

[Press Release]



Mengniu Announces “GREEN” Strategy and Sets High-Quality Dual-Carbon Goals

(Hong Kong, 1 June 2022) China Mengniu Dairy Company Limited and its subsidiaries (together as “Mengniu” or the “Group”) (Stock Code: 2319), a leading dairy product manufacturer in China, published its 2021 sustainability report (“ESG report”), detailing its “GREEN Sustainable Development Strategy” (“GREEN Strategy”) which was formulated by benchmarking against the United Nations Sustainable Development Goals (“SDGs”). Mengniu has also announced its dual-carbon goals of “achieving carbon peak by 2030 and carbon neutrality by 2050” for the first time in the report.

Mengniu's future sustainable development will revolve around the five pillars of the GREEN Strategy, namely “Governance-Sustainability”, “Responsibility-Common Prosperity”, “Environment-Carbon Net-zero”, “Ecosystem-Collaborative & Accountable”, and “Nutrition-Supreme & Inclusive”. Through 15 topics and 28 specific actions, the Green Strategy supports the achieving of China's “dual-carbon” targets, promotes the “GREEN” sustainable transformation across the industry value chain, and protects the common health of mankind and the Earth.

Scientific and Efficient Management Enhancing Sustainable Corporate Governance

The report published by Mengniu fully complies with the requirements of the Hong Kong Stock Exchange concerning the reporting of sustainability indicators, and comprehensively takes into account the mainstream ESG rating indicators. Among them, the strategic pillar of “Governance-Sustainability” aims to strengthen the company's risk management capabilities, continuously improve corporate business conduct and enhance corporate governance capabilities, thereby promoting the healthy and sustainable development of the Company.

To ensure the smooth implementation of the GREEN Strategy, Mengniu has set specific ESG targets for the management and included them in the annual performance review. Through clear policies, the management has set a great example in promoting sustainable development, with each business unit actively developing green and low-carbon technology innovation projects, employees carrying out a variety of environmental sustainability activities, and the concept of sustainable development has been incorporated into the working life of every employee. The Company's Risk Management Committee assesses the Group's major risks holistically from the perspective of sustainable development and manages risk through preventive measures and timely action.

In addition, Mengniu has restructured its Board of Directors to be more diversified in 2021, reflecting a further improvement of the governance structure, strengthening of strategic capabilities, and optimizing its ESG management. This will provide better support for the continuous promotion of modern corporate governance and the realization of the five-year strategic goal of “Creating a New Mengniu”.

Adhering to The Original Mission And Shouldering the Responsibility of China's Dairy Sector

Mengniu has always adhered to its original mission of empowering the Chinese people, and carried the responsibility of promoting the dairy and agricultural sectors.

In recent years, Mengniu has seized opportunities from the national revitalization of the dairy industry. Through the establishment of its "136 Dairy Revitalization Project", Mengniu leverages its competitive advantages in dairy to establish strategic cooperations in many regions across China, conduct poverty alleviation projects, help farm partners reduce costs and increase efficiency, and revitalize the local dairy industry, thereby promoting the upgrade and transformation of the entire dairy industry and its high-quality development.

The China Dairy Industrial Park is an important project led by Mengniu, which aims to leverage the advantages of Hohhot to integrate global resources and related industries, realizing the collaboration of the whole industry chain and helping Hohhot to move from being the "Dairy Capital of China" to being the "Dairy Capital of the World". Construction of the park commenced in 2021 and eight dairy farms have since been completed and put into operation, providing employment and income for 31,000 farmers and herdsmen.

On top of its proactive development of the Chinese dairy industry, Mengniu is also involved with the relief efforts of public emergencies and is always the first to provide relief aid. Mengniu volunteers were the first to be seen in the relief efforts against the COVID-19 pandemic, the earthquake disaster in Yunnan, Qinghai, and Sichuan, and the rainstorms in Zhengzhou, Henan. With its outstanding contribution towards relief efforts against the COVID-19 pandemic, Mengniu Group was awarded the 11th "China Charity Award".

As a leader in the dairy and agricultural sectors, Mengniu takes its responsibilities very seriously, creating and supporting employment opportunities, as well as contributing to the Chinese government's common prosperity policy.

High-Quality Dual-Carbon Goals with Environmentally Friendly Green Production

To actively respond to China's national goals of achieving the carbon peak by 2030 and carbon neutrality by 2060, Mengniu, together with the help of Boston Consulting Group (BCG), a world-renown management consulting firm, has set the strategic goal of achieving carbon peak by 2030 and carbon neutrality by 2050 for its operations.

According to the report, Mengniu has led the industry in terms of total carbon emissions and carbon intensity in 2021 and will be at the industry-leading level in terms of carbon intensity per ton of dairy products by 2030.

In 2021, Mengniu has already implemented many successful projects involving energy conservation and emission reduction, supporting its dual-carbon strategy. In the upstream, China Shengmu, a company controlled by Mengniu, has integrated carbon reduction across all aspects of its production and operations and has established a green low-carbon ecosystem by reducing carbon emissions from "Planting, Rearing and Processing" and "Agriculture, Forestry and Meadow", thereby achieving a 5.7% year-on-year reduction in carbon emissions in 2021. In the downstream, Mengniu is the first in the industry to realize the recycling of plastic packaging, fully applying PCR as the outer packaging film for its products (recycled material content of 13% to 24%). It is expected that the CO₂ emissions will reduce by approximately 300 tonnes per year when fully implemented.

In 2021 Mengniu was approved as a “National Green Supply Chain Management Enterprise” and five of its factories were certified as “National-level Green Factory”. As an environmentally friendly company, Mengniu continues to shift toward the usage of clean energy sources, with the amount of annual green energy consumed increasing by 6.87% year-on-year across the group.

From the Nature For the Future, Conservation of A Responsible Industrial Ecosystem

In addition to practicing its ESG responsibilities, Mengniu also facilitates the entire industrial ecosystem to become more responsible.

In terms of dairy cow welfare, Mengniu has released *the Welfare Promotion and Implementation System for Dairy Cattles on Farms* report, detailing the five major welfare needs and measures for cow welfare in terms of psychological, environmental, health, behavioral, and physiological across the entire cow breeding process. In 2021, Mengniu summarized its long-term practical experience and participated in the compilation and release of China’s first group standards titled *Farm Animal Welfare Requirements-Dairy Cows*, which further standardized the animal welfare standards of dairy cows during the entire process of breeding, transportation, and culling.

Mengniu's concern for the ecosystem goes beyond just dairy cows, under the “biodiversity conservation strategy” Mengniu has also put forward the broader vision of “From The Nature for The Future”. Mengniu’s *Biodiversity Report* was released during the United Nations COP15 in October 2021, creating a comprehensive “Mengniu Model” to protect biodiversity and reduce environmental pressure while achieving development at the same time. As an industry leader, Mengniu has set a good example, taking the lead to promote the construction of China’s dairy industrial ecosystem.

Focusing on Innovation to Provide Superior Products That Are Nutritious and Affordable

As a food manufacturer, one of the most important social responsibilities is to provide consumers with high-quality products. Mengniu is committed to product quality and safety with a focus on nutrition, health, quality, and service to satisfy the wide variety of healthy consumption needs, providing more nutritious, healthier products and higher quality services to consumers around the world.

As people become more health conscious, consumers are increasingly demanding dairy products with low-sugar, low-fat, and zero additives. In 2021, Mengniu continued to expand its product range in line with consumption trends, introducing more than 80 products of different varieties which are organic, low-fat, low-sugar, with reduced artificial ingredients, fortified with nutrients, and of smaller portion sizes to provide consumers with nutritious dairy products with better quality. The development of more nutritious and affordable products comes from the advancement of technology. Mengniu has been investing heavily in research and development, and in 2021 had 185 new patents granted, 47 valid copyright registrations, and 4,578 valid trademark registrations. In terms of production safety, the construction and renovation of Mengniu's intelligent factory are progressing, and the control of production quality was further enhanced through digital traceability and other technologies.

Mengniu's independent research and development achievements are well recognized. In November 2021, during the presentation of the National Award for Technological Advancement, the most important award in the technological sector in China, Mengniu was awarded the Second-Class Award for *Key Technology for Advancement in Science And Technology for The Control And Quality Improvement of Milk And Dairy Products*.

Mr. Lu Minfang, Chief Executive Officer of Mengniu, said, "Mengniu will adhere to its original mission of empowering the Chinese people and promoting the dairy and agricultural sectors, focus on sustainable development that is green, low-carbon, and inclusive, and strive to become a social enterprise that creates greater value for mankind. Looking ahead, Mengniu will work together with its partners in the industry to implement and achieve the "GREEN" sustainable transformation of the dairy industry, and help evolve it to become more resilient and sustainable, fulfilling our mission of making every life thrive with every drop of nutrition".

- End -

About China Mengniu Dairy Company Limited

China Mengniu Dairy Company Limited and its subsidiaries manufacture and distribute quality dairy products in China. It is one of the leading dairy product manufacturers in China, with MENGNIU as its core brand. Mengniu offers diverse products including liquid milk products, ice cream, milk formula, and cheese. Mengniu ranked as "Global Dairy Top 10" in 2021, and placed 31th on BrandZ™'s list of most valuable Chinese brands, TOP10 of brand contribution in 2020. Mengniu also made it again among Brand Finance's list of the top 500 most valuable brands of the world in 2020. As of the end of 2021, the Group's annual dairy production capacity reached 10.89 million tonnes. In March 2014, Mengniu became a Hang Seng Index constituent, making it the first blue-chip Chinese dairy product manufacturer. In March 2022, Mengniu was included as a constituent of the HSI ESG Enhanced Index and HSI ESG Enhanced Select Index. For more information, please visit www.mengniuir.com.

For Investors and Media Enquiries:

Christensen Advisory

Vivian Wang

Tel : +852 2232 3978

E-mail : vwang@christensenir.com

Suri Cheng

Tel : +86 185 0060 8364

E-mail : Scheng@christensenir.com