliers are direct suppliers.

Supplier ESG Management

Feihe formulated and refined the *Green Supply Chain Management Regulations*, clarifying specific requirements for suppliers regarding sustainable cooperation, responsible raw material production, data security management, and product recalls. The Company systematically integrated ESG-related management content into supplier admission, performance evaluations, and the entire procurement process, guiding and encouraging suppliers to practice ESG principles in environmental protection, health and safety, labor rights, and business ethics, thereby fostering a responsible and sustainable supply ecosystem in collaboration with partners. Furthermore, the Company extends ESG requirements throughout the supply chain through the signing of codes of conduct and in-depth collaboration. In 2025, the Company achieved a 100% signing rate for the *Supplier Code of Conduct* among its tier 1 suppliers.

Requirements of the *Supplier Code of Conduct*

Environmental protection

- Suppliers should comply with applicable national and local environmental protection laws and regulations, establish a comprehensive environmental management system, and practice biodiversity and forest conservation.
- Suppliers are encouraged to measure, manage, and strive to reduce GHG emissions generated by their operations, giving priority to the adoption of energy-saving technologies.
- Suppliers should take effective measures to prevent pollution and manage wastewater, exhaust gases, and waste responsibly, promoting waste reduction, resource recovery, and environmentally sound disposal.
- Suppliers are encouraged to improve resource efficiency in their production and operations by optimizing processes, adopting eco-friendly materials, and implementing circular economy models.

Health and safety

- Suppliers are required to provide employees with a safe and healthy work environment, systematically identify and control potential risks in the workplace, and provide necessary safety training, protective equipment, and emergency response plans to prevent workplace injuries and occupational diseases.

Labor rights

- Suppliers are strictly prohibited from employing child labor or engaging in any form of forced or compulsory labor.
- Suppliers must provide employees with fair and lawful working hours, compensation and benefits, and rest arrangements, ensuring compliance with local laws and regulations.
- We advocate for a diverse, equitable, and inclusive work environment and require suppliers to prohibit any discrimination or harassment based on race, gender, religion, or other factors in all aspects of recruitment, compensation, and promotion.
- Suppliers must respect employees' legal rights to freedom of association, union membership, and collective bargaining.
- We define human rights management requirements and disseminate them through regular online and offline training sessions covering topics such as human rights due diligence and the establishment of human rights management systems. We also hold regular communication meetings to share industry requirements, regulatory changes, and company expectations. During on-site audits, we assess suppliers' implementation and optimization of human rights management practices.
- We conduct human rights due diligence and administer annual human rights risk assessment surveys, fully integrating human rights evaluations into the admission requirements for new suppliers. In 2025, the Company's survey collected nearly 71 responses, with over 90% of suppliers having explicit written human rights management requirements.

Business ethics

- Require suppliers to strictly comply with all applicable anti-corruption and fair competition laws and regulations, and prohibit any form of bribery, fraud, extortion, and money laundering.
- Suppliers must identify, disclose, and manage potential conflicts of interest to ensure the impartiality of business decisions.
- In 2025, the coverage and signing rates of anti-corruption clauses in the Company's supplier contracts reached 100%. The Company conducted three integrity initiatives for suppliers and issued integrity appeals during major holidays such as the Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival to foster a fair, impartial, and clean cooperative environment.

In terms of supply chain emissions reduction, Feihe establishes a carbon reduction ecosystem that encompasses policy interpretation, technological upgrades, and material innovation, providing comprehensive support to help suppliers achieve their carbon neutrality goals.

Supply Chain Emission Reduction Measures

Conduct training and exchange programs

Feihe held an online sustainability exchange event with its suppliers to jointly interpret the latest dual carbon policies, share carbon reduction initiatives and sustainability plans, and more. Over 100 participants attended the event. By aligning these efforts with the Company's operational context, Feihe has formulated medium- and long-term carbon reduction plans, systematically advanced the implementation of carbon reduction actions across the supply chain, and supported suppliers in their pursuit of carbon neutrality.

Strengthen cooperation on emissions reduction

Feihe continues to strengthen cooperation and support for suppliers' energy conservation and emissions reduction projects, encouraging them to undertake initiatives such as energy-efficient equipment upgrades, technological upgrades, and optimization of energy consumption structures to lower their carbon emissions.

Promote materials development

Feihe continues to enhance process design for packaging materials and other areas. Through the use of recyclable packaging materials, lightweight design, and reusable container projects, the Company helps suppliers achieve their carbon reduction goals while providing strategic direction and leadership for overall emissions reduction across the supply chain.

In 2025, Feihe upgraded its supplier performance management system by establishing a sustainability performance incentive mechanism. New sustainability evaluation metrics were added to positive performance assessments, providing incentives to suppliers actively engaged in dual carbon management and social responsibility initiatives to stimulate their enthusiasm for low-carbon transformation. We prioritize suppliers with verified carbon audits and provide preferential resource support to those demonstrating significant achievements in carbon reduction projects. Incentives include adjustments to cooperation quotas, priority access to new product development, awards, and performance bonus points.

Supplier Assessment and Audit

Feihe continues to enhance its supplier ESG risk management system. By integrating ISO 14001, ISO 22000, and internal standards such as the *Supplier Code of Conduct*, the Company systematically conducts ESG assessments and audits of suppliers to effectively mitigate supply chain operational risks. The Company conducts annual supplier risk identification and assessment, covering multiple dimensions including political risk, geographic risk, product-specific risk, industry risk, occupational health and safety risk, and ethical risk. Through the establishment of strict performance metrics and the implementation of on-site inspections, we identify and manage potential ESG risk points. In addition, we conduct comprehensive audits of suppliers' ESG management practices and outcomes annually through various methods, including unannounced inspections, on-site visits, and periodic evaluations, focusing on key areas such as raw material quality, production operations, and environmental and social performance.

Supplier Risk Management Measures

Diversify the supply chain

- We implemented a diversified strategy of multiple regions and multiple factories for key suppliers to build a resilient supply chain network, effectively addressing uncertainties arising from geopolitical and market fluctuations, and ensuring long-term supply stability and business continuity.

Promote the local sourcing of raw materials

- Supported by technological self-reliance, we successfully established China's first automated lactoferrin production line and achieved efficient extraction and preservation of lactoferrin's bioactivity through independently developed technologies such as chromatographic ultrafiltration.
- We completed the localization of production and quality validation for key raw materials such as skim milk powder, light cream, and functional proteins, further enhancing the supply chain's autonomy, controllability, and risk resilience.

Sign and implement supplier commitment letters

- Annually, we sign comprehensive commitment letters with suppliers covering environmental protection, product quality assurance, transportation safety, and change management, and clarify their ESG responsibilities through standardized contract terms.
- We regularly organize sessions to disseminate and train on these commitment letters. By combining performance feedback with on-site audits, we continuously communicate our ESG standards and expectations to suppliers, driving the effective implementation of these responsibilities throughout the value chain.

Supplier Engagement and Empowerment

Feihe deepens its strategic partnerships with suppliers by establishing multi-dimensional communication channels, including issue-specific communication groups, task force meetings, on-site audits, and innovation technology seminars. Through communication activities such as senior leadership visits and business exchanges, the Company engages in in-depth discussions with suppliers on product quality control, lean supply chain management, and collaborative technological innovation, thereby promoting the coordinated development of the supply chain and the co-creation of value. In 2025, Feihe conducted more than 300 exchange activities with suppliers, effectively resolving practical operational challenges.

Case | Feihe and Novonesis Engaged in In-Depth Dialogue and Formed Strategic Partnership

In 2025, Feihe engaged in in-depth strategic dialogue with Novonesis, a globally renowned supplier, and formally signed a strategic cooperation agreement. Together, they announced the establishment of a Joint Innovation Laboratory. This collaboration not only marks a significant milestone in the strategic synergy between the two parties but also serves as a new platform for collaborative innovation across the entire supply chain, with technological innovation as the connecting tie.



Signing Ceremony for the Strategic Partnership

To enhance ESG awareness and operational capabilities within the supply chain, Feihe establishes a supplier capacity-building system. Through specialized training, experience-sharing sessions, and visits to benchmark factories, the Company targets specific areas to improve supplier capabilities. Additionally, by leveraging on-site inspections, guidance, and performance evaluations, Feihe drives suppliers toward self-management and continuous improvement. In 2025, the Company implemented 7 ESG-related improvement projects and facilitated 122 sessions where suppliers shared their ESG practices, effectively strengthening the collaborative enhancement of ESG capabilities across the supply chain.



Visit to Benchmark Factories

Sustainable Raw Material Sourcing

Feihe adheres to the concept of product sustainability, treating sustainable procurement as a critical component of green supply chain development. The Company continuously refines its supply chain traceability management system, strengthens certification requirements throughout the entire raw material procurement process, deepens sustainable raw material procurement practices, and drives the sustainable upgrading of the supply chain to create a green, safe, and sustainable product ecosystem for consumers.

Raw Milk Sourcing

Feihe releases the *Responsible Raw Milk Sourcing and Management Policy*, which strictly regulates the conduct of the raw milk sourcing department and all partner dairy farms across dimensions including product safety and quality management, animal welfare protection, environmental conservation, fulfillment of social responsibilities, and sustainable accreditation and certification. The Company implements responsible raw milk sourcing and management practices and conducts compliance audits on farms to ensure policy adherence.

The Company establishes a traceability system covering the entire supply chain, implements internal control mechanisms that exceed national standards, and adopts internationally advanced testing technologies to conduct comprehensive testing of raw milk for antibiotics, heavy metals, and microorganisms. This ensures full traceability from dairy farms to product and guarantees that 100% of raw milk meets quality standards.

We encourage dairy farms to obtain organic certification, China Good Agricultural Practices (China GAP) certification, and Green Food certification, among other relevant sustainability accreditations and certifications, to further strengthen their sustainable management capabilities. In 2025, 100% of raw milk at Feihe was traceable to the farm, with 8 farms having obtained GAP certification and 2 farms having obtained organic certification.

Palm Oil Sourcing

Some Feihe products use palm oil and its derivatives as raw materials. We have issued the *Feihe Group Palm Oil Sustainable Sourcing Policy*, which establishes commitments to sustainable palm oil, standardizes procurement practices for both the Company and its suppliers, and drives the development and implementation of a sustainable palm oil management system. Feihe commits that the palm oil products it procures are not associated with deforestation or peatland development risks occurring after December 2015. Through supply chain traceability management and the promotion of sustainable certification, we are steadily advancing our zero deforestation procurement goal. The Company aims to achieve zero deforestation in palm oil sourcing by 2035 and continues to encourage suppliers to participate in sustainable palm oil certification and compliant procurement efforts. By fostering collaboration across the industry chain, Feihe contributes to the protection of forest resources and sustainable development within the sector.

To further mitigate the potential risks of deforestation associated with palm oil sourcing, the Company is fully committed to enhancing the traceability and supply chain transparency of its palm oil sourcing and continuously improving its traceability management system. At the same time, the Company sets clear sustainability certification targets. By 2035, all palm oil procured by its dairy division is planned to meet the RSPO IP³⁰ standard. As of the end of the reporting period, 100% of the palm oil and related products procured by the Company were traceable to the refinery, 90% were traceable to the palm oil mill, and 70% were traceable to the plantation.



³⁰ RSPO IP: Identity Preserved, the highest level in the Roundtable on Sustainable Palm Oil (RSPO) certification system, representing the strictest and most transparent management requirements for the palm oil supply chain

Public Welfare and Charity

Feihe adheres to the development philosophy of "doing our utmost to give back to society" and has long been committed to social welfare initiatives. We are dedicated to supporting basic education, assisting vulnerable groups, aiding earthquake relief efforts, and preserving historical memory, thereby integrating our corporate mission with the broader interests of society. As of the end of 2025, Feihe had donated a total of nearly RMB850 million in cash and goods.

Educational Charity

Giving back to our hometown through education and helping the next generation build a better future is Feihe's unwavering responsibility. In 2022, the Company partnered with the Heilongjiang Provincial Department of Education to launch the Longjiang Education Public Welfare Initiative, establishing a closed-loop system of government-enterprise collaboration characterized by "guided by government, funded by businesses, executed by professionals, and offering performance feedback," thereby contributing to the advancement of basic education in our hometown. To date, Feihe has invested a total of RMB65 million, benefiting 300,000 teachers and over 3.3 million students.

Case | Successful Hosting of the "Feihe Cup" Shuangcheng District Primary and Secondary School Soccer Tournament

In September 2025, with the support of the Shuangcheng District Education Bureau in Harbin, Feihe organized the "Feihe Cup" Shuangcheng District Primary and Secondary School Soccer Tournament. The event attracted 21 teams from primary and secondary schools across the district, with over 210 young athletes participating. Feihe provided comprehensive support for the event, including physical examinations, insurance, and nutritional services, putting our commitment to youth health into practice. Off the field, Feihe organized visits for teachers and students from various schools to the Feihe Smart Industrial Park in Harbin, where they shared the scientific secrets behind a can of infant formula with the children.



"Feihe Cup" Soccer Tournament Awards Ceremony



Young Players Toured the Feihe Smart Industrial Park

Earthquake Relief

Feihe has always upheld its corporate social responsibility, responding swiftly and actively deploying emergency relief efforts. We immediately organized resource allocation and efficiently carried out relief operations, focusing on protecting the health and daily living needs of groups affected by disasters.

Case | Feihe Safeguarded Maternal and Infant Health in the Shigatse Earthquake-Affected Area

On January 7, 2025, a 6.8-magnitude earthquake struck Tingri County in Shigatse City, Tibet, posing a severe threat to the health of local mothers and infants. Upon learning of the disaster, Feihe responded swiftly, immediately contacting the Shigatse Red Cross Foundation to assess the situation in the affected area and urgently mobilizing supplies to prioritize the nutritional needs of mothers and infants in the disaster zone. Feihe donated 20,000 cans of infant formula and adult nutritional milk powder, valued at over RMB3 million, to the affected communities in the Shigatse region of Tibet. This donation safeguarded the food supply for babies in the earthquake-stricken areas and helped affected families weather this crisis together.



Feihe Made Donations to Disaster-Stricken Areas in Tibet

Preserving Historical Memory

Feihe deeply understands that respect for history is the starting point for fulfilling corporate social responsibility. We work together with all sectors of society to preserve historical memory and cherish the hard-won opportunities for peace and development before us.

Case | Feihe Donated to Support the Preservation of the Former Site of Japanese Army Unit 731

On September 17, 2025, Feihe donated RMB one million to the China Foundation for Cultural Heritage Conservation to establish the "Special Fund for the Preservation and Utilization of the Former Site of Japanese Army Unit 731." These funds will be used for site restoration, exhibition upgrades, and public education projects, promoting the dissemination of historical truths and deepening patriotic education. Through these concrete actions, Feihe is fulfilling its corporate social responsibility, safeguarding national history, and cherishing today's peace and development.



Donation Ceremony for Former Site of Japanese Army Unit 731

Earthquake Relief

Caring for Vulnerable Groups

Feihe has always upheld the philosophy of coexistence, helping vulnerable groups gain opportunities for development. We continue to give back to society, bringing warmth to families in need, working together to overcome adversity, and embracing a brighter future.

Case | Feihe's Targeted Donations to Support Impoverished Townships

On September 25, 2025, Feihe Dairy once again visited Tongjiang City, Heilongjiang Province, to carry out a charitable donation campaign, donating goods and funds worth RMB300,000 to local families who have escaped poverty, as well as children and the elderly. This marks Feihe's fourth targeted donation campaign in Tongjiang City since 2022, with cumulative donations totaling over RMB1.4 million in value, demonstrating the Company's ongoing commitment to corporate social responsibility and support for local revitalization and development.

In the same year, Feihe donated infant formula to two underprivileged families in Zhangzheng Town, Lingwu City, Ningxia Hui Autonomous Region, totaling 208 cans with a combined value of RMB51,584. Through concrete measures, the Company addressed the challenge of accessing infant formula for children in impoverished families, supported children's healthy growth with nutritional care, and demonstrated corporate social responsibility through tangible actions.



Donation Ceremony for Targeted Poverty Alleviation in Tongjiang City

04 | Build

Green and Low Carbon Future

Against the backdrop of increasingly severe global climate change and tightening resource and environmental constraints, the transition to green and low-carbon development has become a critical pathway for promoting corporate sustainability. In line with China's dual-carbon strategic goals, Feihe has integrated environmental management into its corporate strategy and operations across the entire value chain. The company systematically advances initiatives related to climate response, efficient resource utilization, and pollution prevention, continuously optimizing production methods and energy structures. It also strengthens environmental risk control and performance improvement, committing to harmonize corporate growth with ecological and environmental protection on the foundation of ensuring product quality and food safety.



**Special
Feature**

Crop-Livestock Integration, Laying the Foundation for a Green, Symbiotic Future

Feihe redefines the green development paradigm in the dairy industry through its "crop-livestock integration" model. By establishing a closed-loop system across the entire supply chain, the Company has solved the challenge of agricultural waste disposal in high-altitude, cold regions, achieving a win-win outcome that balances ecological and economic benefits. The innovative practices not only inject green momentum into rural revitalization but also provide replicable solutions for global sustainable development through Chinese wisdom, showcasing the sense of responsibility and innovative capabilities of Chinese dairy companies.

Model Innovation

Leveraging its full-industry-chain layout in the "Golden Dairy Belt" at 47 ° north latitude, Feihe has established an integrated crop-livestock cycle model combining biomass energy production, agricultural cultivation, and comprehensive resource utilization. The Company employs its proprietary air-dried straw fermentation technology and biogasification process to convert cattle manure from its dairy farms and agricultural straw into biogas and organic fertilizer, thereby achieving the resource utilization of waste.

Crop-Livestock Integration Cycle

Raw Material Collection

Cow manure is sourced from livestock on our own dairy farms, while straw is obtained from agricultural byproducts; these two types of agricultural waste form the core raw materials of the system.

Energy Conversion

Cow manure and straw undergo anaerobic fermentation in a biogas system, producing clean bio-natural gas that replaces traditional fuels and is supplied directly to factories.

Solid-Liquid Separation

The fermentation products are separated into solid digestate and liquid digestate using solid-liquid separation technology, each of which is utilized for subsequent resource recovery.

Waste-to-Resource Conversion

Land Application

The liquid digestate and a portion of the solid digestate are applied to farmland as organic fertilizer, improving soil quality and increasing crop yields by approximately 2%.

Conversion into Clean Energy

The remaining solid digestate is processed into biomass pellet fuel, which replaces coal to meet the factory's energy needs.

Substitution of Natural Resource

Additional portion of the solid digestate is dried and used as bedding for cattle, reducing the use of straw.



Large-Scale Integrated Recycling Project for Biogas and Organic Fertilizer

Technological Breakthrough

To address the technical challenges posed by the cold climate and low microbial activity in the Northeast's farmland region, Feihe invested over RMB100 million over six years in R&D, achieving breakthroughs in core technologies such as air-dried straw fermentation and lignocellulose degradation. The Company has established China's largest "Large-Scale Integrated Recycling Project for Biogas and Organic Fertilizer" in a cold-climate region, contributing to sustainable agricultural development in such areas.

The "Feihe Industry Chain Cluster Ecological Recycling Project" has been included as a model case in the CMG Rural Revitalization Observation Report. Its achievements have been showcased on international stages, including the 28th Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change (UNFCCC), providing a blueprint for the sustainable development of agriculture and animal husbandry in high-latitude regions worldwide.



Model Case in the CMG Rural Revitalization Observation Report

Value of Recycling

Through resource recycling and technological innovation, Feihe's crop-livestock integration model achieves a win-win outcome in terms of both ecological and economic benefits.

Benefits of Crop-livestock Integration Model



Ecological Benefits

The model processes **40,000** metric tons of crop straw and **100,000** metric tons of livestock manure annually, producing **7** million cubic meters of biogas and **50,000** metric tons of organic fertilizer. It covers **14,000** mu of farmland black soil, promotes resource recycling, drives the optimization of the energy structure, and continuously supports the green development of agriculture.



Economic Benefits

By replacing coal with biomass pellet fuel and traditional natural gas with biogas, the model further reduces its energy costs.

Climate Change

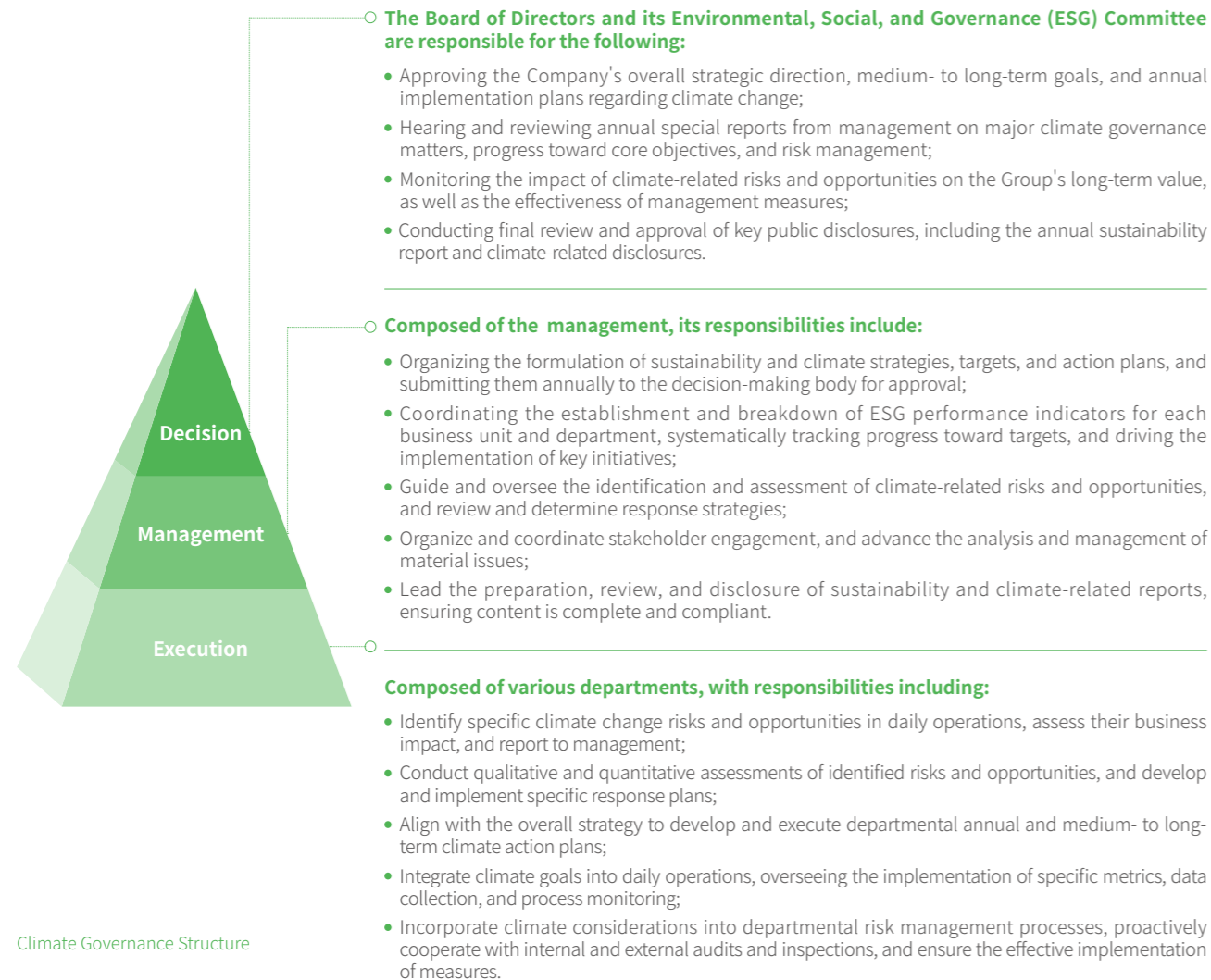
To address the challenges of climate change, the company has incorporated green and low-carbon development into its core strategy. We are committed to systematically managing climate risks by establishing a comprehensive carbon reduction system that spans the entire supply chain from forage cultivation and low-carbon livestock farming to green manufacturing, eco-friendly packaging, and low-carbon transportation. We pledge to collaborate with upstream and downstream partners to continuously reduce our products' carbon footprint through measures such as optimizing energy structures, improving process efficiency, and innovating sustainable packaging. By doing so, we aim to advance toward our carbon neutrality goals and drive our own sustainable development.

Climate Governance

Addressing climate change is a core strategic issue for companies seeking sustainable development. Feihe has established a three-tier governance structure comprising "decision, management, and execution levels"—with clear delineation of responsibilities and tiered implementation, systematically integrating climate-related risks and opportunities into overall strategy and operational management. Through defined management procedures and regular reporting mechanisms, we ensure that climate governance objectives are effectively implemented and continuously optimized across strategic planning, business execution, and performance evaluation.

Climate Governance Structure

A robust governance system and clearly defined management responsibilities form the essential foundation for the company to address climate change risks and seize climate-related opportunities. We have established a three-tier climate governance framework to drive the implementation and deepening of climate-related initiatives.



Climate Governance Structure

Climate Oversight Mechanism

Leveraging sustainability governance structure, Feihe's Environment, Social, and Governance (ESG) Committee regularly assesses the impact of climate-related issues on strategic planning, major decisions, and operational controls. The committee also oversees the implementation of climate change policies and strategies to ensure that climate governance objectives advance in tandem with business development.

The Company regularly invites external experts to conduct climate change training and educational activities for board members, senior management, and heads of relevant functional departments. This continuously strengthens the board's expertise in areas such as climate policy interpretation, carbon emissions management, and green transition planning, ensuring the effective integration and implementation of climate governance strategies across all levels of decision-making, management, and execution.

To continuously advance the implementation of sustainable development management objectives, Feihe has linked the compensation of its directors and management to sustainable development performance indicators. Currently, the company has incorporated energy and water resource management, among other factors, into its production cost accounting system, which directly impacts the profit indicators of production divisions. This approach actively promotes the implementation of strategies related to sustainable development.

Climate Strategy

To effectively manage the impact of climate change on development, the Company has systematically carried out the identification of climate risks and opportunities. We closely monitor the evolution of domestic and international climate policies and industry transformation trends. By integrating mainstream climate scenario frameworks, we scientifically assess the potential impact of climate factors on the Company's strategy, operations, and value chain, aiming to enhance our own climate resilience and collaborate with supply chain partners to strengthen climate adaptation capabilities.

Climate Resilience

To identify the impact of climate change across Feihe's entire value chain, we have mapped out key upstream, midstream, and downstream segments based on our core business operations. By integrating geographic locations with specific business contexts, we have comprehensively analyzed risk exposure levels and actual impact severity to provide a decision-making basis for formulating response strategies.

Feihe Business Overview


Value Chain	Main Operating Location	Business Type
Upstream Segment	<ul style="list-style-type: none"> • Qiqihar, Heilongjiang; • Beian, Heihe, Heilongjiang; • Baicheng, Jilin; 	Agricultural Cropping
		Dairy Farming
		Raw Milk Transportation
		Raw Material Sourcing
Midstream Segment	<ul style="list-style-type: none"> • Qiqihar, Heilongjiang; • Beian, Heihe, Heilongjiang; • Baicheng, Jilin; 	Dairy Product Processing
		Renewable Energy Supply
Downstream Segment	<ul style="list-style-type: none"> • Qiqihar, Heilongjiang; • Beian, Heihe, Heilongjiang; • Baicheng, Jilin; 	<ul style="list-style-type: none"> • Baoji, Shaanxi; • Chifeng, Inner Mongolia Autonomous Region; • Ontario, Canada;
		Dairy Product Transportation and Sales

Scenario Analysis

Based on internationally recognized frameworks and the specific characteristics of the food industry, the company has selected a set of internationally authoritative and highly comparable scenario combinations for analysis. This approach comprehensively evaluates the Company's climate resilience under various climate and socioeconomic conditions, further enhancing the foresight and resilience of our corporate strategy.

Regarding physical risks, we selected the SSP2-4.5 and SSP5-8.5 scenarios from the Intergovernmental Panel on Climate Change (IPCC) Shared Socioeconomic Pathways (SSP). Regarding transition risks, taking into account the characteristics of the dairy industry, we utilized the Social Transition Scenario and Projected Policy Scenario from the World Business Council for Sustainable Development (WBCSD) for our analysis.

Selection of Climate Scenarios




Physical Risk

SSP2-4.5

This is a pathway projecting a global average temperature increase of approximately 2.4° C by the end of this century. Under this scenario, socioeconomic development follows historical trends, with climate action and economic growth in a slow equilibrium, representing the level of exposure to physical risks under a gradual transition pathway.

SSP5-8.5

This model depicts a severe pathway where global temperatures could rise by more than 4° C above pre-industrial levels. This scenario reflects a development model highly dependent on fossil fuels with weak climate policy constraints, representing the most severe future possibility for physical risks.



Transition Risk

Social Transformation Scenario

This model describes a future in which the global transition to low-carbon development accelerates comprehensively. Under this pathway, industrial and consumption patterns undergo a systemic shift toward low-carbon practices, with the strongest policy constraints on the transition, helping to assess enterprises' adaptability and opportunities under a strong policy environment.

Historical Trend Scenario

This model assumes that existing climate policies continue and that socioeconomic conditions evolve along historical trajectories. This scenario reflects a baseline state with relatively moderate transition risks and is suitable for assessing the medium- to long-term transition pressures faced by enterprises under the current policy framework.

To ensure that the analysis of climate risks and opportunities effectively supports the implementation of corporate strategy, we have established a time-based assessment framework aligned with the Company's development stages and macro-policy trends, comprising three phases: short-term (through 2030), medium-term (through 2035), and long-term (through 2050). This tiered temporal design helps identify the trajectories and impact levels of climate-related factors across different time periods, thereby clarifying the priority of response measures, facilitating the orderly allocation of resources and strategic responses, and systematically enhancing the company's adaptability and operational effectiveness in a dynamic climate environment.

Definition of Time Periods



Assessment of Climate Risks and Opportunities

Feihe continues to refine its process for identifying climate-related risks and opportunities. By incorporating the results of scenario analysis, we assess the impact of climate-related risks and opportunities on our various business operations across short-, medium-, and long-term time horizons. At the same time, we evaluate the potential financial implications of these risks and opportunities to develop targeted response measures, systematically mitigate risks, and effectively capitalize on opportunities, continuously enhancing climate resilience.

Analysis of Climate Risks and Opportunities

Risk/Opportunity Type	Risk/Opportunity	Description of Risk/Opportunity	Mitigation Measures	Current Financial Impact	Expected Financial Impact	Time Horizon	Value Chain Segments
Physical risk	Acute	Extreme heat	<ul style="list-style-type: none"> Improve herd comfort: Optimize bedding and bedding material management to increase the rate at which cows lie down; implement appropriate herd grouping and strictly maintain stocking densities below 80% for periparturient and high-producing herds to reduce stress and ensure feed intake; Optimize health management: Guide vaccination procedures (e.g., foot-and-mouth disease) based on antibody titer testing to reduce unnecessary injections and minimize resulting stress on the herd; Enhance facility utilization: Develop and strictly enforce environmental control protocols to maximize the use of fans, sprinklers, and roll-up curtains, effectively cooling the herd during high-temperature periods. 	<ul style="list-style-type: none"> Incur necessary capital expenditures to improve barn environments; Increase operating costs, such as utilities and veterinary drugs, due to enhanced cooling system operations, optimized immunization protocols, and reduced stocking densities. 	<ul style="list-style-type: none"> Continuously improving herd health and production performance can yield long-term positive economic benefits. A healthy herd and higher production efficiency will help spread fixed costs, reduce the unit cost of raw milk production, and ensure the strategic stability of high-end milk supply. 	Short-term, medium-term, long-term	Upstream—Dairy Farming
		High temperatures may disrupt product transportation, leading to quality issues in dairy products. Furthermore, high temperatures can compromise vehicle stability, increase road safety risks, and reduce delivery efficiency on certain routes, resulting in delivery delays.	<ul style="list-style-type: none"> Vehicle Management: Activate vehicle axle temperature control systems on core transport routes in high-temperature regions of southern China from July to October each year; report temperature data every 4 hours and immediately stop the vehicle for inspection in case of abnormalities; prioritize the use of box trucks and strictly prohibit the use of high-sided trucks to optimize the transport environment; Cargo Protection: Install thermal insulation layers and panels in transport vehicles to prevent excessive interior temperatures caused by direct sunlight, ensuring consistent product quality; Personnel Management: Monitor driver status in real-time via the G7 system and mandate rest breaks for drivers during high-temperature weather to ensure driving safety and personnel health. 	<ul style="list-style-type: none"> To meet requirements for insulation, monitoring, and vehicle selection, contracting costs with third-party logistics providers are approximately 2% higher than for standard transportation; Transportation efficiency on certain routes is temporarily impacted by measures such as mandatory rest periods, detours, or avoiding operations during peak heat hours, indirectly driving up unit transportation costs. 	<ul style="list-style-type: none"> Continued investment in thermal protection technology and intelligent management systems for the logistics fleet, along with expanding the coverage of axle temperature monitoring and active insulation devices, has led to increased operating costs; In the long term, building a more climate-resilient logistics system can effectively ensure the safe and timely delivery of products during extreme weather conditions, maintain brand reputation and customer satisfaction, thereby supporting stable business growth and generating more stable cash flow. 	Short-term, medium-term, long-term	Upstream—Raw Milk Transportation Downstream—Dairy Product Transportation and Sales
		Heavy downpours or prolonged rainfall can directly cause flooding in the areas surrounding factories and warehouses and overload drainage systems, leading to abnormal humidity levels inside production facilities, disruptions to the production environment, an increased risk of products becoming damp, and even damage to inventory due to water ingress into warehouses.	<ul style="list-style-type: none"> Routine Operations Management: Strictly enforce daily inspections of warehouses and factories, increasing the frequency of inspections during the rainy season; equip all critical areas (such as warehouse entrances and low-lying areas) with flood-prevention supplies (sandbags, water barriers, etc.) in accordance with standards, maintain them regularly, and establish inventory records to ensure immediate availability; Basic Warehouse Protection: Mandate basic management measures such as keeping pallets off the ground to physically isolate them from ground moisture; Factory Design and Construction: Incorporate flood prevention considerations during the factory site selection and design phases. Reduce the risk of waterlogging at the source by hardening the ground, ensuring the factory floor elevation is higher than the surrounding area, and constructing and maintaining a robust drainage pipeline system. 	<ul style="list-style-type: none"> Labor and material costs associated with increased inspections, inventory stockpiling, and maintenance; Minor renovation costs incurred from implementing basic measures such as raising pallets off the ground. 	<ul style="list-style-type: none"> It is expected that proactive investments will reduce potential losses. A robust drainage system and basic protective measures can effectively minimize the likelihood of workshop dampness, production downtime, and inventory damage, ensuring production continuity and consistent product quality. This helps avoid significant financial impacts resulting from business interruptions and asset losses, thereby maintaining supply chain resilience. 	Short-term, medium-term, long-term	Midstream - Dairy Product Processing
	Extreme rainfall may result in road closures, packaging becoming wet and soiled, and temporary disruptions to warehouse operations, causing delivery delays of up to 12 hours.	<ul style="list-style-type: none"> Cargo Protection: Implement rain protection measures during transportation and conduct quality assessments on packaging damaged by rain; Emergency Response: Maintain coordination with emergency management departments and highway authorities, dynamically adjust transportation routes, and arrange for 24-hour continuous operations to mitigate delays caused by weather; Route Optimization: Approve A logistics route optimization project in 2025 to enhance the resilience of routes against extreme weather; Insurance Coverage: Uniformly purchase cargo and transportation insurance for both company-owned and third-party warehouses and transport vehicles to cover potential losses. 	<ul style="list-style-type: none"> Assessing and managing damaged packages incurs certain administrative costs; Annual premiums for inventory and cargo insurance, which cover both in-house and third-party warehouses as well as transport vehicles, amount to approximately RMB5 million; Delays caused by weather conditions must be addressed through measures such as 24-hour operations, which indirectly increase costs related to temporary scheduling and labor. 	<ul style="list-style-type: none"> We are investing in logistics resilience, with plans to allocate approximately RMB1 million in 2026 to a transportation route optimization project. These investments will enhance the reliability of our logistics network, reduce weather-related delays and cargo damage, and help curb further increases in insurance and scheduling costs over the long term, thereby ensuring sales stability and service continuity. 	Short-term, medium-term, long-term	Downstream—Dairy Product Transportation and Sales	

Risk/Opportunity Type	Risk/Opportunity	Description of Risk/Opportunity	Mitigation Measures	Current Financial Impact	Expected Financial Impact	Time Horizon	Value Chain Segments	
Physical risk	Acute	Blizzard	<ul style="list-style-type: none"> Heavy snowfall may lead to temporary highway closures and snow and ice on the road surface, causing temporary disruptions or delays in transportation routes and impacting the stability and responsiveness of supply chains. 	<ul style="list-style-type: none"> Proactive Early Warning: By coordinating with the Heilongjiang Provincial Transportation Investment Group and the Expressway Administration, and leveraging our proprietary AI early warning system, we use intelligent tools to gather weather and road condition data, enabling the proactive allocation of logistics resources and shipment scheduling; Warehouse Support: We equip Northeast Central Warehouse with large-scale snow-clearing equipment to ensure the warehouse can continue normal operations even during extreme snowfall, maintaining continuity in the warehousing process; 	<ul style="list-style-type: none"> To address heavy snowfall and extreme cold weather, the Company allocated RMB100,000 for weather forecasting computing power, RMB100,000 for snow removal supplies, and RMB1.38 million for emergency expenses related to point-to-point delivery or express shipping in 2025. These measures effectively ensured logistics continuity but drove up operating costs for the period; 	Short-term, medium-term, long-term	Upstream—Raw Milk Transportation Downstream—Dairy Product Transportation and Sales	
		Extreme cold	<ul style="list-style-type: none"> Extreme cold may cause difficulty starting vehicles, malfunctions in transportation equipment, and reduced fuel efficiency, increasing the difficulty of fulfilling logistics commitments and raising operational costs, posing challenges to transportation timeliness. 	<ul style="list-style-type: none"> Emergency Mitigation: To address delivery delays, we compensate drivers for waiting time, implement concurrent operations at downstream warehouses, and initiate express shipping to offset transportation time gaps; Insurance Coverage: We maintain comprehensive property insurance to hedge against major losses caused by extreme weather; Capacity Building: We continuously invest in weather forecasting computing power and digital systems, while strengthening emergency response training. 	<ul style="list-style-type: none"> For risk hedging costs and preventive operational expenditures, the Company's annual average investment in comprehensive property insurance across all factories was approximately RMB816 million. 			
	Chronic	Physical risk	Rising sea levels	<ul style="list-style-type: none"> Rising sea levels could flood critical infrastructure in low-lying coastal areas—including cold-chain warehouses, distribution centers, and major transportation routes such as ports and highways—leading to the destruction of inventory, the paralysis of logistics infrastructure, and supply chain disruptions. 	<ul style="list-style-type: none"> Establish regular communication channels with emergency management departments, highway authorities, and other relevant agencies to dynamically adjust transportation routes during severe weather events. Diversify logistics networks, develop multi-route transportation plans, and enhance supply chain resilience. 	<ul style="list-style-type: none"> Due to the risk of potential disruptions in the logistics network, the Company has to allocate additional funds to contingency plans and insurance, resulting in a short-term increase in logistics and operating costs. 	Long-term	Downstream—Dairy Product Transportation and Sales
			Global warming	<ul style="list-style-type: none"> Rising temperatures will shorten the growing season of feed crops such as corn and simultaneously shorten their critical grain filling period, potentially accelerating maturation but resulting in underdeveloped grains, leading to a decline in yield per unit area and nutritional quality. 	<ul style="list-style-type: none"> Collaborate with agricultural partners to promote the breeding and adoption of heat- and drought-tolerant feed crop varieties, optimize the layout of planting areas, and strengthen adaptive agronomic practices such as water-saving irrigation to stabilize yields and quality. 	<ul style="list-style-type: none"> To ensure a stable supply, the Company increases its investments in seed selection, field management, and technical support, driving up raw material procurement costs. 		
		Global warming	Global warming	<ul style="list-style-type: none"> The increased risk of heat stress in dairy cows will lead to reduced feed intake, lower milk production, and decreased reproductive efficiency, undermining the stability of pasture operations. High-temperature and high-humidity environments are prone to triggering diseases such as hoof disorders and mastitis in dairy cows, exacerbating the pressure on farm health management. 	<ul style="list-style-type: none"> Adopt shade structures, spray cooling systems, and ventilation system upgrades to optimize the environment in cattle barns; strengthen nutritional management and health monitoring during periods of heat stress; and scientifically adjust feeding and management protocols to reduce disease incidence. 	<ul style="list-style-type: none"> Increased investments in cooling systems and disease prevention and control lead to higher energy costs and expenditures on veterinary drugs. 	Long-term	Upstream—Dairy Farming
			Global warming	<ul style="list-style-type: none"> Investments in supply chain infrastructure and the optimization of transportation routes will increase capital expenditures in the short term, but will help mitigate long-term operational risks. In the long run, a more stable logistics network will improve supply chain efficiency, reduce disruptions, and ensure stable sales operations. 	<ul style="list-style-type: none"> Investments in climate-resilient agricultural technologies will lead to an increase in related R&D and promotion expenditures. In the long term, through crop breeding improvements and optimized cultivation practices, the stability and resilience of the feed supply will gradually increase, reducing the risk of long-term cost volatility in the supply chain. 	<ul style="list-style-type: none"> Upgrading environmental control facilities in cattle barns will lead to an increase in related capital expenditures. In the long term, by improving the rearing environment and health management, we expect to stabilize dairy cow production performance, reduce per-unit milk production costs, and enhance the overall operational efficiency and climate resilience of dairy farms. 		

Risk/Opportunity Type	Risk/Opportunity	Description of Risk/Opportunity	Mitigation Measures	Current Financial Impact	Expected Financial Impact	Time Horizon	Value Chain Segments	
Transition risk Transition risk	Policy Risk	Emission compliance pressure	Under the dual carbon goals, agriculture—as a high-carbon-emitting sector—faces increasingly stringent requirements for emissions accounting and product carbon labeling certification. This compels the Company to continuously reduce the carbon footprint of its products and further strengthen carbon emissions monitoring to meet disclosure and environmental impact assessment requirements.	<ul style="list-style-type: none"> Carbon Reduction Across the Value Chain: All midstream factories complete the transition from coal to natural gas and actively promote the use of clean energy; in the transportation sector, warehouse forklifts are replaced with battery-powered models, and efforts are underway to transition gasoline-powered vehicles from regional warehouses to dealerships to electric vehicles; Enhancing Transparency in Disclosure: The Company regularly collects and analyzes the latest laws and regulatory requirements while closely monitoring market trends; we continuously strengthen the transparency of environmental disclosures in accordance with mainstream disclosure standards, regulatory requirements, and capital market rating criteria. 	<ul style="list-style-type: none"> The Company promotes green manufacturing and invests in distributed solar power and energy-saving retrofit projects to reduce operational energy consumption, thereby increasing capital expenditures. 	<ul style="list-style-type: none"> The Company plans to allocate approximately RMB1.03 million in special funds for green projects in the near term, as well as to advance carbon verification and upgrade its data management system, resulting in increased capital expenditures and operating expenses. 	Medium-term, long-term	Full Value Chain
	Policy Risk	Methane emission control	The livestock industry is one of the largest methane emission sources. The policy <i>Action Plan for Methane Emission Control</i> explicitly requires strengthening the resource utilization of livestock manure and controlling emissions from intestinal fermentation. Livestock intestinal fermentation and manure treatment at the Company's dairy farms are core risk points for methane emissions, subject to strict monitoring, accounting, and disclosure requirements.	<ul style="list-style-type: none"> We are establishing an agriculture-livestock integration model to create a closed-loop system linking dairy farms, farmland and factories. Through anaerobic fermentation, we convert livestock manure and corn stover into biogas and organic fertilizer. When the organic fertilizer is returned to the fields, it enhances soil fertility, and the crops grown are then used to feed the livestock, thereby achieving a circular resource cycle. The Company effectively addresses methane emissions by adjusting feed composition. 	<ul style="list-style-type: none"> By continuously promoting the ecological recycling model and increasing resource utilization efficiency, the Company plans to allocate approximately RMB14.44 million in 2025 for investments in new energy projects. 	<ul style="list-style-type: none"> In 2026, the Company will invest approximately RMB8.225 million in new energy facilities, continuing to expand investment in biomass natural gas, organic fertilizer ecological recycling projects, and photovoltaic power generation. 	Medium-term, long-term	Upstream—Dairy Farming
	Policy Risk	Tighter requirements for sustainable packaging	Technical specifications for low-carbon assessment in the dairy industry set requirements for sustainable packaging, creating compliance pressures for the company. The higher cost of biodegradable materials will increase packaging costs in the short term and present technical adaptation challenges.	<ul style="list-style-type: none"> We optimize packaging design to improve material utilization, prioritize recyclable materials, and reduce unnecessary packaging through precise design, thereby lowering consumption and promoting resource recycling. 	<ul style="list-style-type: none"> Although there is upward pressure on the procurement costs of eco-friendly packaging materials, the Company effectively controls annual procurement costs through measures such as packaging reduction and recycling, ensuring that cost increases remain manageable. 	<ul style="list-style-type: none"> Continued investment in the research, development, and procurement of high-performance biodegradable materials, as well as in improving recycling systems, has led to an increase in procurement costs. 	Medium-term, Long-term	Upstream – Raw Material Sourcing
	Technological Risk	Returns on investment in low-carbon technologies fall short of expectations	The Large-Scale Biogas and Organic Fertilizer Recycling Project, a key investment, is characterized by high initial investment and a long payback period. There is a risk that returns on investment may fall short of expectations during early project operation.	<ul style="list-style-type: none"> The application of specific processes, such as the pretreatment of cattle manure, in the production phase, along with plans to continuously adjust microbial parameters, aims to reduce raw material costs through precise chemical control while simultaneously increasing biogas production and operational stability. 	<ul style="list-style-type: none"> Continued investment in and optimization of existing processes will lead to an increase in R&D expenses in the short term. 	<ul style="list-style-type: none"> As the project operates stably, the reduction in raw material costs and the increase in gas production resulting from process optimization will gradually become apparent. This will lead to improved capacity utilization and operational efficiency, effectively enhancing the return on investment. 	Short-term	Midstream - New Energy Supply
	Market Risk	Fluctuations in raw material costs	Changes in the supply and demand of feed raw materials directly impact procurement costs. When supplies of key raw materials such as corn and soybeans tighten while downstream demand from the livestock industry remains stable, the supply-demand gap will directly drive up procurement prices.	<ul style="list-style-type: none"> Leverage the economies of scale from centralized procurement to actively engage in commercial negotiations and sign long-term supply agreements with major suppliers to fix feed procurement prices, smooth out short-term price fluctuations, and ensure stable supply chain costs. 	<ul style="list-style-type: none"> By controlling raw material procurement prices through long-term agreements and other means, expenses remain relatively stable. 	<ul style="list-style-type: none"> Expand investments in upstream feed crop cultivation or livestock farming to build a more stable and resilient supply chain system capable of addressing long-term price volatility risks. 	Mid-term	Upstream – Raw Material Sourcing
	Market Risk	Shifts in consumer preferences	The growing prevalence of sustainable development concepts is profoundly transforming the consumer market. As consumers and customers become increasingly aware of low-carbon practices, they are more inclined to choose low-carbon products. If a company's operations do not align with green consumption principles, it may face the risk of losing market share.	<ul style="list-style-type: none"> By actively identifying market needs, expanding the product portfolio, and launching plant-based beverages, the Company meets the needs of lactose-intolerant consumers and those seeking diverse, healthy options. 	<ul style="list-style-type: none"> Ongoing research into plant-based and other health-focused products to further diversify the product portfolio leads to an increase in R&D expenditures. 	<ul style="list-style-type: none"> Increase R&D investment to expand into new markets such as plant-based and nutritional products, and enhance overall profitability and business resilience through product portfolio upgrades. 	Long-term	Downstream—Dairy Product Transportation and Sales

Risk/Opportunity Type		Risk/Opportunity	Description of Risk/Opportunity	Mitigation Measures	Current Financial Impact	Expected Financial Impact	Time Horizon	Value Chain Segments
Transition risk Transition risk	Reputational Risk	Stakeholder Concerns	Stakeholders are paying increasing attention to companies' low-carbon transitions, government regulations on carbon emissions are becoming stricter, and investors are increasingly inclined to invest in companies with better ESG performance. Failure to meet these expectations could damage brand reputation.	<ul style="list-style-type: none"> Maintain regular engagement with shareholders through diverse channels and distribute electronic surveys to gain a precise understanding of their expectations; Implement carbon reduction through concrete actions such as the industrial cluster ecological recycling model, and demonstrate a firm commitment to sustainable development to the market by focusing on next-generation, better-suited products and a full-process traceability system. 	<ul style="list-style-type: none"> Efforts to advance ESG data disclosure system lead to increased operational costs in areas such as sustainable brand communication and ESG governance. 	<ul style="list-style-type: none"> Enhancing environmental performance and transparency in information disclosure will result in increased consulting and operational costs related to precise carbon footprint monitoring, third-party verification, and sustainable brand communication. 	Short-term	Downstream—Dairy Product Transportation and Sales
			Opportunities for Resource Recycling	National policies explicitly support the resource utilization of livestock and poultry manure and green crop-livestock integration models, which align closely with the ecological model for crop-livestock integration that Feihe has already established.	<ul style="list-style-type: none"> Through the Large-Scale Biogas and Organic Fertilizer Recycling Project, the Company uses livestock manure and corn stover as raw materials. Through anaerobic fermentation, the project produces biogas (to supply energy to factories) and organic fertilizer (returned to fields to improve soil quality), and continues to expand scale by leveraging full-industry-chain advantages; The Company has constructed distributed photovoltaic projects at its factories in Tailai, Longjiang, and other locations. In 2025, these projects generated 20.55 million kilowatt-hours of electricity, covering a portion of the factories' power needs. The Company consumed 19.84 million cubic meters of biogas to supply energy to the factories, further reducing reliance on externally purchased fossil fuels. 	<ul style="list-style-type: none"> The recycling initiative has yielded significant benefits; in 2025, the Company received nearly RMB8.95 million in government subsidies for resource recycling and black soil conservation; Meanwhile, promote the use of renewable energy and the construction of distributed photovoltaic projects. 	<ul style="list-style-type: none"> As new energy facilities continue to expand and production increases, economic benefits will continue to be generated in the future. It is projected that the special subsidy for resource recycling and black soil conservation will amount to about RMB6.35 million in 2026. 	Short-term, medium-term, long-term
Opportunity		Sustainable Products and Supply Chains	Market demand for low-carbon, healthy dairy products is growing rapidly. As a key category within this segment, the market for plant-based dairy products continues to expand.	<ul style="list-style-type: none"> The Company develops plant-based functional dairy products through R&D and innovation, while continuously optimizing formulations to meet the needs of specific consumer segments and enriching its product portfolio. The Company also advances end-to-end carbon footprint management and has completed carbon footprint certification for some of its flagship products. 	<ul style="list-style-type: none"> The comprehensive advancement of product R&D and the establishment of a carbon footprint certification system lead to increased R&D expenditures and certification costs. 	<ul style="list-style-type: none"> By continuously enhancing R&D and innovation capabilities and driving carbon reduction across the entire value chain, the Company achieves long-term revenue growth through higher pricing power for low-carbon products and expanded market share. 	Long-term	Downstream—Dairy Product Transportation and Sales

Based on the above physical risk assessment, different climate factors have varying impacts on various stages of the business. Extreme heat and global warming primarily affect upstream dairy farming and agricultural cropping, putting pressure on dairy cows' milk production and feed supply. Extreme cold and blizzard, on the other hand, have the most significant impact on downstream transportation, often leading to disruptions and incurring high emergency response costs. Overall, the production and processing stages are less directly affected by climate conditions; however, extreme weather events such as extreme rainfall may still lead to increased humidity in storage environments and occasional quality risks such as product moisture damage.

Combined with the overall impact assessment of transformation risks, the policy risks associated with carbon emission compliance pressures and methane emission controls are particularly significant, as policy requirements continue to tighten and emission reduction targets span all stages of the value chain.



Climate Adaptation Strategies

In the face of long-term challenges posed by climate change and increasingly stringent policies, Feihe closely aligns with four strategic objectives: Emissions Reduction and Energy Transition, Extreme Weather Response, Building a Green Industry Ecosystem, and Digitalization and Efficiency Improvements. The Company deeply integrates climate risk management and low-carbon transition practices into its corporate development strategy and operational systems, driving green innovation and value chain synergy to achieve a virtuous cycle between environmental benefits and business growth.

Feihua's Climate Change Mitigation and Adaption Strategies



Risk Management

In response to the potential impacts of climate change on the Company's strategic development, production and operations, and financial performance, Feihe has incorporated climate-related risks into its ESG risk framework under the Group's overall risk management and internal control system. The Company conducts specialized identification, assessment, and management of these risks, gradually refining its climate risk management mechanisms to enhance its resilience and sustainable development capabilities in addressing climate change.

Risk Management Mechanism

Feihe treats climate risk management as a critical component of the Group's risk management system. Guided by regulations such as the *Group Internal Control Basic Standards* and the *Group Internal Control Assessment Measures*, and in conjunction with the Group's existing risk governance and internal control management structure, the Company ensures that the identification, assessment, response, and monitoring of climate-related risks are effectively implemented. The Company clearly defines the division of responsibilities at all levels in climate risk management and promotes the implementation of relevant management requirements.

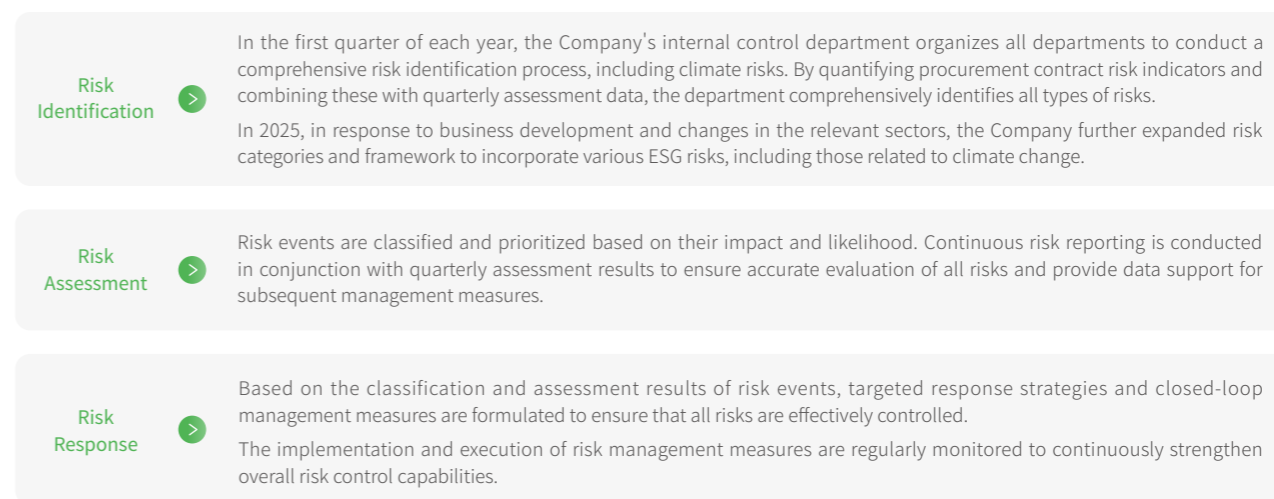
Feihe Climate Risk Management Structure and Division of Responsibilities

Levels	Risk Management Bodies	Key Responsibilities for Climate Risk Management
Governance Level	Audit Committee	<ul style="list-style-type: none"> Oversee the overall operation of the Group's risk management system and assume supervisory responsibility for the management of ESG-related risks, including climate change; Supervise the implementation of climate risk management policies, processes, and control measures to ensure the effective execution of risk prevention and control measures; Receive reports from management in the event of major climate-related risks or emergencies, review response measures and outcomes, and provide guidance on areas for improvement.
Management Level	Crisis Management Team	<ul style="list-style-type: none"> Coordinate response to various emergency risk incidents under the guidance of the Audit Committee, including operational risks caused by extreme weather or climate change; Ensure swift response to climate-related emergencies, organize resources to implement emergency measures, and minimize the impact on production, operations, and personnel safety; Conduct post-incident reviews and loss assessments of climate-related crises that have occurred, summarize lessons learned, and provide warnings and recommendations for improvement to support future risk prevention and operational management.
Executive Level	All Business Departments and Business Units	<ul style="list-style-type: none"> Continuously identify and report climate change-related risks and potential impacts, taking into account business activities, operational regions, and actual production and business conditions; Implement specific climate risk response and management measures, and coordinate with emergency management and routine risk prevention and control efforts; Promptly report the situation, participate in post-incident reviews and assessments, and drive management improvements following the occurrence of climate-related risks or incidents.

Risk Management Process

The Company has made significant updates to risk management framework and checklist, focusing on refining risk identification, assessment, and response processes. The Company incorporates climate change and various ESG risks into its annual risk management system, and enhances the systematic and forward-looking nature of risk management through regular quantitative analysis and dynamic monitoring. The Company strengthens closed-loop control measures to ensure the effective implementation of risk responses and to continuously improve overall risk management capabilities.

Risk Assessment and Management Process



Through this comprehensive risk management process, the Company ensures effective response to climate risks and continuously enhances risk prevention and control capabilities, providing a solid foundation for sound operations and sustainable development.

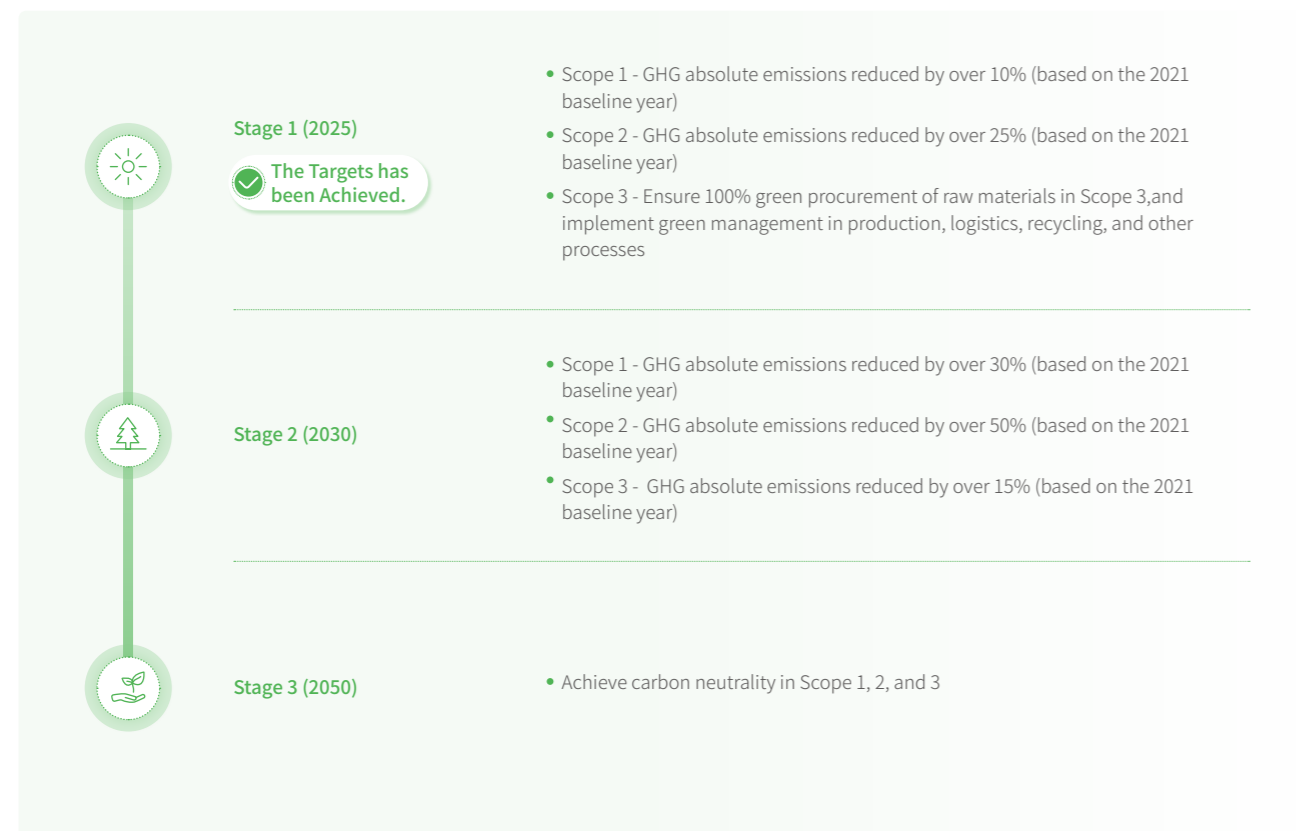
Metrics and Targets

Feihe establishes a system of key performance indicators (KPIs) and targets for climate change, integrating climate-related factors into strategic and operational decision-making. The Company focuses on metrics closely tied to the dairy industry's value chain, such as carbon intensity, energy mix, and green operations. Through quantifiable, monitorable, and traceable approaches, Feihe clarifies its course of action, assigns management responsibilities, and demonstrates to all stakeholders its firm commitment and concrete actions toward achieving the dual carbon goals.

Climate-related Targets

Feihe actively supports the national dual carbon strategy and deeply integrates climate action into long-term corporate development strategy. We are committed to leading the industry's green transition and have established a clear roadmap for carbon neutrality, with the goal of achieving comprehensive carbon neutrality across Scope 1, Scope 2, and Scope 3 emissions by 2050.

Feihe's Emission Reduction Targets of the Production Process at Various Stages



Feihe has set clear targets for managing carbon emissions across its supply chain and continues to drive emission reductions throughout the supply chain.

Feihe Supply Chain Carbon Emissions Management Targets

Target for Scope 3 Carbon Inventory

Complete carbon audits for all core raw material and auxiliary material suppliers by 2030.

Target for Supply Chain Carbon Reduction

Reduce carbon emissions from suppliers³¹ undergoing low-carbon transformation by **20%** by 2035 (based on the 2025 baseline year).

Climate-related Indicators

The results of the physical risk scenario analysis indicate that the Company faces four primary acute physical climate risks: extreme heat, extreme rainfall, heavy snowfall, and extreme cold. By tagging assets exposed to each type of risk, we have compiled statistics on the proportion of assets vulnerable to physical risks to assess the Company's exposure to acute physical risks.

Physical Risks ³²	Time frame					
	Short-term		Medium-term		Long-term	
	SSP 2.45	SSP 5.85	SSP 2.45	SSP 5.85	SSP 2.45	SSP 5.85
Extreme heat	32%	40%	58%	32%	32%	45%
Extreme rainfall	2%	2%	11%	11%	15%	15%
Heavy snowfall	0%	0%	0%	72%	0%	0%
Extreme cold	68%	80%	68%	65%	81%	65%

Colors indicate severity: Dark blue—high; Blue—moderate; Light blue—low

Regarding transition risks, based on asset structure and business characteristics, the Company's primary asset types and core business models are generally less affected by transition risks. However, the dairy farming segment faces relatively greater pressure due to significant methane emissions; as this segment accounts for approximately 39% of total assets, it is a key focus area for the Company's green transition. In 2025, the Company seized new opportunities in resource recycling, renewable energy substitution, and sustainable product innovation, continuing to advance the crop-livestock integration model. The Company has constructed renewable energy plants near four dairy farms; assets at dairy farms equipped with such plants account for about 13% of the total, with a total investment of RMB14.44 million allocated to the construction of these plants during the year.

³¹ Suppliers who conduct carbon audits to assess their carbon footprint, actively implement carbon reduction measures to lower emissions, and are committed to achieving a low-carbon transition.

³² We conduct scenario analysis for acute physical risks.

Carbon Emissions Across Value Chain

The Company firmly implements refined carbon emissions management across the entire value chain and is committed to systematically advancing energy conservation and carbon reduction efforts through technological innovation and energy structure optimization. During the reporting period, the Company's total greenhouse gas emissions (Scope 1 + Scope 2) achieved a steady decline.

The Company formulates a series of internal policy documents, including the *Medium- and Long-Term Low-Carbon Development Plan*, *Carbon Emission Data Management Measures*, and *Technical Guidelines for Greenhouse Gas Accounting*. These policies provide a clear basis for the unified accounting, standardized management, and quantitative assessment of emission reduction outcomes, achieving standardization in internal carbon data management and significantly enhancing overall management efficiency. In 2025, based on the identification and assessment of emission sources across all links in the value chain, and taking into comprehensive consideration data availability and emission contribution, the Company initiated the accounting of greenhouse gas emissions across the value chain, laying a data foundation for subsequent efforts to promote coordinated emission reductions with upstream and downstream partners and achieve closed-loop management.

Feihe's 2025 GHG Emissions Data

Indicator	Unit	2025
Total GHG Emissions (Scope 1 + Scope 2 + Scope 3)	10,000 tCO ₂ e	153.08
Direct GHG Emissions (Scope 1)	10,000 tCO ₂ e	12.48
Indirect GHG Emissions (Scope 2)	10,000 tCO ₂ e	10.96
GHG Emissions Intensity (Scope 1 + Scope 2)	tCO ₂ e/RMB 10,000	0.129
Indirect GHG Emissions (Scope 3)	10,000 tCO ₂ e	129.64
Category 1 – Purchased Goods and Services	tCO ₂ e	856,352.63
Category 2 – Capital Goods	tCO ₂ e	5,935.40
Category 3 – Fuel and Energy-Related Activities	tCO ₂ e	87,483.20
Category 4 – Upstream Transportation and Distribution	tCO ₂ e	32,035.78
Category 5 – Waste Generated in Operations	tCO ₂ e	260,390.22
Category 6 – Business Travel	tCO ₂ e	7,598.23
Category 7 – Employee Commuting	tCO ₂ e	103.78
Category 8 – Upstream Leased Assets	tCO ₂ e	1,138.04
Category 9 – Downstream Transportation and Distribution	tCO ₂ e	12,428.49
Category 11 – Use of Sold Products	tCO ₂ e	32,910.82

Within Feihe's value chain emissions structure, raw milk production at upstream dairy farms is a major source of carbon emissions. The Company has established in-depth cooperative relationships with several core, large-scale dairy farms to improve the overall carbon management performance of the value chain. We assist and encourage partner farms to reduce their livestock carbon footprint through various approaches, including but not limited to promoting scientific feed formulations, optimizing dairy herd structure and health management, upgrading manure resource recovery systems, and improving energy efficiency on farms.

Data Validation and Verification

To ensure the scientific rigor and standardization of the accounting process, the Company clearly defines accounting boundaries consistent with the scope of its consolidated financial statements, ensuring the completeness of organizational coverage. Methodologically, we conduct calculations in full compliance with ISO 14064-1:2018 *Greenhouse Gases—Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals*, and the *Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard*. The calculation process adheres to the five core principles of relevance, completeness, consistency, accuracy, and transparency. Regarding data, emission factors are primarily sourced from official data sources such as *2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories*, ensuring the reliability and comparability of quantification results.

To ensure the accuracy and credibility of carbon emission data, Feihe has established a mechanism for the regular verification of greenhouse gas accounting methods and activity data. In 2025, we successfully completed the verification of Scope 1, Scope 2, and Scope 3 greenhouse gas emissions through a third-party organization, and we continue to advance the implementation and monitoring of emission reduction projects based on this foundation.

Concurrently, the Company conducts full life-cycle product carbon footprint calculations for its major products in accordance with ISO 14067:2018 *Greenhouse Gases -Carbon Footprint of Product-Requirements and Guidelines for Quantification*. In 2025, we conducted a carbon footprint calculation for Zhen'ai Beihu III, covering GHG emissions across all stages from raw material procurement to waste disposal, resulting in a carbon footprint of 7.995 kg CO₂e per functional unit of product. We conducted a carbon footprint calculation for Zhen'ai Feifan III Infant Formula, covering GHG emissions across all stages from raw material procurement to waste disposal, and determined that the carbon footprint per functional unit of the product is 7.076 kg of CO₂ equivalent.



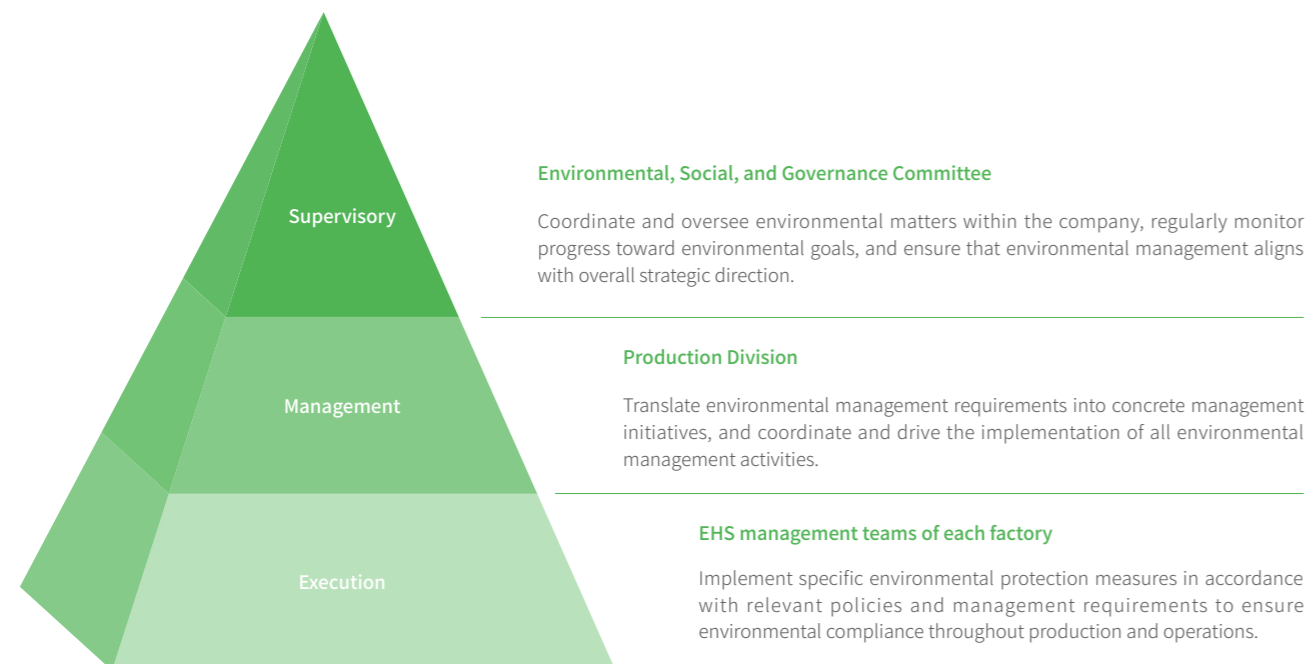
Environment Management

Feihe has always regarded environmental protection as a cornerstone of sustainable development. The Company actively responds to national requirements for ecological civilization and green development, deeply integrating environmental management into its corporate governance structure and the entire production and operations process. The Company continues to refine its environmental management system, systematically advancing environmental risk management, the creation of green factories, and other initiatives related to ecological and environmental protection. The Company is committed to continuously enhancing the standardization, systematization, and sustainability of its environmental management practices, striving to achieve synergistic progress between corporate development and ecological and environmental protection.

Environment Management System

Feihe continues to integrate environmental protection into its corporate governance framework and daily operations. The Company strictly complies with the requirements of relevant laws and regulations, 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*. Feihe has established the *Environmental Management Operation Control System*, the *Cleaner Production Management System*, and the "Three Simultaneities" *Management System for Environment, Health, and Safety*. By leveraging the unique characteristics of its business, Feihe has established and implemented an environmental management system that covers the entire production and operational process.

Environmental Management Structure and Division of Responsibilities



Environmental Management Targets

Feihe has formulated environmental management targets covering emissions, waste, energy use, and water resource management, focusing on the requirements of environmental compliance and continuous improvement of environmental performance. These targets have been integrated into the environmental management system for unified promotion.

Feihe Environmental Management Targets in 2025

Category	Target	Progress
Emission Management	Emissions of waste gas pollutants (sulfur dioxide, nitrogen oxides, and particulate matter) per unit sales volume decreased by 5%.	The target has been achieved.
Waste Management	100% of hazardous waste and general waste are discharged in compliance with regulations	The target has been achieved.
Energy Use Management	Achieve a 15% rate for green electricity use, and a 20% rate for biomass biogas	Achieved a 20% rate for green electricity use, and a 29% rate for biomass biogas
Water Efficiency	Attain a water reuse rate of 20% for the production water The water in the supply chain decrease by 5%	Attained a water reuse rate of 22% for the production water The water in the supply chain has decreased by 6%
Packaging Material Management	Target scope for recycled content in packaging: All products Target proportion of recycled or renewable materials in packaging: Over 80% Scope of packaging material recycling or waste reduction target: Cartons Packaging material recycling or waste reduction target: Reduce by 20%	Proportion of recycled or renewable materials in packaging: 92%

Environmental Management Certification

Feihe continues to advance the certification and implementation of its environmental management system, ensuring that environmental management requirements are effectively implemented across all its factories. As of the end of the reporting period, all nine factories operated by the Company had obtained ISO 14001 environmental management system certification, achieving full coverage of the certification and further enhancing the standardization and verifiability of its environmental management practices.



ISO 14001 Certification for Feihe Harbin Factory

ISO 14001 Certification for Feihe Qiqihar Factory

Environmental Risk Management

Feihe establishes an environmental risk prevention and control mechanism, as well as an emergency management system, to address potential environmental risks that may arise during production and operations. By developing environmental emergency response plans and conducting specialized drills, the Company continuously enhances its ability to identify and respond to environmental risks, mitigating the potential impact of sudden environmental incidents on production operations and the surrounding environment.

Taking into account the specific characteristics of dairy production, the Company prioritizes the management of risks related to natural gas usage, equipment operation, and the handling of hazardous waste and chemicals, while refining its emergency response organizational structure and response procedures. During the reporting period, environmental emergency drills simulating natural gas leaks, fires, and hazardous waste spills were conducted at multiple factories to test the effectiveness of response plans and enhance on-site response and coordination capabilities. In 2025, the company's total investment in environmental protection reached 45.0438 million yuan, with no environmental penalties incurred throughout the year.

Case | Environmental Risk Control at the Baiquan Factory — Hazardous Waste Leak Emergency Drill

In 2025, Feihe organized an environmental risk prevention and control emergency drill at the Baiquan Factory, simulating an accidental hazardous waste leak during laboratory testing operations. The drill focused on key aspects such as environmental risk identification, emergency response activation, personal protection, area isolation, and the proper collection and disposal of leaked materials. Relevant personnel swiftly implemented the established emergency response plan while simultaneously carrying out on-site cleanup and subsequent environmental risk control measures. Through this drill, the Company further validated the operational feasibility of its hazardous waste environmental risk emergency response procedures and strengthened frontline employees' awareness of environmental risk prevention and their emergency response capabilities.



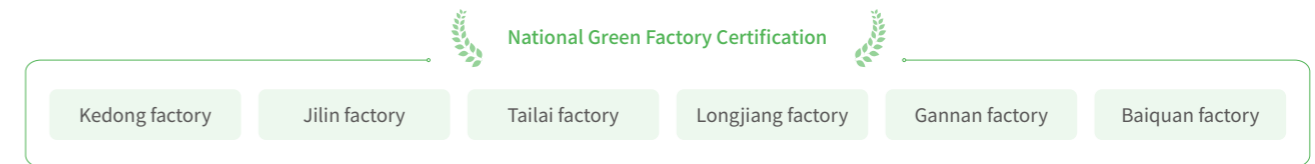
Emergency Drill for Hazardous Waste Leak



Green Factory

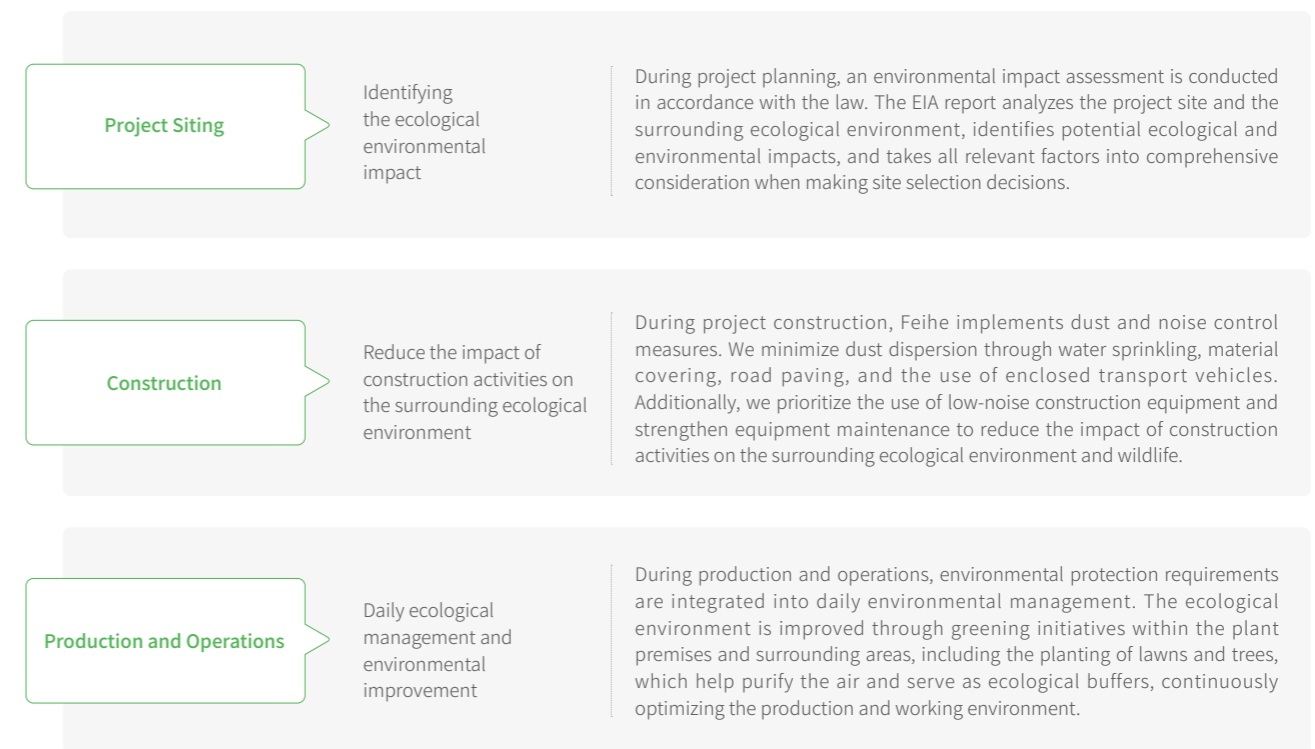
Feihe continues to advance the development of green factories by integrating green manufacturing principles throughout the entire dairy production process. While ensuring product safety and quality, the Company actively promotes the selection of green raw materials, the application of green processes, and the use of green technologies and equipment. At the same time, the Company continuously aligns its infrastructure development and management system operations with green factory requirements, continuously improving the environmental friendliness of its production and operations. By 2025, three additional factories were designated as national-level green factories.

Feihe's Application for Green Factory Certification in 2025



Biodiversity Conservation

Throughout project planning, construction, and production operations, Feihe maintains a constant focus on the potential impacts of production activities on the surrounding ecological environment and biodiversity, incorporating relevant requirements into its environmental management system for implementation. By conducting environmental impact assessments in accordance with the law, implementing ecological impact control measures during the construction phase, and advancing ecological improvement initiatives during operations, the Company strives to minimize disturbances to the surrounding ecosystem and promote the coordinated development of production operations and ecological conservation.



Resource Utilization

Feihe is committed to integrating the concept of green development into every aspect of its corporate strategy and operations. Focusing on key areas such as energy, water resources, packaging materials, and operational management, the Company has systematically established a management system for energy conservation, consumption reduction, and efficient resource utilization. By continuously promoting the green transformation of production methods and enhancing environmental performance, Feihe lays a solid foundation for achieving low-carbon operations and sustainable development goals.

Energy Conservation and Consumption Reduction

Feihe strictly complies with the requirements of relevant laws and regulations, including the *Energy Conservation Law of the People's Republic of China*. Focusing on the goals of efficient energy utilization and energy conservation, the Company has formulated and implemented the *Energy Management Manual* along with supporting energy management systems and procedural documents, including the *Control Procedure for the Identification and Evaluation of Internal and External Factors and Stakeholder Requirements*, the *Procedure for the Identification, Evaluation, and Control of Risks and Opportunities*, the *Procedure for the Control of Energy Objectives, Targets, and Management Plans*, the *Procedure for the Identification, Evaluation, and Control of Energy Use*, and the *Procedure for the Control of Energy Baselines and Energy Performance Parameters*, thereby establishing and continuously improving its energy management system.

Based on international management system standards, Feihe continues to advance the certification and coverage of relevant management systems. In 2025, Feihe's Gannan, Tailai, and Qiqihar plants obtained ISO 50001 management system certification, further enhancing the standardization and systematization of energy management and resource utilization, and providing strong support for ongoing efforts to promote energy conservation, reduce consumption, and advance green operations. As of the reporting period, five of the nine plants have obtained relevant system certifications, with the remaining plants making steady progress.



Additional ISO 50001 Energy Management System Certifications Obtained by Feihe's Factory In 2025

Ensure Compliance in Operations

Achieve Excellence in Quality

Enhance Social Well-being

Build Green and Low Carbon Future

Feihe continues to deepen its energy conservation and consumption reduction management, actively launching special campaigns focused on key energy usage areas, and continuously improving resource utilization efficiency through refined management measures and technological optimization. During the reporting period, the Company's factories established energy conservation and consumption reduction task forces and carried out 74 special initiatives, achieving energy savings of 2,490,900 kWh, water savings of 616,700 tons, and a reduction in natural gas consumption of 5,677,600 cubic meters, equivalent to a reduction of 12,852.30 tons of carbon dioxide.

2025 New Energy Application Achievements of Each Factory

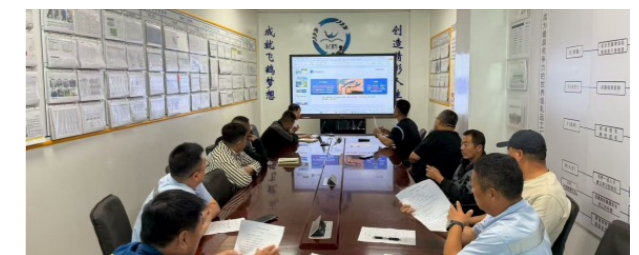
<p>The Gannan Factory, Kedong Factory, and Baiquan Factory used</p> <p>19,840,400 cubic meters of biomass biogas</p> <p>resulting in a total annual reduction of about</p> <p>38,966.47 tons of carbon dioxide emissions</p>	<p>The Kedong Factory, Gannan Factory, Longjiang Factory, Tailai Factory, Harbin Factory, and Qiqihar Factory utilized</p> <p>27,579.57 MWh of solar photovoltaic power</p> <p>resulting in a total annual reduction of approximately</p> <p>14,633.72 tons of carbon dioxide emissions</p>
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Energy Conservation and Consumption Reduction Measures

Emission Reduction Projects	Achievements
Longjiang Factory: Improvements achieved by reducing steam pressure in the secondary evaporator	Annual steam cost savings of about RMB 85,000, with natural gas consumption reduced by 1.13 cubic meters per ton of powder.
Longjiang Factory: Hot air recovery in the primary tower	Annual steam cost savings of about RMB 105,000, with natural gas consumption reduced by 1.13 cubic meters per ton of powder.
Kedong Factory: Improvements achieved through separation of clean and contaminated water and water recovery	Annual water savings of 79,680 tons.
Harbin Factory: Launch of a task force to reduce the air-to-steam ratio in boilers	Annual natural gas savings of 255,494 cubic meters.

Case | Energy Conservation and Consumption Reduction Training

Feihe strengthened employees' awareness of energy conservation and the concept of green production by conducting specialized training on energy conservation and consumption reduction. By integrating training with actual production operations, the Company guided employees to proactively identify and reduce energy waste during daily operations. This further enhanced employees' energy management capabilities and fostered a culture of energy conservation and consumption reduction characterized by full participation and continuous improvement.



Energy Conservation and Consumption Reduction Training

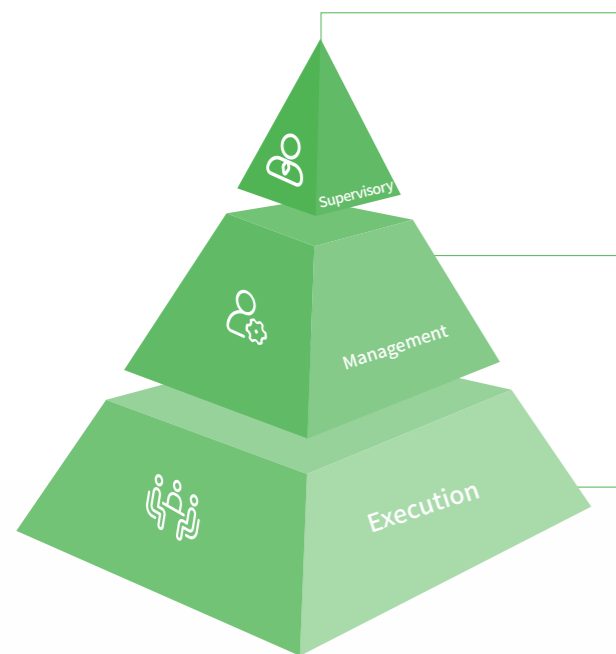
Water Resources Management

Feihe integrates water resource management into corporate governance and sustainable development strategy, establishing a water conservation system that spans the entire production and supply chain. Through technological upgrades, recycling, and risk management, the Company continuously improves water use efficiency, reduces water consumption and environmental impact, and fulfills its commitment to green production.

Water Resource Management System

Feihe consistently integrates water conservation and protection into its corporate governance framework and daily operations. The Company strictly adheres to the requirements of relevant laws and regulations, including the *Water Law of the People's Republic of China*, and has formulated the *Water Resource Management Measures*. By establishing and implementing a water resource management system that covers the entire production and operations process, Feihe continuously improves water use efficiency, mitigates risks associated with water consumption, and ensures the security and sustainability of water supply for production and operations.

Water Resource Management Structure and Division of Responsibilities



Board level

Through the Environmental, Social, and Governance Committee, the Company coordinates and oversees matters related to water resource management, regularly monitors water resource management targets and implementation progress, and ensures that water resource management aligns with overall development strategy.

Management level

The Production Division is responsible for translating water resource management requirements into specific management measures, and for coordinating with all production units to advance water conservation, improve water use efficiency, and implement related improvement measures.

Operation level

The EHS management teams at each factory implement specific measures—such as tiered water usage, recycling, pipeline maintenance, and water quality management—in accordance with the water resource management system and relevant requirements, ensuring compliance and stability in water usage during production operations.

Water Resource Management Measures

With the goals of reducing water withdrawal and improving water use efficiency, the Company develops and implements water management plans covering all factories, achieving 100% coverage of these plans. Through various technical upgrades and management optimization measures, the company continues to reduce water intensity in its core business operations.

Water Resource Management Measures

Water Conservation Projects	Measures and Results
Improving water production system efficiency	<ul style="list-style-type: none"> Gannan Factory: Optimized the operation of the reverse osmosis system and waste heat recovery, increasing the system recovery rate to 75% and saving nearly 20,782 tons of water annually. Kedong Factory: Optimized the operating parameters of the reverse osmosis system, increasing the water production rate to over 75% and reducing wastewater discharge.
Reuse of reclaimed water and utilization of non-conventional water sources	<ul style="list-style-type: none"> Gannan Factory: Recycled reverse osmosis concentrate, condensate, and heavy water, increasing the heavy water reuse rate to 90% and saving about 45,000 tons of water annually. Kedong Factory: Recycled concentrate and softened water for reuse, reducing consumption of high-quality fresh water.
Optimizing water conservation in production and cleaning processes	<ul style="list-style-type: none"> Gannan Factory: Optimized the moisture content of ingredients and cleaning parameters, annually saving over 40,000 tons of water. Jilin Factory: Implemented CIP cleaning optimization, reducing water consumption per batch by 1.73%–3.08%.
Pipeline network upgrades	<ul style="list-style-type: none"> Gannan Factory: Optimized the water supply and recovery pipeline network, increasing the reuse rate of heavy water to 90% and effectively reducing makeup water requirements. Kedong Factory: Strengthened management of seal water and makeup water to reduce leaks and unnecessary losses.

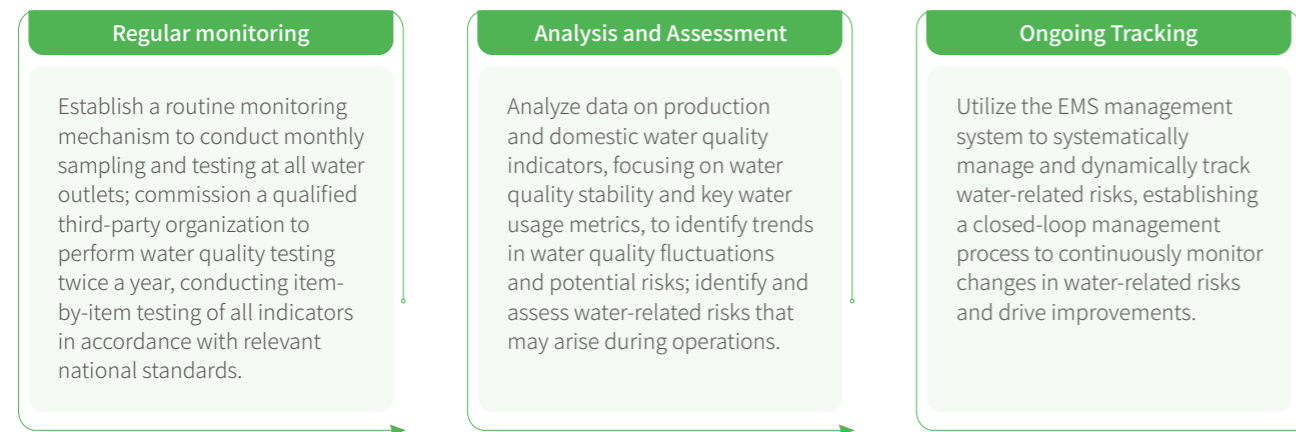
Case | Gannan Factory's High-Efficiency Recycled Water Project

Through the optimization of reverse osmosis system operations and the retrofitting of secondary water heat recovery, the Gannan Factory increased the feedwater temperature from approximately 12° C to 16–18° C, boosted water production capacity from 40 m³/h to 45 m³/h, and raised the system recovery rate from approximately 58% to 75%, resulting in annual savings of approximately 20,782 tons of fresh water. This project effectively improved the operational efficiency of the water production system, achieving synergistic optimization of water and energy conservation, and provided replicable experience for the company's water-saving retrofits of water production systems.



Feihe builds procedures for the regular assessment and monitoring of water-related risks throughout the entire operational process, and uses its Environmental Management System (EMS) to systematically manage and dynamically track these risks. Focusing on water quality stability and key water usage indicators, the Company develops a closed-loop management process comprising regular monitoring, analysis and assessment, and continuous tracking to identify and evaluate potential water-related risks during operations.

Water Resources Assessment Process



Building on the water risk assessment conducted during the operational phase, the company continues to expand the scope of its water risk management. By integrating project soil and water conservation plans with local natural conditions, the company conducts systematic analyses of water-related risks during the construction phase. At the same time, the company extends its assessment scope to the product and supply chain levels, gradually establishing a water risk identification and assessment system that covers the entire project lifecycle and all stages of the value chain.

Scope of Water Risk Assessment

Project Construction

Taking into account regional climatic conditions, soil erosion susceptibility, and land disturbance characteristics, we conduct targeted analysis on soil erosion risks triggered by project scale, land occupation scope and construction activities. Combined with the special soil and water conservation plan, we systematically assess the scope of land disturbance, high-incidence periods of soil erosion, and the full deployment of prevention measures. We further analyze the formation mechanism of soil erosion, as well as its close correlation with production water security and regional aquatic ecological environment.

Product

By integrating production processes and water usage patterns, we progressively develop a product water footprint assessment plan, clearly defining the accounting boundaries, sources of water usage data, and definitions of key indicators. By analyzing water consumption across raw material processing, manufacturing, and auxiliary operations for different products, we conduct product-specific water footprint calculations and comparative analyses to identify high-water-consumption stages and potential water risk points, providing a decision-making basis for optimizing production water usage structures and enhancing water resource utilization efficiency.

Supply Chain Water Resource Management

Feihe continues to deepen water resource management across its supply chain by establishing supply chain water resource management targets and formulating systematic water-saving plans. We strengthen water conservation management among raw material and auxiliary material suppliers. In this regard, we have collaborated with key suppliers to implement comprehensive water conservation management, conducted a thorough review and in-depth analysis of the various types of process water used by different suppliers, and actively encouraged all suppliers to implement water conservation measures. In 2025, Feihe facilitated water conservation projects at 30 raw material and auxiliary material suppliers, achieving total water savings exceeding 320,000 tons.

Supply chain water resource management target

Based on 2024, by 2030, core suppliers plan to reduce water consumption per ton of product production and operation by

10%

Case | Concentrated Water Recovery and Reuse Project at Tianjin ZRP Printing Technology Co., Ltd.

As Feihe's core packaging supplier, Tianjin ZRP Printing Technology Co., Ltd. actively practices green production principles in its manufacturing processes. Addressing the issue of approximately 60% concentrated water discharge generated during the reverse osmosis filtration process of its pure water purification equipment, the supplier proactively implemented water-saving technological upgrades. By installing dedicated collection tanks to establish a concentrated water recovery system, the supplier repurposed water that would otherwise have been directly discharged for landscaping irrigation and auxiliary production processes. This initiative has not only effectively reduced the consumption of fresh tap water—with calculations indicating annual water savings exceeding 10,000 tons—but has also significantly improved water resource utilization efficiency within Feihe's upstream supply chain. It demonstrates the supplier's substantive actions and contributions in responding to Feihe's water resource management requirements.

Packaging Material Management

Feihe incorporates green packaging into its sustainable development strategy, setting packaging material management targets and formulating a sustainable packaging strategy, with the long-term management goal of reducing the environmental impact of packaging materials. While strictly complying with relevant laws and regulations such as the *Circular Economy Promotion Law of the People's Republic of China*, the Company builds a packaging environmental management framework covering design, procurement, and supply chain management, guided by the overarching principles of reduction, recyclability, and recoverability.

Packaging Material Management Target

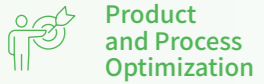
Type	Target
Use of recycled materials	To conduct research on the application of post-consumer recycled (PCR) and post-industrial recycled (PIR) plastics; to use recycled plastics in 20% of plastic packaging products by 2035.
Packaging with recyclability/biodegradable materials for use	To develop single-material composite films, low-additive technologies, and biodegradable materials; to ensure that all packaging is 100% recyclable, reusable, or biodegradable by 2035.
Product packaging recycling	To actively participate in and support national and industry association-led packaging recycling initiatives through recycling labels and industry chain collaboration and to help recycle 90% of packaging materials in the industry by 2035.

Feihe Sustainable Packaging Strategy



Source Development Strategy

Establish collaborative mechanisms with packaging material suppliers to prioritize recyclable design in the development of new and redesigned packaging. Clearly stipulate the preference for single-material, easily recyclable packaging solutions (such as paper-based materials, recyclable plastics, and metals like tinplate), and incorporate these requirements into supplier collaboration and technical agreements.



Product and Process Optimization

Promote lightweight and minimalist packaging design to reduce material consumption at the source through structural optimization, material thinning, and the elimination of redundancy. Optimize packaging configurations to increase unit load capacity, reduce the overall environmental footprint, and further improve recycling and distribution efficiency.



Supply Chain Technology Collaboration

Encourage and support suppliers in technological innovation, and jointly develop and apply packaging materials that are easier to recycle and have a higher recycled content. Drive the transition of the entire supply chain toward a circular economy model by establishing standards, sharing goals, and recognizing best practices.

During implementation, the Company clarifies environmental compliance and resource conservation requirements through the *Supplier Code of Conduct*, which integrates green packaging principles into supplier onboarding and partnership management processes to promote the reduction of packaging materials and the enhancement of their environmental attributes. Furthermore, the Company continuously optimizes packaging material structures, strengthens collaborative management with supply chain partners, and gradually achieves systematic improvements in packaging environmental performance.

Recycling and Reduction Measures for Packaging Materials at Feihe



Prioritize the use of recyclable materials

The Company prioritizes the use of recyclable packaging materials and develops refined packaging designs tailored to the specific characteristics of different products. Currently, the primary packaging materials used in production—including cardboard boxes, paper cartons, paper labels, plastic bottles, and plastic caps—are all recyclable, achieving 100% recyclability for these materials and laying the groundwork for their recycling.



Promote packaging reduction projects

In terms of reduction, the Company systematically advances packaging structure optimization in the infant formula sector. By improving the structural design of cardboard boxes and implementing lightweighting solutions across relevant product lines, the Company has reduced the amount of cardboard used per box by about 10% compared to the original design. These optimization measures are implemented while ensuring packaging strength and product safety requirements are met, effectively lowering cardboard consumption and reducing resource waste.

Vehicle Management

Feihe continues to promote green low-carbon commuting and standardized transportation management. Regarding employee commuting, the Company encourages employees to use low-carbon modes of transportation, such as walking, for their daily commute. For transportation within the site, the Company prioritizes the use of electric vehicles to reduce energy consumption and emissions.

The Company implements strict dust control measures for construction and transport vehicles. Vehicles transporting construction debris, sand, gravel, and other materials prone to generating dust are uniformly required to use enclosed transport methods to prevent material spillage and reduce the impact on the surrounding environment. Additionally, vehicle washing facilities are installed at construction site entrances and exits; transport vehicles must be washed before leaving the site to ensure the vehicle body and tires are clean, effectively reducing the risk of road dust and secondary pollution at the source.

Green Office

Feihe implements the concept of green office practices into the operation management system, continuously promoting energy conservation, emissions reduction, and efficient resource utilization. By combining institutional regulations with guidance on employee behavior, the Company sets up a green office management mechanism that encompasses energy management and resource utilization to improve the environmental performance of office operations.

Feihe's Green Office Management Measures

Energy Management

We continue to strengthen energy management in the workplace, standardize the use of air conditioning, lighting, and office equipment, encourage employees to develop the habit of conserving energy in their daily work, and integrate energy conservation and emissions reduction into routine office operations.

Efficient Use of Resources

We will promote the classified management of office waste, continue to reduce the use of single-use office supplies, and encourage the adoption of electronic workflows and paperless meetings to reduce paper consumption and improve the efficiency of office resource utilization.

Employee Engagement and Awareness

By combining institutional regulations with daily guidance, we continuously strengthen employees' commitment to green office practices and sustainable development.



Emissions Management

Feihe places equal emphasis on legal compliance and systematic governance, continuously refining its pollution prevention and risk management systems to address environmental impact factors such as wastewater, exhaust emissions, waste, noise, and construction dust. Guided by the fundamental principle of combining source prevention, process control, and end-of-pipe treatment, the Company fully integrates pollutant management into its environmental management system. Through institutional development, technological upgrades, digital monitoring, and continuous improvement, Feihe builds an environmental risk control mechanism that covers the entire process of production operations and project construction. This approach continuously enhances pollution control capabilities and resource utilization efficiency, effectively reducing the impact on the ecological environment and surrounding communities.

Wastewater Discharge Management

Feihe strictly complies with the *Water Pollution Prevention and Control Law of the People's Republic of China* and relevant laws and regulations in its operational locations, and adheres to the wastewater treatment principles of source reduction, process control, end-of-pipe treatment, and recycling. The Company formulates and implements the *Pollutant Discharge Management System*, fully integrating wastewater management into the environmental management system and establishing a lifecycle control mechanism covering generation, collection, treatment, discharge, and reuse. During the reporting period, the Company actively promoted the digital upgrade and process optimization of wastewater treatment facilities to ensure that 100% of discharged wastewater consistently meets regulatory standards. Additionally, the Company continued to explore pathways for the resource recovery of wastewater to minimize the impact on natural water bodies and the surrounding environment.

Key Achievements of Wastewater Treatment and Reuse in 2025

Factory	Project Name	Project Description and Results
 Tailai Factory	Intelligent Monitoring and Energy-Saving Control System for Wastewater Treatment	Online monitoring and intelligent control modules were deployed for wastewater treatment, enabling automatic adjustment of key operational parameters and integrated alarm responses to anomalies, thereby enhancing the stability of the treatment process and risk early-warning capabilities. Following the system's implementation, the stability of effluent water quality was further improved, while simultaneously reducing energy consumption at the wastewater treatment plant.
 Kedong Factory	Innovation Project for Reverse Osmosis Brine Recovery	The flow path of wastewater from the pure water production system was optimized. By recycling and reusing wastewater, the load entering the wastewater treatment system was reduced, promoting wastewater reduction and internal recycling. During the reporting period, the project cumulatively reduced external wastewater discharge by nearly 15,000 metric tons, effectively alleviating pressure on end-of-pipe treatment and reducing environmental discharge risks.

Waste Gas Emission Management

Feihe strictly complies with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* and relevant laws and regulations in each operating location. The Company develops internal systems such as the *Pollutant Emission Management System* and the *Waste Gas Emission Management Procedure* and implements a list-based management mechanism for air pollutants. Feihe enforces categorized control measures for exhaust gases from production processes, combustion, and transportation, ensuring that the concentration and total volume of all air pollutant emissions strictly comply with national and local standards.

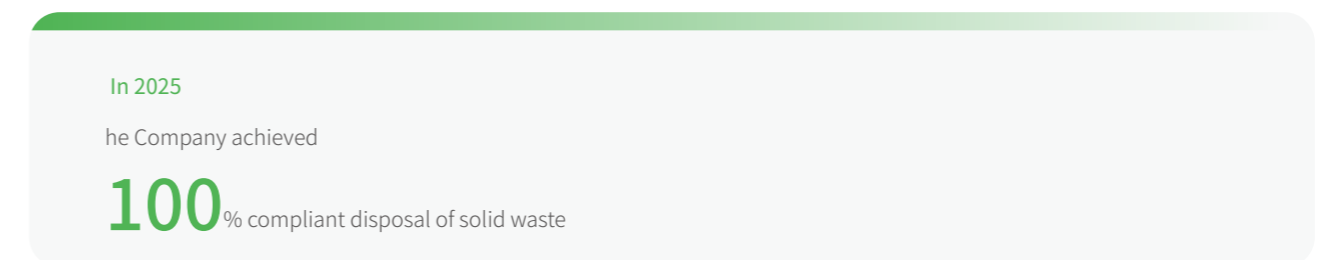


Waste Discharge Management

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*. The Company formulates the *Hazardous Waste Management System* and implements a waste management plan, continuously improving its solid waste management system. By integrating operational practices with project development realities, the Company defines requirements for waste reduction and resource-oriented management. Through waste audits, Feihe identifies opportunities for management improvements, develops action plans to reduce waste generation, and sets quantitative management targets.

Feihe strengthens comprehensive control throughout the entire process, covering the generation source, production process, and end-of-pipe storage. At the generation stage, dedicated spill containment vessels are installed at waste generation points such as the Quality Department laboratory, and standardized management of VOC emissions is reinforced. Regarding production process control, the Company sets the management indicators - waste rate - for key production processes. By reducing the generation of non-conforming products, waste generation is minimized at the source, achieving a synergistic improvement in both environmental and economic benefits. Regarding end-of-process management, the Company constructs hazardous waste storage warehouses in accordance with national standards, equipped with leak-proof, rainproof, fireproof, and ventilation facilities. The Company implements zoned and labeled management, while establishing a comprehensive system for recording incoming and outgoing waste to ensure the standardized and safe storage and management of hazardous waste.

The Company continuously advances process optimization, technological improvements, and innovative R&D, strengthens source reduction management, and promotes waste recycling and the diversion of waste from landfills. Through employee training and third-party certification, the Company ensures the effective implementation of all waste management measures, guaranteeing that the entire waste management process complies with the principles of reduction, resource recovery, and harmless disposal, and that environmental risks are effectively controlled. In 2025, the Company achieved 100% compliant disposal of solid waste.

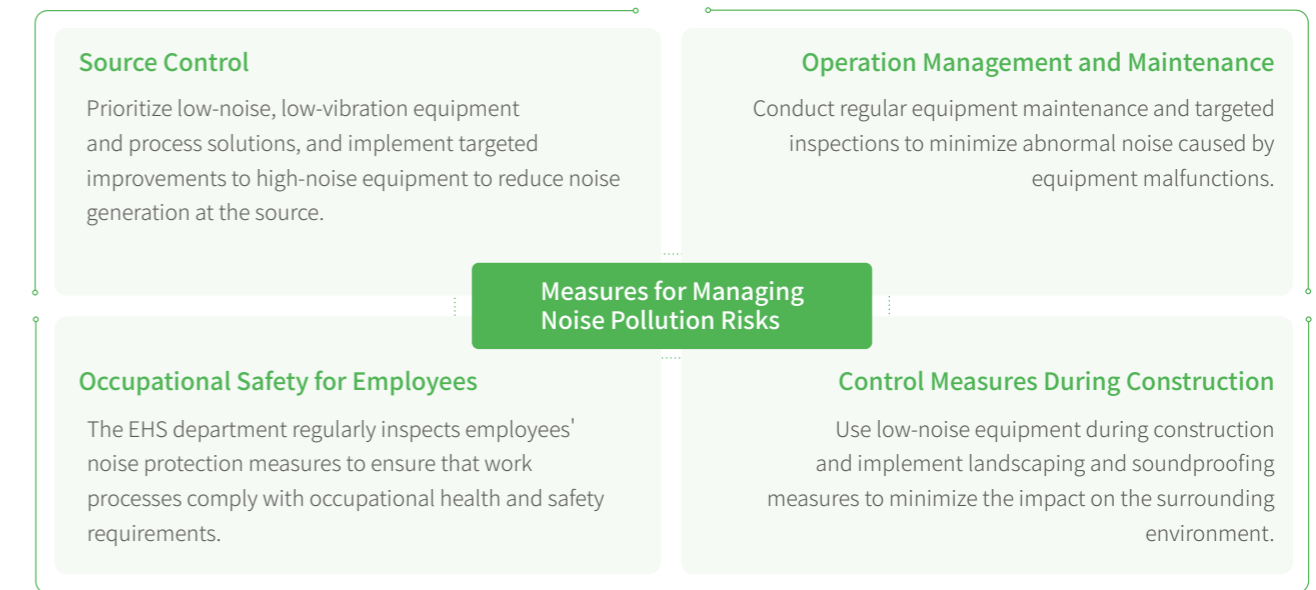


Waste Management Measures

Type of Waste	Measure
General waste	<ul style="list-style-type: none"> Place sorted waste bins in office areas, production areas, and construction sites; clearly label sorting requirements; and ensure that general solid waste is sorted and disposed of properly through training and on-site management. Designate centralized waste storage areas at construction sites and implement measures such as fencing to prevent the haphazard piling and scattering of waste; have these areas regularly cleared by a government-designated waste management entity to ensure the timely and compliant disposal of general solid waste. Maintain records of general solid waste disposal and collection to dynamically track waste generation and disposal, meeting daily management and regulatory inspection requirements. Encourage collaboration with qualified waste recycling companies to recycle and reuse recoverable general solid waste, reducing environmental impact and disposal costs.
Hazardous waste	<ul style="list-style-type: none"> Each production unit shall designate dedicated containers for the sorted collection of hazardous waste, clearly label waste categories, and strictly prohibit mixing with general solid waste or improper disposal. Establish and manage hazardous waste temporary storage facilities in accordance with regulations, equipping them with safety features such as leak-proofing, spill containment, rain protection, fire prevention, and ventilation. Clearly display hazardous waste labels and zone markers to ensure proper temporary storage. Establish and maintain management ledgers for the receipt and dispatch of hazardous waste, fully documenting information on the generation, storage, and flow of hazardous waste to ensure traceability throughout the entire process. Process hazardous waste transfer procedures in accordance with the law, entrusting qualified third-party entities to handle transportation and safe disposal, while strengthening risk prevention and control throughout the entire process to minimize environmental and safety impacts.

Noise Management

Feihe makes noise pollution prevention and control a priority in environmental management. Focusing on scenarios such as production operations and project construction, the Company continuously refines noise risk identification and control measures. By combining noise reduction at the source with process management—through optimized equipment selection, operation and maintenance, employee protection, and specialized controls during construction—the Company minimizes the impact of noise on employee health and the surrounding environment.



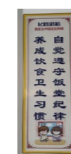
Dust Management

Feihe has instituted multiple dust control measures during construction to effectively manage dust pollution. At construction sites and material storage areas prone to dust generation, the Company has paved roads to reduce dust generated by vehicle traffic and material transport. Additionally, water trucks are regularly deployed to spray water, increasing air humidity so that dust particles absorb moisture, become heavier, and reduce the risk of dust dispersion. Additionally, for dust-prone materials such as soil and aggregates, dust-proof netting is uniformly used for coverage. Construction waste is promptly cleared and covered to minimize wind-blown dust, ensuring effective environmental control within the construction area.

Case | Kedong Factory Optimized Material Usage to Reduce Waste Generation

At the Kedong production site, galactose oligosaccharides are highly viscous, leading to significant residue after dispensing from 25kg drums—approximately 1kg per drum—resulting in material waste. To improve material utilization, the workshop upgraded the production equipment by replacing the original small drums with 1.2-ton IBC containers and integrating a PLC-controlled automatic dispensing system. When the system detects an empty container, it automatically activates a pneumatic cylinder to lift and tilt the IBC, ensuring complete emptying of the material. Through this modification, raw material residue is reduced by approximately 34 kg per production batch, effectively improving material utilization efficiency and reducing waste generation.

To reduce food loss and waste, the Company has set management targets for dry matter utilization to guide efforts to improve resource efficiency and minimize food waste. At the same time, the Company has posted slogans in employee cafeterias advocating for food conservation and opposing waste, thereby raising employees' awareness of the importance of conservation, and encouraging them to take appropriate portions, and reducing food waste generated during meal service.



No Waste Slogan



Key Environmental Performance³³

	Indicator	Unit	2023	2024	2025
Waste gas	Total emissions	m ³	663,921,366.12	638,041,578.97	687,380,312.11
	SO ₂	Tonne	22.08	19.45	17.60
	NO _x	Tonne	50.87	57.59	43.75
	PM	Tonne	2.31	2.06	1.72
	Smoke	Tonne	1.96	2.01	2.19
Waste water	Total domestic and industrial waste water discharge	10,000 tonnes	420.19	535.71	565.37
	COD	Tonne	72.19	106.67	206.14
	BOD	Tonne	23.08	33.96	44.17
	Ammonia nitrogen	Tonne	6.54	10.68	18.80
GHG emissions	Total (Scope 1+Scope 2)	10,000 tCO ₂ e	23.99	24.39	23.44
	Total (Scope 1+Scope 2+Scope 3)	10,000 tCO ₂ e	/	/	153.08
	Scope 1	10,000 tCO ₂ e	13.30	13.81	12.48
	Scope 2	10,000 tCO ₂ e	10.69	10.59	10.96

³³ 1.Data collected was based on domestic businesses in the People's Republic of China.

2.After adjustments, we retrospectively updated the data for 2023 and 2024 to include the statistical unit, YuanShengTai Dairy Farm.

3.Comprehensive energy consumption calculations are based on the *General principles for calculation of the comprehensive energy consumption* (GB/T 2589-2008), which refers to the usage of coal, 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 the electricity carbon dioxide emission factor for 2023 issued by the Ministry of Ecology and Environment of the People's Republic of China. Scope 1 emissions include emissions from fossil fuel combustion and Scope 2 emissions include those attributable to externally purchased electricity.

5.Notes on the statistical method:

The environmental data disclosed by Feihe covers ten entities: Heilongjiang Feihe Dairy Co., Ltd., Feihe Gannan, Feihe Longjiang, Feihe Jilin, Feihe Baiquan, Feihe Tailai, Feihe Kedong, Feihe Harbin, Feihe Qiqihar and YuanShengTai Dairy Farm, with the latter being the newly added reporting entity. Due to the continuous adjustment and expansion of the reporting scope over the past three years, some data has exhibited year-on-year fluctuations.

6.Calculation method:

For the conversion of air pollutants, reference is made to the *calculation formula in the Emission Coefficient and Material Balance Methods (For Trial Implementation)* under the Technical Specifications for Pollutant Discharge Permit Application and Issuance issued by the Ministry of Ecology and Environment of the PRC.

The formula for calculation of SO₂ emissions:

$$PSO_2 = Q \times S \times 0.85 \times 2 \times 10^{-3}$$

The formula for calculation of NO_x emissions:

$$PNO_x = Q \times \mu$$

Where:

PSO₂ is sulphur dioxide emissions (kg);

Q is fuel consumption (tonne);

S is sulphur content of fuel (%);

PNO_x is NO_x emissions (kg);

μ is pollutant discharge coefficient.

	Indicator	Unit	2023	2024	2025
GHG emissions	Scope 3	10,000 tCO ₂ e	/	/	129.64
	Scope 3 Category 1 – Purchased goods and services	tCO ₂ e	/	/	856,352.63
	Scope 3 Category 2 – Capital goods	tCO ₂ e	/	/	5,935.40
	Scope 3 Category 3 – Fuel- and energy-related activities	tCO ₂ e	/	/	87,483.20
	Scope 3 Category 4 – Upstream transportation and distribution	tCO ₂ e	/	/	32,035.78
	Scope 3 Category 5 – Waste generated in operations	tCO ₂ e	/	/	260,390.22
	Scope 3 Category 6 – Business travel	tCO ₂ e	/	/	7,598.23
	Scope 3 Category 7 – Employee commuting	tCO ₂ e	/	/	103.78
	Scope 3 Category 8 – Upstream leased assets	tCO ₂ e	/	/	1,138.04
	Scope 3 Category 9 – Downstream transportation and distribution	tCO ₂ e	/	/	12,428.49
	Scope 3 Category 11 – Use of sold products	tCO ₂ e	/	/	32,910.82
	GHG emissions intensity (Scope 1+Scope 2)	tCO ₂ e/RMB ten thousand	0.123	0.118	0.129
Hazardous Waste	Abandoned laboratory reagent bottles	Tonne	13.39	14.91	13.05
	Waste liquid	Tonne	12.58	12.49	12.92
	Waste engine oil	Tonne	7.39	14.99	39.98
	Waste batteries	Tonne	10.59	1.20	9.73
	Others ³⁴	Tonne	0.23	0.83	3.94
	Total generated	Tonne	44.18	44.42	79.62
	Intensity	Tonne/RMB ten thousand	0.000023	0.000021	0.000044

³⁴ Other hazardous waste includes electronic equipment and used oil containers.

³⁵ Other general waste includes acid and alkali barrels, medicated bath barrels, woven bags, and straw ropes.

		Indicator	Unit	2023	2024	2025
General Waste	General domestic solid waste	Office paper	Tonne	32.66	14.77	33.49
		Kitchen waste	Tonne	148.50	185.45	196.41
		Fly ash	Tonne	372.55	242.50	/
	General industrial solid waste	Slag	Tonne	2.35	64.47	2,434.10
		Sludge	Tonne	143.70	149.56	390.45
		Waste wooden pallets	Tonne	80.53	/	81.47
		Others ³⁵	Tonne	50.27	74.09	194.14
Total generated		Tonne	830.55	730.85	3,330.07	
Intensity		Tonne/RMB ten thousand	0.000425	0.000352	0.001839	
Energy Consumption	Purchased electricity		10,000 kWh	20,154.86	19,951.34	20,717.67
	Coal consumption		Tonne	4,023.53	2,789.09	/
	Petrol consumption		Liter	15,041.58	14,172.78	13,734.15
	Diesel consumption		Liter	3,895,616.59	3,995,578.71	6,264,042.62
	Natural gas consumption		10,000 standard m ³	5,599.85	7,399.40	4,942.40
	Biomass-to-natural gas consumption		10,000 standard m ³	566.03	1,577.40	2,005.34
	Biomass fuel consumption		Tonne	156.95	2,666.97	10,282.32
	Solar power generation		10,000 kWh	198.70	2,786.53	3,771.10
	Total comprehensive energy consumption		10,000 tonnes of standard coal	10.40	10.68	9.88
	Energy consumption intensity		Tonne standard coal/RMB ten thousand	0.053	0.051	0.055
Water Consumption	Total office and industrial water consumption		10,000 tonnes	676.28	715.90	834.37
	Water consumption intensity		Tonne/RMB ten thousand	3.46	3.45	4.61
Packaging Material Consumption	Paper		Tonne	27,176.72	21,198.57	14,188.31
	Metal		Tonne	26,079.63	33,251.96	25,828.75
	Plastic		Tonne	9,674.35	10,190.76	7,501.68
	Others		Tonne	0.00	0.00	0.54
	Total packaging material consumption		Tonne	62,930.70	64,641.29	47,519.28
	Packaging material consumption intensity		Tonne/RMB ten thousand	0.032	0.031	0.026

³⁵ Other general waste includes acid and alkali barrels, medicated bath barrels, woven bags, and straw ropes.

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.	P114-117
KPI	A1.1 The types of emissions and respective emissions data.	P118-119
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P119
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P103、 P114-117
	A1.5 Description of emission target(s) set and steps taken to achieve them.	P103、 P114-117
	A1.6 Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P103、 P114-117
	Aspect A2: Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P106-112
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).	P118-120
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P120
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	P105、 P106-113
	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.	P108-111
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P120
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P102
KPI	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P102-105

Part D: Climate-related Disclosures

General Disclosures and KPIs		Location	
Climate-related	Governance	P84-85	
	Climate-related risks and opportunities	P88-95	
	Business model and value chain	P88-95	
	Strategy	Strategy and decision-making	P96
		Financial position, financial performance and cash flows	P87-95
		Climate resilience	P85-87
		Financial effects of climate-related risks and opportunities	P87-95
	Risk Management	Risk Management	P96-97
		Greenhouse gas emissions	P98-101
	Metrics and Targets	Climate-related transition risks	P99
		Climate-related physical risks	P99
		Climate-related opportunities	P99
		Capital deployment	P99
		Internal carbon prices	/
	Risk Management	Remuneration	P85
		Industry-based metrics	P118-120
		Climate-related targets	P98
	Applicability of cross-sectoral indicators and sector-specific indicators	P99	

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.	P58-64
KPI	B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	P59
	B1.2 Employee turnover rate by gender, age group and geographical region.	P59
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.	P67-69
KPI	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P68
	B2.2 Lost days due to work injury.	P68
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P67-69
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P65-67
KPI	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P67
	B3.2 The average training hours completed per employee by gender and employee category	P67
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.	P58-59
KPI	B4.1 Description of measures to review employment practices to avoid child and forced labour.	P58-59
	B4.2 Description of steps taken to eliminate such practices when discovered.	P58-59
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P72
KPI	B5.1 Number of suppliers by geographical region.	P73
	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.	P72-75
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P72-75
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	P72-75

General Disclosures and KPIs	Description	Location
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.	P34、 P44
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P39
	B6.2 Number of products and service related complaints received and how they are dealt with.	P43
KPI	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P48
	B6.4 Description of quality assurance process and recall procedures.	P34-36
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P28-31
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.	P25-27
	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.	P26
KPI	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P26
	B7.3 Description of anti-corruption training provided to directors and staff.	P27
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.	P78-79
KPI	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P78-79
	B8.2 Resources contributed (e.g. money or time) to the focus area.	P78-79

Feedback Form

Dear readers,

Thank you for taking the time to read the 2025 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

- 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?

中国飞鹤

