

CHINA SHENGMU ORGANIC MILK LIMITED
ENVIRONMENTAL, SOCIAL AND
GOVERNANCE (ESG) REPORT **2025**

About the Report

This report marks China Shengmu Organic Milk Limited's tenth annual report on its environmental, social, and governance (ESG) performance.

Reporting Period

The report highlights our sustainability performance for the period from January 1, 2025, to December 31, 2025.

Reporting Scope

The report covers the information of China Shengmu Organic Milk Limited and all of its branches and subsidiaries, which is consistent with the scope of Shengmu's consolidated financial statements.

Data Sources

Data and cases used in the report mainly come from the official documents, statistical reports, and publicly disclosed sources of China Shengmu Organic Milk Limited. Unless otherwise specified, all data denominated in “Yuan” are presented as RMB; all data denominated in “USD” are calculated based on the 2025 annual average exchange rate (1 RMB=1 RMB = 0.13909 USD) as announced by the.

Reporting Guidelines

The report is compiled in accordance with the ESG Reporting Code in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "HKEX ESG Reporting Code"), including provisions on "comply or explain" basis and mandatory disclosure requirements therein contained. We have also referenced IFRS S2 (Climate-related Disclosures) issued by the International Sustainability Standards Board (ISSB).

Response to the Four Principles of the HKEX ESG Reporting Code :

Materiality:

This report presents the materiality matrix, outlines the process used to identify material issues, and discloses the final results. It also highlights key stakeholder groups and the targeted strategies adopted to communicate with them. For more information, please refer to the sections "Stakeholder Engagement" and "Identification of Material ESG Issues" in the chapter "Sustainability Management."

Quantitative:

This report specifies the standards, methodologies, and parameters used in the reporting of our environmental data.

Balance:

The report aims to provide an objective and impartial picture of the Company's performance. The information presented is sourced from internal records, statistical reports, and publicly available sources, and has been presented without inappropriate modifications.

Consistency:

Compared with the Company's ESG Report 2024, there is no major change in the reporting scope or statistical methods in this report. However, we have gone beyond the requirements of the HKEX ESG Reporting Code by implementing more refined disclosure categories. For a year-over-year comparison of ESG data, please see the corresponding chapters of this report.

References to China Shengmu Organic Milk Limited

As used herein, "Shengmu", "we", "us", "our" and "the Company" all refer to China Shengmu Organic Milk Limited.

Accessibility

This report can be read or downloaded on the website of the HKEX or Shengmu's official website. This report is available in Chinese and English. The Chinese version shall always prevail in case of any discrepancy or inconsistency between the Chinese version and its English translation.

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Message from the CEO

As time moves forward and everything takes on a new look, China Shengmu, a pioneer in the organic industry chain rooted in the Ulan Buh Desert, has always regarded sustainable development as the lifeblood and strategic core of the enterprise. ESG is not only critical to the long-term stability of our operations, but also embodies our deep devotion to this vast desert, our solemn commitment to ecological responsibility, and our relentless pursuit of sound corporate governance. In 2025, guided by the vision of sustainable development, we have deeply integrated ecological restoration, industrial development and social value creation. On the journey toward high-quality development, we have made the foundation of sustainable development increasingly robust in the desert.

Deeply Engaged in Ecological Protection, Forging the DNA of Green Development

The natural ecosystem is not only the source of Shengmu's industrial development, but also the DNA embedded in the enterprise's veins. Focusing on environmental protection and climate action, we have continuously advanced the development of a green production system, and integrated the philosophy of ecological restoration into our full-cycle organic desert-control industrial system like a genetic code. Over the past year, the Group has systematically promoted carbon emission management and climate governance, continued to manage Scope 1, Scope 2 and Scope 3 greenhouse gas emissions, and steadily increased the proportion of renewable energy used in production. Meanwhile, we have unwaveringly advanced desert ecological restoration and pasture rehabilitation projects, building a stable ecological cycle system in desert areas and making green the most touching hue of the desert. In 2025, the Group achieved an inaugural Leadership rating in the CDP Forest Assessment, an internationally authoritative carbon disclosure platform, ranking among the highest industry levels. This distinction is the highest recognition of our long-standing and silent commitment to deforestation-free practices—as an industry pioneer, we were among the first to make this solemn promise and have remained humble and steadfast in delivery—as well as our efforts to advance biodiversity conservation and desert ecological restoration. By coordinating ecological restoration and industrial development, Shengmu has continuously explored pathways to transform ecological value, fostering a virtuous cycle between environmental protection and corporate growth, and bringing unprecedented vitality to the desert.

Strengthen Industrial Capabilities and Drive Sustainable Value Growth

Shengmu has always adhered to the organic circular industrial model of “growing fine forage, raising healthy cows, and producing quality milk”, supporting the long-term development of the enterprise with stable and reliable product quality. Faced with industry cycles and market changes, we have not only continuously improved industrial efficiency and management standards, but also taken technological innovation as the engine and digital management as the wing to promote the comprehensive upgrading of the production system. We have deeply explored the unique resource endowments of the desert, injected scientific and technological strength into every inch of sandy land, and enabled the organic industry to achieve miracles in extreme environments.

In 2025, the Group continued to promote the construction of smart pastures, optimized breeding management and operational efficiency through digital management systems, and further enhanced the standards of animal welfare management. Relying on our CNAS-accredited laboratory with international mutual recognition, we have continuously improved the quality inspection and traceability system to ensure stable and reliable product quality. During the reporting period, the S-grade pass rate of the Group's core product indicators ranked among the highest in the industry. We continue to provide consumers with pure organic raw milk from the depths of the desert, allowing every drop of milk to carry the gifts of the desert and our craftsmanship.

By continuously improving the industrial management system and technical capabilities, the Group has achieved steady operations while ensuring eco-friendly production, laying a solid foundation for the long-term sustainable development of the enterprise.

Unite Stakeholder Strengths, Co-create a Sustainable Ecosystem

Sustainable corporate development is driven by talent and empowered by the collective strength of diverse stakeholders. Shengmu continues to strengthen collaboration with its stakeholders, fostering a sustainable ecosystem featuring joint construction and shared value among multiple parties.

In terms of talent development, the Group has continuously optimized its talent structure, enhanced career development and skills training for employees, and upgraded team capabilities through digital and sustainability-focused training, enabling every employee to become a practitioner of sustainable development. For supply chain management, the Group has encouraged supply chain partners to conduct carbon footprint assessments and in-depth ESG evaluations, gradually establishing a sustainable supply chain system. Through financial empowerment and other measures, we work hand in hand with our partners toward a green future. Meanwhile, the Group has actively deepened village-enterprise cooperation, boosting employment and economic development in surrounding communities through industrial growth, so that the benefits of sustainable development can reach more people.

During the reporting period, the Group's practices in ecological governance and the desert organic industry continued to gain international attention. On global platforms for ecological protection and desertification control, Shengmu shared its experience in developing an organic circular industry in the Ulan Buh Desert, showcasing its achievements in ecological restoration and sustainable agriculture, and contributing Chinese wisdom to global desert governance.

Upholding the "Three-North Spirit" to Paint a Green Picture with Enduring Effort

Looking ahead, China Shengmu will continue to uphold the “Three-North Shelterbelt Spirit”, guarding the desert oasis with unwavering perseverance and taking sustainable development as an eternal pursuit. We will implement the UN SDGs, take sustainability as our core guiding principle, and keep improving our management system to enhance corporate governance and risk management capabilities. The Group will further integrate ecological governance, green production and digital management, and continue to upgrade the desert organic industrial model, allowing the vision of green development to gradually unfold across the Ulan Buh Desert.

We believe that by deepening sustainable practices, the Group can achieve sound business performance while making greater contributions to ecological protection, industrial sustainability and social value creation. Going forward, Shengmu will continue to advance sustainability through concrete actions. Working hand in hand with partners from all sectors, we will jointly build a greener, healthier and more sustainable industrial ecosystem, so that the desert blooms with enduring vitality and our green dream becomes a reality.

Zhang Jiawang
CEO and Executive Director of
China Shengmu Organic Milk Limited



About Us

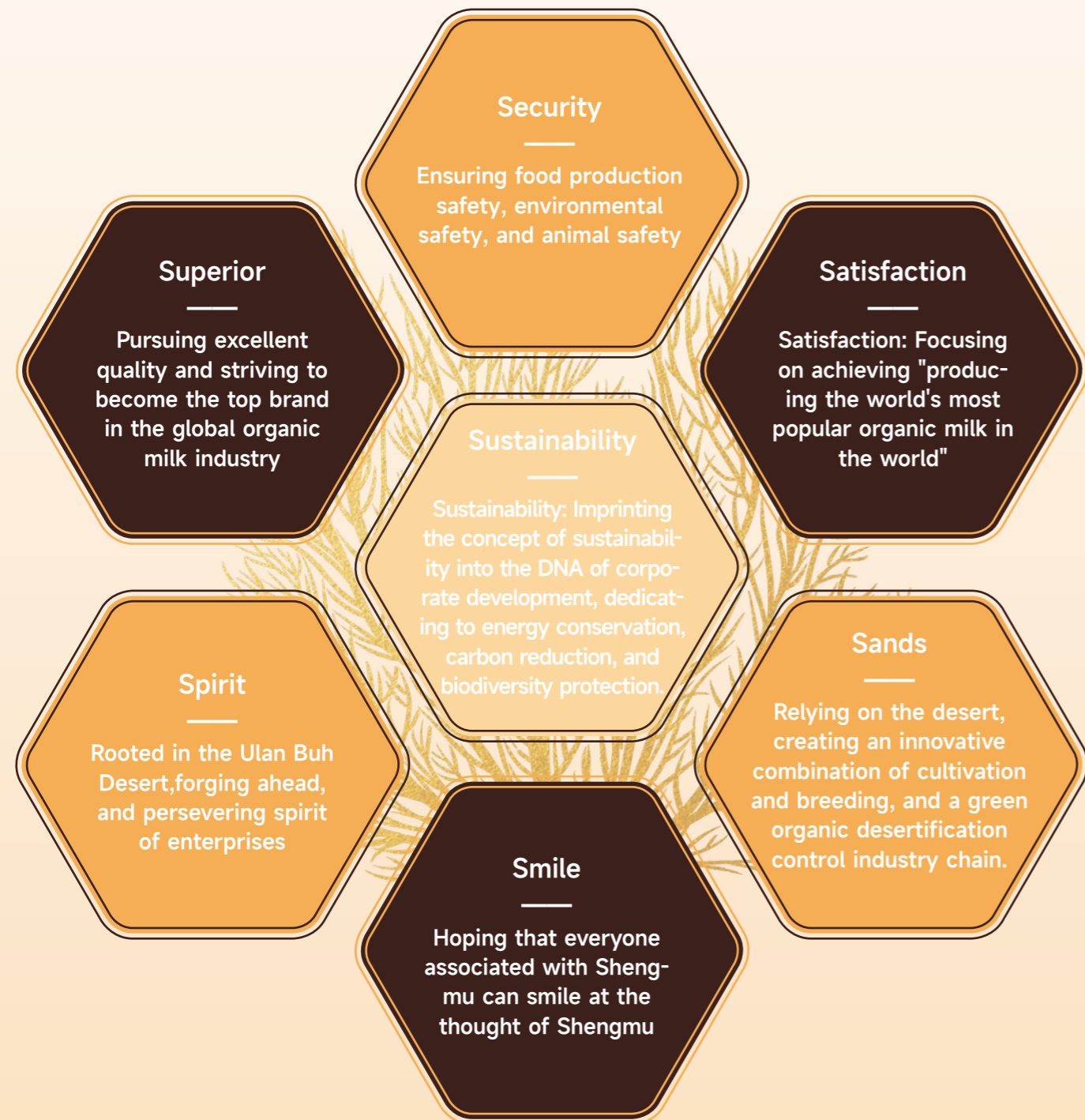
China Shengmu Organic Milk Limited, as China's largest organic dairy company, produces desert organic raw milk in a circular way integrating planting, breeding and processing. The business covers the entire value chain of the dairy industry, including pasture growing, dairy cow cultivation, and raw milk processing. In July 2014, the Company successfully listed on the main board of the HKEX (stock code: 1432), becoming the world's first stock in the organic raw milk industry and the first domestic raw milk brand to obtain organic standards of China and the EU. With the safe milk source base as the core, the Company adopts an organic approach to pasture growing and dairy farming, produces high-quality organic raw milk, and consolidates partnerships with downstream liquid milk product enterprises.

Since its inception, China Shengmu, with the vision of developing into a top brand in the global organic milk industry, has always adhered to the core values of "Integrity, Excellence, Pragmatism, and Passion." The Company has innovatively combined desert governance with circular agriculture, taken advantage of the favorable geographical conditions and natural environment of the Ulan Buh Desert to improve the ecological environment and develop the sand industry on a large scale, and thus formed an organic industry chain. It has become a pioneer in China's organic circular industry in the desert and the world's largest producer of organic raw milk. As the dairy industry speeds up its modernization, capital, talent, and other essential resources are rapidly concentrating towards leading enterprises. In the process of industry transformation, China Shengmu has put forward a new development philosophy, adhering to the concept of "Youth, Openness, Reform" and jointly promoting "Sustainability and Common Development" of the industry to build a top brand in the global organic milk industry.

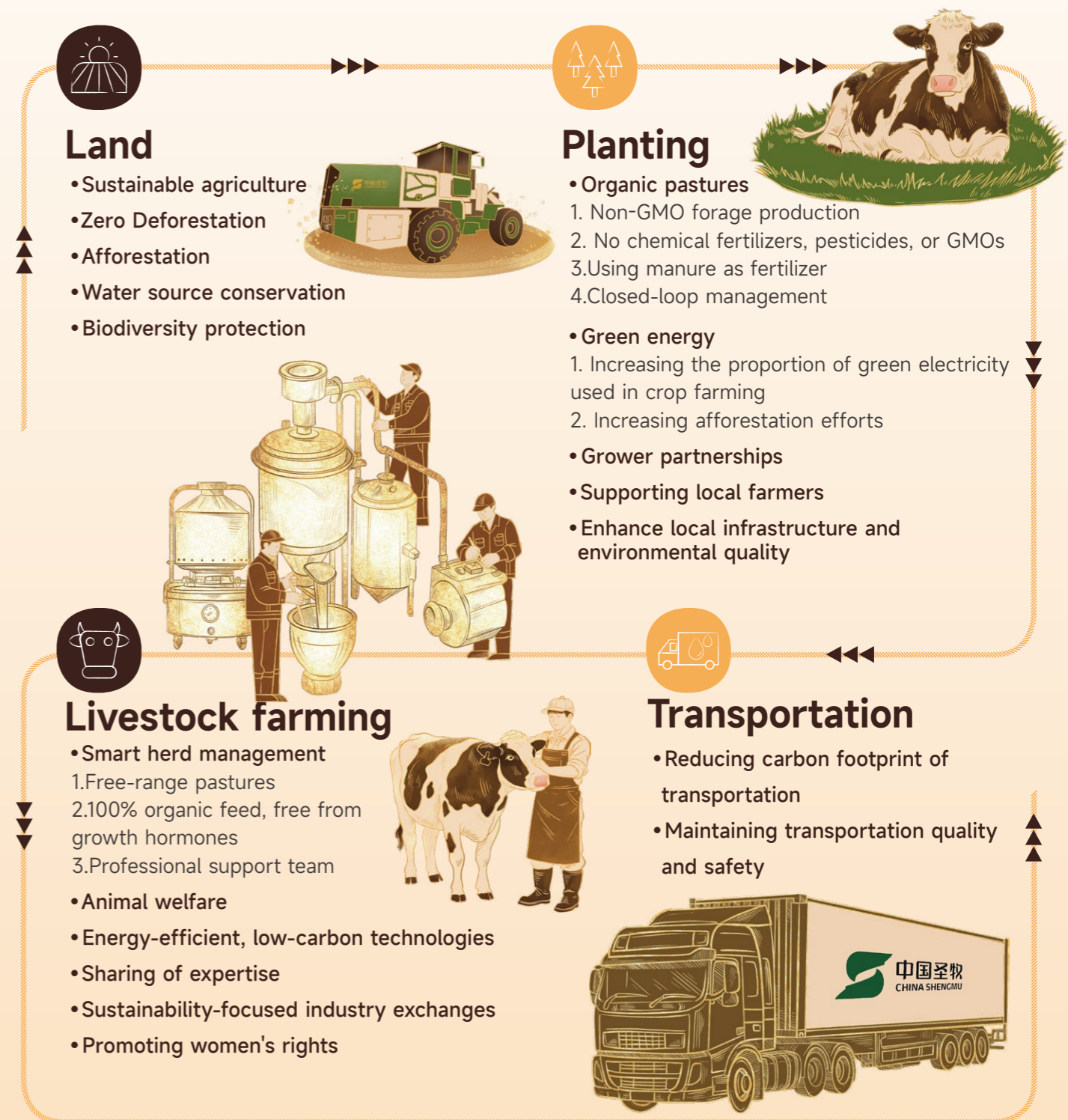


Shengmu's "S"Plan

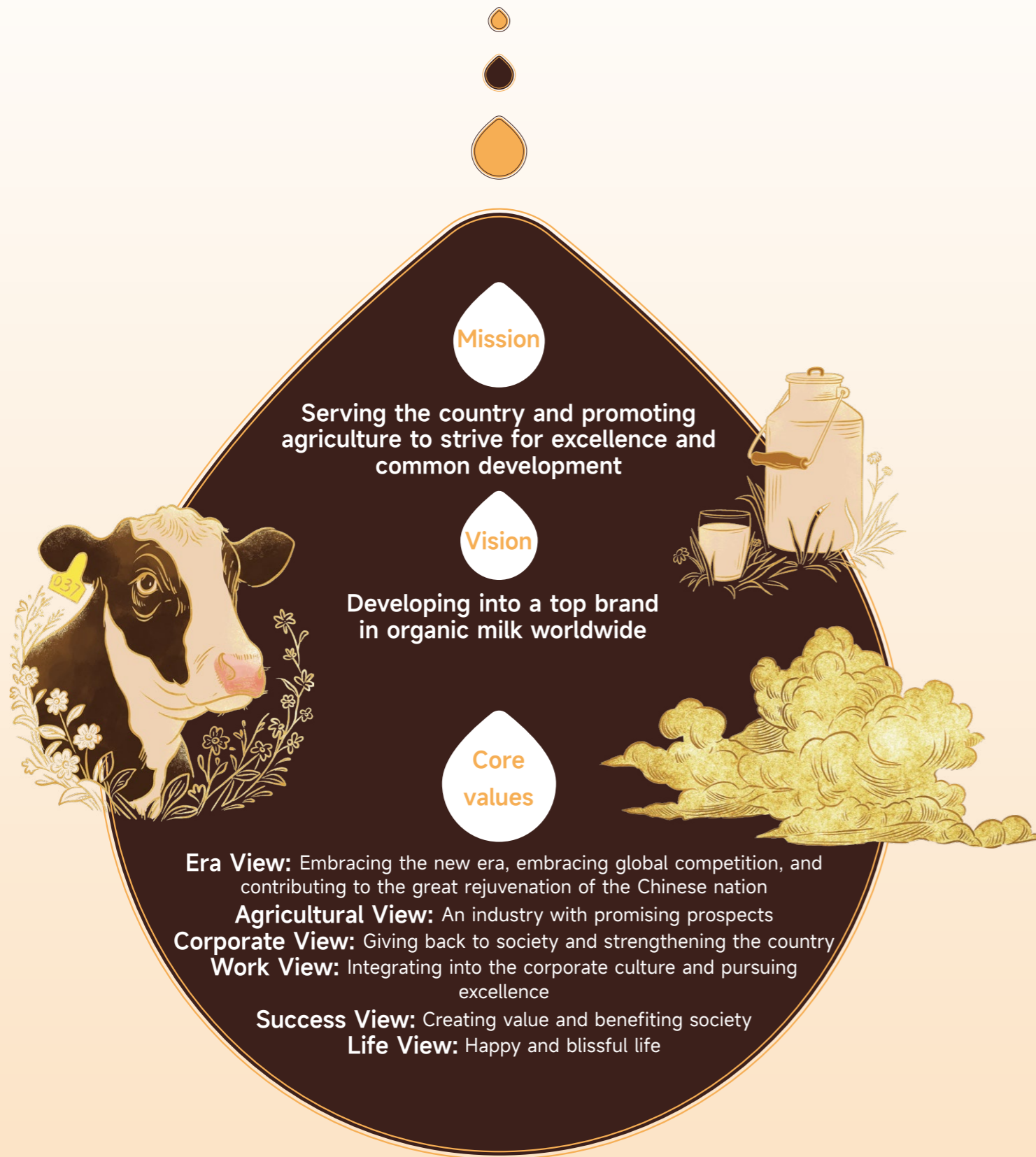
The brand concept of Shengmu is an extension of the connotation of its "S Plan" and lies at the core of its determination to embark on a new path towards organic, eco-friendly and sustainable development, embodying Shengmu's commitment to sustainable development, promoting green transformation of development, and steadfastly following the road of high-quality development guided by eco-prioritized and green development. It practices the concept of green agriculture and low-carbon milk, adheres to the harmonious coexistence of humans and nature, and creates a new natural economic business mode centering on "benefiting nature and promoting benevolence in business".



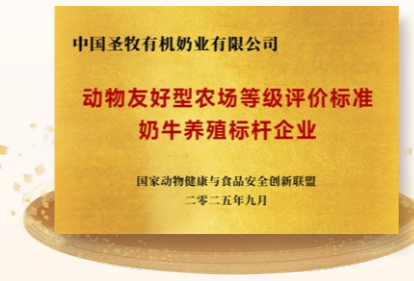
We always uphold a firm commitment to sustainable development, and place nature positive at the heart of our sustainable development strategy. Sustainability is integrated across all aspects of our operations. We combine desert rehabilitation with regenerative agriculture, utilizing scientific management practices and advanced technology to enhance both environmental and economic outcomes. In doing so, we contribute to the advancement of sustainable agriculture.



Corporate Culture



Highlights



China Shengmu has been honored as the first benchmark enterprise in the dairy cattle breeding industry under the "Animal-Friendly Farm Grading Evaluation Standard".



China Shengmu achieved a Leadership-level score in the Forest Risk category in its CDP Environmental Disclosure, ranking first in China's dairy industry.



China Shengmu won the "Environment-Friendly Agriculture Leadership Award" at the Asia 100 Sustainable Agri-Food Development Forum.



China Shengmu won the "Outstanding Climate Disclosure Contribution Grand Award" from the Hong Kong Quality Assurance Agency (HKQAA).



China Shengmu received the "Outstanding ESG Disclosure Contribution Grand Award" issued by the Hong Kong Quality Assurance Agency (HKQAA).



China Shengmu was awarded the "Excellence in Climate Disclosure Optimization Contribution Award" by the Hong Kong Quality Assurance Agency (HKQAA).

Major Achievements in 2025

Environmental Performance

23,333.33 hectares
desert has been transformed into high-quality pastures

220 square kilometers
desert transformed into oasis

98+ million
trees planted in the desert

Social Performance

21 pastures of Shengmu were rated as S including **7** organic pastures

8 pastures of Shengmu were certified by China Good Agricultural Practice (GAP) including **6** organic pastures

2 testing centers were certified to ISO/IEC17025 by China National Accreditation Service for Conformity Assessment (CNAS)

296 upstream and downstream partners in the dairy industry chain received support

72,397 employees participated in professional and technical training

USD 484,130.56
of donations to charities

Governance Performance

Revenue was **USD 464.83** million with a year-on-year decrease of **0.9%**

The inventory of cows was **147,036**

organic cows **113,985** compared to the previous period increased by **1.9%**

non-organic cows **33,051**

The annual milk yield per cow reached **12.40 tons** increased by nearly **2.9%** year on year

Built **34** pastures

21 organic pastures including **1** A2 pasture and **13** non-organic pastures including **1** DHA pastures

Organized a total of **57** training sessions on integrity, compliance, anti-corruption, and safety and health

Successfully obtained **27** trademark registration certificates



Shengmu's Contributions to the SDGs



Shengmu's Response

1. Provide support for the development of characteristic breeding industry in the operation location (Dengkou County, Bayannur City), drive employment and income growth, and improve people's livelihood.
2. Explore a new model of industrial desert control and organic agriculture development, promote the supply-side structural reform of local agriculture and animal husbandry, and make the sand industry a key industry for adjusting the local economic structure and transforming the development mode.

- Donated RMB 3.4807 million to support rural revitalization
- Drove an annual regional income increase of over RMB 599 million



Shengmu's Response

1. Improve soil fertility through circular measures such as organic pasture management and manure return to fields, and enhance the drought resistance of crops in the desert environment.
2. Drive the development of green organic agriculture through industrial desert control, produce high value-added organic agricultural products, and contribute to the sustainable supply of regional agriculture.

- Scientific dairy cow breeding to increase milk yield, with an annualized milk yield of 12.40 tons per lactating cow, a year-on-year increase of nearly 3.3%



Shengmu's Response

1. For employees: Provide health benefits such as free annual physical examinations, monitor and assess occupational hazard factors in production sites, and equip emergency rescue facilities (AED) and other safeguard measures. Connect the AED equipment and emergency alarm system in the factory to the urban first-aid network. Once a first-aid demand is triggered, the first-aid platform can respond immediately and accurately dispatch the nearest medical resources.
2. For consumers: Continuously provide high-quality desert organic milk to safeguard food safety and nutritional health needs.



Shengmu's Response

1. Rely on talent development programs such as "Top 100 Cattle Experts" to build Shengmu's "13224" talent training system, providing growth support for employees' career development from three dimensions: "leadership", "professional competence" and "general ability". Improve employees' leadership and professional technical capabilities at different levels and categories.
2. Encourage employees to learn on the job and improve their capabilities, including academic further study, professional certificate acquisition and professional title evaluation, and promote the synergy between employee growth and organizational development. Enhance employees' ability to create value through special training programs, job skill training, and online course construction.

- 11 employees applied for intermediate professional titles, 8 applied for associate senior professional titles
- 2 director-level and 46 manager-level reserve cadres



Shengmu's Response

1. Eliminate gender discrimination, with a male-to-female employee ratio of 62%:38%, and implement equal pay for equal work.
2. Protect the legitimate rights and interests and welfare of female employees through organizations and mechanisms such as the Women's Federation, and continuously focus on and increase the proportion of female management.

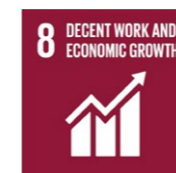
- Employed 849 female employees



Shengmu's Response

1. Install an intelligent water meter monitoring system to realize real-time intelligent monitoring of water use in pastures via the Internet of Things, and timely correct water resource waste.
2. Recycle and reuse milking parlor wastewater, reduce groundwater extraction, and lower biogas slurry discharge from pastures.
3. Improve cleaning processes, upgrade water-saving equipment, increase the sustainable utilization rate of water resources, and reduce water consumption in the production process.

- Optimized cleaning processes and introduced water-saving equipment, saving 1 ton of water per pasture per day



Shengmu's Response

1. Create an inclusive workplace in accordance with the principles of equal employment and expanding talent breadth, adhere to equal pay for equal work, and strictly prohibit child labor and forced labor.
2. Build a "home" culture, enrich employees' lives and extend care to their families, and enhance organizational cohesion and sense of belonging.
3. Drive employment in surrounding areas through pasture operations, and promote the increase in annual per capita income of local farmers and herdsmen.

- Invested RMB 332,500 in employee activities, travel, etc.



Shengmu's Response

1. Introduce intelligent weeding robots to accurately remove weeds by pushing aside soil and weeds, ensuring the healthy growth of organic pastures.
2. Promote the recycling of manure resources, reduce greenhouse gas emissions during treatment, and improve resource circulation efficiency.
3. Continuously explore and promote the application of renewable energy and other clean energy to support the green upgrading of production infrastructure.

- Intelligent weeding robots achieve a weeding rate of over 95%



Shengmu's Response

1. Care for ethnic minority employees, respect their customs and living habits, and ensure that ethnic minority employees enjoy equal treatment.

- Employed 767 ethnic minority employees



Shengmu's Response

1. Shengmu has built high-quality pastures and completed infrastructure in the Ulan Buh Desert, promoting ecological improvement and enabling community residents to obtain comprehensive benefits in terms of environment and development.



Shengmu's Response

1. Established the world's first complete organic ecological desert control industrial system of "organic forage planting and organic dairy cow breeding" in the Ulan Buh Desert, producing high-quality organic raw milk.
2. Dispose of hazardous waste in compliance with laws and regulations by third parties with hazardous waste disposal qualifications (such as high-temperature sterilization, crushing, fermentation, etc.).
3. Continuously disclose sustainable development concepts, practices and performance through the annual ESG Report, improving information transparency and traceability.

• Organized 34 environmental protection training sessions



Shengmu's Response

1. Adhere to the concept of "integration of planting and breeding", so that manure from dairy cow breeding can be reasonably utilized, forming a circular ecosystem of harmless return to fields.
2. Formulate a scientific and effective carbon emission reduction roadmap around the national "Dual Carbon" goal and the Paris Agreement's commitment to "limiting global warming to 1.5° C".
3. Achieved a historic breakthrough in the 2025 CDP Forest Risk Questionnaire, jumping to the "Leadership Level", ranking the highest in China's dairy industry.

• Greenhouse gas emissions: 592,980.93 tons of CO₂ equivalent



Shengmu's Response

1. Through continuous transformation of the desert ecology, a regional microclimate has been formed in the Ulan Buh Desert, with the number of species increasing to hundreds. The steppe polecat, listed on the IUCN Red List of Endangered Species, the sand fox (a national second-class key protected wild animal), and the Eurasian spoonbill (a national key protected animal) have appeared in the Ulan Buh Desert oasis. In addition, more and more national key protected wild animals such as the steppe eagle, relict gull, Chinese mountain cat, mute swan, and snowy owl frequently appear.

• Compared with the 1980s, the number of species has increased to hundreds, including national-level endangered protected species



Shengmu's Response

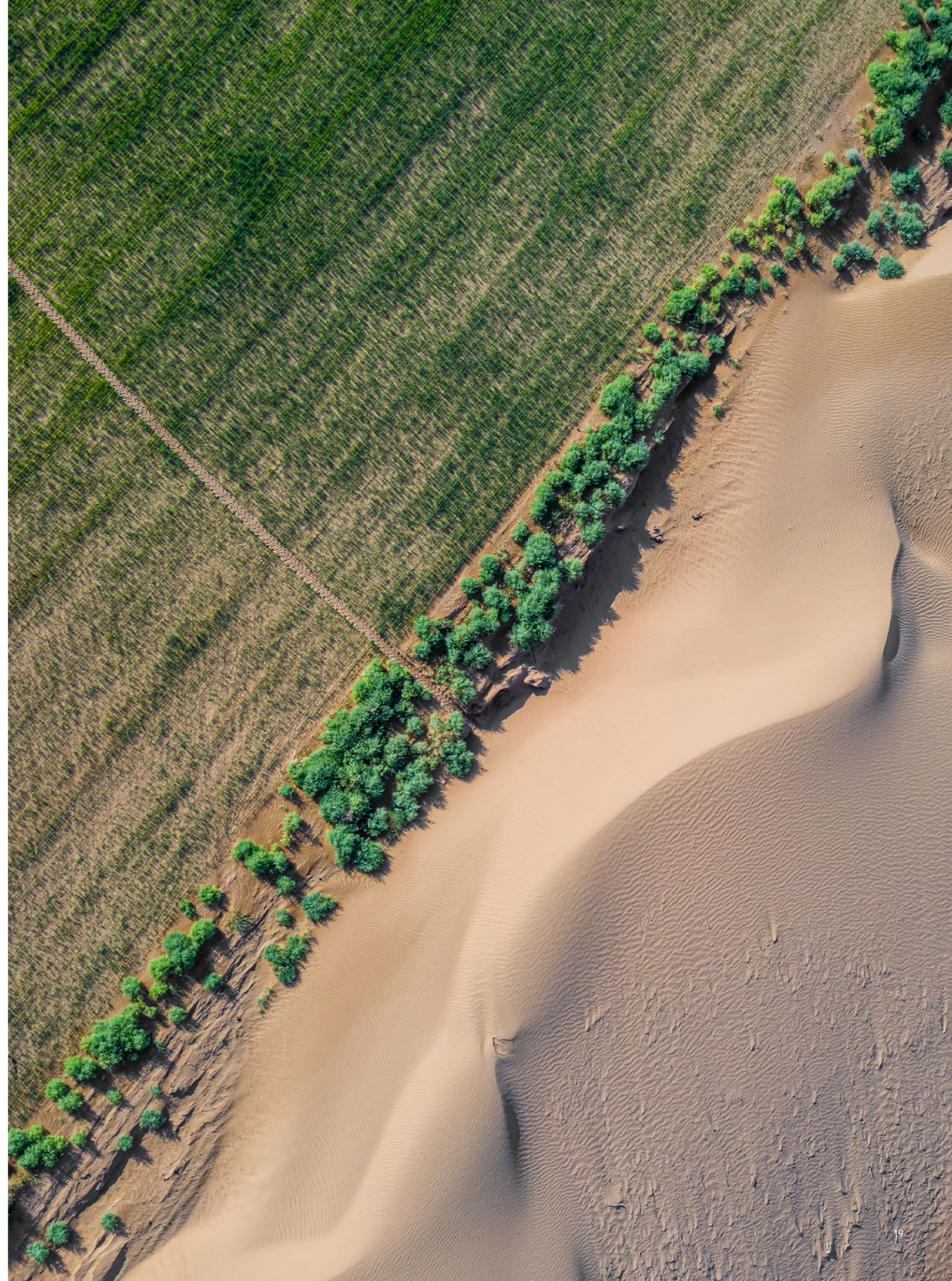
1. Continuously improve corporate governance, strengthen anti-corruption construction, and strive to establish an efficient and transparent governance system.
2. Build a cattle traceability control system, herd management system, big data system and collaboration system, realizing 360° all-round indicator system management of cattle and intelligent control of all links in the pasture.



Shengmu's Response

1. Build close strategic partnerships with peers, universities and other partners, give full play to the resource advantages of all parties, and jointly promote the development of green organic agriculture.
2. Establish an interest connection mechanism with suppliers, and collaboratively build a more resilient "organic" supply chain through technical and financial support.

• In 2025, there are 291 suppliers in total, including 32 organic raw material suppliers



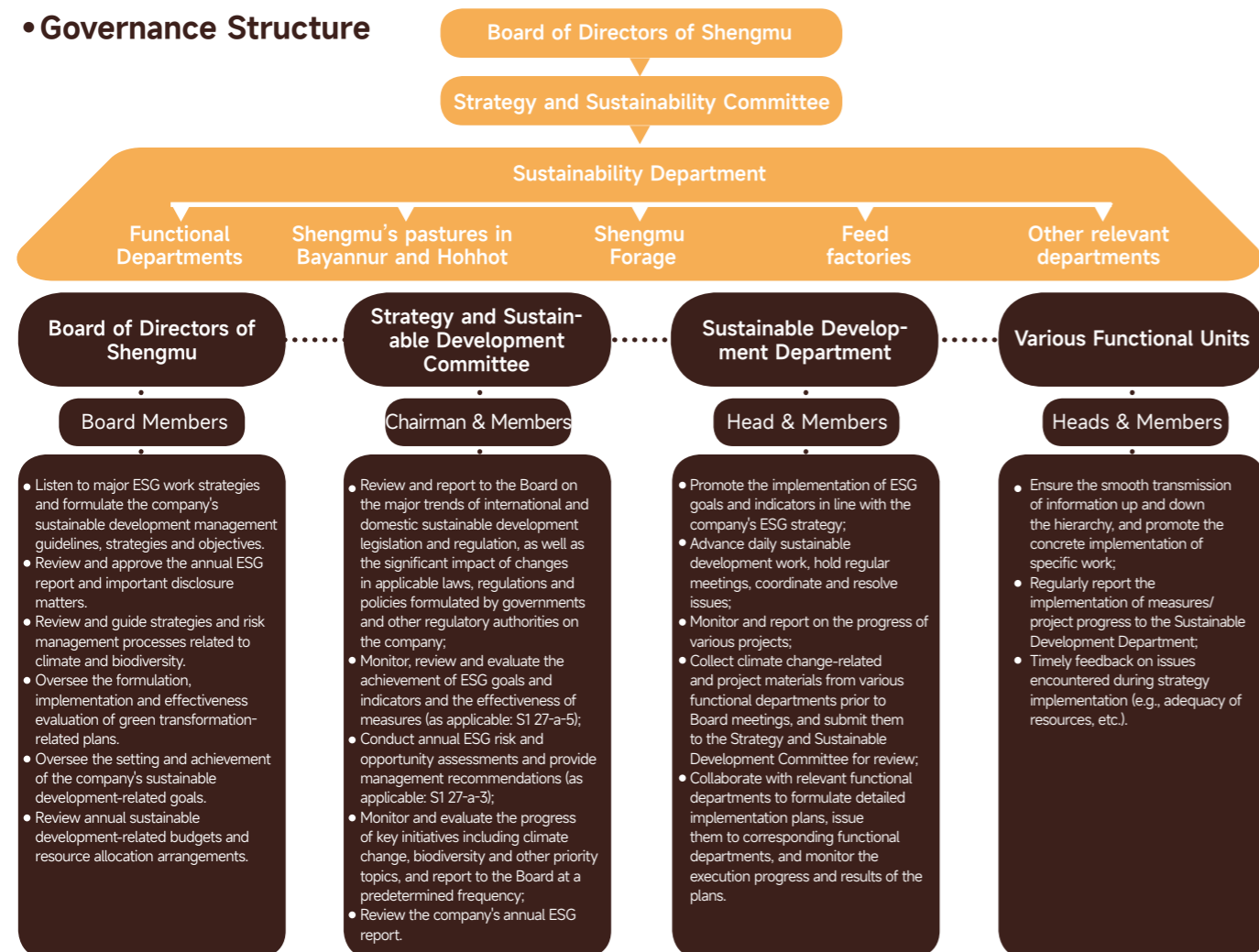
Sustainability Management

Shengmu adheres to the orientation of long-term value creation, integrates the concept of sustainable development into the entire process of corporate governance and operation management, takes the UN 2030 Sustainable Development Goals (SDGs) as an important reference, and continuously advances environmental, social and governance (ESG) management that aligns with the company's business model, resource endowment and influence. During the reporting period (January 1, 2025 to December 31, 2025), under the supervision of the Board of Directors, the company continued to identify ESG-related risks and opportunities based on its existing governance system and management mechanism, and formed a closed-loop management of "Planning-Implementation-Supervision-Improvement" through system improvement, special initiatives and process review.

Sustainable Development Governance

Building on the company's overall corporate governance framework, we have further established a sustainable development governance structure that aligns with the company's business development stage. The Board of Directors, as the supreme decision-making and supervisory body, oversees the formulation of ESG-related guidelines, strategies and objectives. A Strategy and Sustainable Development Committee is established under the Board of Directors to support the Board in fulfilling its ESG governance responsibilities. The company's Sustainable Development Department takes the lead in advancing daily ESG management, and collaborates with various functional units to implement relevant strategies and initiatives. The company conducts annual identification and assessment of sustainable development-related risks and opportunities, takes the assessment results as an important input for the annual business plan and key issue management, and promotes implementation through system optimization and special initiatives, forming a continuous improvement mechanism.

Governance Structure



Sustainability Performance and Compensation

To enhance the driving force and execution capacity for the delivery of ESG goals, the Company continues to explore and improve the management mechanism of "integrating sustainable performance with incentives and constraints". Through institutional arrangements, we have incorporated key ESG issues into the performance appraisal and incentive framework for management, and formulated relevant systems including *Executive Remuneration Structure and Management Shareholding Management System*.

We have launched a pilot program starting from the management level, linking the CEO's performance bonus and long-term incentives to the Company's ESG performance, with key ESG topics covered including animal health and welfare, carbon emission reduction, etc. The Company conducts a comprehensive performance evaluation of the CEO annually, with a mid-term feedback every six months, to improve the CEO's management effectiveness and ensure the achievement of ESG goals.

In the future, we will consider optimizing relevant systems based on actual operations, and improve the key ESG performance appraisal for the Board of Directors and frontline supervisors. (For detailed information, please refer to *Executive Remuneration Structure* on the Company's official website.)

Sustainability Training and Communication

To enhance the understanding of ESG-related topics (including climate-related risks and opportunities) and the performance capabilities of directors, supervisors and senior management, the Company continuously conducts sustainable development-related training and exchanges to facilitate the integration of ESG concepts, regulatory requirements and internal management practices, and support the effectiveness of governance and decision-making.

Stakeholder Engagement

We identify stakeholders closely related to the Company's operations and sustainable development, continuously expand communication channels and frequency, understand the concerns and expectations of all parties, and take communication outcomes as an important basis for strategy formulation, issue management and information disclosure optimization.

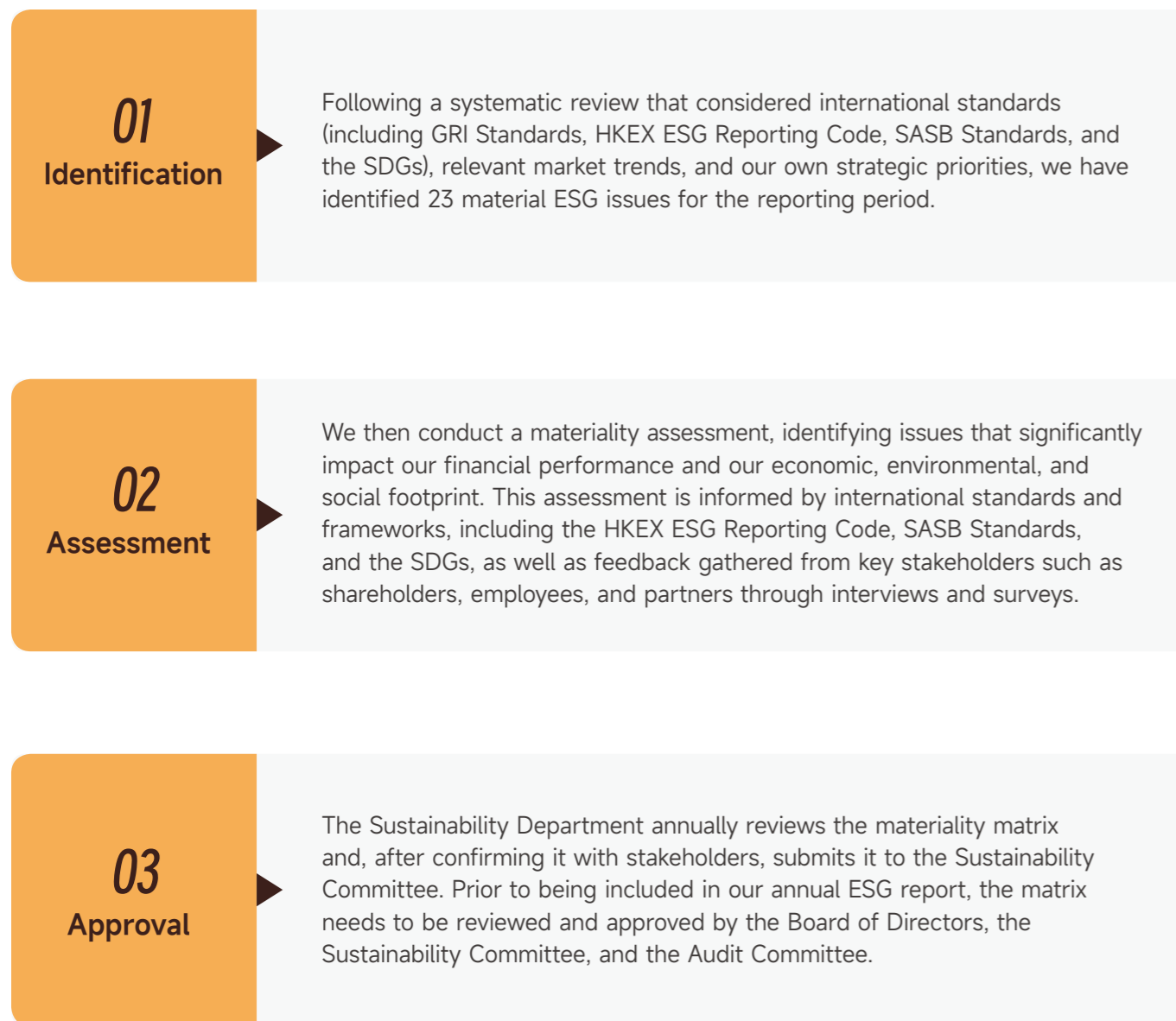
During the year, we organized and planned 17 investor events, participated in 83 earnings presentations and roadshows, and attended 74 capital market conferences, with a total investment of RMB 471,000 in investor relations activities. Through high-frequency and diversified communication and interaction, we effectively deliver the Company's value and sustainable development concepts, and safeguard investors' right to know and right to participate.

Major stakeholders	Major concerns	Means of communication	Response
Shareholders	Sustained and stable return on investment Timely information disclosure Business compliance	Annual general meetings of shareholders Annual reports and corporate announcements	Improve business performance and consolidate the leading position in the industry Regularly disclose relevant company information Improve the internal compliance system
Employees	Career development space Compensation and benefits Occupational safety and health	Internal website WeChat official account General Manager's Mailbox Staff meetings	Improve employee recruitment, promotion and other related internal management systems Enrich employees' lives Provide diversified work and life security
Suppliers	Transparent, fair and open procurement Timely performance of contractual obligations Growth of suppliers and win-win outcomes	Procurement and tendering announcements and information publicity Regular communication of quality requirements Supplier conferences	Ensure transparency throughout the procurement process Ensure timely payment to suppliers Promote effective communication with suppliers Support the growth of suppliers
Customers and partners	High-quality products and services Customer needs Common development of the industry	Customer communication Industry-level exchanges	Strengthen quality control Improve innovation capabilities Promote industry networking
Government	Development of local communities and related industries Compliance operation Taxes payment in accordance with law	Meetings with government representatives Regular visits Inspection by government officials	Provide jobs and contribute to tax revenue Support government supervision and improve the internal compliance monitoring system Comply with laws and regulations
Communities	Development of local communities Charity work	Communication with community representatives Charity and volunteer activities	Maintain close communication with local communities Carry out charity donation and assistance

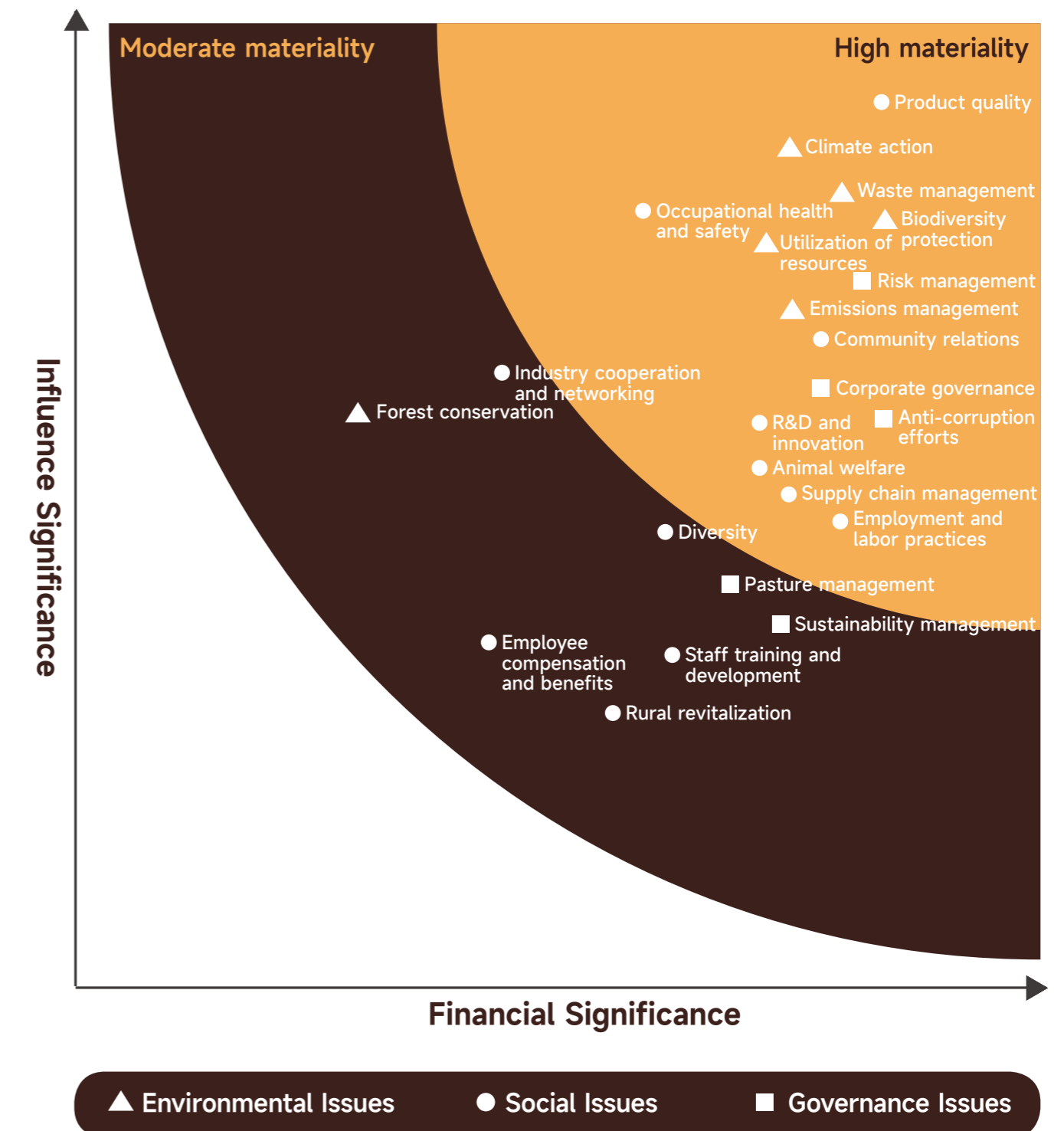
Identification of Material ESG Issues

Institutionalized materiality issue management is the cornerstone of our sustainable management and information disclosure. Adhering to the *China Shengmu Materiality Issue Management* framework, the Company continuously updates its assessment methodologies in line with international and domestic disclosure standards, including *IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information* (ISSB S1) and the Hong Kong Exchanges and Clearing Limited (HKEX) *ESG Reporting Guide*. We conduct a double materiality assessment to comprehensively analyze the impacts of ESG issues on the Company's financial performance as well as its economic, environmental, and social dimensions. Leveraging our internal risk management and internal control systems, we strictly mitigate relevant risks and seize opportunities to achieve sustainable development.

Shengmu's Process for Managing Material ESG Issues



Shengmus matrix of material topics



01

Corporate Governance

The Company adheres to a standardized, transparent and effective governance system to support long-term value creation. During the reporting period, we continued to benchmark against applicable laws and regulations as well as the regulatory requirements of the listing venue, optimized the operation mechanism of the Board of Directors and its specialized committees, and improved decision-making quality and oversight effectiveness. We also embedded key elements such as risk management, internal control and compliance culture building into the operation and management process, to address changes in the external environment and emerging risk challenges with a more solid governance foundation.

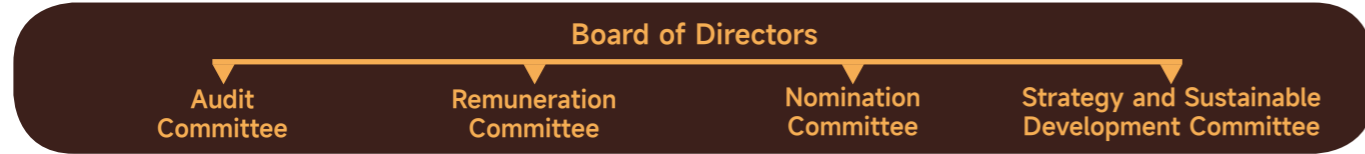
Contribution to the UN Sustainable Development Goals (SDGs)



Governance



Pursuant to the Articles of Association, applicable laws, regulations and listing rules, and aligned with our governance practices and development stage, we continuously enhance the Board's authorization framework, procedural rules and workflows, building a clear, compliant and effective governance structure to underpin our sustainable development.



Composition of the Board of Directors

The Company has a total of 9 directors, including 1 executive director, 5 non-executive directors and 3 independent non-executive directors, among whom 1 is a female director. The Board of Directors, the Board of Supervisors and senior management of the Company are composed of individuals with diverse professional backgrounds, skills and experience, enabling comprehensive analysis and evaluation of the Company's major decisions from multiple perspectives, and ensuring the standardization and effectiveness of the Company's corporate governance structure. (For detailed information on the professional backgrounds and appointments of the Board of Directors, the Board of Supervisors and senior management, please refer to the 2025 Annual Report.)

Diversity of the Board of Directors

The Company is dedicated to enhancing Board structure and diversity, evaluating candidates' backgrounds and capabilities holistically in director selection, and aligning them with corporate strategy. We will regularly assess the Board's inclusiveness and performance to continuously refine our governance practices.

Business Ethics

The Company attaches great importance to integrity building and anti-corruption efforts. It has established a disciplinary inspection department to effectively implement various requirements for anti-corruption work, and formulated a series of regulatory documents including Rules on the Management of Gifts and Tokens, Rules on Business Entertainment Expenses Management, Code of Conduct for Employee Investment and Shareholding Activities, and Rules on Enterprise Disciplinary Work. The Company strictly prohibits its employees from accepting any form of kickbacks, agency fees, benefits, gifts, or other favors. It also requires management personnel not to abuse their position to seek personal gains for relatives and designated associates, ensuring that every member of the Company adheres to the bottom line of business ethics.

Data Security

The Company complies with the requirements of relevant laws and regulations such as the Data Security Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China, and has gradually established an information security and data compliance management system covering the entire data lifecycle. Through the issuance of systems, establishment of organizational structures and implementation of processes, the Company enhances its data governance capabilities and security protection levels. The Company has set up an organizational structure for data governance to coordinate and advance compliance and privacy protection, data security implementation, data standardization and other work, strengthening the systematicness and enforceability of data security management.

Intellectual Property (IP) Protection

The Company complies with the requirements of relevant laws and regulations such as the Patent Law of the People's Republic of China and the Copyright Law of the People's Republic of China. It has established an intellectual property management and protection mechanism, and allocates resources to support trademark and patent applications as well as technical protection in line with the needs of technological innovation and brand building. In innovation activities, the Company focuses on the identification and prevention of intellectual property risks, promotes the optimization and improvement of patent layout, and safeguards the Company's core competitiveness and innovation achievements.

Strategy



The Company adheres to driving sustainable growth in a smarter and greener manner. Integrating national and local policy directions with resource endowments, we continuously enhance operational management and governance capabilities. We have established a systematic framework for the identification, assessment and response to governance-related risks and opportunities.

Corporate Governance Risks and Potential Impacts

	Risk Description	Potential Financial Impact	Risk Management Initiatives and Response Measures
Compliance Risk (S/M/L)	Risk of integrity and compliance irregularities in procurement reimbursement and third-party interactions	<ul style="list-style-type: none"> May lead to administrative penalties, litigation and arbitration, asset losses and increased rectification costs. Adversely affect customer cooperation, financing communication and brand reputation. 	<ul style="list-style-type: none"> Improve the integrity and compliance system, and refine management requirements for gifts and gratuities, business entertainment, expense reimbursement, supplier interactions and conflict of interest declarations. Establish a closed-loop mechanism for whistleblowing acceptance, internal investigation, accountability and rectification. Continuously carry out anti-corruption, anti-commercial bribery and business ethics training to strengthen awareness of "red lines".
Internal Control Risk (S/M/L)	Insufficient control and disclosure review of major matters affecting the effectiveness of governance operations	Trigger regulatory inquiries, information corrections, audit adjustments and increased financing communication costs.	Improve authorization and approval, internal control review, related party transaction review and disclosure caliber management.
Digital and Information Management Risk (S/M/L)	Improper third-party access management leading to data security risks	System outages, remediation expenses, compensation liabilities and damage to cooperative trust.	Strengthen hierarchical classification, access control, encryption backup, third-party constraints and emergency drills.
Intellectual Property and Trade Secret Risk (S/M/L)	Inadequate management of R&D cooperation and achievements leading to intellectual property damage risks	Increase rights protection costs, and affect achievement transformation, brand value and market competitiveness.	Establish ownership ledgers, and strengthen confidentiality agreements, application and renewal, and infringement monitoring.

* S = Short-term; M = Medium-term; L = Long-term

Corporate Governance Opportunities and Potential Impacts

	Opportunity Description	Potential Financial Impact	Opportunity Management Initiatives and Response Measures
Compliance Opportunities	Against the backdrop of continuous evolution of new business areas and regulatory requirements, the Company is expected to identify new business expansion directions and development space by improving compliance management and standard construction.	Helps enhance business expansion capabilities and drive revenue growth.	Continuously improve the compliance management system, maintain and consolidate authoritative organic certifications, and consolidate the quality management foundation of raw material sources.
Technological Opportunities	With the continuous improvement of digitalization and intelligence in supply chain management, the Company has the opportunity to further optimize the efficiency of production, logistics and collaborative management.	Helps improve operational efficiency and reduce management and labor costs.	Promote the in-depth integration of digital technology and business scenarios, and steadily expand the application of technologies such as blockchain and artificial intelligence in supply chain management.
Brand Opportunities	Continuously strengthening sustainable development practices and stakeholder communication helps enhance the Company's responsible image and market recognition.	Helps enhance brand value and strengthen the trust of customers and financial institutions.	Expand the coverage of communication, coordinate communication channels such as the official website, media and public events, and continuously improve the brand influence and reputation.

Risk Management



In compliance with the requirements of Appendix 14 Corporate Governance Code of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Basic Norms for Enterprise Internal Control and other relevant regulations, China Shengmu has established a sound risk management organizational structure. Through a scientific and systematic working mechanism, the Company has formed a closed-loop management process of risk identification – assessment and control – regular monitoring, and updates risk response strategies in a timely manner to ensure the effectiveness of the overall risk management process and enhance the enterprise’s risk resilience.

Risk Governance Structure

The Company has established a risk management system consisting of the Risk Management Committee, the Risk Management Committee Office, and the Three Lines of Defense. This system is responsible for developing internal control systems across the entire industrial chain, overseeing major risk control matters, and evaluating the improvement and implementation of relevant mechanisms. It provides management support for remedying identified potential deficiencies and risks, and formulates reward and punishment measures in response to major risks.



Risk Management Process

We conduct reviews by analyzing, assessing and selecting risk management targets. Based on the review results, we propose risk control solutions and requirements. We then track and verify the implementation process and outcomes of risk controls, thereby achieving effective risk management and control.



Integrity Risk Management

The Company continuously expands the scope of integrity risk prevention and control through integrity reviews, internal oversight, integrity commitments and employee supervision, and drives the continuous improvement of the quality and efficiency of integrity management.

Integrity risk control	We manage integrity risks through a robust system of internal controls, including enhanced inspections in high-risk areas, routine audits, peer reviews, and comprehensive ethics training and awareness programs. Furthermore, to foster a clean industry ecosystem, we require suppliers and partners to sign integrity-based business agreements.
Whistleblower protection	We encourage employees to report any concerns regarding potential misconduct in financial reporting, pasture operations, corporate compliance, or other areas. Employees can confidentially report such concerns directly to our Audit Committee, which is composed primarily of independent, non-executive directors. All reports are addressed promptly and fairly, and we have a strict policy prohibiting retaliation against whistleblowers, including wrongful dismissal or other unjust disciplinary actions.
Reporting channels	Phone: 15148021310 and 15148031310 Email: jjjc@smorganic.cn

Data Security

The Company continuously improves its information security management mechanism, strengthens the information security awareness and operational standards for operation and maintenance personnel and end-users, effectively safeguards the security of information systems and data, and prevents various information security risks.

Routine data security management in the office	Our data security policy mandates the use of antivirus software and designated office software. We strictly prohibit the transmission of sensitive corporate information through unencrypted email or instant messaging. All internal confidential information must be securely managed within our group’s established communication channels.
Intranet security	We strictly prohibit the use of our intranet for non-work-related activities, including publishing, browsing, or sharing unauthorized information. Hacking activities are strictly prohibited on all mobile and office devices.
Data security management	We protect customer data stored in our information systems through encryption. Access to and collection of customer data is strictly limited to authorized personnel for work-related purposes only. We have also put in place data destruction and backup/recovery procedures to ensure the security of our data.

Compliance Culture

The Company conducts training on risk management, internal control and other related knowledge, drives all employees to integrate risk and compliance awareness into every aspect of daily work, and fosters a proactive culture of compliance in daily operations.

Indicators and Targets



China Shengmu scientifically sets and manages the indicators and targets related to corporate governance, formulates and implements targeted strategies, regularly reviews and evaluates the outcomes of our efforts, and advances the Company’s sustainable development in a proactive and steady manner.

Targets

Target	Progress in 2025	Completion status
100% participation rate among employees in anti-corruption training	100%	Completed
100% participation rate among employees in business ethics training	100%	Completed

Indicators

	Indicator	Unit	2025	2024	2023
Anti-corruption efforts	Number of corruption lawsuits	/	0	0	0
	Participation rate among employees in anti-corruption training	%	100	100	/
	Employee participate rate in business ethics training	%	100	/	/

02

Product Responsibility

China Shengmu has always taken "providing the world's highest-quality desert organic milk" as its mission. Leveraging our complete organic ecological desert-control industrial chain featuring "organic forage cultivation and organic dairy cow breeding", we focus on key links including raw milk quality and safety, production process control and animal welfare management, continuously enhance product quality and stability, and strive to deliver safe, high-quality, nutritious and healthy products to consumers.

Contribution to the UN Sustainable Development Goals (SDGs)



Governance

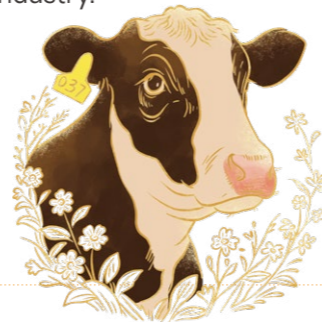


Raw Milk Quality Management

In terms of raw milk quality management, the Company complies with the requirements of relevant laws and regulations including the Food Safety Law of the People's Republic of China, the Regulations on the Supervision and Administration of Dairy Quality and Safety, and the National Food Safety Standard – Raw Milk. We clarify the pivotal role of the Safety and Quality Center in quality control, and establish a full-process quality control system covering feed procurement, raw milk production, inspection and release, and transportation and delivery through internal systems such as the Milking Parlor Management System and Nutrition and Health Management System. Meanwhile, the Company continuously promotes 6S refined management in pastures, strengthens on-site standardization and process consistency, and mitigates the risk of product quality fluctuations.

Animal Welfare

In terms of animal welfare, we have formulated the Animal Welfare Management System, integrating humanistic care and sustainable development concepts. We adopt scientific feeding management and conduct regular assessments of animal health and behavior to ensure proper care for dairy cows. We also actively promote animal welfare concepts, share experience with upstream and downstream partners in the industrial chain, and jointly drive the improvement of animal welfare standards across the entire industry.



Follow Basic Animal Welfare Principles

- Freedom from hunger and thirst** → By ready access to fresh water and nutritious feed to maintain full health and vigor.
- Freedom from discomfort** → By providing an appropriate and safe environment, including shelter and a comfortable resting area with sufficient space and appropriate temperature.
- Freedom from pain** → By preventing abuse and ensuring that animals do not suffer during feeding, transportation, and end-of-life handling.
- Freedom from fear and distress** → By ensuring conditions which avoid mental suffering and providing a quiet and comfortable environment.
- Freedom from disease** → By implementing scientific health management practices along with preventive measures for injuries and diseases.

The Company gradually incorporates the concept of sustainable procurement into its whole-process supplier management. As the competent department for supplier management, the Procurement Center standardizes key processes including supplier access review, daily management, performance evaluation and suspension management in accordance with the Supplier Management System, so as to foster a fair, transparent and sustainable supply chain cooperation mechanism.

Strategy



China Shengmu, with the mission of "providing the world's highest-quality desert organic milk", is rooted in the Ulanbuh Desert. Centering on basic codes including food safety, biosafety, production safety and environmental safety, we continuously improve the risk and opportunity identification mechanism related to product responsibility, and apply the identification results to optimize management strategies and resource allocation, so as to support steady operation and enhanced competitiveness amid a complex and volatile market environment.

Product-Related Risks and Potential Impacts

	Potential risk	Potential financial impact	Risk management and response measures
Operational risks(S)	As consumers' requirements for organic certification, product traceability, and information transparency continue to increase, the Company faces higher management requirements in raw material procurement, production processing, quality disclosure, and other links.	Increased investment in the maintenance and renewal of organic certification Additional operating costs for traceability system construction, information disclosure, and technology application	<ul style="list-style-type: none"> Continuously strengthen organic certification management to ensure raw material procurement and production processes comply with organic standards Conduct third-party quality testing and certification to enhance product credibility Improve information disclosure on product raw materials, production processes and quality control to increase consumer trust Strengthen supplier management, raise evaluation requirements for suppliers' economic, social, and environmental performance, and provide necessary technical support
Compliance risks(S/M/L)	Potential violations related to animal welfare, food safety, or production emissions may adversely affect the Company's operational management and compliance.	<ul style="list-style-type: none"> Legal liabilities, administrative penalties and economic losses Downward pressure on revenue and profit levels 	<ul style="list-style-type: none"> Strengthen source control, production process management, quality monitoring and traceability system construction to prevent product quality risks Focus on animal welfare during the breeding process, improve dairy cow health and epidemic prevention capabilities Optimize the entire industrial chain process, promote clean production and resource recycling to enhance compliance management
Reputation risks(S)	Product quality issues or inadequate information disclosure may affect consumer trust and brand reputation, thereby weakening stakeholders' recognition.	<ul style="list-style-type: none"> Decline in brand premium capacity and reduced revenue Increased costs related to public opinion response and brand repair 	<ul style="list-style-type: none"> Establish and continuously improve a strict quality management system Strictly abide by food safety laws and regulations, and conduct regular risk assessments and internal inspections Establish product incident emergency response plans and conduct regular drills to improve cross-departmental collaboration and response efficiency Strengthen communication with stakeholders and improve the timeliness and transparency of information disclosure

* S = Short-term; M = Medium-term; L = Long-term

Product-Related Opportunities and Potential Impacts

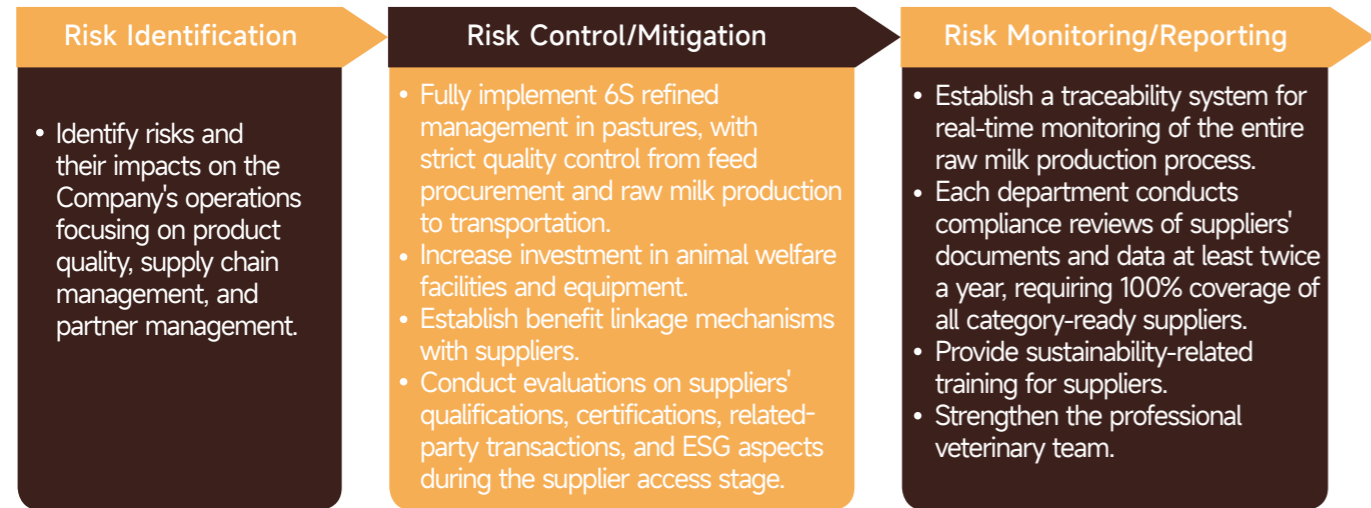
	Potential opportunity	Potential financial impact	Opportunity management and response measures
Operational opportunities	Strengthening collaborative partnerships with suppliers and maintaining exchanges with industry experts helps continuously drive the optimization of breeding management and production technologies.	Improve operational efficiency, thereby driving revenue growth.	<ul style="list-style-type: none"> Deepen cooperative relationships with suppliers to enhance supply chain stability. Rigorously screen and cultivate high-quality suppliers, and promote continuous improvement of their capabilities.
Market opportunities	Sustained growth in demand for healthy consumption, with consumers increasingly focusing on factors such as organic product quality, raw material sourcing and animal welfare.	<ul style="list-style-type: none"> Increase market premium and sales volume for animal welfare-friendly products. Improve animal welfare to reduce dairy cow stress, disease incidence and related expenses. 	<ul style="list-style-type: none"> Continuously maintain and consolidate authoritative organic certification to consolidate product quality foundation. Promote product innovation based on market demand to enhance market competitiveness. Continuously increase investment in animal welfare facilities to improve the breeding environment for dairy cows. Improve management measures such as nutritional formula, vaccination and disease prevention to enhance breeding standards.
Branding opportunities	The full-process organic closed-loop and ecological circular model helps strengthen brand differentiation and enhance sustainable competitiveness.	Enhance brand value and strengthen long-term financial support capacity.	<ul style="list-style-type: none"> Continuously deepen the layout of the organic industrial chain, expand and improve the ecological circular development model. Strengthen brand communication, highlighting organic certification labels and health value.

* 聖牧主要產品為液態原奶。原料奶在生產環節(牧場)僅進行短期、臨時的儲存與中轉。其盛裝容器為不鏽鋼儲奶罐、保溫奶罐車。直接面向終端消費者的商品包裝(如利樂包、塑膠瓶、奶粉罐等),由下游客戶(乳粉/液態奶生產企業)負責完成,不屬於聖牧的生產環節。

Risk Management



The Company, in alignment with the requirements of product safety laws and regulations and the expectations of stakeholders, continuously conducts the identification, control and monitoring of product-related risks and opportunities, and enhances management effectiveness through institutional, procedural and technical measures.



Build High-Quality Raw Milk

The Company continuously benchmarks against advanced quality management practices. Combining on-site evaluations by expert teams and regular formula optimization requirements, it integrates organic standards throughout the entire process of forage planting, dairy cow breeding, and raw milk delivery. Emphasizing process transparency, consistent standards, and risk controllability, the Company strengthens its capability to supply high-quality raw milk.

In 2025

The number of organic dairy cows reached **113,985** heads The S-grade qualification rate of raw milk stood at **99.00%** ranking first in the industry

21 pastures obtained S-grade certification under the Modern Dairy Industry Evaluation and Grading among which **7** are organic pastures

8 pastures obtained China Good Agricultural Practices (GAP) certification among which **6** are organic pastures

2 testing centers obtained the ISO/IEC 17025 international quality system certification issued by the China National Accreditation Service for Conformity Assessment (CNAS)

Raw and Auxiliary Material Quality Management



Incoming raw material quality control is monitored through compliance inspection, sensory testing, hygiene indicator testing, physical and chemical indicator testing, and other aspects. Compliance Inspection: Require suppliers to provide inspection reports accompanying raw materials upon delivery, which must comply with the Group's quality standards or contractual standards. Feed labels must comply with relevant provisions in GB 10648 and Announcement No. 1773. Sensory Testing, Hygiene and Physical-Chemical Indicator Inspection: Raw and auxiliary materials are accepted in accordance with the sensory standards in the Compilation of Forage Quality Standards, and judged based on hygiene and physical-chemical indicator requirements.

Raw Milk Quality Management



Real-time supervision of the production process through a scientific and rigorous workflow, from milking to raw milk delivery. Invite experts to conduct training and exchange sessions on raw milk testing procedures and slow antibiotic residue testing methods, to enhance raw milk testing capabilities and ensure high-quality raw milk.

Milk Transportation Quality Management



Transport personnel must transport milk in accordance with the locations and routes specified by the Company; ensure milk tankers are in good condition with no damage. In case of leakage or other malfunctions, timely maintenance and troubleshooting are mandatory. During transportation, unauthorized opening of seals, resale of milk, adulteration and other acts are strictly prohibited. Dedicated vehicles for exclusive use are required, and no cargo is allowed to be carried on the same vehicle.

Nutrition and Health Management



Provide scientific and reasonable dietary formula design for dairy cows in pastures, implement dairy cow health monitoring, timely adjust nutrition plans, conduct R&D and innovation on functional milk and new feeding methods, to improve the health level and production performance of dairy cows.



*Figure Caption: Announcement and Certification of the "National Stable and Qualified Products for Quality Inspection" Survey Summary and Quality Reputation Commitment



Animal Welfare Guarantee

The Company adheres to high-standard breeding practices to safeguard animal welfare. It establishes systematic management measures across dimensions including feeding management, health management, humane handling, and behavioral and psychological well-being, ensuring that farmed animals grow under healthy, safe and humane conditions. By integrating organic feeding requirements (such as diet, drinking water and medication) with refined management, the Company supports continuous improvement in dairy cows' health status and raw milk quality.

Feeding Management

Feed and Drinking Water: We provide high-quality feed that meets nutritional demands of the animals and ensure a continuous, 24-hour supply of clean drinking water.

Environmental Control: We maintain appropriate temperature, humidity, and ventilation conditions tailored to the animals' species and growth stage. We provide a hygienic living environment, which is regularly cleaned and disinfected.

Space and Activity: We ensure animals have ample space for movement, prevent overcrowding, and allow them to express their natural behaviors.

Health Management

Regular Inspections: Professional veterinarians conduct regular health checks to promptly detect and treat any illnesses.

Vaccination: We implement scientific epidemic prevention plans, including vaccinations, to prevent the occurrence and spread of infectious diseases.

Drug Use: We minimize the use of conventional antibiotics for preventive purposes in dairy cow breeding and production. Drug withdrawal periods are strictly adhered to, with conventional pastures following standard withdrawal periods and organic pastures following double withdrawal periods. We do not use growth-promoting hormones or feeds, relying solely on refined feeding to optimize dairy cow production.

Humane Treatment

Production Management: We do not use genetically modified or cloned dairy cows for production, and we ensure that pregnant dairy cows and calves under three months old are not used for production.

Employee Training: All employees involved in animal management receive comprehensive animal welfare training to enhance their awareness and professional skills.

Gentle Handling: We employ gentle and harmless handling and driving techniques to avoid causing fear or harm to animals.

Behavior and Mental Health

Environmental Enrichment: We enrich the animals' living environment by providing toys, social interactions, and other stimuli to meet their behavioral and psychological needs.

Stress Reduction: Through scientific management practices, we minimize animal stress levels in all aspects, promoting their mental well-being.

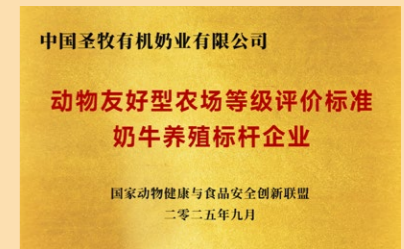


Case

China Shengmu Won the Title of "Benchmark Enterprise for the Animal-Friendly Farm Grade Evaluation Standard", the First of Its Kind in the Dairy Farming Industry

On September 11, 2025, the 7th Animal Welfare Science Congress was grandly held in Chongqing. Co-hosted by the National Animal Health and Food Safety Innovation Alliance, Chongqing Guokang Animal Welfare Science Research Institute, and Southwest University, the Congress attracted more than 320 experts, scholars and practitioners in the field of animal welfare from around the world. It gathered participants to conduct in-depth discussions on cutting-edge industry topics, building a professional platform for exchange and cooperation.

During the Congress, the organizer held the awarding ceremony for "Benchmark Enterprises under the Animal-Friendly Farm Grade Evaluation Standard". Leveraging its systematic practices, remarkable achievements and industry leadership in animal welfare, China Shengmu successfully won this honor, becoming the first enterprise in China's dairy farming industry to receive this title. Meanwhile, as one of the main drafting units, the Company participated in formulating the standard T/ CVDA 38-2025 *Animal-Friendly Farm Grade Evaluation - Dairy Cows*, demonstrating Shengmu's leading position and industry responsibility in animal welfare management.



Sustainable Supply Chain

The Company continuously optimizes its supplier management processes, progressively integrating environmental, social and governance (ESG) factors into the full lifecycle management of suppliers. This enhances the stability and transparency of the supply chain, and drives more responsible procurement and delivery practices together with partners.

Supplier Sourcing

We gather supplier information through diverse channels, including invitations and self-registration, and conduct preliminary qualification reviews to ensure alignment with our procurement needs.

Supplier Vetting

Adhering to principles of fairness, impartiality, and transparency, we evaluate supplier qualifications, environmental quality, certifications, and related affiliations. We prioritize suppliers who demonstrate integrated environmental protection and social responsibility in their business operations.

Supplier Performance Evaluation

Based on category-specific characteristics, we conduct holistic evaluations of suppliers across quality, delivery, sustainable development (economic, environmental, social, and innovation), service, and other relevant dimensions. Suppliers are then categorized into A, B, C, and D tiers based on their performance scores.

Supplier Incentives

A/B-tiered suppliers are incentivized through priority cooperation and benchmarking opportunities under comparable conditions. D-tiered suppliers are provided with specific rectification measures and deadlines to facilitate improvement.

Supplier Support

We foster close collaborative relationships with our suppliers, offering financial support and technical assistance to enhance their overall capabilities.

Indicators and Targets



Shengmu has established relevant indicators and targets for product and supply chain management. It continuously conducts performance monitoring and disclosure of progress, supporting the Company's sustainable development.

Targets

	Target	Progress in 2025	Completion status
Product Governance	Within 5 years: At least 10 farms achieving GAP certification Within 10 years: At least 12 farms achieving GAP certification	8	In progress
	Within 5 years: At least 4 inspection laboratories achieving CNAS certification Within 10 years: At least 6 inspection laboratories achieving CNAS certification	2	In progress
	Within 5 years: At least 2 pastures achieving leading food safety management system certification (e.g., FSSC/ISO/BRC) Within 10 years: At least 6 pastures achieving leading food safety management system certification (e.g., FSSC/ISO/BRC)	1	In progress
	Within 5 years: A non-conformity rate below 2% in the Global Food Safety Initiative (GFSI) audit Within 10 years: A non-conformity rate below 1% in the GFSI audit	0%	Completed
	Within 5 years: At least 85% of suppliers passing the desk/on-site assessment Within 10 years: At least 95% of suppliers passing the desk/on-site assessment	43%	In progress
	Supplier Management	All suppliers supported in implementing remediation plans	\
	Within 5 years: 60% of suppliers participating in the capacity-building program Within 10 years: 80% of suppliers participating in the capacity-building program	12.4%	In progress

*During the reporting period, the Company conducted a comprehensive environmental and social risk assessment of its core suppliers and did not identify any suppliers with significant actual or potential adverse impacts.

Indicators

	Indicator	Unit	2025	2024	2023
Food Safety	Non-conformity rate of products under GFSI audit	%	0	0	0
	Major non-conformity rate of products	%	0	0	0
	Completion rate of corrective actions for minor non-conformities	%	0	0	0
	Number of product recalls issued	次	0	0	0
	Total weight of recalled products	吨	0	0	0
Use of Antibiotics in Animal Products	Proportion of dairy cows treated with medically important antibiotics	%	0	0	0
	Proportion of dairy cows treated with non-medically important antibiotics	%	0	0	0

	Indicator	Unit	2025	2024	2023
Animal & Feed Procurement	Proportion of contracts signed with producers located in areas of high or extremely high baseline water stress	%	95.2	96	89.9
Number of Suppliers by Region	Number of domestic suppliers	\	288	354	400
	Number of overseas suppliers	\	3	4	2
Supplier Screening	Total number of first-tier suppliers	\	148	115	\
	Total number of key first-tier suppliers	\	51	37	\
	Percentage of total expenditure on first-tier suppliers	%	49	26	\
	Total number of non-first-tier suppliers	\	142	243	\
	Total number of key suppliers (first-tier and non-first-tier)	\	131	94	100
Supplier Assessment and/or Development	Total number of suppliers assessed via desk/on-site assessment	\	125	298	\
	Proportion of suppliers assessed via desk/on-site assessment	%	43	83.24	\
	Number of suppliers assessed to have significant actual/potential negative impacts	\	0	0	\
	Proportion of suppliers assessed to have significant actual/potential negative impacts	%	0	0	\
	Number of suppliers terminated due to significant actual/potential negative impacts	\	0	0	\
	Total number of suppliers supported in implementing corrective action plans	\	54	40	\
	Proportion of suppliers supported in implementing corrective action plans (with significant actual/potential negative impacts)	%	0	11.8	\
	Total number of suppliers participating in capacity-building programs	\	36	6	\
	Proportion of suppliers participating in capacity-building programs	%	12.4	2	\

03

Climate Neutrality

Shengmu has long attached great importance to the environmental and climate impacts of its production and operations. As China put forward the goals of “achieving carbon peaking by 2030 and carbon neutrality by 2060”, it has set new requirements and clarified new targets for Shengmu in addressing environmental and climate change.

In line with China’s “Dual Carbon” strategic goals and the Paris Agreement, Shengmu submitted its emission reduction targets to the Science Based Targets initiative (SBTi) in 2021, and made a commitment to limit global warming to 1.5° C, consistent with the Paris Agreement.

Shengmu actively participates in environmental protection, emphasizes the harmonious coexistence between humans and nature in production, and has established a complete green management system, providing practical solutions for the industry to achieve the “Dual Carbon” goals.

Contribution to the UN Sustainable Development Goals (SDGs)



Governance



A sound climate governance mechanism is the foundation for identifying, assessing and addressing climate-related risks and opportunities. The Company's Board of Directors assumes the ultimate oversight responsibility for climate-related matters, with the Strategy and Sustainable Development Committee under the Board providing professional support and process supervision. The management and relevant functional departments are responsible for daily management, project implementation and information disclosure, forming a clear responsibility chain of "Oversight – Management – Execution".

To enhance governance effectiveness, the Company has established information reporting and issue review mechanisms for climate-related matters (e.g., regular progress reports, special issue reviews, climate factor assessments for major risks and major investment projects), and improves the Board of Directors' and management's understanding of climate issues through training and external exchanges.

Meanwhile, the Company continues to explore integrating certain climate-related performance into incentive and restraint arrangements to strengthen the traction for target delivery. Shengmu links 5% of the Board of Directors' bonus incentives to climate-related performance to drive the achievement of climate-related strategies and targets. (For details on the governance structure and division of responsibilities, please refer to the Sustainable Development Governance section.)

Strategy



Climate Scenario Analysis

To more systematically assess the potential impacts of climate uncertainty, the Company has, based on its existing methodologies, referenced publicly available scenarios from the IPCC and aligned with the national "Dual Carbon" goals to establish scenarios, key parameters, time horizons, and measurement results.

Scenario 1

Global 1.5° C Pathway (SSP1-1.9)

This scenario assumes strict adherence to the Paris Agreement by all nations, achieved through technological innovation, policy coordination, and climate finance. Fossil fuel reliance is significantly reduced, renewable energy becomes dominant, global carbon neutrality is achieved by 2050, and temperature rise is limited to 1.5° C. In this context, Shengmu's operations in China will achieve 100% green electricity coverage for our pastures and a 50% reduction in dairy cow carbon emission intensity.

Scenario 2

High Emissions Scenario (SSP5-8.5)

This scenario projects insufficient global climate action, with a continuation of current policies and high dependence on fossil fuels. Global temperature rise reaches 3-4° C, leading to increased frequency of extreme droughts and floods, heightened water resource pressure on pastures, and a more than 30% increase in raw material supply chain costs.

Timeframes: Short-term (0-1 year), medium-term (2-5 years), and long-term (6+ years)

Climate Risks and Potential Impacts

	Climate Scenario	Potential risk	Potential Financial Impacts	Risk Management Initiatives & Response Measures
Physical Risk	Extreme Heat (S)	1.5°C Scenario Increased high-temperature days exacerbate heat stress in dairy cows, with milk production projected to decrease by approximately 3%.	Revenue may come under pressure, while costs for cooling, feeding, and health management are set to rise.	Regularly identify and evaluate heat risks; improve emergency response plans. Optimize barn ventilation, cooling, and feeding management to enhance climate resilience.
	Extreme Heat (S)	3-4°C Scenario A significant increase in heat stress days, with milk production projected to decline by roughly 10%-15%.	More pronounced revenue volatility is likely, along with increased capital expenditure for facility retrofits and operational costs.	Enhance early warning and emergency response capabilities for extreme heat. Improve the weather resistance of key facilities and continuously optimize dairy cow comfort management.
	Extreme Precipitation (S)	1.5°C Scenario Localized heavy rainfall and waterlogging may impact site roads, drainage systems, and facility operations.	Costs for infrastructure maintenance and repair may increase.	Improve drainage, flood prevention, and inspection mechanisms; formulate emergency response plans for extreme rainfall for key sites.
	Extreme Precipitation (S)	3-4°C Scenario Higher frequency and intensity of rainstorms and floods pose a risk of operational suspension at some core farms.	Potential losses from production halts, delivery delays, and additional recovery costs.	Conduct vulnerability assessments of key sites; optimize cross-site dispatching and emergency supply arrangements to improve operational continuity.
Disease Transmission (S)	1.5°C Scenario Climate change may elevate the risk of vector-borne disease outbreaks and compromise dairy cow health.	A decline in milk production is likely, alongside increased costs for disease prevention, diagnosis, and management.	Strengthen biosecurity, vaccination, and health monitoring; improve isolation, treatment, and emergency response mechanisms.	
	3°C Scenario Increased scope and intensity of disease outbreaks place pressure on herd health and production stability.	Significant production capacity losses and disposal expenditures may result.	Enhance veterinary resource and emergency material support; strengthen cross-farm joint prevention/control and post-incident improvements.	
Drought Pressure (S)	1.5°C Scenario Regional precipitation fluctuations may drive up forage costs and undermine forage supply stability.	Forage procurement and water use costs may increase.	Optimize forage reserve and procurement strategies; promote water conservation, recycling, and efficient water utilization.	
	3-4°C Scenario Strengthened water resource constraints increase the risk of forage supply chain disruptions, impacting production capacity and delivery.	Fluctuations in sales revenue and increased resource security investment are likely.	Conduct scenario assessments of water and forage supply risks; establish a broadly covered procurement and resource allocation mechanism.	
Policy Risk (S/M/L)	1.5°C Scenario Continuous escalation of climate disclosure, methane regulation, and energy efficiency requirements increases pressure for emission reduction and compliance retrofitting.	Investment in compliance retrofitting, data management, and system construction may rise.	Monitor regulatory requirements; improve climate information disclosure and emissions management mechanisms; advance low-carbon farms, low-carbon feeding, and manure resource utilization projects.	
	3-4°C Scenario Stringent and differentiated regional environmental constraints further complicate cross-regional operation management.	Hidden compliance costs and general administrative costs may increase.	Strengthen policy assessment and proactive layout; improve regional compliance checklists and internal standards.	
Technological Risk (S/M/L)	1.5°C Scenario Delayed upgrading of low-carbon and adaptive technologies may weaken emission reduction and risk resistance capabilities.	Operational efficiency may be affected, with increased expenditure required for subsequent retrofits.	Develop technology upgrading roadmaps; strengthen equipment maintenance, health management, and insurance arrangements.	
	3-4°C Scenario Extreme climate events and insufficient technology reserves may impact farm operational stability.	The risk of individual farm losses may be amplified.	Improve redundancy of key equipment and emergency response capabilities; advance reserves and demonstration applications of adaptive technologies.	
Market Risk (S/M/L)	1.5°C Scenario Customer demand for low-carbon, traceable, and highly transparent raw milk continues to rise.	Insufficient response may impact order stability and product pricing power.	Enhance carbon data management and traceability capabilities; advance low-carbon raw milk and green product capacity building.	
	3-4°C Scenario Climate shocks may lead to volatility in raw milk quality and supply, intensifying market competition.	Pressure on revenue stability and gross profit margins is likely.	Strengthen quality stability management and supply guarantees; optimize the cost structure to enhance operational resilience.	
Reputational Risk (S/M/L)	1.5°C Scenario Inadequate climate management and disclosure quality may affect external evaluations and stakeholder trust.	Communication costs may increase, impacting financing and cooperation terms.	Establish a unified communication mechanism for climate topics; improve disclosure consistency and transparency.	
	3-4°C Scenario Public opinion triggered by extreme weather or environmental incidents may erode brand trust.	Reputation restoration costs may increase, affecting business cooperation.	Improve public opinion monitoring and incident response plans; strengthen environmental and safety risk prevention and control.	
Legal Risk (S/M/L)	1.5°C Scenario Stringent regulations and law enforcement requirements raise the cost of non-compliance.	Legal compliance expenses may increase.	Strengthen regulatory tracking, compliance review, and gap rectification; conduct regular internal inspections of key areas.	
	3-4°C Scenario Climate disasters combined with sudden environmental incidents may trigger claims or litigation risks.	Compensation, litigation, and insurance-related costs may arise.	Improve emergency management and environmental risk prevention capabilities; perfect insurance and legal response arrangements.	

* S = Short-term; M = Medium-term; L = Long-term

Climate Opportunities and Potential Impacts

	Climate Scenario	Potential Opportunity Description	Potential Financial Impacts	Strategies to Capture Opportunities
Value Chain Opportunity (S/M/L)	1.5°C Scenario	100% substitution of chemical fertilizers with organic manure converted from livestock manure	Reduced raw material procurement costs and waste disposal expenses	<ul style="list-style-type: none"> Adopt a "planting-breeding integration" circular agriculture model to promote the return of cow manure to farmland, effectively avoiding water and soil pollution caused by arbitrary disposal of livestock excreta
	3°C Scenario	Provide emission reduction services to the industry through technology export	Generate new business revenue in emerging sectors	<ul style="list-style-type: none"> Participate in industry conferences to share the "planting-breeding integration" experience with peers
Product & Service Opportunity (S/M/L)	1.5°C Scenario	Increased market share of low-carbon organic raw milk with rising procurement prices	Expand the scale of organic pastures to increase organic milk output and sales volume, driving growth in operating revenue	<ul style="list-style-type: none"> Formulate a 5-year incremental plan for the rapid transformation to organic milk, and establish the goal of building carbon-neutral pastures and producing net-zero carbon raw milk, achieving a win-win development of economy and environment while increasing organic milk output
	3°C Scenario	Demand for relocation of the international dairy supply chain, and demand for the construction of regional low-carbon milk source centers driven by global supply chain restructuring		
Technological Opportunity (S/M)	1.5°C Scenario	Deployment of new feed additives to reduce dairy cow methane emissions by 55%	Secure policy support due to environmental advantages, enhance brand image and increase market share	<ul style="list-style-type: none"> Conduct active research to optimize the composition and structure of cattle herd feed
	3°C Scenario	Extreme high temperatures drive the commercialization of heat stress-resistant gene editing technology, capturing market share in the biological breeding sector	Generate new business revenue in emerging sectors	
Policy Opportunity (S/M)	1.5°C Scenario	Pastures with raw milk carbon emission intensity $\leq 0.07\text{kg CO}_2\text{e/kg}$ receive a financial subsidy of RMB 0.5/kg	Obtain government subsidies to improve corporate profitability	<ul style="list-style-type: none"> Strengthen climate change response management to qualify for government subsidies
	3°C Scenario	Government special subsidies for planting operations under extreme high temperature conditions		

* S = Short-term; M = Medium-term; L = Long-term

As of the reporting period, the Company has conducted the identification and scenario analysis of climate-related risks and opportunities, and evaluated and explained their potential impacts on business operations and related financial performance. On this basis, the Company has also continued to advance the development of methodologies for identifying and quantifying climate-related financial impacts.
 *Given that relevant assessment methodologies and data foundations are still in the process of being gradually improved, some climate-related impacts are still difficult to be individually identified at the financial statement line item level with sufficiently reliable quantitative results ①.
 *Accordingly, during the reporting period, the Company primarily provided qualitative explanations of the potential impacts of climate-related risks and opportunities on revenue, cost structure, supply chain, and production conditions, supplemented by explanations of related financial items.
 *Meanwhile, regarding the amount and percentage of assets or business activities that are susceptible to climate-related transition risks, physical risks, and related opportunities, as well as the capital expenditure, financing, or investment amounts allocated to climate-related risks and opportunities, the Company mainly adopted explanatory disclosures in the current year and explained the reasons for not providing quantitative disclosures ②.
 *The Company will continuously improve relevant assessment methodologies, data collection mechanisms, and internal management foundations, and gradually enhance the quantifiability and completeness of related disclosures on the premise of ensuring information reliability and comparability.

Climate Resilience

Shengmu's climate transition plan not only focuses on climate change itself but also takes into account other important environmental issues such as water resource management, forest conservation, and biodiversity protection. This ensures that the Company's sustainable development strategy can comprehensively address environmental challenges and promote the health and stability of the ecosystem.

Focusing on the Ulan Buh region, the Company expands the scale of organic pastures based on the integration of planting and breeding, and formulates a 5-year incremental plan for the rapid transformation to organic milk to meet consumer demand for organic and low-carbon milk. At the same time, the Company has set the goal of building carbon-neutral pastures and producing net-zero carbon raw milk.

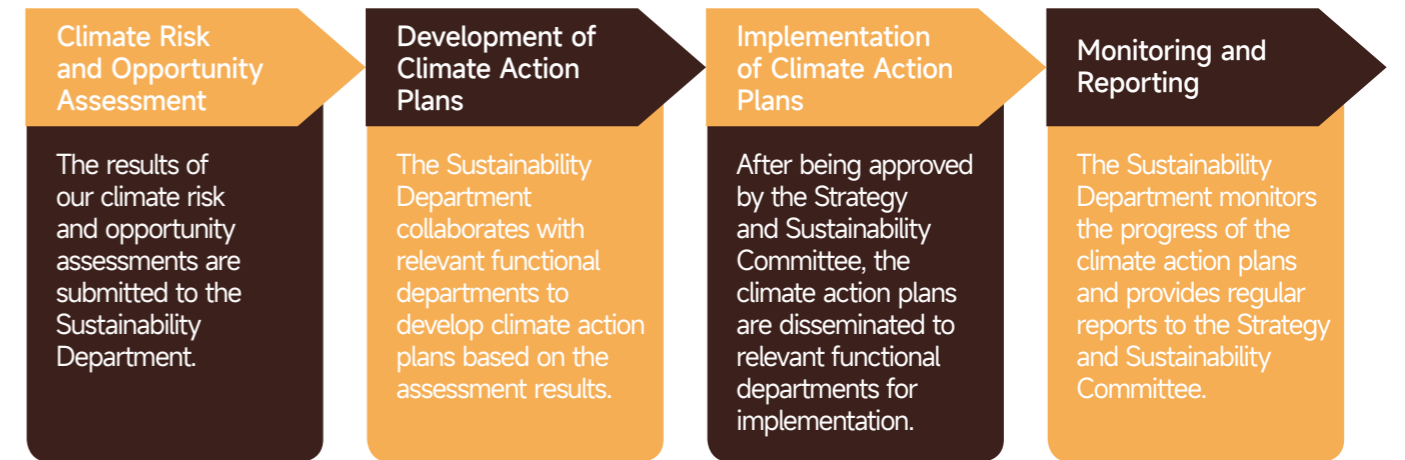
To achieve this goal, 8 major emission reduction initiatives have been introduced in areas such as dairy cow intestinal fermentation, manure management, comprehensive energy utilization, and ecological carbon sequestration.

Risk Management



The Company has established a process for the identification, assessment, prioritization and monitoring of climate-related risks and opportunities, which is integrated with its overall risk management system. Through a "bottom-up" business due diligence, departmental interviews and information collection, the Company develops a risk inventory and conducts materiality assessments. It then carries out quantitative risk evaluation, hierarchical control and responsibility allocation using tools such as risk matrices, integrates these processes into strategic planning and project management, and implements ongoing tracking, review and continuous improvement.

Climate risk and opportunity management process



Energy Management

We proactively develop energy management plans and conduct energy audits to identify areas for improved energy. Progress in energy consumption reduction is regularly evaluated.

Crop Farming

- We have transformed 350,000 mu (approximately 233.3 km²) of desert into high-quality pastures, planted over 98 million sand-resistant trees, and converted 220 square kilometers of desert into an oasis, achieving a total carbon sequestration of 1.38 million tons.

- We are optimizing dairy cow dietary nutrition by adjusting the rumen environment to mitigate methane emissions and studying the impact of amino acid balance to reduce urea nitrogen levels.
- We are enhancing dairy cow feeding efficiency through improved cowshed ventilation (wall removal, roller shutter installation, fan deployment) and optimized bedding (bed height and leveling) to increase lying rates and times, thereby reducing carbon emissions.

In 2025

Total energy consumption

606,570.67 GJ

Energy consumption per 10,000 yuan of revenue

0.061 tce

Adoption of Green Electricity

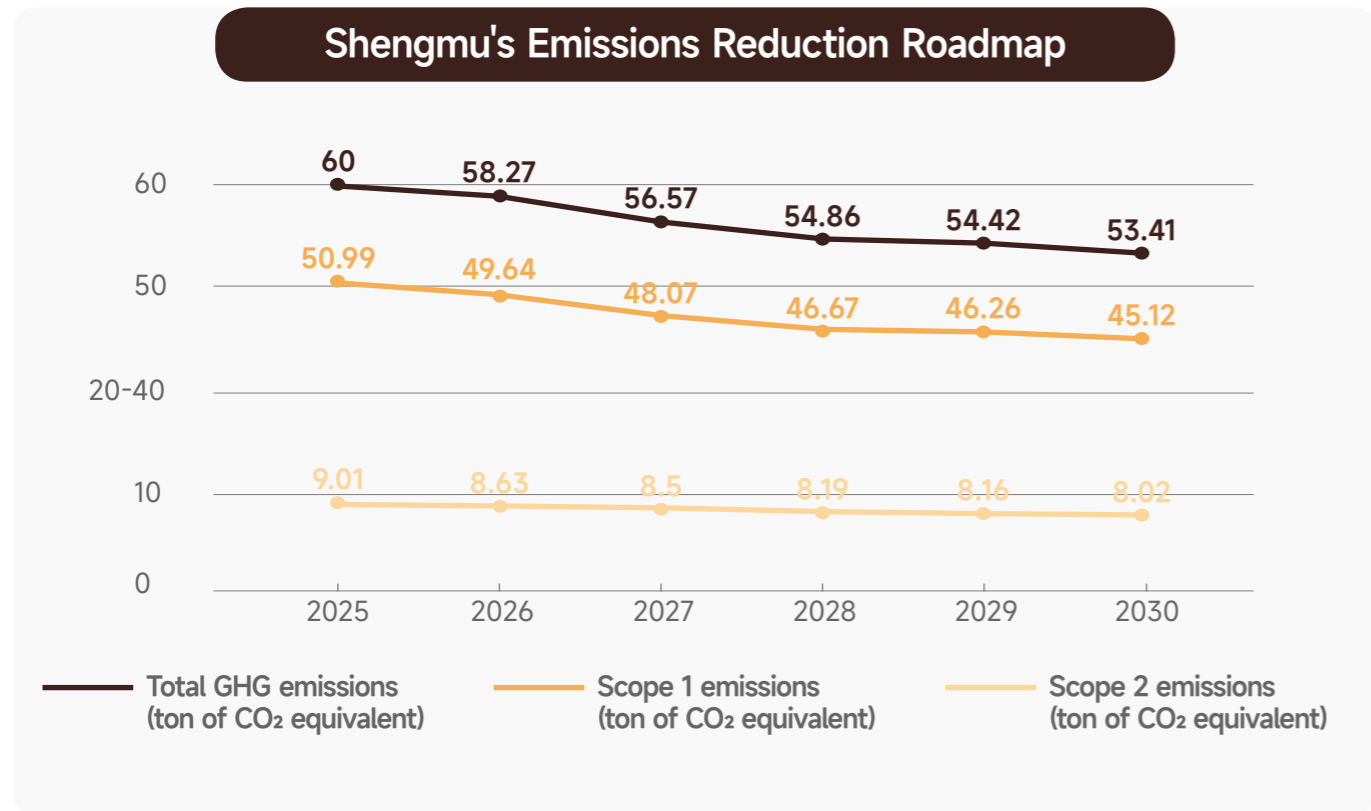
We are committed to optimizing our energy mix by progressively increasing the utilization of renewable energy and decreasing reliance on fossil fuels, thereby achieving substantial reductions in GHG emissions. In collaboration with loader manufacturers, we are developing electric loaders tailored for the livestock industry to minimize diesel consumption on our pastures. Additionally, we are implementing decentralized solar power systems on cattle sheds to support the energy transition of traditional animal husbandry.

Case Building "Pasture-Photovoltaic Integrated" Green Pastures

China Shengmu is committed to promoting the green and low-carbon development of pastures. In 2025, the Company completed the photovoltaic project for smart pasture barns, applying solar photovoltaic power generation to the breeding and animal husbandry processes, thereby forming a "Pasture-Photovoltaic Integrated" green production model. According to statistics, the 2.5MW photovoltaic project in the smart pastures, starting from 2025, will reduce carbon emissions by approximately 3,767.6 tons of CO₂e annually.

Indicators and Targets

Shengmu is aligning with China's "carbon peaking and carbon neutrality" goals and the *Paris Climate Agreement's* commitment to limit global warming to 1.5° C. It has developed a scientific and effective carbon reduction plan under the SBTi framework. By 2030, total emissions will be reduced by 514,300 tons, with Scope 1 emissions dropping by 451,200 tons and Scope 2 emissions by 80,200 tons. Additionally, a ten-year reduction target for Scope 3 emissions has been set, aiming to lower them by 300,000 tons.



In 2025

Shengmu's actual carbon emissions were

594,600 tCO₂e

Indicators



In accordance with our science-based carbon reduction strategy, we have integrated emissions reduction considerations into all operational processes. We establish and manage climate-related indicators using a data-driven approach, and conduct regular reviews and evaluations of our emission reduction performance.

Indicator	Unit	2025	2024	2023
Total GHG Emissions		592,980.93	660,337.15	662,373.52
Scope 1 Emissions		489,876.00	490,320.00	491,988.00
Scope 1 Increment		559,876.00	565,320.00	579,988.00
Scope 1 Reduction	tCO ₂ e	70,000.00	75,000.00	88,000.00
Scope 2 Emissions		90,688.63	107,680.00	106,388.00
Scope 3 Emissions		12,416.25	62,337.15	63,997.52
GHG Emissions per Head of Cattle (Scope 1 & 2)	t/head	3.95	3.47	4.04
GHG Emissions per RMB 10,000 Revenue	t/RMB 10,000	1.74	1.96	1.70
GHG Emissions per kg of Milk	t/kg	0.73	0.91	0.82
Total Energy Consumption	Gigajoule (GJ)	/	/	1,537,563.92
Electricity Consumption	kWh	139,973,190.2	132,549,861.4	116,221,187.00
Coal Consumption	tonne	0	0	0
Diesel Consumption	tonne	2,859.49	3,027.72	2,404.67
Energy Use per Head of Cattle	tce/head	0.15	0.14	0.12
Energy Use per RMB 10,000 Revenue	tce/RMB10,000	0.064	0.0614	0.051
Grid Electricity Percentage	%	81.85	82.35	80.12

* Scope 1 emissions were calculated in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Specifically, CO₂ emissions resulting from the combustion of fossil fuels were estimated on the basis of coal and diesel consumption data.
 * Scope 2 greenhouse gas emissions are calculated based on the "Announcement on the Release of the 2023 Electricity Carbon Dioxide Emission Factors" issued by the Ministry of Ecology and Environment. According to this announcement, electricity consumption in Inner Mongolia is converted at a factor of 0.6479 tonnes of CO₂ per megawatt-hour, and total emissions are derived based on electricity usage.
 * Energy consumption was calculated in accordance with the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020), using emission factors of 0.1229 kilograms of coal equivalent per kilowatt-hour of electricity consumed and 1.4571 kilograms of coal equivalent per kilogram of diesel combusted. At this stage, Scope 3 emissions only include data related to milk truck transportation. As of the end of the reporting period, the Company has not implemented an internal carbon pricing mechanism, nor has it applied internal carbon pricing to investment decision-making, operation management and relevant business planning. The Company will continue to pay attention to relevant climate change policy requirements and industry practices, and timely study and improve its internal carbon pricing management system in the future.

04

Symbiosis with Nature

China Shengmu integrates the concepts of ecological protection, resource conservation and circular utilization throughout its entire operation. From desert ecological restoration to the construction of organic pastures, we continuously explore a path that balances ecological value and industrial development, striving to foster a virtuous cycle of land restoration, efficient resource utilization and coordinated industrial growth. Through systematic management and continuous improvement, we aim to promote harmonious coexistence between humanity and nature, and build a more solid foundation for regional ecological improvement and long-term sustainable development.

Contribution to the UN Sustainable Development Goals (SDGs)



Governance



The Company complies with applicable laws and regulations including the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and the Regulations on the Prevention and Control of Pollution from Large-scale Livestock Breeding. We integrate nature-related topics into our ESG governance system, clarify the division of responsibilities among the Board of Directors, management and relevant functional departments in natural resource management, ecological protection and environmental compliance, and establish a top-down management mechanism.

In terms of governance arrangements, the Company continuously aligns nature-related topics with business decision-making, risk management and performance appraisal, and explores the integration of key matters such as forest protection and water security into the incentive and restraint mechanism to strengthen the implementation of targets (10% of the Board of Directors' bonus, including 5% linked to forest-related performance and 5% linked to water security performance, is tied to nature-related KPIs). Meanwhile, through regular training, special discussions and communication with external experts and stakeholders, the Company enhances the Board of Directors' and management's understanding and judgment of nature-related risks, opportunities and industry best practices.

The Company has established and continuously improved relevant policies and documents centering on environmental protection and natural resource management, including the Environmental Statement, Zero Deforestation Commitment, Sustainable Agriculture Commitment and Environmental Protection Management System, which are regularly updated and optimized in accordance with operational realities and regulatory requirements. To date, China Shengmu has publicly released the China Shengmu Environmental Statement, Zero Deforestation Commitment and Sustainable Agriculture Commitment, revised the Group Environmental Protection Management System, continuously improved the environmental management system, and explored new models of green development. (For details on the governance structure and division of responsibilities, please refer to the Sustainable Development Governance section.)

Strategy



The Company's operations are highly dependent on natural resources such as land, water, energy and raw materials, and also have an impact on the state of ecosystems. To systematically identify and manage nature-related matters, the Company reviews the nature-related dependencies, impacts, risks and opportunities in its own operations and value chain with reference to the LEAP approach, and uses the analysis results as an important reference for governance, strategy formulation, risk management and capital allocation.

Environmental Risks and Potential Impacts

		Potential Risk	Potential Financial Impact	Risk Management Initiatives & Response Measures
Physical Risk	Chronic Risks (M/L)	Some pastoral areas are located in regions with high water risk, and water scarcity may disrupt pasture operations.	Reduced production capacity leading to decreased revenue.	<ul style="list-style-type: none"> Vigorously develop water-saving, water recycling and high-efficiency water utilization facilities and equipment, and set corporate water-saving targets. Require suppliers to save water and prioritize water conservation in the supplier management system.
	Acute Risks (S)	Extreme weather may lead to supply shortages of feed such as soybeans and forage.	Rising feed prices and increased procurement costs.	<ul style="list-style-type: none"> Formulate environmental emergency response plans.
	Legal & Policy Risks (M)	Global warming and changes in precipitation patterns have caused water scarcity, affecting water prices.	Increased production costs.	<ul style="list-style-type: none"> Adopt water-saving, water reuse, recycling and conservation measures.
Transition Risks	Legal & Policy Risks (M)	The Chinese government has increased its focus on forest protection and biodiversity conservation, and adjusted the scope of forest and biodiversity-sensitive areas, which may expose suppliers to risks such as loss of operating licenses or the need to relocate operations.	Rising supplier operating costs leading to increased procurement costs for the Company.	<ul style="list-style-type: none"> Strengthen supply chain management, promptly remind suppliers if they face potential operating license risks, and consider replacing suppliers if necessary.
	Legal & Policy Risks (M)	Policies related to water resource protection in the Yellow River Basin have become increasingly stringent, and the Company is facing growing regulatory pressure.	Increased legal risk costs and operating costs.	<ul style="list-style-type: none"> Strictly inspect the water quality of water intake and discharge in accordance with requirements. Invest in the development of water circulation equipment. Strengthen source control and review suppliers' water pollution prevention technologies and methods.

		Potential Risk	Potential Financial Impact	Risk Management Initiatives & Response Measures
Transition Risks	Technological Risks (S/M/L)	Immature technology for supervising supply chain data may prevent some suppliers from providing environment-related data, posing challenges to supply chain traceability.	Increased investment in supply chain management and direct operating costs.	<ul style="list-style-type: none"> Strengthen supply chain management, build a transparent and accountable business environment, assist suppliers in transitioning to "nature-positive" operations, and recommend that they invest more in green technologies and green management facilities and equipment.
	Technological Risks (S/M/L)	Water scarcity affects water prices, requiring Shengmu to increase investment in water-saving equipment.	Increased investment in financial and human resources for the procurement of water-saving and water circulation equipment, as well as training for new equipment, leading to higher operating costs.	<ul style="list-style-type: none"> Implement nature-based solutions in pasture areas to improve the local microclimate and increase rainfall.
	Reputational Risks (S/M)	If Shengmu fails to introduce measures to prevent soybeans from threatening forests, or engages in soybean procurement from forest-risk areas, it may damage the corporate brand image.	Reduced investor and consumer trust in the Company, decreased operating income, and in severe cases, potential suspension of operations.	<ul style="list-style-type: none"> Prioritize environmental issue management to avoid negative incidents as much as possible. Develop a "zero-deforestation" soybean procurement plan and strive to build a green dairy supply chain.

* S = Short-term; M = Medium-term; L = Long-term

Environmental Opportunities and Potential Impacts

		Potential Opportunity	Potential Financial Impact	Opportunity management and response measures
Physical Risk	Resource Efficiency (S/M)	Improve the waste heat recovery process for raw milk. After the upgrade, 0.4 tons of groundwater consumption per ton of raw milk is reduced, while 5 kWh of heat is generated.	Reduce the Company's costs for resource procurement.	Proactively optimize production processes and upgrade equipment to improve efficiency and reduce resource consumption.
	Capital Flow & Financing (S)	Access new financing solutions and expand financing channels.	Broaden the Company's financing channels, with a financing amount of RMB 100 million and a term of 2 years.	Respond to national green development policies to achieve in-depth integration of finance and environmental protection.
Transition Risks	Resilience (S)	Shengmu's water conservation practices effectively regulate the local microclimate, increasing annual regional precipitation.	Reduce the costs of canal irrigation for upstream suppliers and commercial water use.	Plant various trees in the Ulan Buh Desert to build windbreak belts of shrubs and arbors, combined with herbaceous crops in the fields, to reduce wind level step by step. The original average wind force of 6-7 levels in the area has been reduced to 4-5 levels.

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Risk Management



The Company refers to the methodology recommended by the Task Force on Nature-related Financial Disclosures (TNFD), and combines the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) database and the analytical framework of multiple capitals to identify and assess the impacts, dependencies and materiality of its business activities on nature, so as to support the management of nature-related risks and opportunities. The relevant assessment results are integrated with the Company's overall risk management system, and are used to identify key issues, improve control measures and optimize resource allocation.

Environmental Risk Management Process



Pollution Prevention and Control

The Company prioritizes the advancement of resource recycling and utilization. It implements classified management, recycling, and compliant disposal for wastewater and solid waste generated during production and operations. For waste that does not yet meet recycling conditions, the Company strictly adheres to the principles of standardized treatment prior to discharge or entrusted disposal, minimizing environmental impact as much as possible.



Case : Technology-Enabled Water-Smart Agriculture, Setting a Benchmark for Efficient Water Use in Desert Regions

To address the challenge of water scarcity in desert areas and implement national requirements for the intensive use of water resources, Shengmu has actively promoted innovation in water-saving technologies and intelligent management. The Company has introduced precision drip irrigation technology from Israel and an IoT-based intelligent control system, and built efficient water-saving facilities with integrated water and fertilizer management, enabling on-demand water supply, precise metering, and high-efficiency irrigation. This technology delivers integrated water and fertilizer irrigation at a precise flow rate of 0.35 liters per hour. Combined with the IoT remote control system, it achieves on-demand water supply and accurate metering. As a result, water consumption per mu has been reduced from 500 cubic meters to 340 cubic meters, representing a water-saving rate of over 30%. This has significantly lowered water use per unit area and improved water resource efficiency.



Empowered by technology, the project has developed organic farming in the desert and established a water-efficient, eco-friendly, and sustainable agricultural development model. The practice has been recognized as a typical case of green development, providing replicable and scalable demonstration experience for regional water rights reform and the development of water-saving agriculture in arid regions.



In 2025, Shengmu focused its environmental training on four areas: compliance with environmental laws and regulations, institutional compliance, ledger management training, hazardous waste management, and environmental emergency drills. In total, **34** environmental training sessions were held, with approximately **2,100** participants.



Case : Digital Intelligence Empowers "Smart Pastures" to Establish a New Benchmark for Organic Animal Husbandry in the Desert

China Shengmu actively embraces digital transformation, deeply integrating Internet of Things (IoT), big data, and artificial intelligence technologies into pasture operations to build a full-chain "Smart Pasture", driving the green and efficient development of the industry through scientific and technological strength.

In terms of animal welfare and health management, the pastures have fully introduced intelligent wearable devices to accurately monitor cows' feeding, ruminating, and body temperature data around the clock. By establishing a health early warning model, early intervention in diseases is realized, reducing medication frequency at the source and improving the overall health of the herd.

For the refined utilization of resources, the Company has applied an intelligent Total Mixed Ration (TMR) precision monitoring system and intelligent environmental control equipment to dynamically optimize feed formulation and barn temperature and humidity. This has effectively cut feed waste and overall energy consumption, improved feed conversion rate, and indirectly reduced carbon emissions from the breeding process. Meanwhile, Shengmu has integrated data across the entire industrial chain of "grass planting, cow breeding, and milk production", and established a raw milk quality traceability system. This has not only strengthened the food safety line and ensured a consistently high pass rate of S-grade raw milk, but also provided a scientific basis for management decision-making.

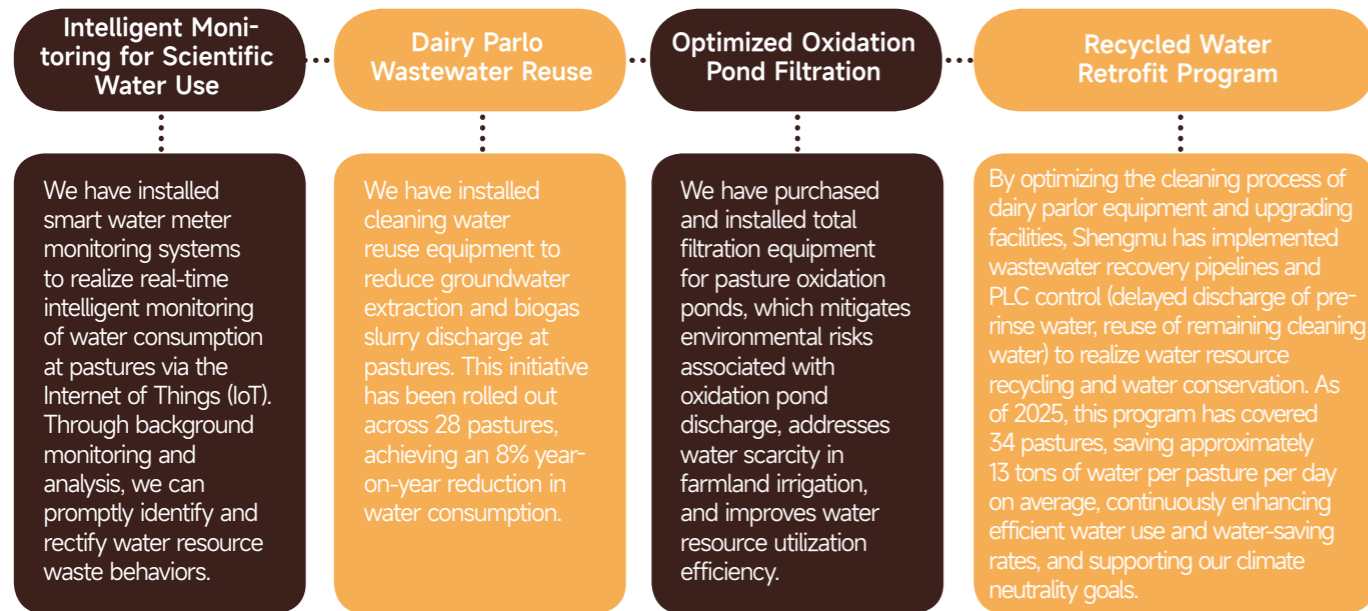
In addition, the widespread use of automated milking and intelligent manure removal systems has significantly reduced heavy physical labor for frontline workers, effectively improved the working environment and occupational health and safety, and supported employees in their career transformation into "modern pasture technicians". The full implementation of smart pastures is not only an "efficiency engine" for Shengmu to address cyclical industry challenges, but also a key practice for the Company to pursue high-quality development and lead the digital and green upgrading of the desert organic dairy industry.



Water Conservation

Rational utilization of water resources is one of the prerequisites for Shengmu to achieve sustainable development. The Company attaches great importance to the sustainable utilization and protection of water resources, strives to strengthen water conservation management across the entire industrial chain, and reduces resource waste.

Water Resource Management



· Retrofit of Combined Cleaning for Dairy Parlor Equipment ·



· Wastewater Reuse System for Dairy Parlor Equipment ·

Water Conservation

To mitigate the negative impacts of our operations on biodiversity and natural ecosystems, we have implemented measures across four pillars: Avoidance, Reduction, Mitigation, and Restoration, to minimize our footprint on biodiversity. Meanwhile, we fully respect and leverage the regional natural environment to develop shelterbelts and engineering sand control systems based on natural restoration. This initiative enhances water use efficiency, reduces costs and groundwater extraction, and improves the windbreak and sand-fixation effectiveness of the shelterbelt projects.

We continue to explore circular breeding and planting models. By applying organic fertilizers, we improve soil aggregate structure, enhance soil water and nutrient retention capacity and land fertility, and continuously restore soil health. Concurrently, we return manure generated from dairy cow farming to the fields in the form of organic fertilizers, foliar fertilizers, etc., to promote resource reuse. Through the renovation of composting plants and the enhancement of precision fertilization capabilities, we have continuously optimized the decomposition and fermentation cycle and utilization efficiency of organic fertilizers, further fostering a more virtuous cycle of energy and materials between the planting industry, breeding industry, and the ecological environment.

Case : Shengmu's Case Selected into China Corporate NbS Global Demonstration Cases

At the 8th World Conservation Congress held in Abu Dhabi, the capital of the United Arab Emirates, China Shengmu's industrial practice *Desert Circular Organic Agriculture: Ecological and Economic Win-Win Through Desert Control via Industrial Development* was selected into the *China Corporate NbS Global Demonstration Cases*. This demonstrates to the world the outstanding achievements of Chinese enterprises in green development and ecological protection, and provides a replicable and scalable "Chinese Solution" for ecological restoration and sustainable agricultural development in arid and semi-arid regions worldwide.

Case : China Shengmu Receives Hong Kong Green and Sustainable Finance Awards

In December 2025, the Green and Sustainable Finance Forum 2025 hosted by the Hong Kong Quality Assurance Agency (HKQAA) successfully concluded at the Hong Kong Marriott Hotel. Under the theme "Building a Green and Low-Carbon Future Together", the forum recognized enterprises and institutions with outstanding contributions to green and sustainable finance practices, ESG governance, and climate action. It aimed to advance the development of sustainable finance and technologies, and drive sustainable development across the industry and society. During the forum, China Shengmu was awarded the Outstanding Contribution Award for Climate Disclosure and the Excellent Contribution Award for Climate Disclosure Optimization.

Indicators and Targets



Shengmu has established clear targets to reduce the pollutant emissions from the Group's operations, and conducts continuous monitoring and improvement of relevant environmental performance.

Targets

	Target	Progress in 2025	Completion status
Emissions	5-year: Reduce total exhaust gas emissions to 70 tons	150.98	100%
	10-year: Reduce total exhaust gas emissions to 65 tons		
Hazardous Waste	Medical waste generation intensity < 0.001 ton per cow	0.0005	100%
Non-hazardous Waste	Cattle manure generation intensity < 9 tons per cow	11.80	76.3%
Resource Use	5-year: Reduce total water consumption intensity to < 22 tons per cow	20.45	100%
	10-year: Reduce total water consumption intensity to < 20 tons per cow		97.80%

Indicators

	Indicator	Unit	2025	2024	2023
Water Management	Total Water Withdrawal	ton	3,006,834.00	3,153,746.00	3,383,613.20
	Share of Water Withdrawal in High/Extremely Water-scarce Areas	%	100	100	100
	Number of Incidents Non-compliant with Water Quality Permits, Standards and Regulations	case	0	0	0
	Water Consumption per Cow	ton per cow	20.45	21.83	22.68
	Water Consumption per RMB 10,000 of Revenue	ton per RMB 10,000	9	9.34	9.61
Pollution Prevention and Control	Total Waste Gas Emissions	ton	150.98	159.83	126.94
	SO ₂ Emissions	ton	57.19	60.55	48.09
	NO _x Emissions	ton	93.39	99.28	78.85
	Soot and Dust Emissions	ton	0	0	0
	Hazardous Waste Generated	ton	2,660.70	2,915.78	2,628.37
	Medical Waste Generated	ton	78.35	87.38	150.62
	Dead Cattle Waste Generated	ton	2,582.35	2,828.40	2,477.75
	Hazardous Waste Generated per Cow	ton per cow	0.019	0.02	0.018
	Hazardous Waste Generated per RMB 10,000 of Revenue	ton per RMB 10,000	0.007	0.007	0.007
	Non-hazardous Waste Generated	ton	1,734,364.00	1,825,031.00	1,292,976.02
	Non-hazardous Waste Generated per Cow	ton per cow	11.80	12.64	8.735
	Non-hazardous Waste Generated per RMB 10,000 of Revenue	ton per RMB 10,000	5.19	5.14	3.673
	Land Use and Ecological Impact	Volume of Animal Waste and Manure Generated	ton	1,736,946.35	1,827,859.40
Percentage Managed in Accordance with Nutrient Management Plans		%	100	100	100
Percentage of Pastures Managed to NRCS Conservation Plan Standards (by Area)		%	100	100	100



05

Commitment to Employees

Talent is a vital foundation for the steady operation and sustainable growth of an enterprise. Shengmu adheres to a people-oriented development philosophy, attaches importance to protecting the legitimate rights and interests of employees, supporting career development, managing occupational health and safety, and promoting employee care. We strive to build an inclusive, fair, healthy, friendly and growth-oriented workplace, share development achievements with employees, and jointly foster a harmonious organization.

Contribution to the UN Sustainable Development Goals (SDGs)



Governance

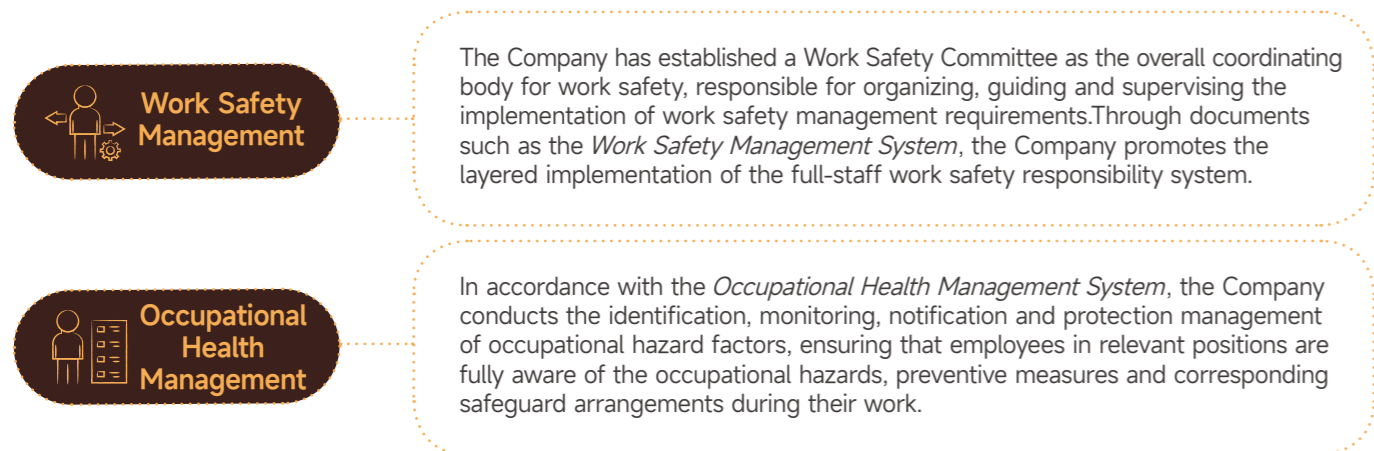


The Company integrates human capital management into its overall governance system, with the Human Resources Department serving as the centralized department in charge of employee management affairs. In accordance with applicable laws and regulations and internal management systems, the Company continuously improves mechanisms for labor relations, recruitment and employment, compensation and performance, training and development, and employee rights protection, striving to ensure that employees receive due support in terms of remuneration and benefits, growth opportunities, and working environment. Centered on employee management, the Company has established a system of policies related to human rights protection, remuneration and benefits, training and development, etc., providing an institutional foundation for routine employment and labor management. (For details, please refer to the "Environmental, Social and Governance (ESG) Policy" on the Company's official website.)

Employee Management Policies



The Company's Safety and Environmental Protection Department coordinates and advances all work related to employee safety and occupational health. In strict compliance with laws and regulations including the Work Safety Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Company continuously improves its work safety responsibility system, occupational health management system and on-site risk prevention and control mechanism, striving to provide employees with a safe, healthy and harmonious working environment.



Strategy



The Company persists in taking talent team building as one of the key tasks supporting its long-term development, and continuously identifies human capital-related risks and opportunities in the course of business management and production operations. We strive to enhance organizational resilience and operational efficiency through more systematic employee management, capacity building and safeguard mechanisms, so as to provide stable talent support for the Company's sustainable development.

Human Capital Risks and Potential Impacts

	Risk Description	Potential Financial Impact	Risk Management and Mitigation Measures
Policy and Legal Risk (S/M/L)	In the process of employment, failure to comply with applicable labor laws and regulations may lead to labor disputes or arbitrations, resulting in the risk of litigation or administrative penalties.	<ul style="list-style-type: none"> Direct costs including compensation, damages, legal fees and arbitration expenses arising from labor disputes or arbitrations. Potential long-term impacts such as damage to corporate reputation, reduced talent attractiveness and increased management costs. 	<ul style="list-style-type: none"> Adhere to equal employment principles, and conclude, sign and perform labor contracts in accordance with legal requirements. Timely pay social insurance contributions for employees. Ensure employee salaries are no less than the local minimum wage standard. Comply with special labor protection regulations for female employees. Explicitly prohibit the use of child labor and forced labor, and effectively guarantee legal employment practices.
Reputational Risk (S)	Employees may cause safety accidents due to insufficient awareness, improper operation and other behaviors in production and operation.	<ul style="list-style-type: none"> May lead to production line shutdown, affecting production and delivery, resulting in order delays and economic losses. Safety accidents damage corporate image, affecting customer trust and market competitiveness. 	<ul style="list-style-type: none"> Continuously improve the employee health and safety protection mechanism, provide personal protective equipment and health check-up benefits for employees. Actively implement work safety responsibilities and standardize all links of production and operation management.
Operational Risk (S/M/L)	Failure to provide employees with appropriate and sufficient training resources may lead to employees' capacity improvement failing to keep pace with the Company's development needs, affecting the long-term development of the enterprise.	Insufficient employee skills affect work efficiency and product quality, increasing production costs.	<ul style="list-style-type: none"> Establish a comprehensive talent development system. Provide clear career development paths and unobstructed career promotion channels.

* S = Short-term; M = Medium-term; L = Long-term

Human Capital Opportunities and Potential Impacts

	Opportunity Description	Potential Financial Impact	Opportunity Management and Mitigation Measures
Operational Opportunity	Building a workplace atmosphere characterized by workforce breadth, equality and inclusivity helps enhance employees' sense of happiness and belonging, and fully stimulates the vitality and potential of talents.	Stimulate talent vitality, improve corporate efficiency and innovation, and drive higher productivity and profitability.	<ul style="list-style-type: none"> Prohibit all forms of differential treatment and discrimination based on gender, age, race, religion, educational background, culture or any other grounds. Adhere to equal pay for equal work, and respect the customs and living habits of ethnic minority employees. Elect employee representatives to be responsible for communication and coordination between employees and the Company.
Market Opportunity	A sound compensation and benefits system and talent development system can address the labor turnover at ranches caused by the backwardness of living and working environment, medical and educational standards.	Reduce the costs of recruiting and training new employees, improve employee loyalty and work efficiency, enhance corporate profitability and market competitiveness, and bring positive financial impacts.	<ul style="list-style-type: none"> Continuously optimize the compensation and benefits system to provide employees with market-competitive remuneration. Improve employees' living conditions, enrich their spare time, and establish an employee mutual aid fund to support employees in need. Build a differentiated talent echelon to help employees improve their professional competence.

Risk Management



The Company focuses on key areas including employee rights protection, career development, working environment, health and safety, and employee care, continuously improves the human capital risk identification, control and monitoring mechanisms, and promotes the formation of a closed-loop management system covering "identification – control – monitoring – improvement", ensuring that employees receive fair treatment and effective protection in all management arrangements.



Employee Rights

The Company adheres to legal and compliant employment practices, focuses on consolidating the foundation of employee rights protection through three dimensions: equality and inclusivity, compensation and performance, and democratic communication, and strives to stimulate employees' enthusiasm and creativity, and enhance employees' sense of organizational identity and stability.

Equality and Inclusivity

- Firmly eliminate any discriminatory behavior or differential treatment based on gender, age, race, religious belief, educational background, culture or any other grounds, and prohibit any form of child labor and forced labor.
- Foster a respectful and inclusive working environment, focus on the growth of female employees, and provide development platforms for female employees.
- Pay attention to and respect the unique culture and living habits of ethnic minority employees, and actively provide support and assistance in all aspects of work and life.

Compensation and Performance

- Optimize the employee compensation and benefits system, adhere to the principle of equal pay for equal work, ensure that all employees are provided with market-aligned, highly competitive remuneration, and pay employees a living wage sufficient to sustain their livelihoods.
- Establish and improve the employee performance management system, formulate annual, quarterly and monthly performance contracts in accordance with performance plans, and provide a basis for employees' performance improvement, promotion, salary adjustment and other matters.

Democratic Management

- Hold staff representative meetings on schedule, improve the democratic management system with staff representative meetings as the basic form, actively listen to employees' opinions, implement democratic procedures, and ensure that the legitimate rights and interests of all employees are fully protected.



In 2025, the overall satisfaction rate of the employee benefits system reached **91%** (sample size: 1,568 persons), representing a year-on-year increase of **6%**. The overall employee engagement score stood at **85** (sample size: 1,588 persons). Centered on the "Happiness Circle" initiative, the Company has significantly improved employee satisfaction and engagement through systematic institutional development and people-oriented emotional engagement, effectively enhancing corporate cohesion and talent attractiveness.

Health Check-ups:

Annual physical examination coverage reached **60%**, and major disease risks were successfully identified for **8** employees.

"Magpie Bridge" Singles Mixer:

158 single employees participated, among whom **12** pairs exchanged contact information, building a social platform and strengthening employees' sense of belonging.

Free Medical Clinics:

Served **358** employee visits. Some employees experienced immediate relief through traditional Chinese medicine acupuncture and massage manipulation, with a satisfaction rate of **99%**, raising employees' health awareness.

Employee Family Open Day:

Attended by **60** participants, enhancing understanding and recognition of the Company among employees and their families.

Home Visits to Outstanding Employees:

Conveyed corporate recognition and care, establishing a strong employer brand image.

Employee Development

We have established a comprehensive talent development system, defined the "Top 100 Talents" training program, and focused on building Shengmu's "13224" talent development system, providing employees with growth support for career development from three dimensions: leadership, professional competence and general capabilities. Meanwhile, we have improved the career development paths for five job grades, built employee management promotion channels and career development platforms, and aligned employees' growth with the Company's efficient development.

Ace-100 Program



The Company continuously optimizes the construction of its talent development system, pays close attention to the development needs of talents at different levels and in different categories, and enhances the value-creating capacity of talents through targeted training programs, job skill training, online course development and other means. In addition, the Company launched the *2025 Talent Review* project to optimize the allocation of human resources, consolidate the foundation of talent echelon construction, and support the Company's strategic development.

In 2025

A total of **144,733** training participations were delivered across three categories: professional technology, leadership, and general management.

75,033 employee training participations completed Total training hours **3,725.86**

Launched the "1,000 Specialized Talents" development program for core ranch personnel, including

4 sessions of low-stress cattle handling training **1** session of trainer enablement training

Standardized onboarding training for new ranch employees, and developed and produced

10 online learning video courses



Case : Cross-Border Collaboration to Build a New Future for the Dairy Industry: China Shengmu & Mongolia Dairy Cow Breeding Technical Talent Development Program

In March 2025, China Shengmu officially launched the *Mongolia Dairy Cow Breeding Technical Talent Development Program* with a commencement ceremony for the first batch of trainees. The launching and enrollment ceremony was held at Inner Mongolia Shengmu Holding Co., Ltd., with the attendance of relevant leaders from both China and Mongolia as well as 8 young Mongolian participants. This cooperation stands as an important practice of in-depth agricultural and animal husbandry collaboration between the two countries. As the world's largest supplier of organic raw milk, China Shengmu boasts mature organic breeding technologies and a distinctive desert dairy industry development model. Mongolia, endowed with abundant natural pasture resources, enjoys huge potential for the development of organic breeding. The complementary advantages of the two parties have laid a solid foundation for this cooperation. In response to the initiative of the state leaders of China and Mongolia to deepen agricultural and animal husbandry cooperation, the three-month program offers 12 core courses totaling 480 class hours, evenly split between 240 hours of theoretical learning and 240 hours of practical training. The curriculum covers the entire scope of dairy cow breeding, including animal nutrition, reproduction and breeding, disease prevention and control, and ranch management, with lectures delivered by senior experts of Shengmu and full-time practical guidance provided by technical professionals.

During the training, Mongolian trainees systematically acquired professional knowledge and actively participated in on-site ranch practices. In June 2025, 7 trainees successfully completed all course requirements and mastered advanced breeding technologies as well as modern management models. This talent development program has not only injected professional expertise into Mongolia's organic dairy cow breeding industry and boosted its agricultural modernization, but also further enhanced China Shengmu's international industrial influence. It has promoted technological exchange and integration in the dairy industry between China and Mongolia, and built a solid bridge for cross-border cooperation to advance the sustainable development of the global dairy industry through talent cultivation.



Occupational Health

The Company regards occupational health and safety management as a vital component of its employee responsibilities, and continuously carries out work centered on risk identification, protective equipment provision, health check management, and contractor safety, striving to reduce occupational health risks and create a safe, stable and harmonious working environment.

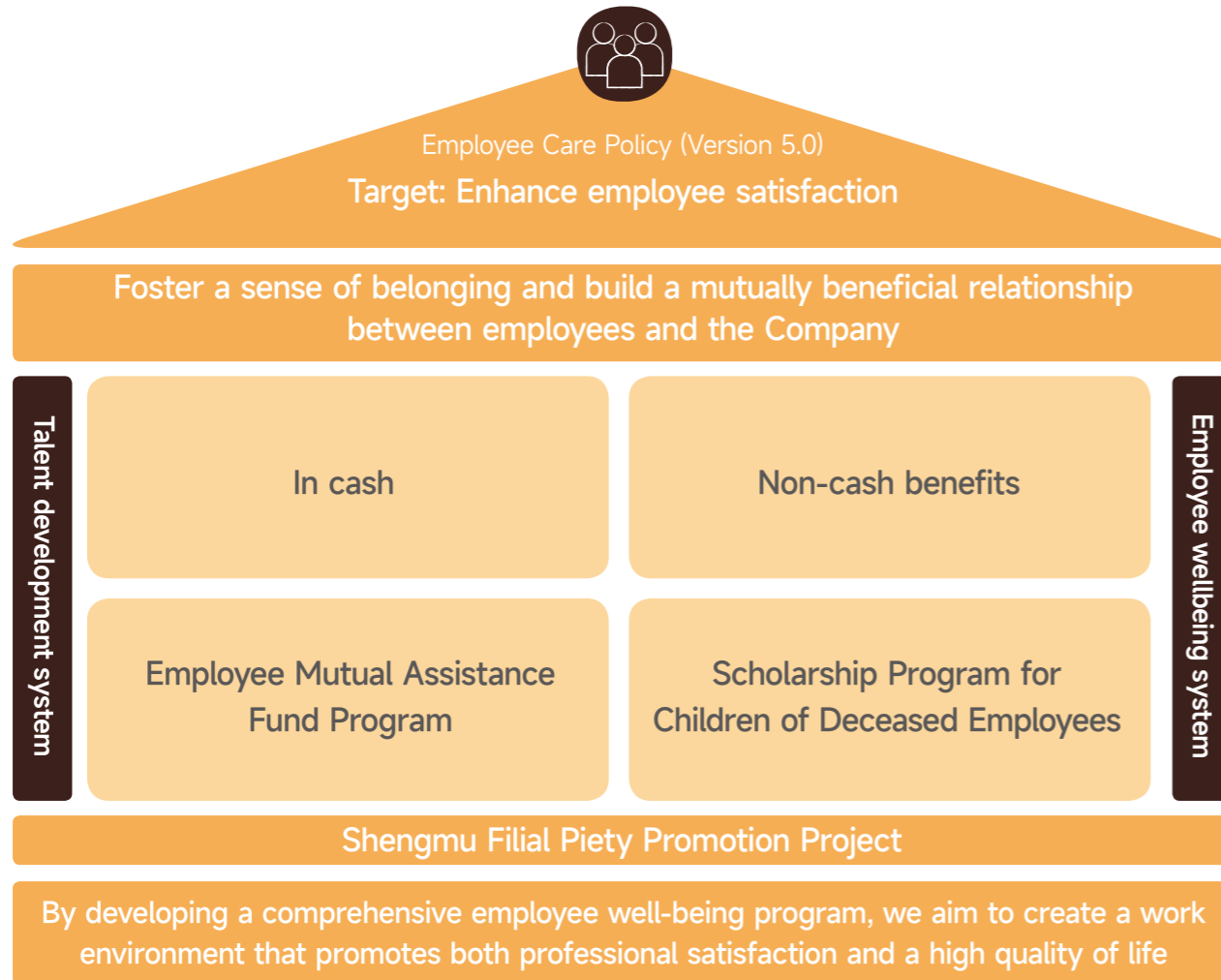
Risk Assessment	Regularly monitor and assess occupational disease risk factors in production areas, comprehensively identify and rectify safety hazards in the working environment.
Risk Protection	Truthfully inform employees of potential occupational hazards and their consequences, occupational disease protection measures and benefits during work, formulate standards for the provision of labor protective equipment, and purchase qualified products that meet the standards.
Health Check-ups	Arrange pre-employment, on-the-job and post-employment medical check-ups for employees working in positions exposed to occupational hazards, and establish occupational health monitoring files.
Contractor Safety	Require contractors to conduct pre-employment, on-the-job and post-employment occupational disease medical check-ups for employees in positions with occupational hazards, and provide personal protective equipment in accordance with the protective equipment provision standards.

In 2025

1,170 on-the-job occupational health check-ups were completed for ranch employees

Employee Well-being

The company continues to improve its employee care mechanisms, strives to create a comfortable and pleasant living and working environment for employees, and enhances employees' sense of gain, happiness and belonging through arrangements such as holiday condolences, care activities, welfare guarantees and mutual assistance & support.



Case Pre-Holiday Condolences to Deliver Warmth, Sincere Care to Warm Hearts



In January 2025, the senior management team of China Shengmu conducted visits and condolences to employees in Hohhot and Bayannur. During the event, the senior management team held in-depth communication with frontline employees, presented a batch of condolences and gifts, and expressed gratitude for their hard work and dedication.

Indicators and Targets

We have established a set of human capital-related indicators and targets for Shengmu, and continuously conduct performance monitoring and progress disclosure, so as to support the Company's sustainable development with a sound employee structure.

Targets	Target	Progress 2025	Completion status
Talent Diversity & Inclusion	5-year: Female employees account for 40% of total headcount 10-year: Female employees account for 45% of total headcount	29%	In progress
	5-year: Women hold 30% of all management positions 10-year: Women hold 35% of all management positions	35%	Completed
	5-year: Women hold 15% of senior management positions 10-year: Women hold 20% of senior management positions	10%	Completed
	5-year: Women hold 15% of management positions in revenue-generating functions (e.g., sales) 10-year: Women hold 20% of management positions in revenue-generating functions (e.g., sales)	10%	In progress
	5-year: Women hold 15% of STEM-related positions 10-year: Women hold 20% of STEM-related positions	10%	In progress
	Occupational Health & Safety	Lost Time Injury Frequency (LTIFR) < 0.1% per 200,000 working hours Work-related Injury Frequency < 0.2% per 200,000 working hours	0.23%
Employee Satisfaction	5-year: Employee satisfaction reaches 95% 10-year: Employee satisfaction reaches 98%	91%	In progress

○ Indicators

	Indicator	Unit	2025	2024	2023
Recruitment & Employment	Total Number of Employees	Person	2,272	2,217	2,701
	Number of Newly Recruited Employees	Person	2,128	1,532	2,259
	Percentage of Vacancies Filled by Internal Recruitment	%	45	43	42
Gender Composition	Total Number of Male Employees	Person	1,416	1,356	1,735
	Total Number of Female Employees	Person	856	681	966
	Percentage of Female Employees in All Management Positions (including Junior, Middle and Senior Management)	%	35	25.75	/
	Percentage of Female Employees in Junior Management Positions	%	25	28.96	/
	Percentage of Female Employees in Senior Management Positions	%	10	14.29	/
	Percentage of Female Employees in Management Positions in Revenue-Generating Functions	%	10	/	/
	Percentage of Female Employees in STEM-Related Positions	%	10	9.99	/
Age Composition	Total Number of Employees Aged Under 30	Person	664	664	846
	Total Number of Employees Aged 30-39	Person	597	536	701
	Total Number of Employees Aged 40-49	Person	665	657	737
	Total Number of Employees Aged 50 and Above	Person	268	361	415
Other Composition	Total Number of Ethnic Minority Employees	Person	767	715	848
	Total Number of Employees with Tenure of 5 Years or More	Person	431	643	646
	Number of Employee Representatives	Person	40	43	40

	Indicator	Unit	2025	2024	2023
Employee Turnover	Number of Employee Turnover	Person	169	106	172
	Employee Turnover Rate	%	7.51	6	5
	Female Employee Turnover Rate	%	11.40	2.51	/
	Male Employee Turnover Rate	%	5.13	3.56	/
	Turnover Rate of Employees Aged Under 30	%	10.75	2.8	/
	Turnover Rate of Employees Aged 30-39	%	10	5.73	/
	Turnover Rate of Employees Aged 40-49	%	32.20	1.73	/
	Turnover Rate of Employees Aged 50 and Above	%	0	2.73	/
	Employee turnover rate in Chinese mainland	%	7.51	4.46	6
	Employee turnover rate in Hong Kong, Macao, and Taiwan	%	0	21.96	0
Employee Training	Employee Voluntary Turnover Rate	%	6.83	3.82	/
	Total training hours	Hours	79,010.10	82,436.53	64,088
	Training hours per employee	Hours	35.1	41.69	41
	Average training time for male employees	Hours	37.5	52.84	42
	Average training time for female employees	Hours	30.5	24.04	39
	Average training time for senior management	Hours	24	28	20.5
	Average training time for middle management	Hours	16	17	30
	Average training time for rank-and-file employees	Hours	36.1	41.4	41
	Total number of employees trained	Person	75,033	40,864	49,071
	Investment in employee training	10k Yuan	48.09	596.1	20.5
Employee Training	Percentage of senior management participating in training	%	100	100	30
	Percentage of middle management participating in training	%	100	100	41

	Indicator	Unit	2025	2024	2023
Occupational Health	Total Recordable Incident Rate (TRIR)	%	0	0	0
	Percentage of employees who died from work-related injuries	%	0	0	0
	Lost-time injury rate	%	1.12	1.51	/
	Lost workday rate (per 200,000 working hours)	%	0.233	0.3	/
	Investment in Occupational health	10k Yuan	160.77	/	/
	Number of employees injured in work	Hours	5	/	/
	Number of workdays lost due to employee injuries	Day	330	/	/
	Number of workdays lost due to contractor injuries	Day	0	/	/
	Frequency of contractor injuries (per 200,000 working hours)	%	0	/	/
Frequency of contractor injuries (per 200,000 working hours)	%	0	/	/	
Employee Benefits	Investment in employee activities	10k Yuan	33.25	8.56	/
	Total Days of Maternity & Paternity Leave Benefits Provided to Employees	Day	2,630	3,140	3,603
	Employee satisfaction	%	91	85.7	96.16
Compensation and benefits	Average salary of female employees	Yuan	8,198	9,077	/
	Average salary of male employees	Yuan	11,392	16,537	/



06

Commitment to Local Communities

As a responsible corporate entity, Shengmu continuously promotes the mutual enhancement and synergistic improvement of corporate value and social value. We not only focus on our own sound operation, but also attach importance to building a more resilient and sustainable development ecosystem together with industrial chain partners, local communities in operation areas and other stakeholders. Centering on social needs and regional development realities, the Company continues to focus on key areas such as public welfare and charity, industry collaboration, and rural revitalization, striving to make positive contributions to the harmonious development of society and regional prosperity.

Contribution to the UN Sustainable Development Goals (SDGs)



Governance



The Company integrates community responsibility, public welfare and charity, and related social value creation into its daily management system. The Administration Department serves as the centralized management department for relevant matters, overseeing the entire process management from project planning, resource coordination, implementation, to effectiveness review. Aligned with the Company's overall development direction and social responsibility requirements, we continuously carry out project planning and implementation for communities, education, environmental protection and other public welfare areas, driving the standardized, orderly and effective development of social responsibility work.

Strategy



Guided by the principle of "benefit sharing, risk sharing and collaborative development", the Company continuously identifies potential risks and development opportunities in the value chain and community relations, striving to balance social benefits and regional long-term development needs while creating economic value. Focusing on key areas such as industry cooperation, social welfare and rural revitalization, we continuously optimize resource allocation and action paths, and align community responsibility management with the Company's sustainable development strategy.

Value Chain Risks and Potential Impacts

	Risk Description	Potential Financial Impact	Risk Management & Mitigation Measures
Reputational Risk (S/M/L)	Faced with the expanding social demands and rising public expectations, if the Company fails to properly handle the setting of public welfare goals and balance the interests of all parties, it is prone to triggering public opinion disputes.	<ul style="list-style-type: none"> Increased operating costs due to dispute response and image restoration Long-term damage to brand value 	<ul style="list-style-type: none"> Establish an online public opinion monitoring system. Maintain close cooperation and effective communication with the government, non-profit organizations, communities and other stakeholders. Collaborate with various stakeholders to implement rural revitalization projects. Promote the development of inclusive agricultural finance.

* S = Short-term; M = Medium-term; L = Long-term

Value Chain Opportunities and Potential Impacts

	Opportunity Description	Potential Financial Impact	Opportunity Management & Implementation Measures
Operational Opportunity	Collaborate with industry experts to drive innovation in breeding technology.	Improve production and operation levels, increase revenue.	<ul style="list-style-type: none"> Proactively build industry exchange platforms, introduce advanced breeding technology, and enhance production efficiency.
Brand Opportunity	By actively participating in community services and organizing public welfare activities, the Company can establish a sound social image and reputation, and enhance consumers' and the public's trust in the brand.	<ul style="list-style-type: none"> Improved brand premium capability Enhanced brand equity and financing capacity 	<ul style="list-style-type: none"> Plan and implement influential and socially valuable public welfare activities based on the Company's own characteristics and advantages. Promote community development and create jobs. Encourage employees to participate in various public welfare activities. Expand communication channels to increase brand awareness.

Risk Management



The Company continuously improves the risk identification and management mechanism related to community responsibility. It extends social responsibility agenda to multiple levels such as industry cooperation, public welfare and charity, rural revitalization and community engagement. Through cross-stakeholder collaboration, communication and feedback, as well as impact tracking, the Company promotes risk prevention and control alongside value creation, achieving mutual benefit and win-win results for value chain stakeholders.



Support for the Industry

Sustainable development has become a key focus of the global dairy industry. Centering on organic agriculture, green agriculture and sustainable industrial development, the Company continuously shares its practical experience in desert governance, organic circular agriculture and industrial collaboration, actively participates in industry exchanges, and jointly explores more forward-looking and replicable sustainable agricultural pathways with all stakeholders.



Case : China Shengmu Invited to Speak at the 2025 Animal Welfare and Sustainable Agri-Food Conference, Sharing Innovative Practices in the Desert Organic Industrial Chain

In 2025, China Shengmu was invited to participate in the Animal Welfare and Sustainable Agri-Food Conference co-hosted by the Food and Agriculture Organization of the United Nations (FAO) and the China Council for the Promotion of International Agricultural Cooperation, and shared its benchmark practices in animal welfare and sustainable supply chains at a thematic forum.

As the first domestic enterprise to obtain the ICCAW 3-Star Certification for Farm Animal Welfare, Shengmu has built a scientific welfare system across multiple dimensions: it provides cows with exclusive activity spaces, sand-bedded stalls, cow brushes and other facilities, and ensures drinking water quality through in-depth water source purification; it implements cow signal training to enable employees to accurately identify cow behavior signals and achieve refined welfare management.

Shengmu's practice of deeply integrating desert governance, organic agriculture and animal welfare has provided a Chinese solution for the transformation of the global agri-food system, verified the

compatibility between ecological protection and industrial development, realized the transformation of ecological value through a market-oriented path, and set an industry benchmark for sustainable development in the dairy industry.

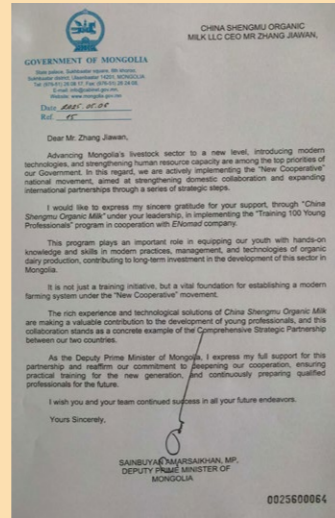


Case Technology Going Global and Talent Empowerment to Build a Transnational Sustainable Agricultural Ecosystem

In 2025, Shengmu showcased its advanced experience in desert organic agriculture on the international stage and jointly launched the "100 Young Professionals Training Program" with Mongolia's ENomad Company. The project precisely responds to Mongolia's development needs for modernized animal husbandry, providing local young talents with systematic practical training covering modern dairy production, lean ranch management and sustainable agricultural technologies, injecting fundamental talent impetus into the long-term high-quality development of Mongolia's animal husbandry sector.

This win-win initiative for transnational capacity building earned an official letter of appreciation from Mr. Sainbuyan Amarsaikhan, then Deputy Prime Minister and Minister of Foreign Affairs of Mongolia, addressed to Mr. Zhang Jiawang, Chief Executive Officer of China Shengmu. In the letter, Mr. Amarsaikhan spoke highly of Shengmu's key contribution to advancing the modernization of Mongolia's animal husbandry and recognized the training program as a model for deepening the comprehensive strategic partnership between the two countries.

Going forward, Shengmu will continue to leverage its benchmark strengths in the desert organic dairy industry, take technical exchanges and talent development as a bond, further expand the scope of international cooperation, and strive to build a more prosperous, inclusive and sustainable modern agricultural ecosystem worldwide.



Social Welfare

We focus on public welfare areas such as environmental protection and education to carry out public welfare projects, helping public welfare and charity become an important part of the Company's sustainable development.

Resource Allocation & Fundraising

Integrate internal and external resources, raise charitable funds, and reasonably allocate them to various public welfare projects to ensure the efficient use of charitable funds.

Partnership Maintenance

Establish and maintain good communication and collaborative relationships with government agencies, non-profit organizations, schools and other partners to jointly promote the implementation of various public welfare activities.

Compliance Supervision

Ensure that all charitable activities comply with national laws, regulations and industry requirements, and supervise the transparency and fairness of charitable projects through a sound audit mechanism.

Outcome Evaluation & Communication

Conduct effectiveness evaluations on implemented charitable projects, and showcase Shengmu's public welfare practices to internal and external stakeholders through PR and publicity, so as to enhance social influence and brand image.

Indicators and Targets



Targets

	Target	Progress 2025	Completion status
Industry Cooperation	Submit at least two industry-academia partnership proposals per year	4	Completed

Indicators

	Indicator	Unit	2025	2024	2023
Charitable donations	Total amount of charitable donations	USD	484,130.56	298,471.68	354,344.45
Industry cooperation	Number of industry-academia partnership proposals submitted	/	4	10	/



OUT LOOK 2026

China Shengmu will continue to deepen its sustainable development strategy, align with the green transformation trend of the dairy industry, and anchor the forward direction of low-carbon operation, organic circularity and collaborative win-win. Guided by long-termism, we will coordinate the comprehensive upgrading of ecological governance, social responsibility and corporate governance. The Company will adopt a systematic approach to balance immediate and long-term goals, continuously strengthen the foundation of ESG management, enhance operational resilience and core business value, and actively respond to the expectations of stakeholders while driving its own high-quality development.

Focus on Ecological Governance and Deepen Green Low-Carbon Development

We will continue to take the protection of the natural ecology as the core foundation of corporate development, and adhere to the characteristic industrial path of Ulan Buh Desert governance, integrated breeding and cultivation, and organic circularity. In the future, the Company will systematically promote the construction of low-carbon smart ranches, and continue to make efforts in resource conservation, waste recycling, water resource management and climate risk response. We will continuously explore the mechanism of regenerative agriculture and ecological value conversion, consolidate the ecological advantages of the desert oasis, strive to achieve a comprehensive leap from mere "carbon reduction" to "nature-positive", and realize the in-depth integration of ecological and commercial benefits.

Adhere to People-Oriented Approach and Create a Prosperous Social Ecosystem

We will continue to expand the scope of talent team building and career development, deepen an equal and inclusive workplace environment, improve the mechanism for talent selection, cultivation and retention,

and build a professional team highly aligned with the Company's strategy. In the future, the Company will further improve employees' career development paths and health and safety assurance systems, and stimulate the vitality of the organization. Meanwhile, Shengmu will closely link corporate development with community prosperity, deepen the village-enterprise co-construction model, actively participate in community development and social welfare, expand the boundary of corporate social value creation, and achieve coexistence and common prosperity with surrounding communities.

Strengthen Compliance Governance and Drive Upgrading of the Entire Industrial Chain

We will fully integrate the concept of sustainable development into the corporate governance structure, risk management and daily operations, and continuously improve the level of business ethics, system implementation and compliant operation. In the future, driven by digital innovation, the Company will strengthen quality traceability and operational efficiency. Meanwhile, we will collaborate with upstream and downstream suppliers and partners to jointly build a green and sustainable supply chain, play a leading role in addressing key issues such as climate change and resource constraints, and ensure the Company's steady development in a complex market environment with a more resilient governance system and technological support.

Persevere for a Promising Future

China Shengmu will always uphold the vision of "providing the world's highest quality desert organic milk" and maintain strategic focus. With a more comprehensive sustainable development governance structure, more pragmatic green actions, and more open industrial collaboration, we will continue to write a new chapter of green, responsible and steady development, and continuously contribute the "Shengmu Solution" to global desertification control and the sustainable development of the organic dairy industry.





Independent Assurance Report

1. Introduction

Hong Kong Quality Assurance Agency (“HKQAA”, “we”, “our”, “us”) was engaged by China Shengmu Organic Milk Limited (“the Company”) to conduct an independent assurance of the sustainability disclosures (“Sustainability Disclosures”) presented in its Environmental, Social, Governance Report 2025 (“the Report”) for the reporting period from 1 January 2025 to 31 December 2025 (“Reporting Period”) and issue this Independent Assurance Report (“Assurance Report”). For the avoidance of doubt, the Appendices listed at the end of this Assurance Report form an integral part of it, though certain Appendices are intended for the Company’s internal use only. Our sustainability assurance activities and this Assurance Report are undertaken based on the assumptions, dependencies, boundaries, limitations, exclusions, roles and responsibilities and independence as set out under Appendix A. A generic version of Appendix A is available for reference on the HKQAA website (www.hkqaa.org) under the navigation path: News & Resources > Guides & Forms > Guidelines > Sustainability Assurance.

The objective of this sustainability assurance service is to provide an independent conclusion, with a limited level of assurance, on whether the Sustainability Disclosures have been prepared in accordance with the following reporting criteria:

The Environmental, Social and Governance Reporting Code (“ESG Reporting Code”) set out in Appendix C2 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited;

The assurance team also reviewed whether the Sustainability Disclosures have been prepared with reference to IFRS S2 Climate-related Disclosures (“IFRS S2”)

2. Assurance Methodology

HKQAA’s assurance procedure was conducted with reference to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board (“IAASB”).

The evidence gathering processes were designed to obtain a limited level of assurance, as set out in the ISAE 3000, using a risk-based approach. Our assurance procedures included, but were not limited to:

- reviewing relevant policies, procedures, relevant documentation and records provided by the Company, including those related to sustainability-related information such as governance, risk identification, and performance metrics;
- interviewing key management and responsible personnel of the Company for reporting and sustainability-related governance;
- conducting analytical reviews of disclosures for plausibility and consistency with relevant external frameworks and internal supporting data;
- selecting representative samples of disclosures, with a focus on materiality and risk, and assessing the underlying evidence for each sample using judgmental sampling;
- evaluating the transparency of disclosed assumptions, dependencies, and boundaries; and
- assessing the completeness of coverage with respect to the requirements of the reporting criteria, including reviewing methodologies used for estimations, sensitivity analyses, and disclosures of uncertainties.

3. Conclusion

Based on the procedures performed, evidence obtained, and subject to the stated assumptions, dependencies, boundaries, limitations, and exclusions, nothing has come to our attention that causes us to believe that the Sustainability Disclosures in Environmental, Social, Governance Report 2025 for the Reporting Period from 1 January 2025 to 31 December 2025 are not presented, in all material respects, in accordance with the requirements of the ESG Reporting Code, and with reference to reporting criteria as stated in the Introduction section of this Assurance Report.

This Assurance Report is made solely for the use of China Shengmu Organic Milk Limited and the users of its Environmental, Social, Governance Report 2025, and for use in accordance with the reporting criteria set out in the Introduction section of this Assurance Report. We do not accept or assume responsibility for any other purpose or to any other person to whom this Assurance Report is shown or in whose hands it may come. We confirm our independence from the Company in conducting this engagement.

The engagement leader on the assurance engagement resulting in this Assurance Report is K T Ting.

Signed on behalf of Hong Kong Quality Assurance Agency

April 2026

Ref: 14994262

HKEX ESG Reporting Guide Indicators

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page
A. Environmental		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P50、 51
KPI A1.1	The types of emissions and respective emissions data.	P56、 57
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P57
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P57
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	P52-55
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P52-55
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P47、 57
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).	P47
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P57
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P45-47
KPI 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.	P53-54、 56
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not applicable

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P50
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P50-54
B. Social		
Employment and Labor Practices		
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.	P60-66
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P68-70
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P68-70
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.	P65
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P68-70
KPI B2.2	Lost days due to work injury.	P68-70
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P65
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P63-64
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P68-70
KPI B3.2	The average training hours completed per employee by gender and employee category.	P68-70

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page
B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	P60
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	P62
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P60
Operating Practices		
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P34-35
KPI B5.1	Number of suppliers by geographical region.	P38
KPI 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.	P38-39
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P34
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P34
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, labeling and privacy matters relating to products and services provided and methods of redress.	P32、 37
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P38
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P32
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P26
KPI B6.4	Description of quality assurance process and recall procedures.	P34-35
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P29

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page
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.	P28、 P29
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P29
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P29
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P29
Community		
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.	P74、 76-77
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P77
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P77

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page
Part D: Climate-related Disclosures		
Governance	a. The governance body(ies) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.(D19-a) b. Management' s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about(D19-b)	P20-21、 42
Strategy	Climate-related risks and opportunities(D20)	P43-44
	Business model and value chain(D21)	P43-44
	Strategy and decision-making(D22)	P43-44
	Financial position, financial performance and cash flows(D23、 D24、 D25)	P43-44
	Climate resilience(D26)	P44
Risk Management	The processes and related policies the issuer uses to identify, assess, prioritize and monitor climate-related risks.(D27-a)	P45
	The processes the issuer uses to identify, assess, prioritize and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities).(D27-b)	P45
	The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.(D27-c)	P45
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	Climate-related transition risks(D30)	P43
	Climate-related physical risks(D31)	P43
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ISSB Standards Index

Disclosure Requirement		Page
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Governance	The governance body(ies) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities.	P20-21, 42
	Management's role in the governance processes, controls and procedures used to assess and manage sustainability-related risks and opportunities.	P20-21, 42
Strategy	Sustainability-related risks and opportunities	P43-44
	Business model and value chain	P43-44
	Strategy and decision-making	P43-44
	Financial position, financial performance and cash flows	P43-44
	Resilience	P44
Risk Management	The processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks.	P45
	The processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities.	P45
	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	P45
Metrics and Targets	Disclosure of sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, for each such risk and opportunity.	P43-44
	Target information set by the entity to monitor progress towards strategic objectives, and any targets required to be achieved by laws or regulations.	P46

Disclosure Requirement		Page
S2: Climate-related Disclosures		
Governance	The governance body(ies) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	P20-21, 42
	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	P20-21, 42
Strategy	Climate-related risks and opportunities	P43-44
	Business model and value chain	P43-44
	Strategy and decision-making	P43-44
	Financial position, financial performance and cash flows	P43-44
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Risk Management	The processes and related policies the entity uses to identify, assess, prioritize and monitor climate-related risks.	P45
	The processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	P45
	The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	P45
Metrics and Targets	Climate-related metrics	P47
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