

## **Mengniu Responsible Dairy Sourcing and Management Policy**

Safe and high-quality milk sources are the foundation for producing premium dairy products. Mengniu regards building a responsible value chain as a key development principle, focusing on raw milk quality and safety while emphasizing the sustainable management of ranches that supply raw milk to Mengniu, with continuous efforts to expand the influence and coverage of responsible sourcing standards along the value chain. We enhance collaboration with value chain partners within the ecosystem to construct sustainable agricultural patterns. We are committed to working with value chain partners to establish trust with consumers and stakeholders and lead the industry toward long-term mutual benefit and a sustainable future.

### **Scope**

The Policy applies to Mengniu's procurement department of raw milk.

The Policy applies to all Mengniu's cooperative ranches (hereinafter referred to as the "Ranches").

### **Content**

Mengniu requires its raw milk procurement department and all the Ranches to practice responsible dairy sourcing and management in the following areas and verifies the Ranches' compliance with the Policy.

#### **1. Product Safety and Quality Management**

- Establish a process for identifying and assessing food safety risks, enhance process quality management in all aspects, including dairy cattle breeding, raw milk production, logistics and storage, as well as factory acceptance, and enable

online tracing of all stages.

- Set a traceability target that 100% of Mengniu's dairy products can be traced back to the place of origin of the raw milk.

## **2. Animal Welfare Guarantees**

- Specify the Mengniu guidelines for ranch animal welfare, actively promote the effective experience of the "Five Welfare," eliminate practices that violate the "Five Freedoms," and continuously improve animal welfare in accordance with the Mengniu Animal Welfare Policy.
- Establish a Welfare Promotion and Implementation System for Dairy Cattle in Farm to guide the Ranches to enhance their animal welfare standards and encourage the Ranches to adopt the animal welfare management practices outlined in the system.
- Strictly abide by laws and regulations on veterinary medicine management and control, require the Ranches to implement veterinary medicine management and control measures, and guide them to practice scientific and compliant medicine usage.

## **3. Protection of the Natural Environment**

- Guide the Ranches to perform regulatory environmental management, conduct environmental impact assessments as per local applicable laws and regulations of the location where they operate, as well as construct and improve manure treatment facilities to effectively utilize and treat manure while preventing land and environmental pollution.
- Implement Mengniu's biodiversity conservation strategy as well as encourage and guide the Ranches to take biodiversity conservation actions.
- Fulfill the Mengniu Forest Protection Policy and related commitments as well as mitigate deforestation and forest degradation risks by managing and controlling commodities with deforestation risks and promoting collaborations in forest

protection within the industry, among other means.

- Guide the Ranches to engage in carbon reduction and consistently manage carbon emissions from the Ranches by adjusting feed composition and structure, managing and optimizing herd structure, optimizing manure management, and enhancing energy efficiency on the Ranches, thus reducing methane and carbon dioxide emissions.
- Guide the Ranches to perform sustainable water management, improve water efficiency in the production process, and mitigate the environmental impact of wastewater discharge.
- Progressively promote the Ranches' efforts in energy conservation, carbon reduction, and water conservation, including conducting carbon inventories, setting emission reduction and water conservation targets, and reducing carbon emissions and water usage.
- Promote the Ranches to recycle natural resources and strive to achieve a virtuous ecological cycle on the Ranches.

#### **4. Social Responsibility Fulfillment**

Integrate relevant resources and promote integrated industry development by facilitating technology empowerment and offering financial support, thereby increasing farmers' and herders' participation in and benefit from the industry.

#### **5. Sustainability Accreditation and Certification**

Encourage the Ranches to obtain sustainability-related accreditations and certifications, such as organic certification, the China Good Agricultural Practices (China GAP) certification, and the National Demonstration Ranch for Reduced Use of Veterinary Antimicrobials.

#### **6. Stakeholder Communication**

Mengniu continuously enhances the transparency of responsible dairy sourcing and

management and regularly discloses the progress.

Mengniu actively engages in communication with external stakeholders to enhance the understanding of responsible dairy sourcing and management for periodic reviews and updates of the Policy.

## **7. Policy Supervision and Reporting**

The content contained in the Policy shall be supervised by the Mengniu Sustainable Development Committee, and the main responsibilities and progress in achieving the targets shall be reported to the Sustainable Development Committee.