



China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號: 1117

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FRESH



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CEO's Statement

Guided by Green Values, Co-creating a New Ecosystem for Long-Term Sustainable Development.

We are firmly convinced that a long-term green vision is essential to sustaining corporate growth. In line with the national "carbon peaking and carbon neutrality" strategy and guided by our "FRESH" Sustainability Strategy, we are driving a profound low-carbon transformation. By optimizing herd structure, upgrading energy facilities, increasing the use of green electricity, and enhancing manure resource utilization, the Group's carbon emissions per kilogram of FPCM remain well below the industry average. Several of our farms have been recognized as "China's First Batch of Low-Carbon Demonstration Dairy Farms", setting a replicable benchmark for carbon reduction in livestock farming. Committed to safeguarding national food security, we are advancing a low-protein feed revolution, expanding the adoption of domestic alfalfa and high-silage formulations, significantly reducing dependence on imported feed, and achieving annual cost savings of over RMB100 million, pioneering a new path toward resource-efficient husbandry. We continue to deepen sustainable sourcing practices, scaling up procurement of zero-deforestation soybeans, integrating environmental and social responsibility criteria into supplier management, prioritizing green suppliers, and collaborating with value-chain partners to foster a harmonious future for people and nature.

Built on Trust and Quality, Empowering National Dairy Revitalization and Social Well-Being.

A cup of quality milk is vital to public health. We consistently regard operational excellence and quality commitment as the foundation of our development, enabling precise resource allocation and enhanced operational efficiency. Addressing the national dairy revitalization strategy's urgent need for high-quality milk sources, we fully implement the "Quality Improvement Year" objective and advance the "Q-PEAK" peak quality management system. Nutritional indicators of raw milk continue to rank among the nation's highest, driving innovation in specialty milk sources and safeguarding public health through science-based nutrition. Our products have won the gold medal of the World Food Quality Evaluation Conference for 12 consecutive years, earning international recognition for the quality of Chinese milk and strengthening consumer trust. At the same time, we embed ourselves in broader social development, actively fulfill our social responsibilities, and are committed to promoting community growth and local employment in our operating regions. Through initiatives such as village-enterprise partnerships, we support rural revitalization and shared prosperity. We actively engage in philanthropy, giving back to society through actions including educational support, elderly care, and child assistance, sharing the fruits of development.

"2025 marks the concluding year of the 14th Five-Year Plan and the 20th anniversary of Modern Dairy's establishment. Guided by our ethos of "born to be strong and go beyond ourselves", we have steered a steady course and advanced with determination. With the resolve to prevail against all odds, we have seized strategic opportunities amid industry cycles. By embedding the philosophy sustainability into the very fabric of our strategy and operations, we have delivered a performance that is more resilient, responsible, and sustainable."

Driven by Technological Innovation, Building a Win-Win Future Across the Industry Chain.

We view technological innovation as the core force to overcome challenges and shape the future, vigorously advancing digital-intelligent transformation and industry chain integration to accelerate the cultivation of new quality productive forces. Our self-developed equipment, such as intelligent teat-dipping robots and automatic feed-pushup machines, is reshaping breeding models, while digital platforms like "Yunyangniu" and "AI Cattle Expert" enable full-process data-driven management, leading the industry into a new era of digital-intelligent farming. Breakthroughs in seed industry revitalization are remarkable. China's first commercial liquid-phase genomic chip for dairy cows, "Modern No. 1", is being widely adopted, steadily strengthening the nation's self-sufficiency in breeding stock. Adopting a full-industry-chain mindset, we build a value ecosystem by integrating upstream and downstream resources across multiple dimensions. The "Love-Cattle" platform, serving as a digital-intelligent supply chain hub linking China's dairy industry resources, maintains the largest transaction scale in the sector. Our industry chain business continues to expand steadily. Through "Modern Zhiniu", we transform advanced breeding technologies and management models into standardized services for external delivery, consistently growing the scale of entrusted herds both domestically and internationally, empowering global partners to improve quality and efficiency, and jointly building a more resilient and sustainable dairy ecosystem.

Ambition Fuels Progress and Steady Action Builds the Future.

As we embark on the journey of 2026 and stand on the threshold of the 15th Five-Year Plan, our mission of "being a global dairy farming leader" drives us forward. We are integrating our corporate growth with the broader context of socioeconomic progress, environmental sustainability, and social well-being, pursuing excellence as we reach new heights in our industry. Like-minded partners will cross mountains and seas to achieve enduring success, which is built on perseverance. Let us move forward with unwavering conviction, pragmatic resolve, and pioneering courage to shape a brighter and more sustainable future for China's dairy sector together.

CEO of Modern Dairy

Sun Yugang

About This Report

Reporting Scope

This Report aims to present the view, significant progress and achievements of Modern Dairy (Group) Co., Ltd. (stock code 1117, together with its subsidiaries collectively referred to as "Modern Dairy", the "Company", the "Group", or "we") objectively and fairly in respect of annual Environmental, Social and Governance (ESG) work. We will focus on each of the relevant aspects in this Report, in particular, those ESG issues that may have a material impact on the sustainability of the Company's business operations and those arouse concerns of our stakeholders. Based on the revenue composition of the Company for the fiscal year 2025, we determine that this Report focuses on the Company and its subsidiaries, and covers the Company's major revenue businesses of raw milk business, offline feed business and digital intelligence platform business according to the principle of materiality. All our farms are covered in this Report. The reporting period of this Report is from January 1, 2025 to December 31, 2025. This Report may include matters beyond the period to maintain the continuity of information.

Reporting Principle

In preparing this Report, we defined the contents of this Report and how the information is presented in line following the principles of "Materiality", "Quantification", "Balance", and "Consistency".

Materiality: In preparing this Report, we identified key stakeholders and key ESG issues of their concern, and made targeted disclosure according to the materiality of these issues. Details of the materiality assessment process are set out in the "Stakeholder Engagement" and "Material Issues" sections below.

Quantitative: In this Report, the key performance indicators (KPIs) concerning environment and society are shown in the form of quantitative data. And the measurement standards, methods, hypothesis and/or calculation tools, and source of conversion coefficient for the KPIs are explained in their respective places.

Balance: In this Report, the Company's positive and negative ESG information and performance are reported in a transparent and objective manner, covering five areas: Future, Responsibility, Environment, Society and Health.

Consistency: In this Report, the data is disclosed based on the same statistical methodology as in previous years, with certain changes clarified to ensure consistency.

Preparation Basis

This report is prepared in compliance with the requirements of *Appendix C2 Environmental, Social and Governance Reporting Code* ("ESG Reporting Code") to the *Main Board Listing Rules* ("Listing Rules") of the Hong Kong Exchanges and Clearing Limited ("HKEX"), and with reference to the *GRI Sustainability Reporting Standards* issued by the Global Sustainability Standards Board (GSSB). The "Responding to Climate Change" section is prepared in alignment with the *International Financial Reporting Sustainability Standard 2 — Climate-related Disclosures (IFRS S2)* issued by the International Sustainability Standards Board (ISSB).

Source of Data

The information, data and cases set out in this Report are adopted from the Group's official documents, statistical reports, financial reports or public documents, as well as information on ESG practices summarized by the Group's various functional departments. The Board of Directors is responsible for the authenticity, accuracy and completeness of the contents of the Report. This Report is published in both Chinese and English. In case of any inconsistency between the two, the Chinese version shall prevail.

Access to This Report

An electronic version of this Report is accessible on the Group's official website (www.moderndairyir.com) and the HKEX website (www.hkex.com.hk).

Board Statement

The Board of Directors of Modern Dairy oversees the Company's environmental, social, and governance (ESG) matters with the support of the Sustainability Committee. The Board has been engaged in the assessment, prioritization, and management of ESG-related issues, including their risks and materiality to the Company's business.

Our Sustainability Committee reviews and assesses the progress of ESG goals for the year and discusses the goals for the next year. The Sustainability Committee received a special presentation from management on the achievement of environmental and social goals for the year, gaining an understanding that the phased targets for energy conservation and emissions reduction, water saving and waste reduction, health and safety, and human rights protection had been achieved. In addition, given our ESG management status, the Sustainability Committee received and reviewed the setting of 2026 targets.

This Report, reviewed and approved by the Board of Directors on March 13, 2026, also discloses the aforementioned environmental, social and governance issues in detail.

About Modern Dairy

Company Profile

Modern Farming (Group) Co., Ltd. ("Modern Dairy") was founded in Ma'anshan, Anhui Province in 2005 and listed on the Hong Kong Stock Exchange in 2010. As a leading enterprise in China's dairy farming industry, Modern Dairy leverages on digital and intelligent innovation to build an integrated industry chain "from seed to glass". We work with our strategic shareholder Mengniu Dairy to achieve synergy and win-win results.

Modern Dairy has long been a pioneer in innovation and value chain expansion and enhancement, leading the way in large-scale dairy farming with the groundbreaking model of 10,000-cow mega-farms. Today, the Company invests and operates a total of 47 dairy farm companies in China, covering 14 provinces and autonomous regions, with 53 modern dairy farms spanning both northern and southern regions. By the end of this year, the total number of dairy cows reached 457 thousand, with the proportion of mature dairy cows increasing to 58.2%. The annual total milk production amounted to 3.335 million tonnes. Building on the strength and excellence of its core raw milk business, Modern Dairy is accelerating the development of the "second growth curve" through innovative business models. To this end, we have built an integrated, end-to-end industrial ecosystem encompassing dairy farming, forage cultivation and processing, trading platforms, breeding and genetics, and preliminary milk processing. The Company is actively exploring service-based models in animal husbandry, establishing Modern Zhiniu to deliver farm management solutions. Through outsourcing services, we are expanding our footprint overseas, unlocking new profit drivers and setting new benchmarks for quality and operational standards. Through these efforts, we are driving long-term resilience and progress across China's dairy industry.

At Modern Dairy, we put quality in the first priority, always pursue excellence, and strive to create first-class quality and brand. Modern Dairy was awarded the "National Key Leading Enterprise of Agricultural Industrialization", becoming the first company in China to win the gold medal of the World Food Quality Evaluation Conference for 12 consecutive years, and the first animal farming group in the world to pass the "Quality Milk Project - Accredited Milk" acceptance.

Modern Dairy actively fulfills its responsibilities and demonstrates its commitment. We continue to lead the industry in sustainable development by launching the "FRESH Sustainability Strategy", which focuses on the five pillars of Future, Responsibility, Environment, Society, and Health. We have published ESG reports for 12 consecutive years, set industry-leading two goals of carbon peaking and carbon neutrality, and joined the United Nations Global Compact (UNGC). We are vigorously promoting green transformation of the industry chain and providing regular assistance in rural revitalization, education support and other areas. We are dedicated to public welfare activities and promoting common prosperity.

Adhering to the enterprise spirit of "born to be strong and go beyond ourselves", Modern Dairy released the Green Leadership 2030 Vision and successfully launched the "6555511 plan". We remain deeply committed to six key stakeholder groups: the nation, society, collaborative partners, employees, shareholders, and technology. Our strategy focuses on five core business pillars: strengthening dairy farming; scaling up forage operations; enhancing platform efficiency; advancing precision breeding; and creating value through deep processing. Through these efforts, we are driving toward the "555 goal" and working to realize our long-term vision: to become a global leader in technology and talent, and a benchmark player shaping the future of the dairy industry. Under the main tone of adhering to the "demonstration of the construction of Party working style and clean government, the unified procurement and entering and the unified performance management as a model, and the organizational performance management as a benchmark", we focus on profits and quality upgrading, fully implement the "44621" action program, and create a striving system toward the top. In the future, Modern Dairy will continue to seek potential and increase efficiency, strengthen digital intelligence innovation, expand the industrial chain, and create high-quality brands, realizing the grand vision of "being a global dairy farming leader", and comprehensively help China's dairy industry to achieve stability and long-term development.

Corporate Culture Panorama



Corporate Culture Panorama



Enterprise Spirit: Born to be strong and leap beyond ourselves

High standards, high quality and high efficiency; put heads together to achieve win-win results and build a green and sustainable development of the whole industry chain ecosystem.

Efficiency first and cost-advantages;
Teamwork and courage to take responsibility and act;
Fairness, justice and openness;
Empower the team and achieve mutual success.

Innovation drives the future forward, and take value growth as the direction, advocate the innovative spirit of full participation and daring to be the first so as to lead the high-quality development of the industry.



Excellent quality;
Friendly environment; Life supremacy; Bottom lines of incorruptibility.

Committed to cultivating the fastest-growing, most professional, most valuable, and most respected talents in the industry.

Sustainability Strategy



Future

"Dual-carbon" project
Circular agriculture and animal husbandry
Digital and intelligent innovation

Responsibility

ESG Governance
Compliance and risk control
Business ethics

Environment

Sustainable operations
Biodiversity
Sustainable procurement

Society


Employee well-being
Community development
Rural revitalization

Health


Nutrition and health
Excellent quality
Animal welfare

Sustainability Impact Achievements


ESG Ratings




In 2025, MSCI upgraded our ESG rating from BBB to A, ranking the Company first among Chinese dairy farming enterprises.



In 2025, Modern Dairy achieved a S&P Global CSA score of 71, a 25% improvement from last year (57), ranking first among Chinese dairy enterprises.



Modern Dairy has received the CDP Management Level rating for three consecutive years, as recognized by the CDP, a global environmental information research center.



In 2025, Wind upgraded our ESG rating from A to AA, ranking second among 231 food companies.

Excellence in Sustainability Management

In 2025, Modern Dairy implemented the "FRESH" Sustainability Strategy by establishing clear ESG goals and conducting regular progress assessments to drive steady execution. The Company deeply embedded ESG principles into organizational operations, business processes, and cultural development, ensuring active management participation and oversight. Through systematic institutional frameworks, supervision and evaluation mechanisms, and budgetary controls, it provided structural support for the implementation of the ESG strategy and contributed a replicable management model for the industry.

Mechanism Development

The Company linked core ESG performance to the compensation of the CEO, executive directors, VP-level managers, and departmental managers by setting both quantitative and qualitative ESG assessment targets, with a weighting of no less than 5% in overall performance evaluation. In 2025, sustainability performance targets were fully integrated into the performance assessments of middle management and the Group's annual outstanding recognition criteria, forming a closed-loop management cycle of "goal-setting, implementation, assessment, and incentivization". We formulated and issued the *Modern Dairy Sustainability Management System* to guide the Group's practices under a systematic management framework.

Special Initiatives

In response to concerns from internal and external stakeholders, all 12 prioritized sustainability initiatives were successfully implemented, establishing model projects for sustainable development in the animal husbandry sector. A cross-departmental collaboration mechanism was established with clear objectives, and progress was regularly tracked and dynamically optimized to ensure effective execution.

Empowerment Enhancement

A dual-meeting mechanism consisting of the semi-annual All-Staff Empowerment Conference and the annual Executive and Board ESG Special Meeting was established to systematically review sustainability performance, and analyze industry policy trends and identify potential risks and opportunities. External experts were regularly engaged to conduct targeted training, accurately interpreting ESG policy developments and benchmarking against leading industry management practices, thereby strengthening organizational alignment and consensus on sustainability management.

Awards and Honors



Modern Dairy was included in the S&P Global's Sustainability Yearbook (China Edition) 2025



The innovative practice of "Full-chain Intelligent Control + Ecological Recycling" in Modern Dairy's cattle breeding, aimed at cost reduction and efficiency improvement, was selected as a National Typical Cases of Grain Saving in Animal Husbandry.



Modern Dairy's low-carbon breeding model was recognized by the Food and Agriculture Organization of the United Nations (FAO).



The case of High-Value Utilization of Livestock Waste and Low-Carbon Dairy Farming was selected as an "Outstanding ESG practice in 2025" by the Ministry of Ecology and Environment, and was included in the 2025 Corporate ESG Case Compilation.



Our Shuangcheng Farm was designated as a pilot site for the Biodiversity-Friendly Farm Program by the Department of Communications and Education of the MEE.



As the sole Chinese dairy representative, Modern Dairy was invited to the launch event of the "SDG Supply Chain Champions Alliance" by the United Nations Global Compact (UNGC).



The "Creating a Low-Carbon Dairy Farming Model" practice was included in the "2025 Corporate Climate Action Case Collection", published by the MEE.



Modern Dairy was honored as "a National Key Leading Enterprise in Agricultural Industrialization"



Modern Dairy's smart farm breeding model was selected as a typical case by the Ministry of Agriculture and Rural Affairs.



Modern Dairy was awarded the "2025 Belonging Awards" by the Employer Branding Institute, becoming the only dairy farming enterprise to receive this authoritative recognition for three consecutive years.



Modern Dairy was among the first batch recipients of the 2025 "Well-Being Workplace" award by the Employer Branding Institute.



Modern Dairy was awarded the "2025 Enterprise for Sustainable Development Leadership Award" at the 4th International Green Zero-Carbon Festival and ESG Leadership Summit 2025.



The "Green Transformation Model for Dairy Farming: Full-Value-Chain Pollution Reduction and Carbon Mitigation" was selected as an outstanding case in the *Report on Low-carbon Agricultural and Rural Development in China (2025)*.



Modern Dairy's sustainability bond issuance was recognized as the "Best Bond Deal of the Year" (China Offshore Market)" award from Finance Asia.



Modern Dairy was awarded the "ESG Model Enterprise Award" at the 14th Philanthropy Festival



Modern Dairy was awarded the Stockstar "ESG New Benchmark Enterprise - Social Contribution Award".



Modern Dairy was honored with the "annual ESG Pioneer Company Award" at the NetEase New Energy Dairy Industry Selection for three consecutive years.



Modern Dairy was recognized as one of the "2025 Best Practice Cases in Sustainable Development of Listed Companies" by the China Association for Public Companies.



Modern Dairy won two Employer Branding Creativity Awards for 2025 — "Best Social Responsibility Program" and "Best Employer Brand Video Story".

ESG Performance Highlights

Future

Taking 2021 as the base year, by the end of 2025, the Group's greenhouse gas emission intensities per kilogram of FPCM (Fat and Protein Corrected Milk) have achieved:

Carbon emission intensity reduced by **10%**

Methane emission intensity reduced by **8%**

Accumulated **96** valid patents

Bred **45** high-genetic-value breeding bulls, with **200** thousand doses of frozen semen produced

Installed smart collars on **115** thousand dairy cows

Responsibility

Completed **32** audit projects

0 litigation cases related to corruption or fraud

0 incidents of information security breaches or customer data leaks

Conducted **47** business ethics training sessions for employees

totaling over **5,600** training hours

achieving **100%** training coverage

Environment

100% self-built farms in operation obtained the ISO 14001 Environmental Management System Certification

Total power generation from photovoltaic and biogas projects reached **190** million kWh, comprising:

123 million kWh from biogas

67 million kWh from photovoltaic systems

Approximately **1.44** billion cubic meters of organic manure wastewater were recycled

Sourced **125,100** tonnes of deforestation-free soy cumulatively

Successfully issued a USD **350** million, 5-year senior unsecured sustainability bond

Society

Female employees accounted for **31.3%**

Conducted **3,812** training sessions, with a total of **262** thousand training hours

averaging **28.51** hours per employee

covering **100%** employees

100% of eligible operations were certified under ISO 45001

In 2025, Modern Dairy donated RMB **3.01** million worth of funds and gifts to external charitable causes and organized **47** public welfare activities.

Over the past five years, the cumulative charitable giving amounted to RMB **17.42** million

Deepened collaboration with over **200** village committees, creating employment opportunities for more than **10,000** person-times

Purchased **2.94** million tonnes of silage in 2025, indirectly driving employment and income growth across the industrial chain.

Health

46 farm legal entities passed the ISO 9001 Quality Management System Certification

10 farms obtained the Farm Animal Welfare Product Certification

4 farms obtained the A2 β -Casein Dairy Certification

21 farms obtained the Student Milk Source Base Certification

5 farms obtained the China National Organic Product Certification

100% food safety pass rate for raw milk

100% customer satisfaction in raw milk


Modern Dairy's 20-Year Journey: Forging a New Sustainable Milk Ecosystem in China

From the Banks of the Yangtze River to the Global Stage

Modern Dairy's 20-year journey has unfolded in step with the times. From the "dairy industry rectification and revitalization plan" to the revision of the *Food Safety Law of the People's Republic of China*, from the recognition of "seed industry revitalization" as a national strategic priority, to the setting of the carbon peak and carbon neutrality goals, Modern Dairy has consistently marched to the nation's beat, transforming each policy pulse into a powerful stride forward. Running with the times, we respond to the call of the era: compressing a century of global dairy progress into twenty years of determined endeavor, and inscribing a legendary chapter in the story of China's dairy industry.


2005

Modern Dairy was established in Ma'anshan, Anhui Province, where the first 10,000-head dairy farm officially commenced construction.




2006

Modern Dairy commenced full operations and swiftly replicated the Ma'anshan model, constructing farms in Wenshang and Saibei.




2007

Modern Dairy accelerated expansion with a nationwide strategy, completing the establishment of the Hongya farm and finalizing the site selection for the Shangzhi farm.




2008

Modern Dairy partnered with global investors including KKR (USA) and Ding Hui (Hong Kong) to execute capital increase and restructuring, achieving lease-free growth.




2009

Modern Dairy expanded to 10 large-scale farms with over 10,000 head capacity each, reaching a total cows size exceeding 100,000 cows.




2010

Modern Dairy was officially listed on the Hong Kong Stock Exchange under stock code 01117.




2011

Premier Wen Jiabao visited the Saibei farm and affirmed the company's development model.




2012

Modern Dairy successfully launched our own brand of pure milk.




2013

The Shanghe farm was established.




2014

Modern Dairy's shelf-stable pure milk won the Monde Selection Gold Award.




2015

Modern Dairy was selected as a member of the China Dairy D20 Alliance.




2016

Became the first enterprise to pass the "High-Quality Milk Project" for both pasteurized milk and UHT milk simultaneously.




2017

Modern Dairy acquired by Mengniu Group, with Mengniu becoming the controlling shareholder.




2018

Framework cooperation agreement signed with CITIC Environment and CITIC Agricultural Industry Fund to maximize asset and production.




2019

New Hope Dairy introduced as second-largest shareholder to strengthen synergy and build full industry chain layout.




2020

Grand 15th-anniversary celebration held, with the Five-Year Leadership Plan officially launched.




2021

Acquired Fuyuan to build China's largest animal husbandry platform.




2022

Modern Dairy officially launched the Champion Culture initiative.




2023

Modern Dairy officially released the Green Leadership 2030 Success Blueprint.




2024

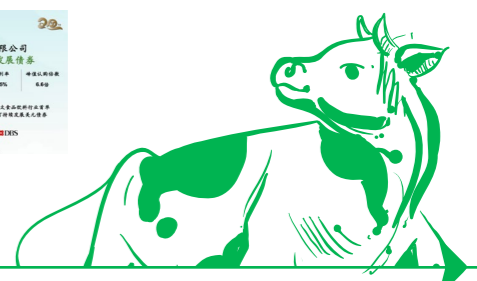
Modern Dairy unveiled the "FRESH" Sustainability Strategy.



2025

Modern Dairy successfully issued a USD 350 million 5-year sustainability bond.





Today, Modern Dairy manages a herd of over 457 thousand dairy cows, produces 3.335 million tonnes of fresh milk annually, invests in and operates 47 dairy farm companies. Behind every number lies an unwavering pursuit of green development, quality excellence, technological innovation, and corporate responsibility. This is how tangible change is delivered and industry leadership is defined.

Green: From "Pioneer in Carbon Reduction" to "Model of Low-Carbon Sustainability"

As China's "carbon peaking and carbon neutrality" strategy advances in full swing, Modern Dairy has consistently explored green development paths as a pioneer. We started by conducting a thorough carbon inventory to determine our baseline emissions. We built a robust carbon management system and obtained authoritative third-party verification. This enabled us to become one of the first companies in the industry to set ambitious carbon targets. In 2023, we launched the "Green Leadership 2030" vision. In 2024, we created China's first dairy industry sustainability blueprint – the "FRESH" Sustainability Strategy, embedding the principles of green development into our core operations.

We have adopted a new, integrated model underpinned by circular and low-carbon principles. Across our farms, rooftops are equipped with solar panels, manure is converted into biogas for energy, and what was once considered waste now fuels circular economic practices. Our decarbonization case has been featured in a United Nations Global Compact report. For three consecutive years, we have co-hosted Green Farm Open Days with the Ministry of Ecology and Environment, raising public awareness of sustainability. Today, Modern Dairy is turning the vision of sustainability into tangible action with a lower carbon footprint.



Three Group Farms Honored as "China's First Batch of Low-Carbon Demonstration Dairy Farms"



"Symbiosis of All Beings, Sustainable Harmony", 3rd Green Farm Open Day Jointly Building a Biodiversity-friendly Farm

Quality: From "Achieving Ultimate Quality" to "Setting Global Benchmarks"

Quality is in our DNA. According to the *Regulations on the Supervision and Management of the Quality and Safety of Dairy Product* and the *Food Safety Law of the People's Republic of China*, we established the Q-PEAK Quality Management System, a standard that surpasses EU requirements. With 105 meticulously monitored processes, we ensure seamless oversight across the entire supply chain. Our raw milk maintains bacterial counts below 10,000 CFU/mL and somatic cell counts as low as 140,000 cells/mL, significantly outperforming EU benchmarks. For ten consecutive years, we have maintained a 100% product compliance rate. Every drop of milk is traceable, verifiable, and trustworthy.

Fulfilling our mission to support the "Healthy China" initiative, we are leading the transformation from "access to drink" to "access to premium milk". Our UHT pure milk has won the Monde Selection Gold Award for 12 consecutive years since 2014. Moreover, Modern Dairy is the first dairy farming company in China to obtain the "High-Quality Milk Project - Accredited Milk". These are not just numbers or honors. They represent our enduring commitments and reflect our role in restoring trust and driving a quality revolution in China's dairy industry, showcasing the confidence and strength of Chinese brands on the global stage.



Our UHT pure milk has won the Monde Selection Gold Award for 12 consecutive years since 2014.

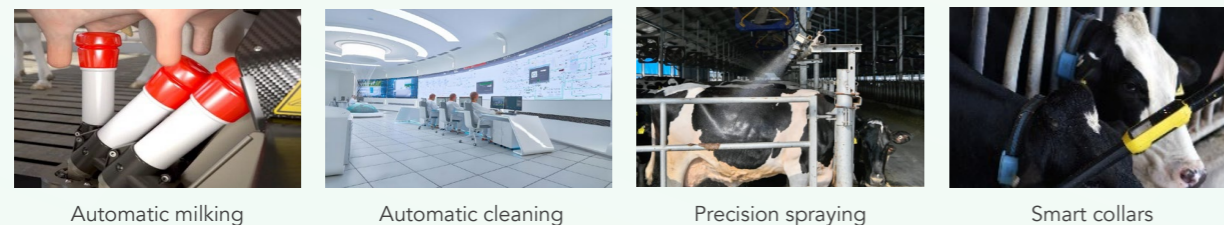


The first dairy farming company in China to pass the "High-Quality Milk Project - Accredited Milk"

Technology: From "Traditional Farming" to "Smart Farming"

As the digital economy reshapes traditional agriculture, Modern Dairy has taken a pioneering role in building China's leading integrated smart farming solutions. Innovations such as automated teat disinfection robots, the AI Cattle Expert platform, and self-developed feed-pusher vehicles are transforming dairy operations. Over 85% of our farms now operate with digital intelligence, replacing experience-based judgment with data-driven decisions. In 2025, this innovation journey was recognized with the second prize of the National Scientific and Technological Progress Award. We have actively responded to the *Grain-saving Action in Animal Husbandry Sector*, our "End-to-End Intelligent Control + Ecological Recycling" model was recognized by the National Animal Husbandry Services as a national model case for feed efficiency. From "knowing how to farm" to "farming with intelligence", Modern Dairy has become a trailblazer and demonstration model for smart dairying in China.

In response to the national call for "technology-powered agricultural revitalization", we have made a technological leap from "raising better cows" to "breeding superior genetics". We launched "Modern No.1", China's first commercially available liquid phase cow genome chip, creating a homegrown "China Chip" for animal breeding. With two national-level key breeding farms established, we have successfully bred 45 high-genetic-value breeding bulls, with net merit indices ranking among the top in China. It's clear that technology is the strongest engine powering Modern Dairy's high-quality development.



Automatic milking | Automatic cleaning | Precision spraying | Smart collars



Recognition as national-level key breeding farms

Second prize of the National Scientific and Technological Progress Award

Responsibility: From "Business Deepening" to "Value-Driven Ecosystems"

As an industry leader, Modern Dairy centers the strategy on "Shared Value", deeply integrating corporate development into the value framework of the times. We support rural revitalization through a six-pronged strategy encompassing "enriching agriculture through forage, supporting agriculture through talent, assisting agriculture through public welfare, benefiting agriculture through finance, modernizing agriculture through digital intelligence, and revitalizing agriculture through green initiatives", boosting employment and income growth throughout the entire industrial chain. We have conducted more than 100 public welfare initiatives, such as education support and poverty relief. The cumulative donation amount over the past five years is RMB17.42 million, demonstrating our commitment to societal well-being. By upholding people-first value, we foster a unique workplace culture rooted in well-being and inclusion. For three consecutive years, we have been honored with the "Belonging Award", reflecting how company progress and employee growth resonate in harmony.

Leveraging the broad reach of the dairy value chain, we promote collaborative value creation across the industry. We have published industry white papers and launched empowerment programs, sharing best practices in low-carbon operations, digital farming, optimized procurement, and lean management. This has provided practical support to over 500 social farms. In 2025, we released the *Modern Dairy Report on Monetized Measurement of Social Value and Strategic Impact (2024)*, becoming the first in the industry to quantify social contributions with a total social value exceeding RMB3.3 billion. Together with ten upstream and downstream partners, we became founding members of the UNGC's "25 Sustainable Development Supply Chain Leaders Alliance". In this way, Modern Dairy's growth carries greater industrial significance and broader societal expectations.



The "Six-in-One" rural revitalization strategy

Honored with the "Belonging Award" for three years and among the first Chinese recipients of the "Well-Being Workplace"

Modern Dairy as a founding member of the UNGC's "25 Sustainable Development Supply Chain Leaders Alliance"

Technology is our foundation; Green development is our purpose; Quality is our commitment; Responsibility is our anchor. As stewards of the land, we never stand still and are always ready to forge ahead as pioneers. We are engraved with the gene of "born to be strong", navigating the waves of change to lead from the front. We are driven by the resolve of "going beyond ourselves", striving with purpose toward each new frontier. Two decades on, we are at a new starting point. We will cross mountains and seas and reach for the stars, leading China's dairy industry into a bold new era of sustainable progress.

01 Future

Modern Dairy is committed to advancing high-quality development in China's dairy industry. We are proactively addressing the challenges of climate change by building a low-carbon foundation for ecological sustainability. Through deep investment in research and innovation, we empower sector-wide progress with technological leadership. By accelerating our smart farm strategy, we drive development and upgrading through full-chain innovation and digital transformation — shaping a sustainable and intelligent future for China's dairy industry.

The SDGs corresponding to this chapter:



社会责任

食品安全对消费者负责
防疫安全对产业负责
环境安全对子孙后代负责

企业定位

高标准 高定位 高起点
用国家标准做今天的乳业
做产业一体化全球引领者

Responding to Climate Change

As China's leading dairy cattle farming operator and raw milk producer, Modern Dairy recognises that addressing climate change is a shared responsibility of all humanity. We proactively integrate climate action into our corporate strategy and day-to-day operations, fulfil our social responsibilities, and systematically advance our low-carbon transition. In accordance with the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), the Company continuously explores and implements green initiatives across the entire value chain, steadily pursues its "dual-carbon" strategy, and promotes the effective implementation of its emissions reduction targets in a science-based manner.



Climate Governance

To systematically enhance its climate governance capabilities, Modern Dairy has incorporated the identification, assessment and management of climate-related risks into its enterprise-wide risk management framework. We have established a climate risk governance structure with the Board Sustainability Committee as the highest governing body, clearly defining management responsibilities at each level from the top down to ensure that climate management is embedded throughout the Company's operations.

Board Sustainability Committee

Responsible for the overall oversight of the Company's sustainability matters; regularly reviewing and providing guidance on management's reports on climate change and "dual-carbon" progress; overseeing the operation of the Company's climate risk management mechanism; and ensuring the effective and continuous implementation of relevant internal control systems.

Sustainability Executive Committee

Serving as the key interface between the Board and the management team, the Committee comprises core senior executives from the Group. It is responsible for the overall deployment and systematic advancement of the Company's climate-related work, formulating strategic plans and policies, clarifying each division's roles, responsibilities and targets in climate action, and continuously monitoring progress on climate performance to ensure the implementation of the Company's FRESH Sustainable Development Strategy.

Sustainability Working Group (comprising sustainability officers and liaison persons from relevant business departments of Modern Dairy)

Responsible for executing the Group's strategic directives and carrying out the Group's dual-carbon actions. Each relevant department formulates and implements specific dual-carbon strategies and management documents in accordance with its respective responsibilities, breaks down major strategic targets into actionable emissions reduction measures and climate risk mitigation actions, conducts regular quantitative assessments of emissions reduction outcomes, and reports progress and results to the Board Sustainability Committee.

Modern Dairy has engaged independent professional service firms to provide external expert advice on the identification, assessment and management of climate-related risks and opportunities, assisting the Company in staying abreast of regulatory developments and industry practices in a timely manner.

The Board Sustainability Committee of Modern Dairy receives at least one dedicated training session on ESG and climate-related matters annually to ensure it possesses adequate oversight and decision-making capabilities. This includes a thorough understanding of the potential impact of climate-related risks and opportunities on the Company's operations and financial performance, effective oversight of the formulation and implementation of response strategies, and the prudent assessment and determination of the Company's acceptable level of climate risk in the context of significant transaction decisions.

The Company has integrated climate-related key performance indicators (KPIs), including greenhouse gas (GHG) emissions accounting, into the performance management system for management and relevant responsible departments, thereby incentivizing teams to proactively address climate-related challenges and supporting the Board in evaluating the effectiveness of related strategies and measures. In particular, climate performance metrics such as carbon emissions reduction management are linked to the remuneration and performance of the CEO, Executive Directors, Vice Presidents (VPs), and management personnel at all departmental levels.

Climate Strategy

Modern Dairy is actively advancing its dual-carbon strategy by setting quantitative carbon emission intensity targets through 2035 and embedding "energy conservation and emissions reduction" into its corporate strategic planning, thereby promoting the synergistic development of low-carbon transition and efficiency improvement to provide strong support for the sustainable development of the industry. Modern Dairy closely tracks global climate governance trends, researches and identifies domestic and international policy requirements, uses climate scenario analysis to identify potential impacts, scientifically assesses the risks and opportunities arising from climate change, organically integrates climate factors into its strategic decision-making framework, continuously enhances the adaptive capacity of the Company and its upstream and downstream partners, and steadily advances green supply chain development.

Climate-related Risks and Opportunities

Building on a thorough consideration of the Company's strategic development objectives, business operations and value chain impacts, we continuously refine our mechanisms for identifying climate-related risks and opportunities, undertake in-depth analysis of the material risks and potential opportunities that may arise from climate change and the related transition, and assess their financial implications.

Process for Identifying and Assessing Climate-related Risks and Opportunities

We systematically identify and assess climate-related risks and opportunities, building a comprehensive inventory covering both physical and transition risks, and prioritising material issues. For physical risks, we employ climate hazard models to assess the geographic impacts of extreme climate events (e.g., floods, storms, extreme heat, droughts) and long-term climate change trends (e.g., temperature changes, sea-level rise), conducting regional exposure scoring based on asset values and types to quantify the potential financial impact on Modern Dairy's operations. For transition risks, we leverage climate assessment tools, grounded in the specific characteristics of our industry, to conduct in-depth analysis of transition scenarios at the national and city levels and assess the material risks and opportunities arising from policy, technology and market changes. Based on the assessment findings, we further identify the financial impact of key issues, formulate targeted response strategies, drive their implementation, and continuously enhance our climate resilience and sustainability.

Building the Risk and Opportunity Inventory

During the reporting period, we screened and identified climate-related risks and opportunities by comprehensively considering the Company's business model and value chain, industry practices, and the outcomes of stakeholder engagement. We clarified where they are concentrated in our own operations and value chain, compiled a risk and opportunity inventory, and continue to conduct ongoing monitoring and management.

Through interviews with business departments and value chain stakeholders, we identified a total of 14 categories of climate-related risks and opportunities applicable to Modern Dairy, comprising 7 categories of acute and chronic physical risks, 3 categories of transition risks, and 4 categories of climate opportunities.

Category	Risk and Opportunity Identification List	Reference Code
Acute Physical Risks	Extreme Precipitation	P1
	Flooding	P2
	Typhoon / Storm	P3
	Extreme Heat	P4
	Extreme Cold	P5
Chronic Physical Risks	Rising Average Temperatures	P6
	Water Stress	P7

Category	Risk and Opportunity Identification List	Reference Code
Transition Risks	Policy and Legal Risk	T1
	Market Risk	T2
	Reputational Risk	T3
Opportunities	Products and Services	O1
	Energy Sources	O2
	Market	O3
	Resilience	O4

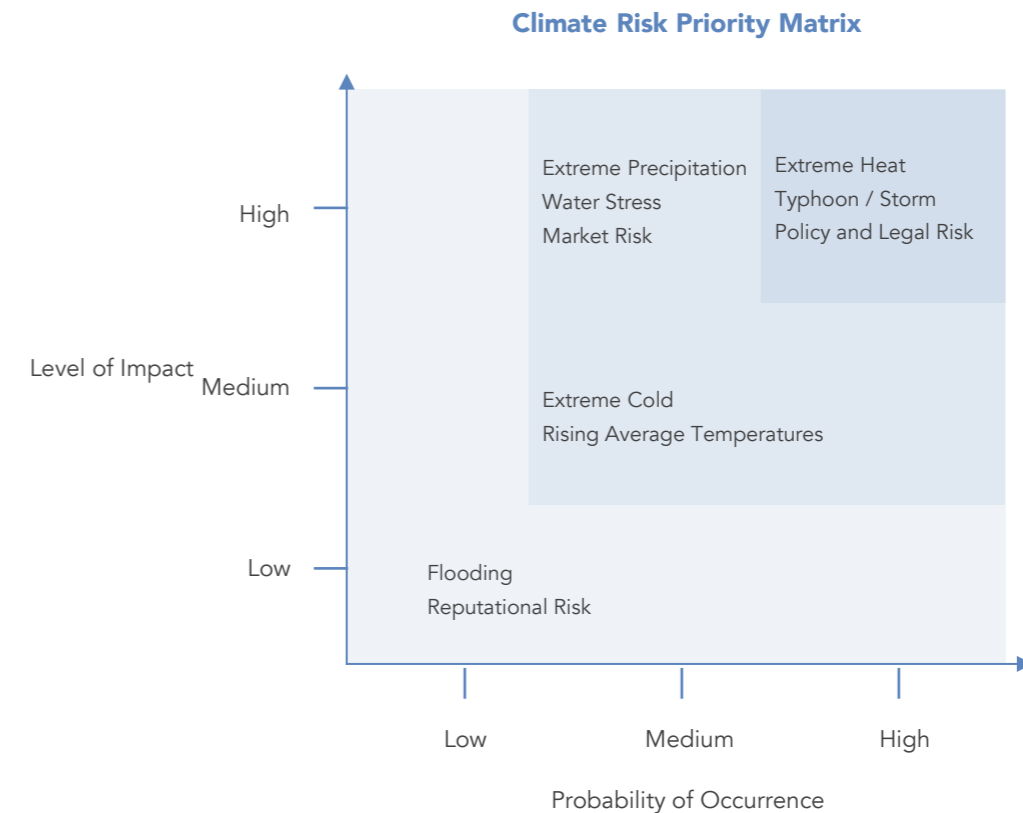
Assessment of Impacts of Climate-related Risks and Opportunities

Category	Upstream	Own Operations	Downstream
	Forage Cultivation & Feed Processing	Farm Operations	Dairy Processing & Sales
Physical Risk Impacts	<ul style="list-style-type: none"> Extreme climate events such as extreme precipitation, flooding and typhoons/storms may disrupt forage harvesting and storage, and the supply and delivery of materials required for production operations (P1, P2, P3) Prolonged high temperatures may affect the growth cycle and yield of feed crops (P6) 	<ul style="list-style-type: none"> Extreme climate events such as extreme precipitation, flooding and typhoons/storms may cause damage to cattle housing and other infrastructure (P1, P2, P3) Increased frequency of extreme heat and cold may cause heat stress and cold stress in cattle, leading to higher risks of hoof disease, increased respiration rates and elevated mortality rates, directly affecting milk yield, veterinary drug usage and energy consumption; prolonged impairment of cattle health will adversely affect herd reproduction (P4, P5) Hot and humid conditions may increase operational costs associated with day-to-day cattle health management (P1, P4, P6) Prolonged high temperatures and water stress may constrain irrigation water availability, affecting farm expansion and feed self-sufficiency (P6, P7) 	<ul style="list-style-type: none"> Extreme weather events such as extreme precipitation, flooding and typhoons/storms may cause severe damage to water supply or power supply facilities required for production, which could lead to disruptions in downstream factory production lines and other business activities (P1, P2, P3) Extreme climate events may lead to logistics disruptions, affecting the quality and timely delivery of downstream products (P1, P2, P3) Prolonged high temperatures may increase temperature-control costs in raw milk storage and transportation (P6) In water-scarce areas, water shortages and excessive water dependency may necessitate production curtailments, directly affecting raw milk procurement volumes (P7)

Category	Upstream	Own Operations	Downstream
	Forage Cultivation & Feed Processing	Farm Operations	Dairy Processing & Sales
Transition Risk Impacts	<ul style="list-style-type: none"> Climate change may affect the stability of feed supply and price volatility (T2) 	<ul style="list-style-type: none"> The continuous introduction of low-carbon and emissions reduction policies, and the ever-strengthening energy-saving and carbon-reduction requirements for corporate production operations, may increase costs related to carbon measurement and management, and require the timely deployment of viable emissions reduction measures (T1) As climate-related disclosure requirements become increasingly stringent, failure to establish timely capabilities in climate risk and opportunity management and disclosure may give rise to compliance disclosure risks (T1) 	<ul style="list-style-type: none"> Rising demands for product carbon footprint transparency require tracing methane and carbon emissions data from the raw milk production stage; the Company faces requirements from downstream customers for carbon information disclosure and collaborative emissions reduction (T2) As regulators, shareholders, partners, customers and the public increasingly focus on climate change, failure to take effective measures to manage and respond to climate-related risks may expose the Company to reputational damage (T3)
Opportunity Impacts	<ul style="list-style-type: none"> Developing low-methane feed formulations to reduce GHG emissions from enteric fermentation in dairy cattle (O1) 	<ul style="list-style-type: none"> Optimising the energy mix in production operations, promoting renewable energy use and expanding the development and construction of renewable energy projects (O2) In the future, the Company expects to participate in voluntary carbon markets, converting internal emissions reduction outcomes into tradable carbon assets and realising the conversion of environmental value into economic returns (O3) By advancing manure resource utilisation and biogas-to-biomethane projects, the Company has the potential to produce sustainable fuels and, in the future, participate in sustainable fuel trading or green energy supply (O3) National policies promoting agricultural green transformation encourage enterprises to implement manure resource utilisation, converting cattle manure into clean energy for on-site power generation or grid-connected electricity sales (O4) 	<ul style="list-style-type: none"> Growing public awareness of renewable energy use and the circular economy is gradually increasing the willingness to purchase sustainable products and services (O3)

Prioritisation of Risks and Opportunities

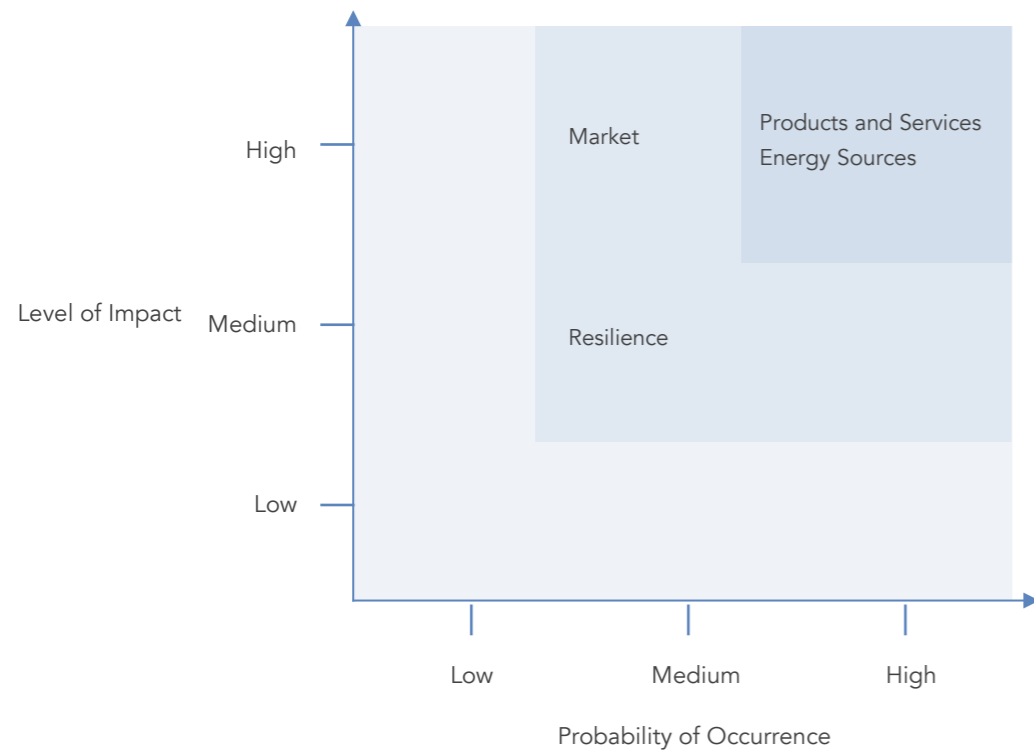
Based on the results of our climate risk and opportunity identification exercise, we assess the overall priority of each climate risk and opportunity impact across two dimensions: the likelihood of the risk or opportunity materialising, and the magnitude of its impact on the Company's business and value chain.



Among physical risks, extreme heat and typhoons/storms are rated Very High. Extreme heat is annual and systemic in nature, directly impacting cattle production performance and farm profitability; typhoons/storms are highly destructive and prone to damaging facilities and disrupting operations, affecting business continuity. Extreme precipitation and water scarcity are high-level risks. Extreme precipitation can easily damage infrastructure and increase facility maintenance costs; water stress constrains core processes such as drinking water and feeding, and will drive up resource costs over the long term, placing sustained pressure on sustainable operations. Extreme cold is rated Medium, by which easily induces cattle stress and damages facilities, disrupting winter operations. Rising average temperatures are rated Medium, and its impacts are concentrated in operational costs and facility maintenance, generally manageable overall, but require inclusion in routine prevention and control measures. Flooding is rated Low, with low probability and limited impact, which can be effectively managed through improvements to emergency response and drainage systems.

Among transition risks, policy and legal risk represents the core compliance risk; as low-carbon policies tighten, management costs and compliance penalty pressures rise, with impacts that are both mandatory and long-term in nature. Market risk ranks second; intensifying climate change will drive feed price volatility, supply disruptions and higher low-carbon requirements from downstream clients, directly affecting revenues and operations. Reputational risk has a smaller impact, is indirect and lagging in nature, and depends on the effectiveness of managing the first two categories of risk.

Climate Opportunity Priority Matrix



Regarding climate opportunities, the products and services opportunity increases costs in the short term but can reduce environmental compliance expenditure in the long term; the energy sources opportunity can improve energy self-sufficiency and shield against energy price volatility; and the market opportunity can generate additional revenue through carbon trading and green consumption. All three can optimise profitability and reduce compliance costs, and are therefore accorded higher priority. The resilience opportunity, while capable of reducing costs and increasing returns over the long term, has a long payback period and is more challenging to realise, and is therefore accorded lower priority.

Financial Impact Analysis¹

Current Financial Impact

To comprehensively assess and proactively respond to the challenges and opportunities posed by climate change, the Company systematically identified the actual financial impacts arising from climate-related risks and opportunities during the reporting period. This includes direct asset losses resulting from extreme weather events, as well as financial investments made in response to high physical climate risks.

During the reporting period, frequent extreme weather events globally and regionally resulted in substantial impacts on the Company's operational infrastructure. Various regions experienced extreme wind events of varying intensity, causing damage to the roofs of some barns. Insurance claims have been filed for the relevant losses, which are expected to be compensated through commercial insurance, with the overall financial impact remaining within a controllable range.

¹ The analysis of climate-related financial impacts for the current year covers the ranch companies invested and operated by the Group in Mainland China.

Concurrently, the Company continues to strengthen proactive climate risk management by advancing the upgrade of cooling facilities and reinforcing building windproof and waterproofing measures. Through these efforts, the Company is scaling up climate adaptation investments, continuously enhancing the disaster resistance and climate resilience of key facilities, and ensuring the stability of production operations.

Risk and Opportunity Category	Business Model Impact	Financial Impact Category	Value Range (RMB)
Physical Risks– Typhoon / Storm (P3)	Wind reinforcement works on core production buildings at multiple farms completed	Capital Expenditure	44,000,000 to 45,000,000
Physical Risks– Extreme Heat (P4)	Heat stress retrofits completed, including replacement of existing fans and sprinkler systems, with additional fans and precision sprinkler equipment installed	Capital Expenditure	17,000,000 to 18,000,000

Expected Future Financial Impact

Climate Scenario Analysis

The Company, with reference to the disclosure methodology and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), employs scenario analysis to assess, across key dimensions including the likelihood of climate risks and opportunities materialising, the timing of their impacts, and their financial implications, the potential effects of key climate-related risks and opportunities on business operations and financial performance under various climate scenarios.

Physical Risks

The Company references the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), selects three Shared Socio-economic Pathways (SSPs): Low-Carbon Scenario (SSP1-2.6), Intermediate Scenario (SSP2-4.5), High-Carbon Scenario (SSP5-8.5), conducting its own-operated farms in a physical climate risk analysis.

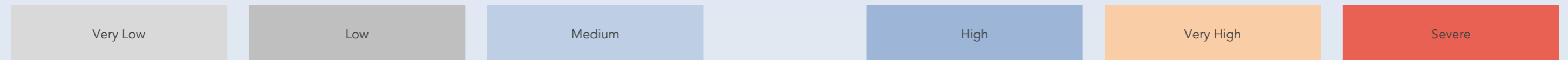
Scenario Name	Potential Temperature Increase	Scenario Description
SSP1-2.6: Low-Carbon Scenario	1.8°C (Likely range: 1.3°C-2.4°C)	A low-emission scenario under a sustainable development pathway. Through rapid and deep emission reduction measures, the effective radiative forcing is stabilized at 2.6 W/m ² by 2100, with global mean temperature rise kept to approximately 2°C.
SSP2-4.5: Intermediate Scenario	2.7°C (Likely range: 2.1°C-3.4°C)	An intermediate emission scenario representing socioeconomic development following historical trends and moderately progressing climate policies. The effective radiative forcing is stabilized at 4.5 W/m ² by 2100, with a global temperature rise of about 2.7°C.
SSP5-8.5: High-Carbon Scenario	4.4°C (Likely range: 3.3°C-5.7°C)	A very high-emission scenario characterized by intensive use of fossil fuels and a lack of effective climate mitigation actions. The effective radiative forcing reaches 8.5 W/m ² by 2100, with global mean temperature rise exceeding 4°C.

Financial Impact Analysis and Assessment Heat Map – Physical Climate Risks

Risk Category	Risk Name	Financial Impact on Business Model	Risk Category	SSP1-2.6: Low-Carbon Scenario			SSP2-4.5: Intermediate Scenario			SSP5-8.5: High-Carbon Scenario		
				Current Year	2030	2050	Current Year	2030	2050	Current Year	2030	2050
Acute Physical Risks	P1	Extreme Precipitation	<ul style="list-style-type: none"> Increasing frequency of extreme weather events leads to ongoing increases in infrastructure repair and reconstruction costs, as well as higher property insurance expenditure, further increasing operating costs Hot and humid conditions increase day-to-day cattle health management costs; facility upgrades increase capital expenditure on fixed assets Increased frequency of extreme heat and cold leads to more frequent use of fans, water curtains and sprinkler systems, with corresponding costs rising continuously; fluctuations in cattle milk yield may lead to unstable operating revenue, and operational costs such as veterinary drugs will increase 	High	High	High	High	High	High	Very High	Very High	Very High
	P2	Typhoon/Storm		Very High	Very High	Very High	Very High	Very High	Very High	Very High	Very High	Very High
	P3	Flooding		Medium	Medium	Medium	High	High	High	High	High	High
	P4	Extreme Heat		Very High	Very High	Very High	Very High	Very High	Very High	Very High	Very High	Very High
	P5	Extreme Cold		High	High	High	High	High	High	High	High	High
Chronic Physical Risks	P6	Rising Average Temperatures	Medium	Medium	Medium	High	High	High	Very High	Very High	Very High	
	P7	Water Stress	High	High	High	Very High	Very High	Very High	Very High	Very High	Very High	



Risk Level:



Transition Risks and Opportunities

The Company applies the Stated Policies Scenario and the Net Zero by 2050 Scenario from the IEA's *World Energy Outlook 2025* to systematically analyse the macro-environment changes the Company may face. For transition risks, we focus on changes in policy, market and reputational factors and their financial impact on the Company's business model and value chain; for climate opportunities, we focus on development opportunities and financial impacts from products and services, energy sources, market and climate resilience.

Stated Policies Scenario (STEPS)

Under this scenario, the latest energy-related policies of countries worldwide are interpreted, reflecting the current trajectory of the energy system. It considers specific energy, climate, and industrial policies implemented or announced, as well as other official national strategy documents indicating the direction of development.

Net Zero Emissions by 2050 Scenario (NZE 2050)

Under this scenario, the global energy sector achieves net-zero CO₂ emissions by 2050.



Financial Impact Analysis and Assessment Heat Map – Climate Transition Risks

Risk Category	Risk Name	Financial Impact on Business Model and Value Chain	Net Zero by 2050 Scenario (NZE 2050)		Stated Policies Scenario (STEPS)	
			2030	2050	2030	2050
Transition Risk	T1	Policy and Legal Risk	Low	Low	Medium	High
	T2	Market Risk	Low	Very Low	Medium	High
	T3	Reputational Risk	Very Low	Very Low	Medium	High

Risk Level:

Very Low	Low	Medium
High	Very High	Severe

Financial Impact Analysis and Assessment Heat Map – Climate Opportunities

Opportunity Name	Financial Impact on Business Model and Value Chain	Net Zero Emissions by 2050 Scenario (NZE 2050)		Stated Policies Scenario (STEPS)	
		2030	2050	2030	2050
Opportunities	O1 Products and Services	High	Very High	Low	Low
	O2 Energy Sources	High	Very High	Low	Low
	O3 Market	High	Very High	Low	Very Low
	O4 Resilience	High	Very High	Low	Medium

Risk Level:

Very Low	Low	Medium
High	Very High	Severe

Strategies and Measures

Modern Dairy combines the identified climate-related risks and opportunities, focuses on its own operations and the upstream and downstream supply chain, formulates and implements targeted response strategies and action measures, and integrates them into the Company's overall business planning to enhance the Company's climate adaptability and resilience.

Climate Risk Response Measures

Risk Category: Acute Risks

Measures:

- Establishing a standardised, dedicated emergency management framework for extreme climate disasters and conducting monthly emergency drills
- Ensuring adequate emergency supplies and timely notifying all business operating stations to implement preventive measures before extreme weather events occur
- Optimising transportation routes for materials and raw milk, coordinating proactively with traffic management authorities, and ensuring supply and delivery efficiency
- Strengthening temperature and humidity control in day-to-day cattle housing operations; at stations prone to extreme heat, installing shade canopies and additional sprinkler and fan systems, with fans and sprinklers activated based on changes in the Temperature-Humidity Index (THI) of the cattle housing
- At stations prone to extreme cold, implementing insulation measures such as hanging cotton curtains and providing warm water in drinking troughs
- Carrying out wind and rain reinforcement works at farms to improve the structural wind resistance of buildings
- Constructing rainwater collection ponds and drainage areas to upgrade the flood prevention system and water recycling facilities

Risk Category: Chronic Risks

Measures:

- Installing additional cattle monitoring equipment to track cattle health in real time
- Actively researching nutritional solutions, such as yeast-based solutions to alleviate heat stress in cattle, optimising feed formulations and ensuring animal welfare
- Setting warning temperatures and rejection temperatures for fresh milk to ensure product quality

Risk Category: Policy and Legal Risk

Measures:

- Establishing a rigorous carbon verification mechanism and conducting specialised GHG verification and management initiatives to continuously improve data quality
- In accordance with the regulations and reporting guidelines of regulators, disclosing key environmental data including energy consumption and carbon emissions in a high-quality and standardised manner
- Dynamically tracking emerging policy developments and regulatory requirements in operating locations to ensure proactive compliance

Risk Category: Market Risk

Measures:

- Advancing the zero-distance feed transportation model by constructing in-farm feed factories to reduce the carbon footprint of long-distance feed transportation
- Providing traceable low-carbon raw milk to meet downstream customers' requirements for low-carbon products

Risk Category: Reputational Risk

Measures:

- Actively participating in the development of national and industry standards to lead the industry's low-carbon transition
- Strengthening communication with investors, customers and consumers to enhance information transparency

 **Climate Opportunity Action Measures**

Opportunity Category: Products and Services

Measures:

- Progressively implementing and building a diversified feed supply system, actively collaborating with suppliers to research and deploy alternative novel ingredients for key feeds

Opportunity Category: Energy Sources

Measures:

- Optimising the energy use mix, promoting renewable energy adoption and expanding the development and construction of renewable energy projects
- Exploring the applicability of new energy projects at the Company's own operating sites and actively co-developing innovative green technologies and low-carbon production models with partners

Opportunity Category: Market

Measures:

- Collaborating with downstream customers to launch "carbon-neutral dairy products" and sharing brand value
- Participating in ecological restoration and carbon sink projects to expand the scope of development
- Further upgrading the manure resource utilisation at farms, planning to upgrade biogas to biomethane, and gradually participate in the green energy trading system

Opportunity Category: Resilience

Measures:

- Formulating a full life-cycle action plan for "low-carbon dairy cattle farming", optimising the forage supply chain layout, promoting manure resource utilisation and fertiliser substitution, and reducing carbon emissions across the full product life cycle
- Developing circular agri-pastoral practices, implementing biogas slurry return-to-farmland projects, microbial fertiliser projects and other circular value-adding initiatives to enhance the resilience of the industrial chain



Case

"Low-Carbon Dairy Cattle Farming" Full Life-Cycle Initiative

Modern Dairy has formulated a full life-cycle action plan for "Low-Carbon Dairy Cattle Farming", working with upstream and downstream supply chain partners to jointly drive low-carbon farming practices. In the upstream forage cultivation stage, the Company leverages over 1.3 million mu of forage cultivation bases surrounding its farms to continuously optimise the supply chain layout, effectively shortening the average feed transportation distance and reducing the carbon emission intensity of the transportation segment. At the same time, we are proactively advancing the zero-distance feed transportation model by constructing in-farm feed factories to further reduce the carbon footprint of long-distance feed transportation. In the downstream waste management segment, the Company focuses on manure resource utilisation and fertiliser substitution: it has built 915 kilometres of manure transportation pipelines, vigorously promoted the use of biofertilisers, and has cumulatively reduced chemical fertiliser use by 66,000 tonnes. By replacing conventional chemical fertiliser with biogas slurry irrigation, the Company estimates a reduction of 0.28 tonnes of carbon emissions per lactating cow per year, achieving dual benefits of waste resource utilisation and carbon reduction. The Company will continue to deepen full-process management of its low-carbon supply chain and work hand in hand with supply chain partners to jointly build a green, efficient and sustainable dairy industry ecosystem.

Case

Development of Circular Agri-Pastoral Practices

To deeply embrace the circular agriculture philosophy, promote the resource utilisation of livestock waste, and establish a green development model of "integrating cultivation and livestock farming in a closed-loop cycle", the Company has developed circular agri-pastoral practices, with a focus on the safe disposal, resource recovery and recycling of livestock waste, and the continued improvement of supporting manure treatment infrastructure. Building on this foundation, each farm develops tailored projects suited to its own circumstances. For example, the Saibei Farm advances biogas slurry return-to-mountain-farmland, achieving the dual benefits of slurry resource utilisation and mountain ecological restoration; and the Tongliao Farm, in collaboration with a partner, has established a microbial fertiliser project, creating a closed-loop model of "livestock farming-waste treatment-microbial fertiliser production-farmland application" to empower regional crop-livestock integration. In parallel, each farm progressively improves supporting infrastructure for manure fermentation, biogas recovery and manure storage to drive the efficient conversion and utilisation of biogas energy, further deepening circular agriculture practices and contributing to green and sustainable development.

Financial Mechanism for Climate Risk Response

To address the financial impact of climate change on the Company's operations and strengthen financial management of climate risks, we have established a dedicated financial working mechanism covering front-line business departments and functional departments such as finance and EHS. This mechanism provides integrated management of budget planning, approval and dynamic oversight of climate-related expenditure, and standardises the budget management process for climate risk-related items. At the farm level, teams proactively identify potential financial impacts of climate change in light of actual operations, formulate response measures such as equipment optimisation, and submit annual budget requests to the Group through the established process for implementation following approval. When extreme weather events occur, farms promptly conduct loss assessments and report to the finance department, whereupon Group Finance activates an emergency approval mechanism to swiftly arrange emergency funding in support of farm loss handling and production recovery, minimising the financial impact of climate events. Going forward, the Company will continue to enhance its financial mechanisms for climate risk response, improve climate risk management capabilities, and safeguard the Company's financial stability and long-term sustainable development.

Risk Management

Modern Dairy has established comprehensive processes for the identification, assessment, prioritisation and monitoring of climate-related risks and opportunities, which are fully integrated into the Company's enterprise-wide risk management framework, ensuring that climate matters form an integral part of routine risk management. Through climate scenario analysis, industry analysis, internal workshops and expert consultation, the Company conducts dynamic annual assessments and prioritisation of climate-related risks and opportunities, identifying those that have a material impact on the business model and value chain.

Metrics and Targets

Modern Dairy has set clear targets for carbon emissions and methane emissions, committed to reducing greenhouse gas emissions in its production processes. Our targets are aligned with the *Paris Agreement* goal of limiting the global average temperature increase to 1.5°C above pre-industrial levels, taking concrete action to mitigate global climate change and reduce the negative impact of the greenhouse effect on the global climate system.

Climate-related Targets

The Company has set Scope 1 and Scope 2 GHG emissions reduction targets covering the Group and all consolidated subsidiaries, encompassing the principal business units of dairy cattle farming, forage cultivation, feed processing and sales, and breeding, all fully incorporated into the Group's unified carbon management framework. By driving coordinated implementation of emissions reduction measures across all business segments, the Company has achieved comprehensive coverage of climate action at the Group level, supporting the realisation of its green and low-carbon development strategic objectives. The Company has achieved its climate-related targets for the period ending 31 December 2025 on schedule.

GHG Emission Intensity Target per kg Fat- and Protein-Corrected Milk (FPCM)

Base Year 2021: GHG emission intensity of **0.91** kg CO₂e/kg FPCM

Target	2025 Annual Target Achievement
Using 2021 as the base year, reduce the Group's GHG emission intensity per kg FPCM by 7% by end-2025, to 0.85 kg CO ₂ e/kg FPCM;	Completed

Target	2025 Annual Target Achievement
Using 2021 as the base year, reduce the Group's GHG emission intensity per kg FPCM by 15% by end-2030, to 0.77 kg CO ₂ e/kg FPCM;	In Progress
Using 2021 as the base year, reduce the Group's GHG emission intensity per kg FPCM by 20% by end-2035, to 0.73 kg CO ₂ e/kg FPCM.	In Progress
<p>Among them, by the end of 2030:</p> <p>Scope 1 GHG Emissions:</p> <ul style="list-style-type: none"> By improving production efficiency and enhancing digestion rates to reduce greenhouse gas emissions from enteric fermentation and manure management, a 5% reduction in emissions per kilogram of FPCM will be achieved. By optimizing the cattle herd structure, reducing calving intervals, and increasing the proportion of milkable cows, a 3.5% reduction in emissions per kilogram of FPCM will be achieved. By optimizing manure management practices and upgrading the manure resource utilization system to reduce greenhouse gas emissions from manure management, as well as enhancing biomass energy recovery and utilization, a 4% reduction in emissions per kilogram of FPCM will be achieved. <p>Scope 2 GHG Emissions:</p> <ul style="list-style-type: none"> By upgrading energy facilities, implementing energy-saving measures, and improving energy utilization efficiency, a 1.5% reduction in emissions per kilogram of FPCM will be achieved. By increasing the proportion of green energy sources and optimizing the energy structure, a 1% reduction in emissions per kilogram of FPCM will be achieved. 	In Progress

Methane Emission Intensity Target per kg FPCM	
Base Year 2021: methane emission intensity per kg FPCM: 0.67 kg CO ₂ e/kg FPCM	
Target	2025 Annual Target Achievement
Using 2021 as the base year, by end-2025, achieve a reduction in methane emission intensity per unit FPCM of 5.8% .	Completed
Using 2021 as the base year, by end-2030, achieve a reduction in methane emission intensity per unit FPCM of 13% .	In Progress
<p>Among them, by the end of 2030:</p> <ul style="list-style-type: none"> By improving production efficiency and feed digestibility to reduce methane emissions from enteric fermentation by 4% and from manure management by 8%, a 7% reduction in methane emission intensity per kilogram of FPCM will be achieved. By optimizing herd structure, shortening calving intervals and increasing the proportion of milkable cows, a 3.7% reduction in methane emissions per kilogram of FPCM will be achieved. By continuously optimizing manure management practices to reduce methane emissions from manure management by 10%, a 2.3% reduction in methane emission intensity per kilogram of FPCM will be achieved. 	In Progress
Progress Towards the Goals	
<p>During the reporting period, the Group reduced the number of non-milking cows by optimizing herd structure, achieving GHG emission reductions of approximately 36,000 tCO₂e. By implementing energy conservation and emission reduction measures, improving production efficiency and increasing the use of clean energy, a total emission reduction of approximately 65,000 tCO₂e was realized.</p> <p>In terms of emission intensity, Modern Dairy recorded a GHG emission intensity of 0.82 kg CO₂e/kg FPCM and a methane emission intensity of 0.62 kg CO₂e/kg FPCM, representing decreases of 10% and 8% respectively compared with the 2021 base year.</p>	

Other Energy Saving Targets

2025 Annual Achievement

By 2025, following the retrofitting or replacement of steam equipment at the Group's existing self-operated farms, fossil fuel steam consumption will be fully replaced.

Completed

By 2025, the number of electric milk tankers to be increased to more than **10** units.

Completed

By 2025, solar photovoltaic installed capacity to reach **100** MW;

By 2028, solar photovoltaic installed capacity to reach **200** MW.

FY2025 Target Achieved

By 2028, total electricity generation through solar photovoltaic and biogas to exceed **300** million kWh, and the volume of biogas residue bedding dried using new energy and waste heat to reach **2.4** million cubic metres.

In Progress

 Greenhouse Gas Emission Metrics

Modern Dairy – GHG Emission-related Key Performance Indicators^{2,3}

Indicator	Unit	FY2025	FY2024	FY2023
Total GHG Emissions	tCO ₂ e	2,696,578.91	2,601,971.62	2,309,311.62
GHG Emissions per RMB Million Revenue	tCO ₂ e/ RMB million	214.00	196.31	171.59
Scope 1 GHG Emissions	tCO ₂ e	2,345,602.02	2,227,502.95	1,946,733.20
Scope 2 GHG Emissions	tCO ₂ e	350,976.89	374,468.67	362,578.42
Scope 3 GHG Emissions	tCO ₂ e	338,985.34	288,995.00	261,287.00
Of which, Upstream Transportation and Distribution	tCO ₂ e	197,347.09	223,572.00	182,513.13
Waste Generated in Operations	tCO ₂ e	61,762.05	58,134.00	68,449.70
Of which, Business Travel	tCO ₂ e	1,422.28	1,320.00	1,299.57
Employee Commuting	tCO ₂ e	3,408.61	5,969.00	9,024.34
Downstream Transportation and Distribution	tCO ₂ e	75,045.31	/	/
GHG Emission Intensity per FPCM (Scope 1 and Scope 2)	kg CO ₂ e/kg FPCM	0.82	0.87	0.89

² The Group's primary greenhouse gas inventory includes carbon dioxide, methane, and nitrous oxide. The accounting methodology for Scope 1 and Scope 2 is based on the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, while the accounting and disclosure boundaries follow ISO 14064-1:2018 Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. The accounting and disclosure boundaries for Scope 3 are based on the GHG Protocol Corporate Accounting and Reporting Standard.

³ We apply the operational control approach to define the accounting boundaries for greenhouse gas emissions, with China Modern Dairy Holdings Ltd. and its subsidiaries as the reporting entity. In accordance with the materiality principle, this covers the Company's main revenue-generating businesses, including raw milk production, offline feed sales, and the digital intelligence platform business, encompassing all farms under Modern Dairy.

Innovation-Driven Growth

To implement the national innovation-driven development strategy and advance the development of new quality productive forces, Modern Dairy continues to strengthen independent innovation capabilities in breeding research and development (R&D), actively promotes collaborative upgrading across the industry, and unleashes growth momentum through technological breakthroughs and industrial transformation.



Breeding Research and Innovation

We drive breeding advancement through scientific and technological innovation, strengthening talent development and professional training in breeding expertise. Through a combination of in-house R&D and collaborative partnerships among industry, academia, and research institutions, we have overcome key technical bottlenecks in domestic dairy cows breeding such as genomic genetic evaluation, breeding of proprietary breeding bulls, and rapid embryo propagation, continuously improving breeding efficiency and the rate of genetic improvement. We continue to revise and improve breeding-related management systems, including the *In Vitro Embryo Production and Management Policy for Dairy Cows*, the *In Vivo Embryo Production and Management Policy for Dairy Cows*, the *Embryo Transfer Policy for Dairy Cows*, and the *Core Breeding Farm Declaration and Management Policy for Dairy Cows*, with the goal of establishing a self-reliant and controllable dairy cows breeding system.

Genomic Genetic Evaluation for Dairy Cows

We are continuously advancing the research and application of genomic genetic evaluation technology for dairy cows. Traditional breeding selection methods primarily rely on phenotypic data (i.e., observable traits, such as body conformation, milk yield, and health status, etc.) for genetic assessment. In contrast, genomic genetic evaluation leverages genetic detection methods (i.e., genetic information, including gene sequences and genetic markers, etc.) to accurately predict the genetic potential of dairy calves at an early age. This ensures they possess superior genetic traits and a healthy foundation, significantly accelerating the breeding process for high-quality breeding cows.

To ensure scientific rigor and accuracy in genomic evaluation, we have established a reference population of over 33 thousand dairy cows, and built a database that integrates phenotypic and genotypic records. By applying methods such as genetic parameter estimation, data modeling, and genomic selection optimization, we have developed a comprehensive genetic evaluation model covering key traits including milk production, fertility, health, and conformation. This model provides a robust scientific foundation for precision breeding and genetic improvement. Across the Group, we promote the use of our proprietary breeding chip to conduct genomic testing on newborn calves. Based on the evaluation results, we provide science-based recommendations for calf selection or culling, enabling continuous improvement in herd performance, health resilience, and environmental adaptability.

In 2025, Modern Dairy, in collaboration with China Agricultural University and biotechnology research institutions, launched the nationwide promotion and application of "Modern No.1", China's first commercially available liquid-phase genomic chip for dairy cows. The chip supports the construction of reference populations for genomic selection in dairy cows. By analyzing hair or blood samples, it enables rapid and precise identification of genetic mutation sites, inherited defect markers, and parentage verification information. This allows accurate prediction of an animal's genetic quality and production potential, providing technical support for optimizing breeding selection and enhancing breeding efficiency. By the end of the reporting period, "Modern No.1" had been applied 3,946 head-times across internal farms and over 10 thousand head-times in collaboration with external farms.



Through systematic genomic testing, DHI testing⁴, and linear type appraisal⁵, we plan to expand our genomic reference population to 50 thousand cows by 2027. This will enable more precise identification of gene loci associated with reproductive performance, recessive genetic disorders, and physical stress responses, further refining our breeding strategies. In 2025, we enhanced collaborations with universities and leading biological research institutes to research gene loci linked to heat stress resistance and feed conversion efficiency⁶ that closely associated with phenotypic performance. Leveraging our genomic genetic evaluation system, we are now precisely breeding heat-tolerant and feed-efficient bulls.

⁴ DHI (Dairy Herd Improvement) is known as milking performance evaluation system. The major indicators include daily milk yield, milk fat rate, milk protein rate, days of lactation, etc.

⁵ Linear appraisal of dairy cow body conformation is the criteria for evaluating each trait that are of great economic and physiological functional value based on the biological characteristics of dairy cows. Linear scores for the traits are measured on a 1-9 scale from one extreme to the other, and then converted to functional scores. Weighting coefficients are assigned to each trait based on the correlation between the trait and the production performance. Functional scores are summed up to an overall score on a 100-point scale based on the weighting coefficients, which determines the cow's body conformation classification.

⁶ Feed conversion rate refers to the amount of weight gained by an animal per unit of feed consumed.

Proprietary Breeding Bull⁷ Development System

Leveraging technological breakthroughs in rapid embryo propagation and genetic genomic evaluation, we have established a breeding bull development system with independent intellectual property rights, effectively addressing the long-standing challenges of heavy reliance on imported semen and insufficient supply of self-developed genetic resources. By the end of the reporting period, Modern Dairy had cumulatively bred 45 high-genetic-value breeding bulls, of which 15 had entered production and generated a total of 200 thousand doses of frozen semen. This significantly alleviated the Group's dependence on high-quality imported semen during the import restrictions faced in 2025. Going forward, we will continue to enhance our self-sufficiency in premium genetic resources. By 2027, we expect to fully meet our internal breeding and production needs through domestically produced frozen semen and aim to commercialize surplus output, contributing to the revitalization of China's dairy cows breeding industry.



In the April 2025 U.S. genetic evaluation, the economic merit transmission capability of our proprietary breeding bull ranked first among Chinese semen-collected bulls.



We have established the production system of OPU⁸-IVF⁹-ET¹⁰ embryos for high-yielding dairy cows, overcoming multiple core technical challenges through independent research. Specifically, we have optimized the in vitro oocyte maturation, fertilization and cultivation system, improving the development rate of embryos¹¹. We have increased the application precision of sex-controlled embryos and made the transmission of high-quality bull genetic genes more targeted using the gene screening technique. Meanwhile, our breakthroughs in high-survival frozen embryo technology have raised the survival rate of frozen embryos in vitro to lay a solid foundation for embryo transfer. Looking ahead, we will continue to advance key technologies such as live oocyte collection from young heifers, accelerating genetic improvement while ensuring donor safety and increasing the efficiency of in vitro embryo production. We will further overcome industry-wide technical bottlenecks in embryo transfer. By 2027, we aim to increase the pregnancy rate of fresh in vitro embryos to 50% and that of frozen embryos to 48%.

We continue to enhance the development and management of key breeding facilities. By the end of the reporting period, Modern Dairy had established 2 national-level key breeding farms and 1 provincial-level key breeding farm, housing a total of 41 thousand key breeding cows.



Modern Dairy Tongliao Farm, Shanghe Farm has been awarded the title of "National Core Dairy Cows Breeding Farm"

⁷ Breeding bulls are high-quality bulls that have been rigorously screened and genetically evaluated for the purpose of optimizing the genetic traits of the population.

⁸ OPU (Ovum Pick-Up) refers to live oocyte collection, which is the technique for extracting oocytes from the ovaries of live animals.

⁹ IVF (In Vitro Fertilization) is a process in which an oocyte and sperm are combined under laboratory conditions to form a fertilized egg.

¹⁰ ET (Embryo Transfer) is a technique in which an embryo is transferred from an in vitro culture into the uterus of a recipient female animal to allow it to continue growing.

¹¹ Sex-controlled embryos are embryos with a predetermined gender. They are produced by using technologies such as flow cytometric sperm sorting, which selects sperm carrying specific sex chromosomes (X or Y) prior to fertilization, enabling controlled breeding outcomes.

We have constructed an embryo laboratory with an annual production capacity of up to 50 thousand embryos at our Tongliao Farm. This significantly increases the efficiency of elite cattle propagation and strengthens our capability to translate proprietary breeding innovations into practical outcomes. Leveraging the laboratory's qualification for commercial embryo sales, we are accelerating the market promotion of high-yield sex-controlled embryos, contributing to the continuous genetic improvement of dairy cows in China. In 2026, we plan to build an equivalent-sized laboratory at the Shanghe Farm to meet future capacity expansion needs; we aim to produce a total of 15 thousand high-quality embryos and implement 15.3 thousand embryo transplants in Shanghe, Tongliao, Bengbu, Saihan, and Hefei farms, comprehensively enhancing the genetic level of dairy cows.



Tongliao Farm Laboratory of Modern Dairy

Empowering Industry Development

While advancing our core business, Modern Dairy is innovatively expanding into intelligent services and technical management services, injecting new momentum into the high-quality development of the dairy industry. We aim to empower domestic and international livestock enterprises to upgrade collaboratively, enhance quality, and improve efficiency.

Innovative Incubation of Intelligent Services

We are actively exploring new business models along the dairy farming services value chain. In collaboration with leading universities, we have established Modern Zhiniu (Beijing) Technology Management Co., Ltd. ("Modern Zhiniu"). Guided by the core principles of "leading the industry, practical implementation, and customized solutions", Modern Zhiniu focuses on addressing comprehensive needs across the full-chain of the livestock industry. It develops and delivers a series of intelligent service products, aiming to become a leader in China's livestock industry in areas such as professional training, consulting services, and qualification certification. The initiative seeks to build a talent hub for the industry and strengthen our corporate brand influence.

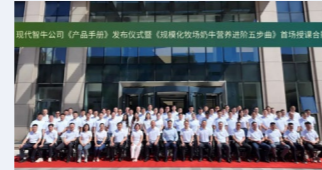
Seven Core Business Areas



Guided by our purpose as "Practical Enablers of Livestock Management", we actively share our accumulated expertise in advanced management philosophies, technologies, and operational skills. We are committed to delivering practical, professional, and customized solutions for China's dairy cows farming value chain and for the broader primary and secondary industries. We develop solutions based on best-in-class practices of China's leading dairies and aligned with global benchmark, with the aim of building a new ecosystem that allows the efficient and sustainable development of the livestock industry.

Modern Zhiniu Product Catalog Launch and First Public Empowerment Course

In June 2025, Modern Zhiniu successfully held its product catalog launch event and first public empowerment course. The event brought together over 70 participants, including key partners from dairy farms and across the upstream and downstream of the dairy industry value chain. Adopting an innovative teaching model combining “lectures + case studies + group discussions”, we enabled participants to bridge the gap between knowledge and practice, and to rapidly translate technical expertise into operational and managerial capabilities. The course received consistent praise and high recognition from attendees.



Dairy Veterinary Talent Development Program

In September 2025, Modern Zhiniu partnered with the Chinese Veterinary Medical Association to officially launch the Dairy Veterinary Talent Development Program. Together with Dongkang (Nanjing) Life Science and Technology Co., Ltd., we jointly applied to establish a Specialty Training Institution for Dairy Veterinarians, aiming to build a leading talent incubation platform for the sector. Modern Zhiniu has established an efficient three-tier certification system and a comprehensive veterinary curriculum, bringing together over 200 expert instructors and collaborating with over 60 farms to build a practical training platform. We have developed an integrated talent development model encompassing “theory - practice - certification”. This initiative is designed to significantly elevate the standardization and quality of dairy veterinary training across the industry.



Farm Technical Management Services

We are accelerating the expansion of our technical management services, building a dual-driven growth strategy of “enhancing domestic presence + expanding overseas outreach”. This model allows us to deliver proven, advanced dairy farming technologies and standardized management systems to partner farms. Leveraging our end-to-end industrial advantages, we optimize farm operation workflows, share core upstream and downstream resources with partner farms, and provide customized, integrated industrial solutions. This holistic approach empowers our partners to achieve increased profitability and enhanced competitiveness.

Domestic market

We have continued to expand our farm management footprint, delivering precision technical support and refined management guidance to help social farms improve quality and efficiency. Through these efforts, we achieved a milk yield of over 40 kilograms per cow per year at social farms, reduced farming costs to the lowest level in history, and improved overall operational efficiency by 47%.

Overseas market

We are actively exploring new pathways for international expansion and have successfully entered markets such as Indonesia. By integrating best practices from both domestic and international farm operations, we have developed a tailored farm management system suited to overseas contexts, enabling high-quality implementation of overseas farm management services. Our initiatives have driven the milk yield increase of 15 kilograms per cow per year, with a maximum increase of 18.94 kilograms per cow per year, and achieved a peak daily milk yield of 41.4 kilograms per cow, setting the highest recorded milk production level for large-scale dairy farming in Indonesia.



Intellectual Property Protection

While advancing the transformation of innovation outcomes, Modern Dairy places strong emphasis on protecting independent intellectual property (IP) and avoiding infringement of third-party IP rights. We uphold the value of innovation and strive to ensure that compliance and innovation progress hand in hand.

Modern Dairy strictly abides by the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Implementation Rules for the Patent Law of the People's Republic of China. We have formulated and revised the Intellectual Property Compliance Management System, the Patent Management System, the Trademark Management System, the Business Secret Management System, and the Copyright Management System. These internal policies help us enhance our capacity for IP management and risk prevention to mitigate potential infringement risks. We continue to optimize our IP application processes to ensure timely protection of innovative outcomes in products, technologies, and other areas.

Modern Dairy has implemented a “centralized coordination, tiered management” IP management system. The Chief Compliance Officer and the Compliance Management Department are responsible for the centralized oversight, review, and supervision of all IP-related activities including public information releases and product R&D. Significant matters must be reviewed and approved by the Compliance Risk Management Committee. In addition, compliance officers are appointed across functional departments, operational centers, and subsidiaries to ensure full implementation of IP compliance requirements throughout the organization.

We actively conduct IP-related training programs to raise employee awareness of patents, trademarks, trade secrets, and other IP topics, enhancing each department's ability to identify and prevent infringement risks and effectively avoid reputational or financial losses. This year, we delivered five rounds of IP awareness content to all employees and conducted a total of 5 training sessions covering intellectual property, trade secrets, and personal information protection. For external suppliers, we include clear contractual clauses requiring that no third-party intellectual property may be used without proper authorization, ensuring IP compliance across the supply chain.

By the end of the reporting period

Modern Dairy had cumulatively applied for **102** patents

gained valid patents **96**

The Company registered **152** trademarks

copyrights **130**

Smart Farm Development

Modern Dairy has formulated a three-phase strategy for smart farm construction. By introducing cutting-edge technologies such as the Internet of Things (IoT), big data, and artificial intelligence (AI), the Company has established an innovative smart platform matrix. This platform drives the transformation of farm management from an experience-based approach to a data-driven model, achieving precise monitoring, intelligent decision-making, and efficient operations in dairy farming.



Strategy for Smart Farm

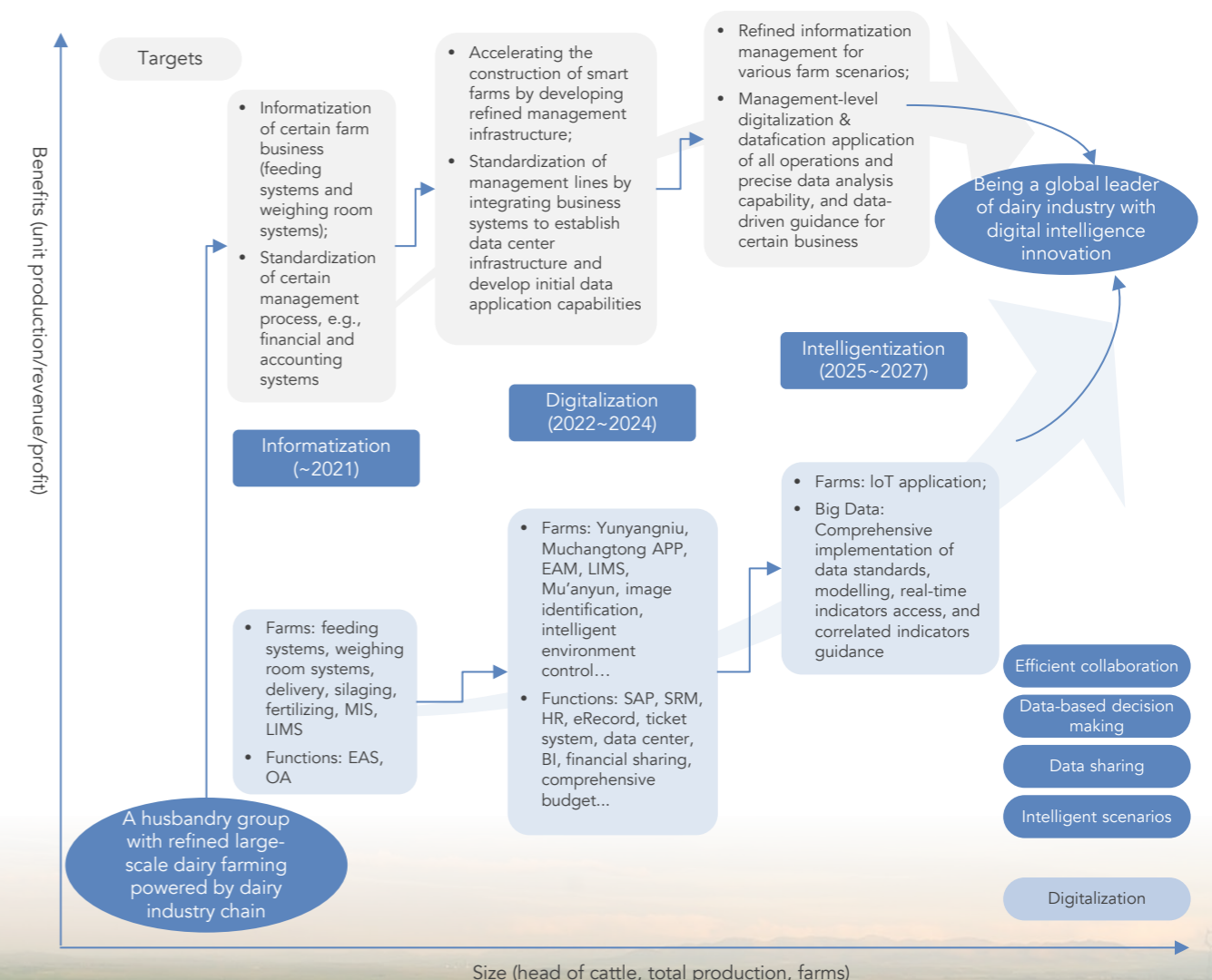
Modern Dairy continues to advance the smart farm construction, having implemented a three-phase strategic roadmap of "informatization - digitization - intelligentization" since 2021. In the informatization phase, data systems such as automated feeding systems and weighing room systems were deployed to achieve initial business informatization management. In the digitization phase, big data platforms including Yunyangniu and Mu'anyun were launched to further enhance refined and digitized farm management and control. In the intelligentization phase, IoT¹², big data, and AI technologies will be fully applied to realize full-scenario intelligent coverage across dairy farming.

In 2025, the Company entered a new phase of smart farm construction. We focus on dairy cow health management. We are vigorously advancing the application of AI technologies, including 3D intelligent body condition scoring, AI-based lameness monitoring, and AI-powered hoof bath and hoof disease monitoring, to establish an all-weather, contactless sensing system for real-time collection and analysis of dairy cow behavior and physiological data. Leveraging these data, the Company enables prospective early warning of disease risks and provides decision support for precise diagnosis and treatment plans, thereby forming an intelligent closed-loop management of "perception - decision - intervention".



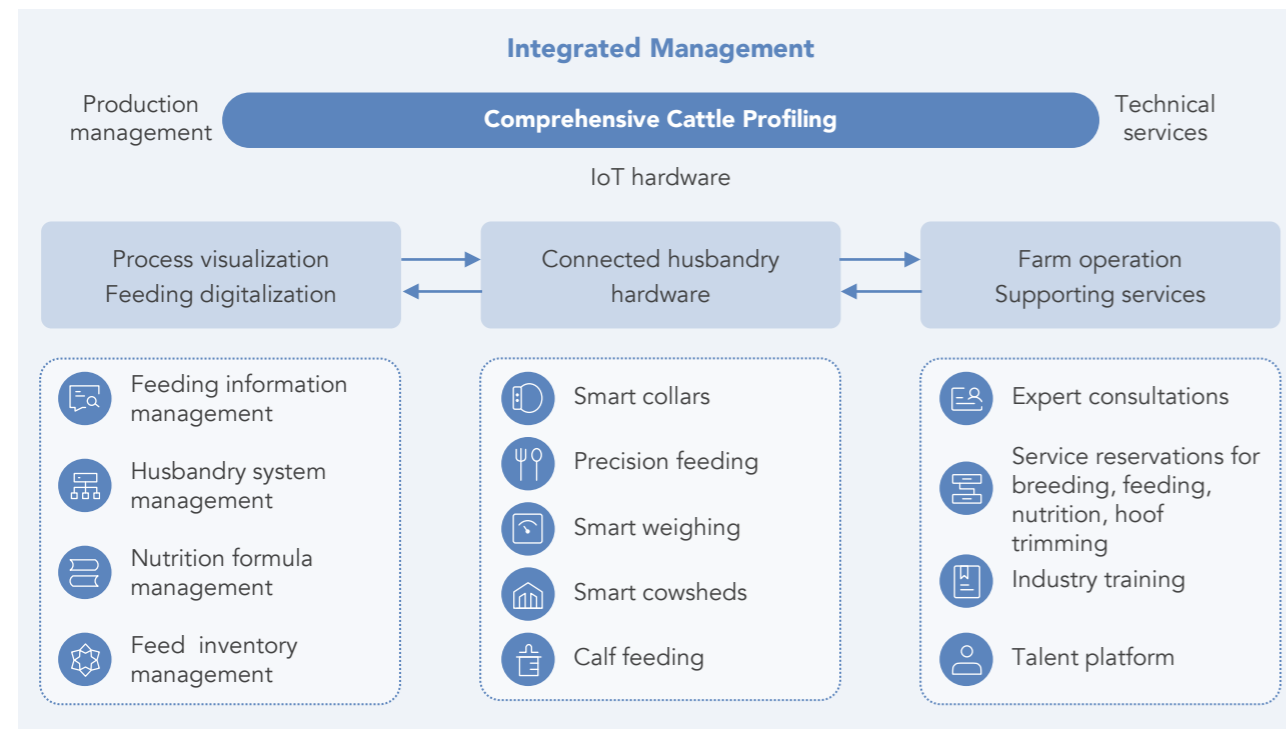
¹² IoT (abbreviation for Internet of Things) refers to a system where any object is connected to a network via information-sensing devices under agreed protocols, enabling intelligent identification, positioning, tracking, and monitoring through data exchange and communication.

Modern Dairy's Three-Phase Strategy for Smart Farm Construction



Innovative Smart Platforms

Under the guidance of our strategy for smart farm, the Company has developed and deployed innovative digital platforms such as Yunyangniu and Love-Cattle. These platforms comprehensively cover application scenarios including herd breeding management, industrial chain operation services, farm safety control, and scientific research innovation management. By enabling coordinated interaction among multiple platforms, we have established an intelligent, interconnected, full-chain digital ecosystem, providing robust support for the Group's efficient operations and precise management.



Yunyangniu Digital Intelligence Cloud Platform

The Yunyangniu Digital Intelligence Cloud Platform integrates smart devices, such as intelligent collars and body condition measuring systems, to monitor real-time behavioral, production, and operational data of cows. A behavioral database for millions of cows and a big data analytics model for farm management are built to enable digital management and control over automatic milk yield measurement, smart feeding, breeding management, and disease monitoring. This platform drives the transformation of farm from "experience-based cattle farming" to "digital cattle farming".



Love-Cattle Industrial Chain Integrated Service Sharing Platform

As the largest digital intelligence sharing platform in the China's dairy industry chain, the Love-Cattle Platform deeply integrates supply chain resources. It connects the four core links of breeding, production, farming, and sales through cloud logistics, providing comprehensive services such as feed sales, additives and veterinary drugs, and agricultural and livestock product trading consultation. Currently, the platform has onboarded over 700 suppliers, serving nearly 1,500 farms and more than 2.1 million dairy cows. The cumulative transaction volume has exceeded RMB100 billion, helping partner farms reduce operating costs by 10%.



Mu'anyun Management Platform

Powered by AI detection technology, the Mu'anyun Management Platform establishes an intelligent farm safety management and risk prevention and control system. The platform can automatically and accurately identify various risks, enabling real-time dynamic monitoring and early warning of farm safety conditions. It builds a dual defense mechanism combining hierarchical risk control and hidden danger investigation and management. The platform also offers comprehensive training sources and efficient emergency response solutions, and utilizes big data analytics to facilitate data-driven safety decision-making.



Yunque Laboratory Information Management Platform

Leveraging self-developed data collection software, the Yunque Laboratory Information Management Platform seamlessly connects various testing instruments through a smart laboratory system. This enables the automatic capture and real-time collection of experimental data, effectively resolving issues such as inaccurate manual data entry, low efficiency in paper form transmission, and risk of potential cross-infection from diseases. This significantly enhances the precision, safety, and operational efficiency of laboratory management.



The AI Cattle Expert Platform

The AI Cattle Expert Platform is the industry's first application powered by a generative AI large model. Leveraging deep learning and natural language processing (NLP) technologies, it provides instant solutions to operational challenges, such as scientific recommendations for feeding strategy and feed formula adjustments. This innovation has boosted breeding management efficiency by 10%-20%.



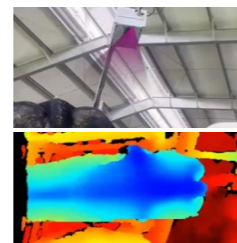
Smart Farm Applications

The Company comprehensively advances the deep integration of digital intelligence technologies with farm operations, empowering and enhancing traditional dairy farming management models. This accelerates the transformation of farms from extensive to precision farming.

Support for Precision Feeding

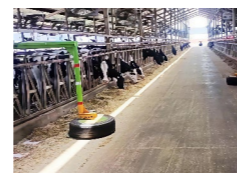
Optimal feed formula identification

We have deployed a 3D automatic body condition scoring system in the milking parlors or feeding lanes to continuously monitor the nutritional health status of cows. This enables non-contact, high-frequency, and precise collection of body condition data, generating scores and multidimensional analysis results through the "Tiger" body condition scoring model. Nutritionists then scientifically adjust the ration formulas and feeding amounts based on the dairy cows' breed, age, weight, and health status. This ensures that different groups of cows receive the optimal nutritional balance and reduces the risk of metabolic diseases caused by body condition imbalances.



Precision feed delivery

Traditional feeding models, reliant on manual experience, are prone to issues such as untimely feed pushing, feed waste, and cow stress caused by noise. Thus, we have developed and deployed an automatic feed pusher tailored to the actual feeding requirements of dairy cows. This ensures efficient and precise feed pushing, guaranteeing that cows always have access to fresh feed, thereby increasing milk yield. This innovation is expected to enhance annual dairy cow production efficiency by nearly RMB30 million.



Real-Time Monitoring of Cows

We are continuously expanding the application scale of smart collars, collecting and analyzing cows health data in real time, and uploading to the Yunyangniu digital intelligence cloud platform, thereby providing precise data support for dairy cow management. We have established the *Smart Collar Management Policy* to define equipment management and usage standards, promoting the efficient application and continuous optimization of smart collar technology. By the end of the reporting period, we had installed smart collars on 115 thousand dairy cows.



Breeding level

We utilize smart collars, ear tags, and other devices to monitor the estrus status of cows in real time. The estrus information is automatically pushed by the platform to the mobile terminals of breeding personnel, allowing for precise identification of the optimal breeding time. Combined with smart sorting technology, electric sorting gates accurately divert cows in estrus to different areas, replacing the manual cow locating process. This approach reduces the probability of cow stress while simultaneously improving the quality and efficiency of farm breeding operations.

Health monitoring level

The smart collar tracks 24/7 behavioral metrics such as feeding, rumination, and resting patterns. By analyzing the data collected by these collars, we can accurately identify potential health risks, detect diseases earlier, and deliver timely intervention. This has effectively reduced the mortality rate of mature cows by 8.7%.

We have innovatively implemented an AI lameness monitoring system that automatically collects data on cow conformation, behavior, posture, and body size. Utilizing deep learning algorithms, the system detects gait abnormalities approximately 34 days on average, accurately assessing the health status of the cow. This system facilitates early diagnosis and treatment of individual diseases and guides farms to take preventive measures promptly based on population data trends. It enables disease prevention, transmission control, thereby elevating the overall standard of cows health management.



Intelligent Production Operations

We are vigorously promoting the application of new technologies in production, continuously deploying intelligent equipment such as teat disinfection robots, handheld teat scoring devices, and surge detectors to empower the construction of smart farms. To address the low recognition accuracy in herringbone milking parlors, we have introduced an intelligent cow-position identification system. This system features automatic identification of empty stalls, dynamic error correction for ear tag anomalies, and historical data traceability checks. It ensures the precise binding of cow identities to milking data, effectively increasing cow recognition accuracy to over 98%, thereby assisting in intelligent and refined farm management.



We have installed and deployed automated teat disinfection robots across multiple farms to replace manual operation. Using AI recognition and 3D scanning technology, the robots accurately identify the position of the teats, guiding the robotic arm to perform gentle movements that integrate cleaning, disinfection, and massage. Mechanized operations prevent instances of "missed treatment", ensuring the effective teat disinfection and improving both raw milk quality and milking efficiency. The processing time per cow is reduced to within 7 seconds. Furthermore, the automated and smooth operation process effectively lowers the risk of teat injuries. It also alleviates cow fright and resistance, reduces production stress, thereby enhancing animal welfare standards.

Environmental Safety Monitoring

Feeding environment monitoring

Environmental monitoring devices installed in designated areas across all farms collect real-time data on temperature, humidity, and air quality in cowsheds. These data are processed by our intelligent environmental control system for dynamic adjustments, creating a comfortable and healthy living environment for cows. This initiative contributes to enhanced animal welfare and production performance.

Farm safety monitoring

Frequent production operations and logistics transportation in farm areas result in high volumes of personnel and vehicle traffic with complex crossing routes, creating potential safety hazards. Thus, we have installed intelligent access control, smart parking, and vehicle blind spot detection systems. These systems enable separation of pedestrian and vehicle traffic, visitor appointment scheduling, and push notifications regarding the status of people and vehicles on site. This prevents hazardous parking operations and ensures the safety of personnel, vehicles, and property. Furthermore, leveraging the Mu'anyun management platform, we monitor hazardous operations within the farm in real time, and categorize risk hazards into levels such as "major" and "general" for warning, urging relevant personnel to rectify issues promptly.

02 Responsibility

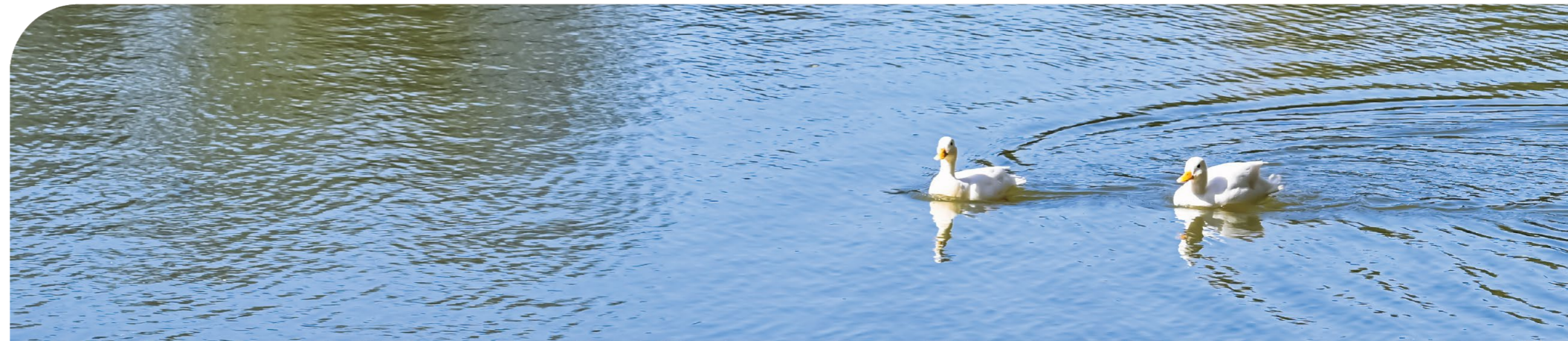
Building on responsibility, Modern Dairy strictly complies with applicable laws and regulations, including the *Company Law of the People's Republic of China* and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. From compliance risk prevention and control to the promotion of ethical values, the Company comprehensively consolidates the foundation of compliant operations. The Company strengthens the sustainable development governance and deepens the implementation of responsibility values, advancing the synergistic progress of corporate responsibility and strategic development. By establishing an industry exemplar in responsibility practice, the Company demonstrates the transition from compliance baseline to value-led leadership.

The SDGs corresponding to this chapter:



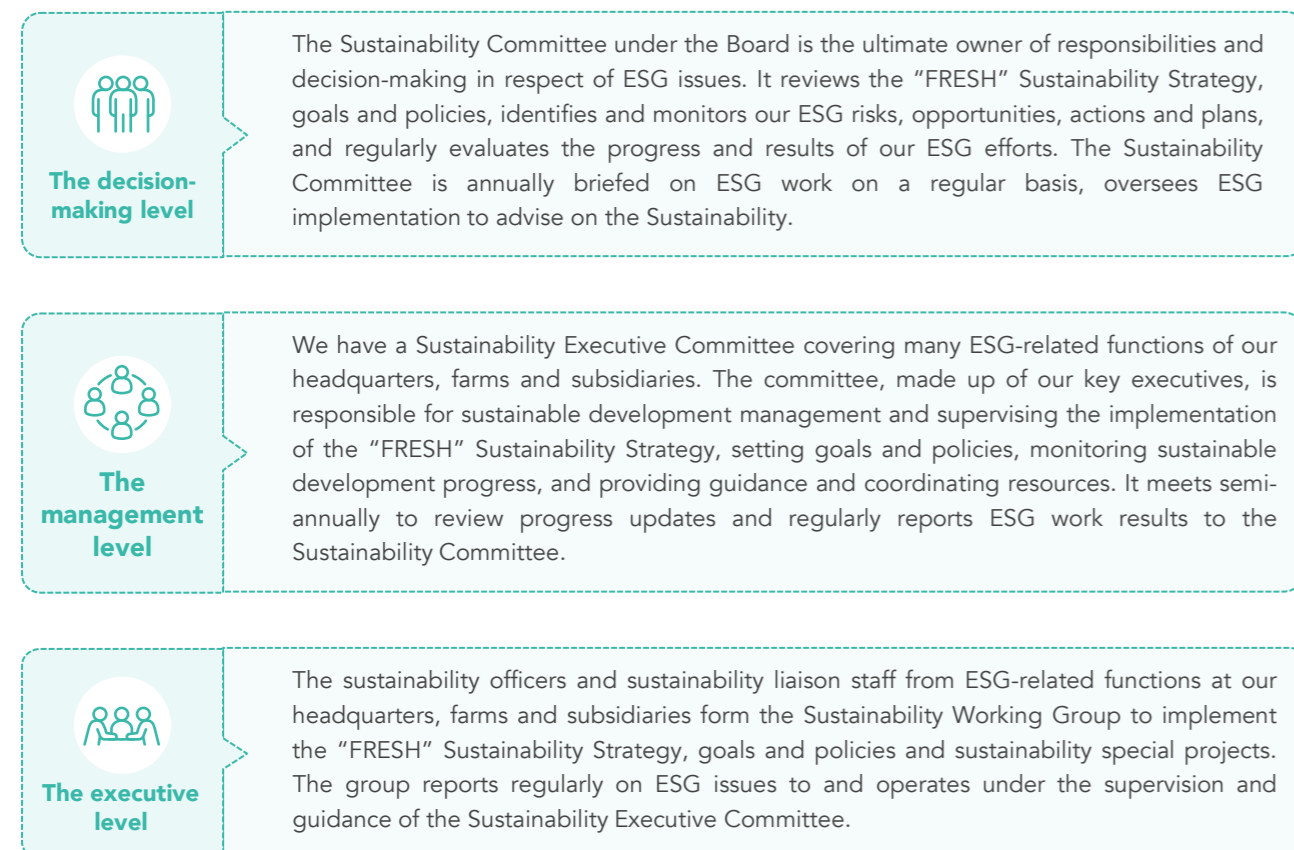
Sustainability Management

According to our business characteristics and development needs, Modern Dairy has developed an ESG three-level governance structure to ensure the implementation of the "FRESH" Sustainability Strategy. Through stakeholder engagement and materiality assessment, we accurately respond to core ESG concerns, efficiently implement management measures, and promote high-quality and Sustainability.



Sustainability Governance Framework

Modern Dairy has established a sustainability governance framework comprising the decision-making, management, and executive levels. This framework provides organizational support for clarifying the Company's sustainability management direction, implementing the "FRESH" Sustainability Strategy, and deploying and implementing ESG initiatives.



Secretariat

A Secretariat is established under the Sustainability Executive Committee. It is coordinated by the Public Affairs Department and supported by all business units. The Secretariat of the Sustainability Executive Committee develops and coordinates "FRESH" Sustainability Strategy and implementation paths, builds management systems and structures, promotes special issues and enhances sustainable influence, and organizes regular sustainability working meetings to facilitate communication.





The Company links sustainability performance to the compensation of the CEO, Executive directors, vice presidents, and departmental managers. We have set quantitative and qualitative ESG performance targets, with a weight of no less than 5% given to total compensation. Sustainability performance mainly involves carbon emission reduction management, water use efficiency management, biodiversity protection, safety and health management, community relations management and impact assessment, community economic development assistance, human rights protection management, supplier ESG risk assessment and management, and business ethics management. We have incorporated sustainability performance targets in the performance appraisal of mid-level management and the sustainability evaluation dimension in the Group's annual recognition of excellence.

The Company annually rates the achievement of the above objectives of the management personnel, and the results of the rating will affect their performance compensation. In the event of a significant ESG risk incident, the compensation performance score of the person responsible for the risk will be deducted according to the level of the incident.

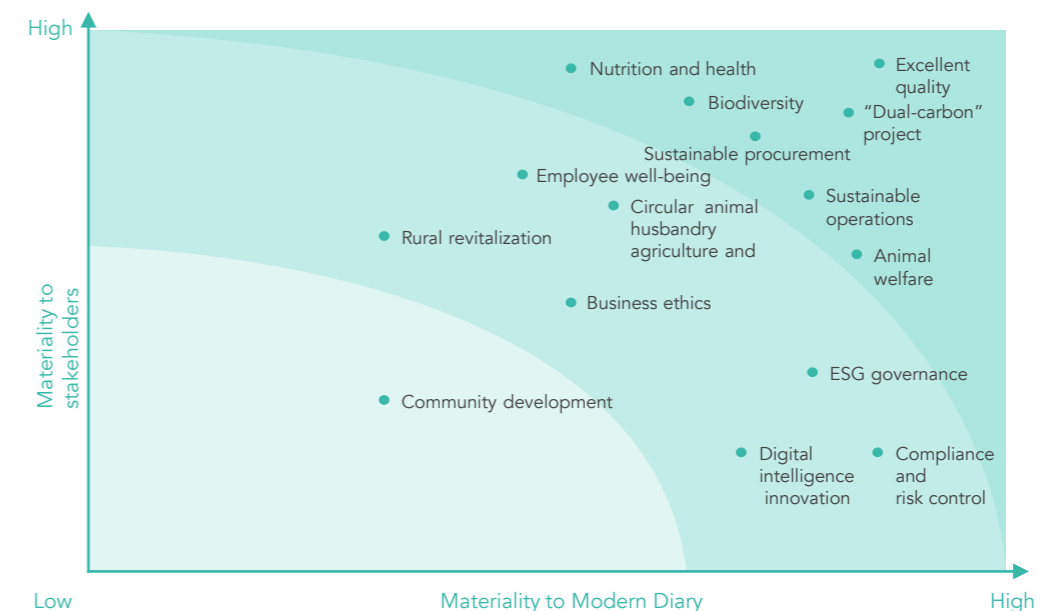
Stakeholder Engagement

Stakeholders	Expectations and Demands	Communication Mode	Our Responses
 Shareholders/ Investors	<ul style="list-style-type: none"> Safeguard the rights and interests of shareholders Outstanding performance Sustained and steady increase of return on investment Honest and transparent operation 	<ul style="list-style-type: none"> General meeting of shareholders Regular information disclosure Websites of HKEX/the Company Investor conference and roadshow 	<ul style="list-style-type: none"> Transparent and open information disclosure Enhance investment management Strengthen enterprise risk management Continuously improve the ability to create value
 Government/ Regulatory agency	<ul style="list-style-type: none"> Compliance operation Strict internal control and risk management Promote economic development Extraordinary contribution to the society Safe operation 	<ul style="list-style-type: none"> Information submission Compliance report Attend meeting/seminar Special inquiry/inspection Submission of documents 	<ul style="list-style-type: none"> Strengthen compliance operation Strengthen safety management Pay taxes according to law
 Clients	<ul style="list-style-type: none"> Product quality and safety Superior service experience Nutritious, healthy and diversified product choices 	<ul style="list-style-type: none"> Official website of the Company Customer service hotline Customer satisfaction survey 	<ul style="list-style-type: none"> Safeguard customers' rights and interests Ensure product quality Open and transparent production
 Employees	<ul style="list-style-type: none"> Safeguard the rights and interests of employees Occupational health and safety Improve employee benefits Equal employment opportunities and diversified developments 	<ul style="list-style-type: none"> Labor contracts Information platform Hotline and email Monthly internal newsletter Online complaint platform Offline training exchange 	<ul style="list-style-type: none"> Insist on equal recruitment Carry out training for employees Optimize career development channel Carry out employee activities Fully listen to all opinions of employees
 Suppliers/ Partners	<ul style="list-style-type: none"> Establish a long-term business relationship Fair procurement and honest performance Product quality assurance 	<ul style="list-style-type: none"> Evaluation of suppliers On-site visit Regular supplier meeting 	<ul style="list-style-type: none"> Enhance supply chain management Insist on fair and open procurement

Stakeholders	Expectations and Demands	Communication Mode	Our Responses
 Environment	<ul style="list-style-type: none"> Insist on green operations Minimize environmental impact Response to climate change Biodiversity protection 	<ul style="list-style-type: none"> Environment inspection Environmental information disclosure Advocate the idea of environmental protection Insist on sustainable development 	<ul style="list-style-type: none"> Strengthen environmental and ecological protection Insist on the path of sustainable development Create circular and smart farms Innovate the agricultural recycling model
 Community	<ul style="list-style-type: none"> Carry out public benefit activities Promote community development 	<ul style="list-style-type: none"> Understand community needs Formulate community service plan 	<ul style="list-style-type: none"> Carry out public welfare activities Carry out community service Promote local employment

Material Issues

Based on the expectations of internal and external stakeholders with business characteristics, the Company identified, assessed, and confirmed the material topics for the year, comprising 5 categories and 15 highly relevant issues, through a four-step process of ESG topic identification, stakeholder engagement, materiality analysis, and Board review. These topics are used as the reference basis for the Company's ESG focus and ESG information disclosure.



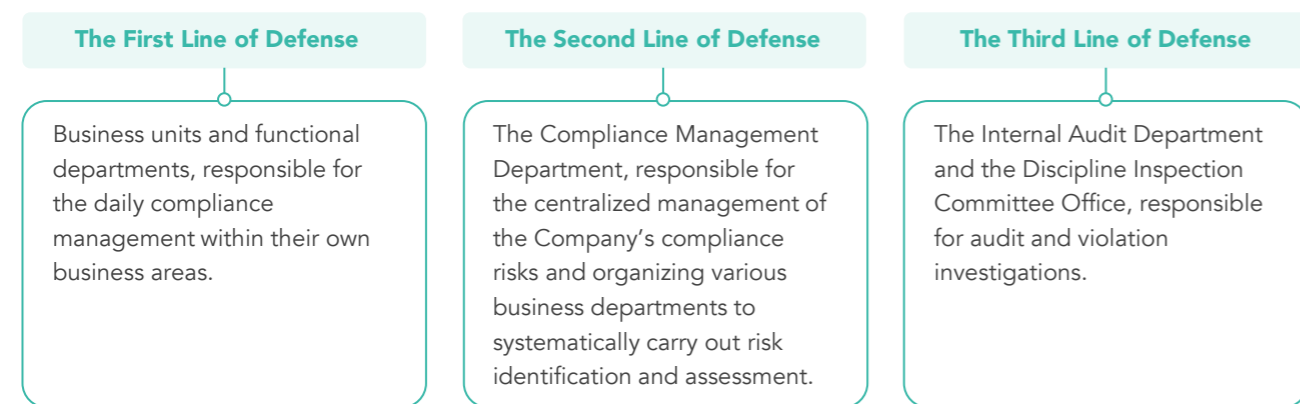
Compliance and Risk Management

Modern Dairy insists on law-abiding and compliant operations. In addition to building the compliance culture that "starting from the top, all employees take the initiative to comply, and compliance creates value", we also pursue the compliance concept of "compliance first, all-hands compliance, proactive compliance and strict accountability". The Company applies full-process management to address various potential risks, strictly abides by business ethics and standards, and safeguards the security of internal and external information and data.

Risk Management

To ensure the business compliance and sound operations, the Company has formulated and continuously improved internal policies, including the *Compliance Risk Management Policy*, in accordance with the requirements of the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management Integrated Framework and ISO 37301:2021 *Compliance Management Systems Requirements with Guidance for Use*. This ensures the effective advancement of operations within the compliance framework.

The Company has established a Board-led risk management and internal supervision system, adopting a "Three Lines of Defense" management model to achieve collaborative risk governance.



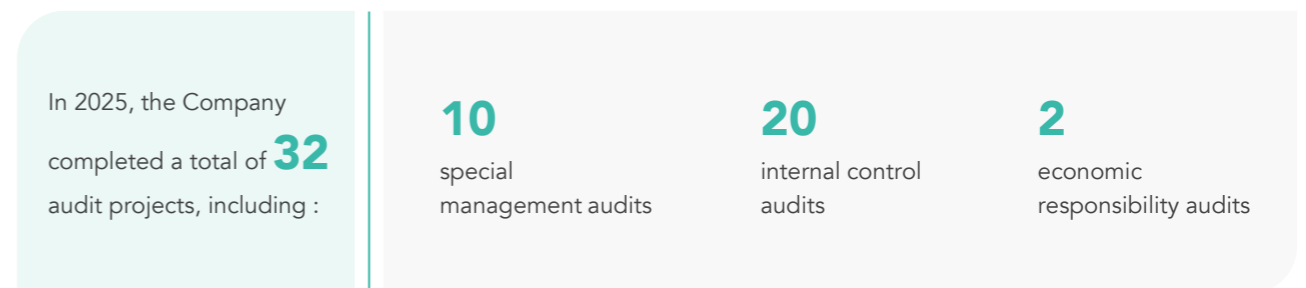
The Company has established a compliance risk management process covering risk identification, assessment, response, monitoring, and reporting, and continuously controls ESG risks including quality, safety, environmental protection, and employee occupational health, as well as various operational risks. We adopt a unified risk assessment standard, identifying and evaluating significant risks at the company level based on the likelihood of occurrence and the degree of impact on finance and environment. Based on the risk assessment results, we organize business departments to formulate targeted management and response measures such as risk mitigation and due diligence, and set quantifiable risk monitoring indicators. The progress of risk responses is tracked quarterly, effectively preventing and controlling the potential impact of major risks on the Group's strategic objectives and sustainable development.



Internal Control and Audit Supervision

The Company continuously improves the internal control system by establishing internal control processes covering key areas such as organizational structure management, budget management, and procurement management. In 2025, the Company organized an internal control self-assessment covering functional departments and the dairy farming segment. Departments were required to complete self-assessment reports covering the entire business management process in accordance with the *Modern Dairy Group Internal Control Self-Assessment Standards and Checklist*. This measure aims to effectively identify internal control deficiencies and implement timely rectifications, thereby preventing significant risks.

The Company continuously optimizes internal audit supervision. We conduct special management audits, economic responsibility audits, and internal control audits in accordance with the annual audit plan, issuing audit reports, and supervising the implementation of rectifications by relevant responsible parties. The audit scope comprehensively covers management dimensions including product quality, product sales, work safety, environmental protection, employee rights, supplier collaboration, and business ethics.



We have developed rectification plans for each issue identified during the audit. By the end of the reporting period, the rectification completion rate reached 92%. Cumulatively, this effort has driven the improvements to 11 policies, optimized 5 business processes. For issues not yet rectified, a dedicated ledger has been established to continuously advance the rectification progress, thereby ensuring 100% completion in the future.

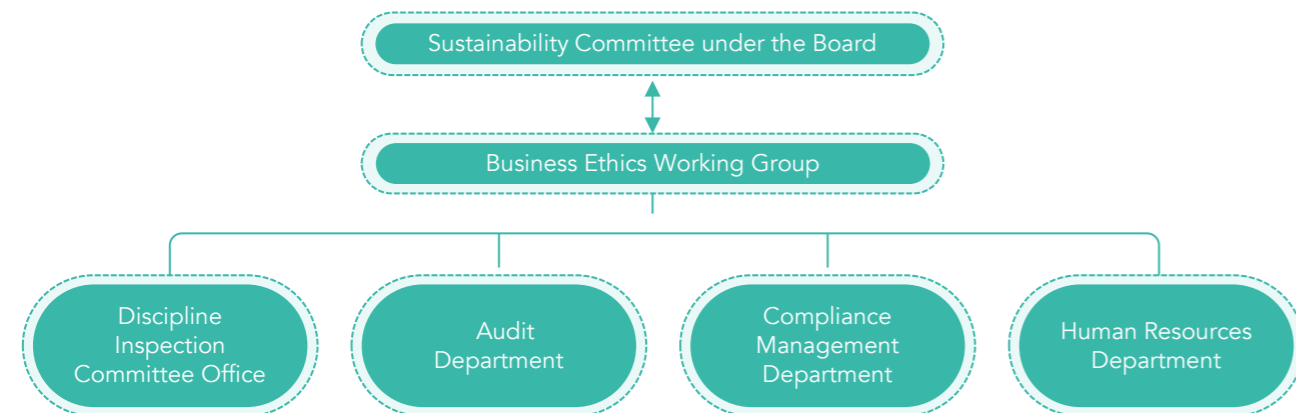
Business Ethics

Modern Dairy strictly adheres to the Code of Business Conduct, strengthens the construction of business ethics management system to mitigate business ethics risks. We collaborate with all stakeholders to uphold ethical standards, deepen training and empowerment initiatives, and promote awareness of business ethics and corporate responsibility.

Business Ethics Management System

The Company strictly complies with international initiatives and laws and regulations such as the *United Nations Convention Against Corruption*, the *Company Law of the People's Republic of China*, and the *State Administration for Industry and Commerce's Provisions on Prohibiting Commercial Bribery*. We have established institutional policies including the *Modern Dairy Code of Ethics*, the *Modern Dairy Anti-Bribery and Anti-Corruption Policy*, and the *Ten Prohibitions for Employee Integrity and Self-Discipline*. These policies require strict adherence from all employees, security personnel, contractors, directors, senior management, and third parties acting on behalf of the Company. We strive to create a system in which all employees "do not have the audacity, opportunity or desire to practice corruption". We organize regular business ethics compliance and audit supervision. Moreover, we maintain smooth whistleblowing channels and severely punish violations of the law.

We have established a business ethics management structure composed of the Sustainability Committee under the Board and the Business Ethics Working Group. The Sustainability Committee under the Board is the highest ethical management body which supervises the handling of corruption cases and monitors the compliance with the code of business ethics. The Business Ethics Working Group, comprising the Discipline Inspection Commission Office, the Audit Department, the Compliance Management Department, and the Human Resources Department, is responsible for formulating and improving business ethics policies, receiving and handling reporting clues, coordinating, supervising, and guiding the implementation of business ethics initiatives, and conducting business ethics audits.



Business Ethics Governance Structure of Modern Dairy

We conduct comprehensive investigations into all leads regarding violations and disciplinary incidents. If the allegations are verified to be true, we will hold the relevant personnel accountable in accordance with the *Group Accountability Management Policy* and recover all illicit gains in full. For criminal offenses, we will resolutely transfer the cases to judicial authorities for prosecution. We circulate the details of such violation cases and their outcomes internally across the Group to serve as a warning. By the end of the reporting period, the Group has not engaged in any actions that violate business ethics, such as corruption, bribery, discrimination, harassment, disclosure of customer privacy, conflicts of interest, money laundering, or insider trading. There had been no lawsuits resulting from corruption.

To ensure the effectiveness of business ethics management, the Business Ethics Working Group oversees, audits and reviews the business ethics management system and all operational processes within the Company's scope. We carry out a comprehensive business ethics audit across all operations and subsidiaries every three years, covering anti-corruption, ethics, integrity, and anti-bribery practices. This systematic process reinforces the foundation for compliant operations.

By the end of the reporting period, Modern Dairy had obtained the ISO 37001 Anti-Bribery Management System Certification and the ISO 37301 Compliance Management Systems Certification, covering 100% of the Company's business scope.

We maintain a smooth reporting and handling process, ensuring thorough investigations and resolutions for all reported issues and clues.



Improving the reporting and handling mechanism

The Company has established policies such as the *Management Regulations on the Disposal of Letters and Visits, Reports and Clues* and the *Regulations on the Clarification of Letters and Visits and Reports* to regulate the handling of complaints and reports. The Business Ethics Working Group is responsible for the overall management over reporting clues from all channels by analyzing and classifying clues, verifying clues through investigation, issuing reports, determining results, and notifying punishments.

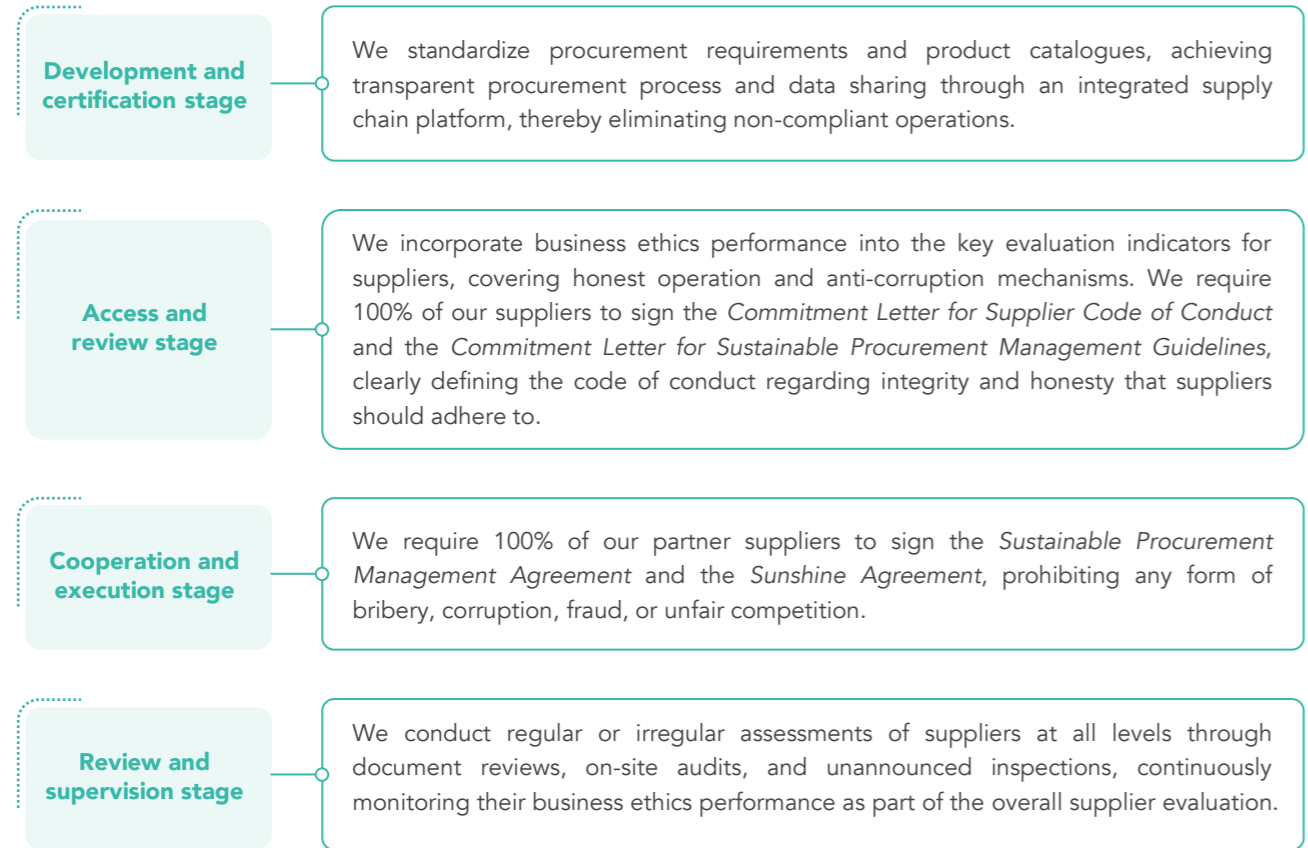
Offering various reporting channels

The Company has established an integrated online and offline reporting network covering the entire business process, providing internal and external whistleblowers with a secure and convenient channel for feedback. We post whistleblowing phone numbers, email addresses, and mailing addresses in prominent positions at our farms and offices. Additionally, we clearly specify whistleblowing channels for suppliers in their *Sunshine Agreement* and procurement documents. Furthermore, we proactively collect integrity-related clues through quarterly questionnaires and targeted interviews.

Improving whistleblower protection mechanism

To safeguard the legitimate rights and interests of whistleblowers and encourage the truthful reporting of issues, the Company has established the *Whistleblower Protection Policy*, which clearly defines the scope of reporting, handling process, and the protection mechanisms for whistleblowers. We allow internal and external personnel to report anonymously, keep the whistleblower's information confidential, and strictly prohibit any form of retaliation. In the event of any misconduct against whistleblowers, the Company will handle the matter seriously in accordance with laws and regulations; cases involving criminal offenses will be transferred to judicial authorities to pursue legal liability.

The Company is committed to building a clean, transparent, compliant, and trustworthy supply chain system. We have established the *Modern Dairy Supplier Code of Conduct* to manage suppliers in the full life cycle, which explicitly requires all suppliers to comply with business ethics and anti-corruption regulations.



Business Ethics Training

The Company conducts business ethics training annually for all directors, employees, suppliers, and contractors through multiple online and offline channels, striving to foster a fair and clean business environment.

Business Ethics Training for Directors

The Company continues to deepen the construction of integrity governance at the Board level, further clarifying the "zero-tolerance" principle regarding all forms of corrupt practices. By organizing specialized compliance training for all directors and promptly communicating the latest business ethics policies, we continuously strengthen the directors' awareness of compliance supervision and their capacity to fulfill the duties. In 2025, the Company achieved a 100% participation rate of directors in business ethics training.

Business Ethics Training for All Employees

The Company provides continuous business ethics training for all employees (including all full-time employees; we had no outsourced, dispatched or part-time employees during the reporting period). By establishing a training system combining "routine education" with "scenario-based warnings", we systematically enhance ethical awareness and sense of responsibility of all employees. We upload integrity education courseware to the Company's internal platform and conduct specialized integrity training for key business areas such as procurement and silage acquisition to reinforce employees' integrity awareness and behavioral self-discipline. The Company regularly holds warning education conferences, organizes visits to the warning education base, pushes targeted integrity reminders during key periods such as the Mid-Autumn Festival and the Spring Festival. In addition, the Company compiles and distributes the *Modern Dairy Clean Government Handbook* as the code of conduct to prevent corrupt practices.

In 2025, the Company conducted a total of 47 sessions of business ethics training for employees, spanning over 5,600 training hours and achieving 100% coverage of employees.

case

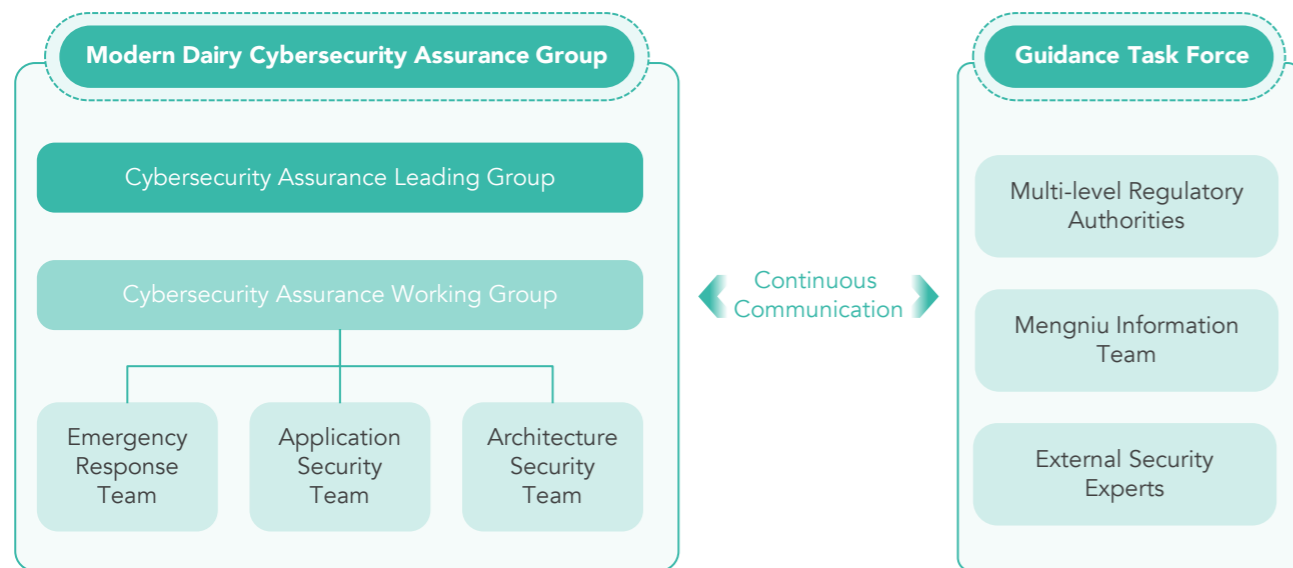
In June 2025, the Company organized a seminar on the "In-depth Implementation of the eight-point decision on improving Party and government conduct", covering over 160 mid-to-senior level managers from the Group headquarters and subsidiaries. All members of the Group's Board of Directors also attended the event. The seminar generated over one hundred improvement suggestions, effectively enhancing the understanding and practical capabilities of directors and management personnel regarding business ethics.

Business Ethics Training for Suppliers and Contractors

The Company conducts integrity training and promotion for all suppliers. By organizing events such as the supplier integrity co-construction conference and pre-bidding integrity briefings, we clearly communicate our business ethics requirements. This approach aims to align ethical standards with our partners and jointly create a transparent, trustworthy, and sustainable cooperative ecosystem. In 2025, the coverage rate of ethics training for Modern Dairy's suppliers achieved 100%.

Information Security

Modern Dairy places great importance on information security protection, continuously improving confidentiality policies and risk prevention measures to safeguard the security of private information. Our vice president for information security management is responsible for decision-making and supervision of major information security issues. The Information Technology Department, as the main responsible department, carries out information security supervision and information system maintenance in daily operation.



The Company strictly complies with laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. We have established internal policies, including the *Modern Dairy Information Security Management Policy* and the *Modern Dairy Data Security Management Policy*. These policies clearly define the code of conduct for all employees regarding information and data security management. We have fully implemented the IT equipment management principle of "whoever uses it is responsible for it". This year, the Company obtained the ISO 27001 Information Security Management System Certification.

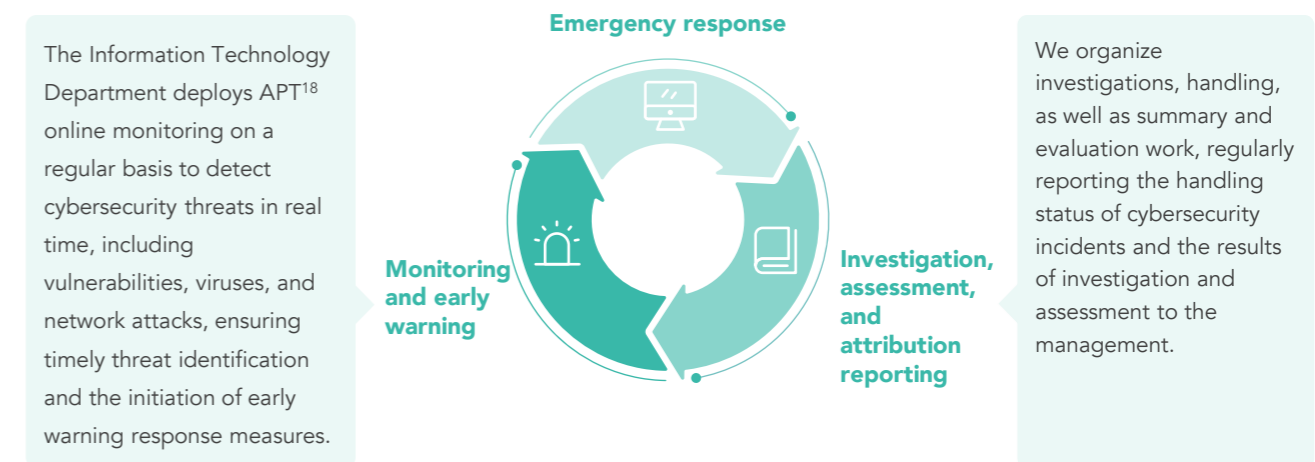


The Company conducts regular special audits on information security management to continuously supervise the effectiveness of the information security management system. We have established a data security and compliance supervision audit mechanism. Through data asset research, we comprehensively sort out and improve the Company's data asset information. We also regularly perform security vulnerability scans on information assets of both the internal and external networks to comprehensively identify and rectify information security risks. Regarding system program changes, we implement a closed-loop audit process from requirement proposal, testing and verification to official launch, and conduct data sampling checks at critical stages. In 2025, no information security incident or data leakage incident occurred within the Company.

We continuously strengthen information security measures by fully deploying a Data Leakage Prevention (DLP) system¹³. Through measures such as account login permissions, endpoint data management, and centralized management of corporate information systems, we enhance comprehensive prevention and control of information leakage risks. Regarding account permission management, the Company has established a quarterly review mechanism to achieve dynamic control over all account permissions. We conduct continuous monitoring and audit of Superuser¹⁴ operation logs, stipulating that all sensitive operations must undergo a review and approval process. In 2025, the Company optimized the SSO¹⁵ access management for internal business systems, effectively reducing the complexity of account management and mitigating security risks such as account theft and weak passwords. Additionally, we integrated professional WAF¹⁶ protection for cloud WEB¹⁷ systems, further strengthening our system security protection.

We continuously improve the emergency response mechanism for network and information security incidents by establishing emergency plans and building a closed-loop control process for security risks. The process covers monitoring and early warning, emergency response, investigation and assessment, as well as attribution reporting.

In the event of a network and information security emergency incident, we will implement targeted technical measures and control methods based on the incident level (especially serious, serious, relatively serious, and general) and in conjunction with specific emergency plans to prevent the situation from spreading.



We emphasize the cultivation of employees' information security awareness. We require employees in key positions to sign the *Confidentiality Agreement* and impose penalties for violations of information security management policies. We regularly conduct information security training via video conference to enhance employees' awareness. In 2025, the Company strengthened the security management of information system vendors by communicating information security management requirements to partners. Suppliers are required to uniformly sign the *Information System Project Implementation and O&M Security Management Confidentiality Agreement* to mitigate information security risks on the supply chain.

¹³ The Data Leakage Prevention (DLP) system is a strategy that uses certain technical means to prevent specified data or information assets of an enterprise from flowing out of the enterprise in violation of security policies.

¹⁴ Superuser: An administrator with all privileges.

¹⁵ SSO (Single Sign-On): An identity authentication technology that allows a user to access multiple associated business systems with a single login.

¹⁶ WAF (Web Application Firewall): A professional tool designed to provide security protection for web applications, effectively blocking external malicious access and attacks.

¹⁷ WEB, or the World Wide Web, specifically refers to the web-based business operation systems deployed by the Company on the cloud in this context.

¹⁸ APT (Advanced Persistent Threat): A targeted, long-term network infiltration attack.

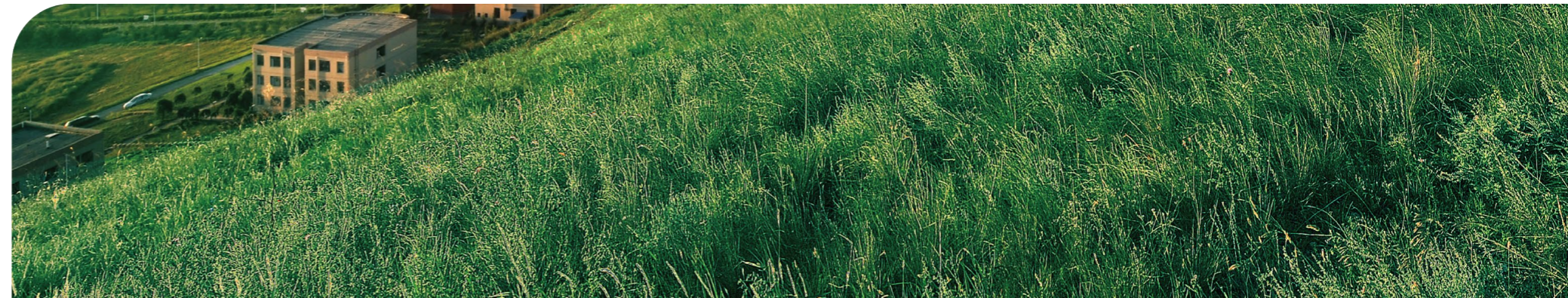
03 Environment

Anchoring its core goal of green development, Modern Dairy advances a low-carbon development system by improving the management mechanism for the “three wastes and one water” (waste gas, waste water, solid waste, and water), reducing food waste, and strengthening the employees’ green awareness. Furthermore, guided by a sustainable value chain philosophy, we balance biodiversity conservation, fully implement green operation responsibilities, and promote the coordinated development of industry and ecosystem.

The SDGs corresponding to this chapter:



Green Operations

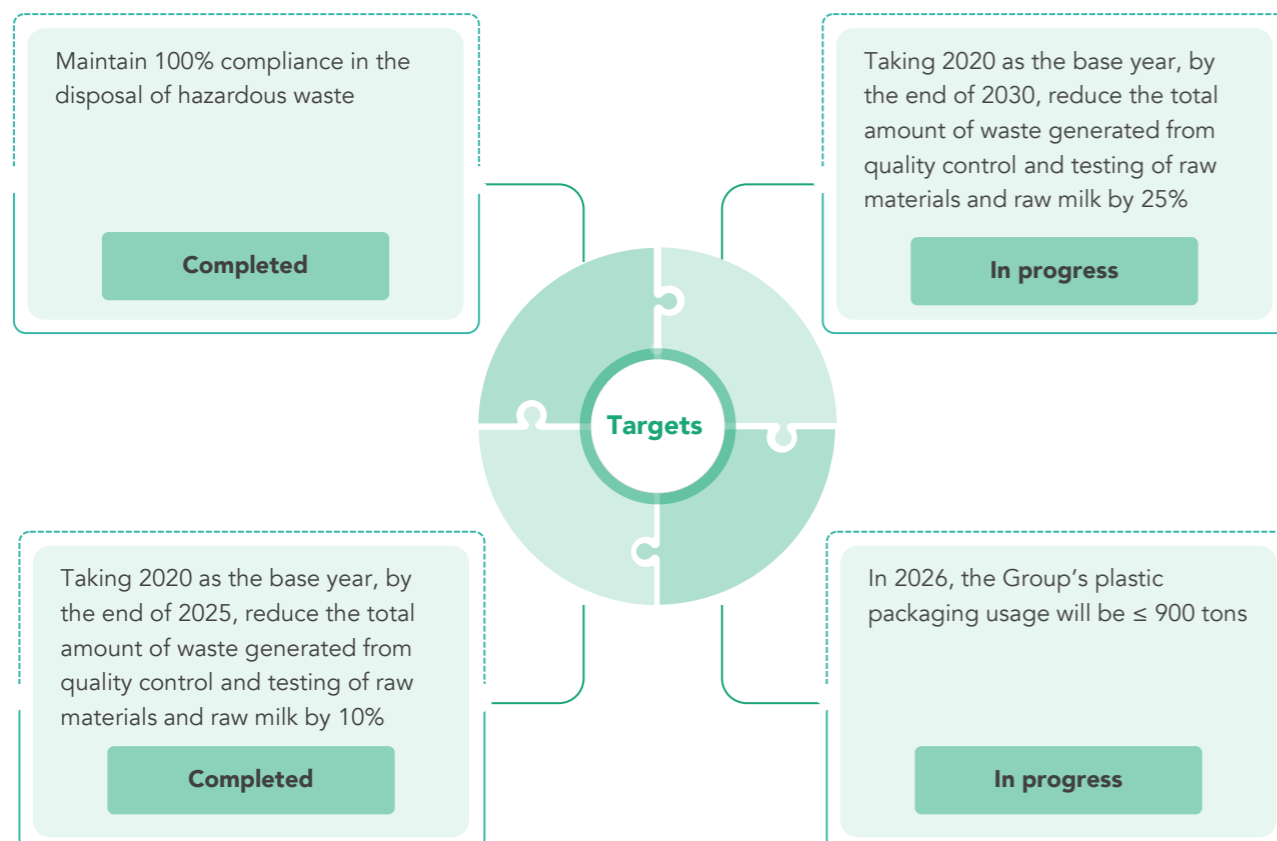


Modern Dairy has always adhered to the concept of "Co-existence and Common Prosperity Between Mankind and Nature", and is committed to building a sustainable and low-carbon system. The Company strictly complies with relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China*. Based on this, we have formulated internal management policies such as the *Environmental Protection Management Policy* and the *Self-Monitoring Management Procedures*, and improved management documents like the *Compilation of Modern Dairy Environmental Management Policy and Standard*.

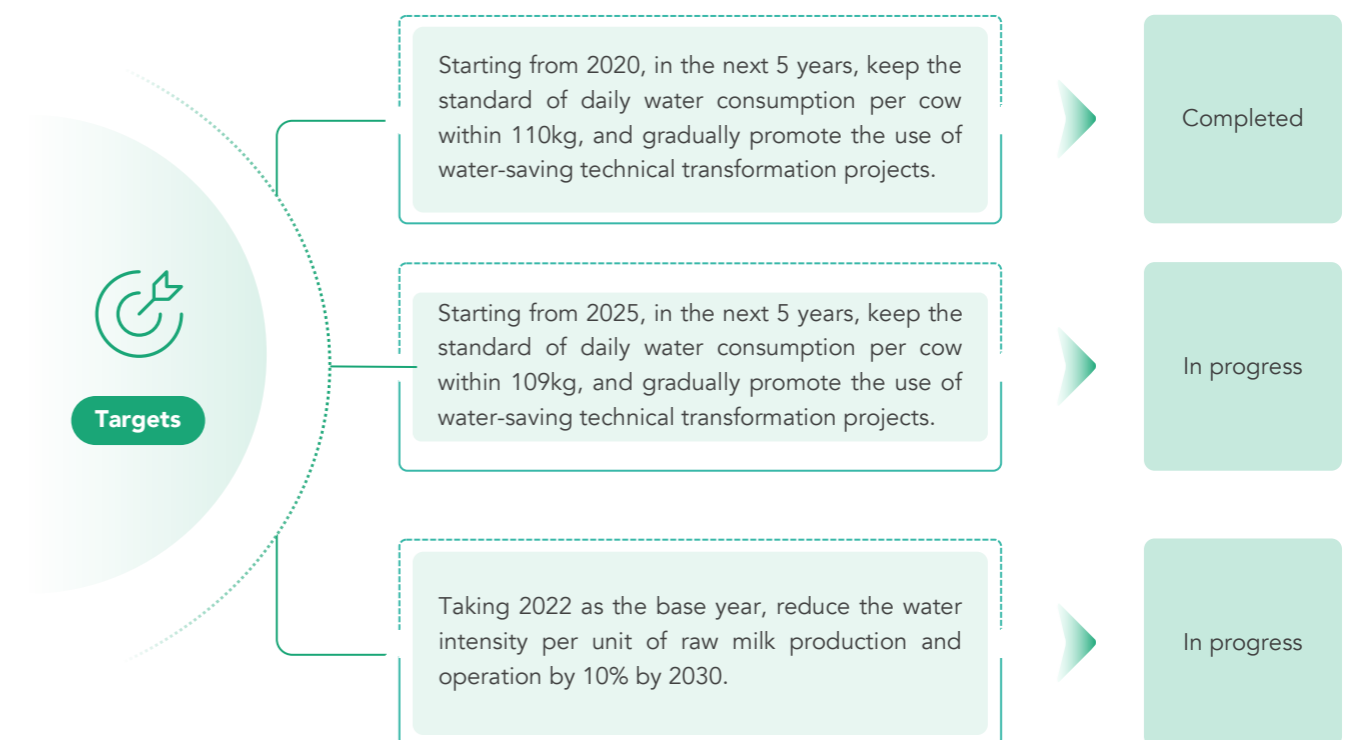
We have established a green operation management structure with the Board as the highest governance level, to actively drive GHG emission reduction practices, reduce food waste, and streamline emissions management process, enabling standardized environmental management throughout the entire production and operation process.

To continuously monitor resource usage and further strengthen resource management, the Company has established waste reduction targets and water conservation targets, and regularly supervises their progress.

Waste Reduction Targets



Water Conservation Targets



To ensure these targets are achieved successfully, we promptly identify potential internal issues, and establish a closed-loop rectification process. In addition, we utilize third-party expertise to fully diagnose the environmental issues in accordance with regulatory documents such as the Law of the People's Republic of China on Environmental Impact Assessment and the requirements of central inspection on eco-environmental protection. As of the end of the reporting period, all self-built farms in operation had obtained ISO 14001 Environmental Management System Certification.

During the reporting period, the Company did not experience any major sudden environmental incidents, nor did it receive significant administrative penalties from environmental protection authorities.

Low-Carbon Development Promotion

Modern Dairy has established multiple emission reduction pathways, focusing on three core dimensions: forage cultivation and feed management, equipment energy conservation and clean energy application, and manure resource management. The Company reduces GHG emissions across the entire process from source to end, and expands the construction of green milk source bases.

Constructing a Decarbonization System at Source "From Forage to Feed"

Forage Cultivation



We continuously improve natural grasslands and expand the scale of high-yield artificial forage cultivation to enhance agricultural carbon sequestration capacity and effectively reduce GHG emissions. This year, the Company further advanced carbon sequestration projects, adding 4,300 mu of forage planting area and completing ecological restoration of 1,700 mu of wasteland. Furthermore, we continuously increase the proportion of organic fertilizer application, reduce reliance on chemical fertilizers, improve soil organic matter content, and enhance the soil micro-ecological environment. These initiatives significantly boost the land's carbon sequestration efficiency. In 2025, we promoted the use of over 600 tonnes of organic fertilizers, reducing chemical fertilizer usage by approximately 300 tonnes.



Land Planning and Forage Scale Cultivation

Forage Transportation



Leveraging over 1.3 million mu of forage planting bases near the farms, the Company has optimized the supply chain layout. This effectively shortens the average feed transportation distance and reduces carbon emissions from transportation. We proactively implement a zero-distance feed transportation model by establishing feed mills within the farms, further reducing carbon footprints associated with long-distance feed delivery.

Feed Optimization



The Company improves the digestibility and utilization efficiency of feed by means of refinement of feeding and improvement of feed quality, thus reducing carbon emissions from intestinal digestion of cattle. According to factors like stage of growth, breed, gender, productivity and environmental conditions of cattle, the Company regularly adjusts the feed formula scientifically and precisely optimizes the nutritional supply. This ensures effective energy and nutrient absorption, and reduces waste and manure output.

Fatty acid optimization to reduce ruminal methane emissions

Methane is produced during ruminal fermentation. By adjusting the type and composition of fatty acid in feed scientifically and optimizing rumen microbial communities, we improve fermentation efficiency and reduce methane emissions. Additionally, the Company modifies feed structures by increasing concentrate ratios or applying specialized feed additives to suppress methane generation.

Low-protein diet promotion to reduce nitrogen emissions from the herd

In active response to the *Opinions on Implementing the Grain-Saving Initiative in the Breeding Industry* issued by the Ministry of Agriculture and Rural Affairs, the Company promotes the precision feeding management. By reducing the crude protein content in diet and scientifically supplementing synthetic amino acids, we ensure animal nutrition while further enhancing the herd's absorption capacity of nutrients in feed, thereby reducing emissions from intestinal fermentation. In addition, the low-protein diet reduces nitrogen content in urine, mitigating GHG emissions such as nitrous oxide (N₂O) during urine decomposition.



Building a Low-Carbon Energy Ecosystem "From Single-Point Energy Saving to a Clean System"

The Company strictly complies with policy documents such as the *Energy Conservation Law of the People's Republic of China*, the *Energy System Management Policy*, the *Fuel Management Policy*, and the *Photovoltaic Project Development Process*. We have established a three-level energy consumption management system, treating energy efficiency upgrades and clean energy application as key pathways for consumption reduction. Through real-time monitoring, data analysis, and dynamic optimization, we continuously improve energy efficiency.



Enhanced Energy Consumption Management

The Company actively conducts energy audits across all operational sites, adopting a three-pronged approach encompassing overall, farm-specific, and equipment-level audits, while exploring more effective energy-saving methods and technologies to implement energy conservation and emission reduction measures. This year, we utilized departmental co-creation meetings to scientifically establish energy usage benchmarks, which provides a clear basis for improving energy efficiency. We implemented dynamic energy consumption monitoring and assigned dedicated personnel to inspect the shut-down of office equipment after work. Furthermore, we incorporated energy consumption performance of each farm into the performance management system, strictly quantifying and assessing it as a key performance indicator in comprehensive farm evaluations.

This year, we completed internal audits for 52 farms. By synergizing the "co-creation" approach with performance evaluation measures, we promoted the standardized and refined energy management across farms, effectively driving the achievement of energy-saving and consumption-reduction goals.

Energy Efficiency Upgrades

Through systematic technological upgrades and precise management, Modern Dairy has achieved quantifiable reductions in energy consumption and sustainable improvements in resource operational efficiency.

Equipment upgrade

Upgrade of electric-drive mixing tanks

All farms have gradually retrofitted tractor-drawn feed mixing tanks to stationary electric-drive mixing tanks. By replacing inefficient diesel engines with high-efficiency electric motors, fossil energy consumption is significantly reduced. The service life and operational environmental friendliness of the equipment have also been improved simultaneously.

Use of permanent magnet motors

We conduct technical renovation for cowshed in each farm with permanent magnet motors. We replace the original three-phase asynchronous motors used in the cowshed fan with rare earth permanent magnet energy-saving motors. At the same speed, the permanent magnet energy-saving motors can save 37% of power consumption. We renovate smaller power fans and pump motors of all farms with permanent magnet motors, which can save 20% of the electricity used by conventional motors at the same speed.

Gas-to-electricity transformation

Calf's original milk parlors have been converted to electric pasteurizers, and heating method is replaced by electricity instead of coal burning at each farm, so that zero coal is used in the milk sterilization process. Additionally, we have replaced some liquefied gas stoves in farm canteens with electric heating stoves to improve energy utilization efficiency, thereby reducing carbon emissions.

Use of automatic forage pusher

The automatic forage pusher enables intelligent and unmanned automated forage pusher operations. By optimizing paths and performing precise operations, it reduces inefficient energy use, significantly lowering energy consumption during the forage pusher process.

Use of more new energy vehicles

We promote the use of new energy transportation vehicles (e.g., fresh milk trucks and in-plant forklifts), gradually replacing the original fuel oil vehicles, and reducing the GHG emissions generated by the transportation environment. In 2025, Modern Dairy put 10 electric milk tankers into operation, replaced 4 diesel forklifts and 22 diesel loaders with electric ones.

Infrastructures renovation

All farms are equipped with liquid level float switches, time control switches, and remote control switches to automatically turn related equipment on or off based on actual production needs. In office areas and across all farms, we replace and retrofit constant lights, and install intelligent infrared sensors and photosensitive switches to avoid excessive power consumption. As of the end of the reporting period, we have completed the renovation of solar street lights in 31 farms.

Optimized production processes

Optimization of energy-consuming processes

By adjusting the storage position of raw materials and the order of the feeds at each farm, the driving distance of the vehicle at the mixing station and the frequency of material spreading in the cowshed can be reduced to effectively save fuel consumption. In addition, we adopt cogeneration to fully utilize the energy of fuels, improving the overall energy efficiency.

Regular equipment calibration

We regularly check the fuel injector and fuel pump of vehicles within the farm area and adjust them to the standard fuel injection volume.

Production technology energy efficiency upgrade

We continuously upgrade our manure fermentation production technology, reducing the amount of water entering the manure management system, which in turn can save 15% of the electricity consumption for fermentation treatment.

Established intelligent energy-saving system

Use of intelligent control system

Negative pressure fans equipped with intelligent control system are installed in the cowsheds of each farm to collect data on temperature, air quality, humidity, etc., within the cowshed for automatic analysis. The analysis results are promptly fed back to the intelligent control module. The system can automatically adjust the return water temperature of heat exchanger unit, set the cowshed temperature at 18-23°C, regulate the proportion of fans turned on to continuously maintain the Temperature-Humidity Index (THI) standard. This year, all farms were gradually renovating with induction fans, which can save 60%-80% of electricity in spring and autumn after the renovation.

Clean Energy Use

Modern Dairy vigorously promotes the use of clean energy and reduces consumption of traditional fossil fuels, effectively decreasing overall carbon emissions. Total power generation from photovoltaic and biogas projects reached 190 million kWh, comprising 123 million kWh from biogas and 67 million kWh from photovoltaic systems.

Maximized biogas utilization

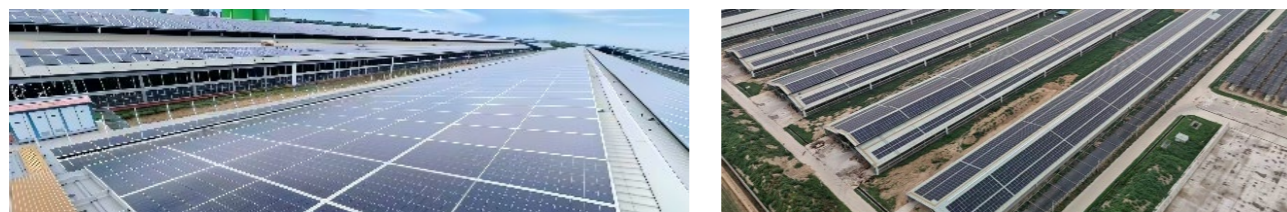
Modern Dairy farms are equipped with automated manure collection and closed manure anaerobic fermentation systems. The biogas produced from fermentation is used for electricity and heat production while the dried biogas residues are used as the bedding material for cattle. In 2025, the Company achieved 123 thousand MWh of power generation with biogas. Additionally, we use the biogas produced by the manure treatment system as "fuel" to generate the steam, reducing the need for purchased steam. In 2025, the manure treatment system generated 489.8 thousand tonnes of steam from biogas.

Heating with air energy

The Company utilizes air energy instead of biomass boilers for heating, saving fuel consumption while reducing GHG emissions. In 2025, the Company installed 21 sets of air energy equipment for heating and hot water supply at 11 farms, including Shajin and Tongliao.

Increase of photovoltaic installed capacity

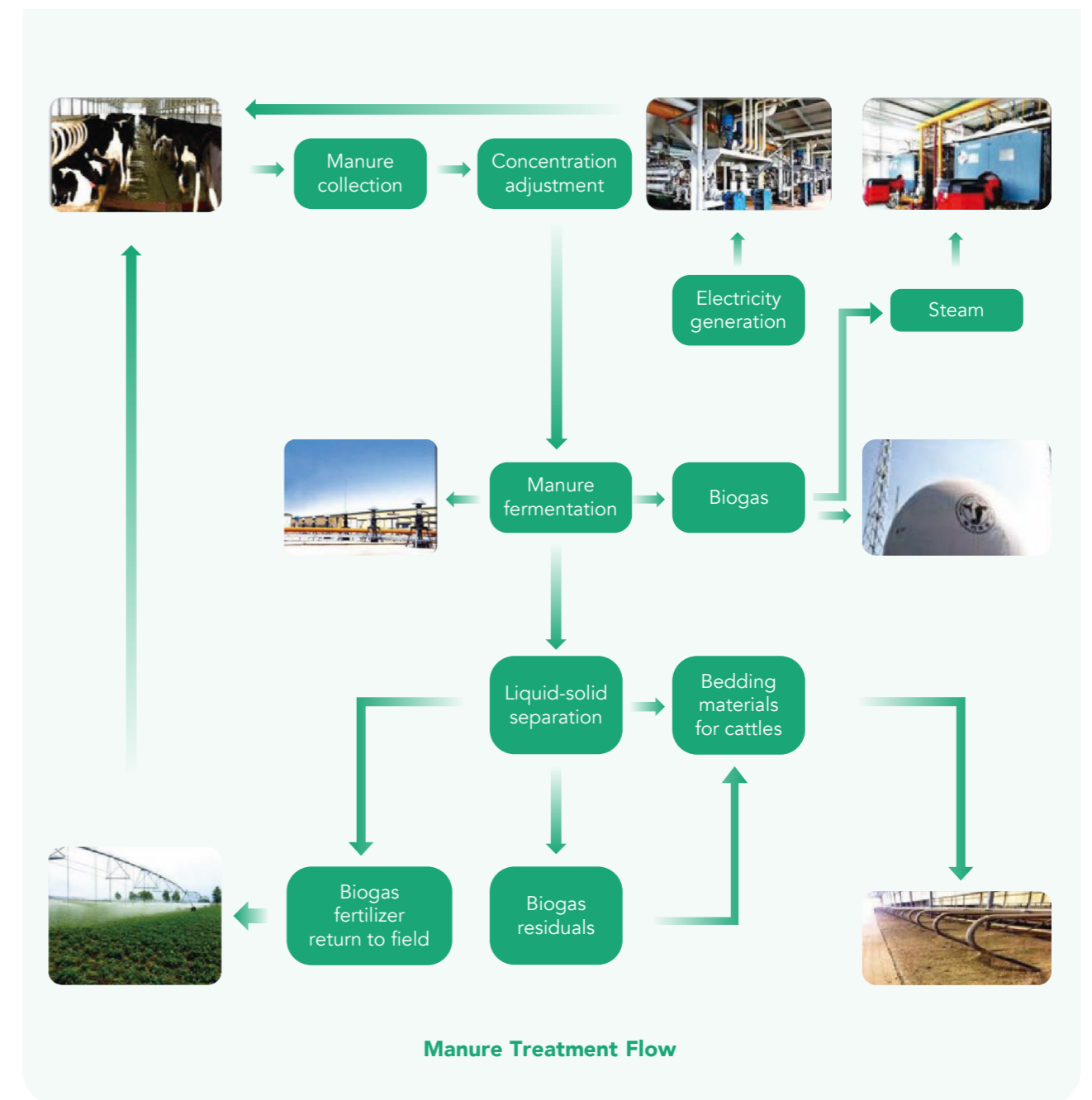
We are advancing the integrated construction of photovoltaic facilities with farms, actively developing "Livestock-Photovoltaic Complementary" demonstration farms. As of the end of the reporting period, Modern Dairy's photovoltaic projects covers approximately 727 thousand square meters of cowshed rooftops, equivalent to saving about 1,500 mu of land for ground-mounted power stations. The projects generate approximately 120 million kWh of electricity annually, achieving an annual carbon emission reduction of about 94 thousand tonnes.



Cowshed Roof Photovoltaic Project

Building a Circular Economy Chain "From Harmless Treatment to High-Value Utilization"

In accordance with regulatory requirements such as the *Notice on Further Clarifying the Requirements for Returning Livestock and Poultry Manure to Cropland and Strengthening the Supervision of Breeding Pollution*, Modern Dairy has pioneered an industry-leading green circular industry chain of "Forage Planting - Dairy Farming - Manure Treatment - Biogas Power Generation - Manure Application to Fields". By effectively transforming emissions, we achieve the efficient utilization of resources.



We have constructed supporting anaerobic fermentation facilities for manure treatment at our farms, primarily including fermentation systems, biogas purification systems, biogas utilization systems, and post-treatment systems. This year, we built a new manure treatment system at the Gegental Farm and upgraded the fermentation systems at Baoji, Chabei, and Tongliao farms. We innovatively applied the above-ground storage and fermentation process, which significantly enhanced the operational stability compared to the traditional semi-underground scheme.



Farm Manure Treatment Facilities

We utilize organic matter, nitrogen, phosphorus, potassium, and various trace elements found in manure to enhance soil fertility. This practice has led to distinctive circular economy models such as "Cow-Biogas-Grass", "Cow-Biogas-Tea", "Cow-Biogas-Vegetables", and "Cow-Biogas-Fruit", fostering a sustainable and circular agriculture and livestock industry. To resolve the long-standing challenge of uneven fertilizer distribution, we have promoted a manure spraying and land application model tailored to the specific conditions of our farmland. This is achieved through measures such as deploying hose applicators, upgrading spreading equipment, and utilizing mobile biogas slurry storage tanks. This approach ensures uniform application, which mitigates associated risks, improves operational efficiency, and enhances crop nutrient uptake. After upgrading the spraying facilities at our Bengbu Farm, daily manure application efficiency increased by 57%. Furthermore, the biogas residue produced from fermentation is repurposed as bedding material in cowsheds. As of the end of the reporting period, the Company achieved 100% utilization of self-produced manure.



Facilities for Soil Fertilization with Organic Waste

In 2025, the All-China Environment Federation honored the Company with a First Prize of the State Scientific and Technological Progress Award for implementing two key technologies: "Sub-Low-Temperature Manure Fermentation for Bedding Material Production" and "Micro-Aeration Oxidation Pond Wastewater Treatment Using Micro-Aeration Oxidation Ponds".



Case

From Waste to Value: Saibei Farm Pioneers a New Model for Circular Agriculture

Modern Dairy Saibei Farm has established a green circular model through technology innovation and the promotion of sustainable practices. This model creates an eco-economic win-win, benefiting both ecological health and business performance.

Green Philosophy Promotion

In the initial phase of farm establishment, local farmers' awareness of manure treatment and resource utilization was still in its infancy.

To overcome this resistance, the farm established a manure promotion team in 2012. Team members engaged directly with farmers in the fields, explaining the principles of anaerobic fermentation technology in clear and simple terms. This outreach reached 7,000 farm households across Saibei and neighboring regions of Inner Mongolia. The team invited farmers for on-site visits to observe the fermentation process and demonstration plots. This experience gradually shifted farmers' attitudes towards manure application. As of the end of the reporting period, Saibei Farm's maximum daily manure application volume exceeded 10 thousand cubic meters, and the associated farmland increased from zero to 80 thousand mu.



In-Depth Engagement with Farmers

Technology Innovation and Breakthrough

After exploring various technologies, Saibei Farm ultimately selected hose applicators to address the drawbacks of traditional flood irrigation. Through precise volume control, uniform spraying, and a daily field-inspection mechanism, the farm has resolved the key bottleneck that previously limited manure application during the critical planting season from May to September. This enables a daily side-dressing volume exceeding 2,500 cubic meters, while maximum daily return-to-field volume reaches up to 12,000 cubic meters during optimal windows.

Green Industry Chain Development

In collaboration with the local government, Saibei Farm has established a "demonstration-led and technology empowered" promotion framework. This facilitates on-site observation sessions for farmers to learn about manure application and supports initiatives for soil enrichment and pasture yield enhancement. Targeted, phased precision fertilization on degraded grasslands has driven notable ecological improvement, resulting in a 10cm increase in grass height compared to the same period and a surge in fresh forage yield from 300 to approximately 1,000 jin per mu.



Achievements in Soil Fertilization with Organic Waste

In April 2025, a project involving Modern Dairy's Saibei Farm, "Grazing-Mowing Rotation and Application of Organic Biogas Fertilizer for Restoring Moderately Degraded Typical Grasslands", was included into the Inner Mongolia Autonomous Region's Key Technology Reserve Database for Grassland Ecological Restoration and Management. This initiative exemplifies a synergistic model that advances both agricultural productivity and ecosystem resilience.



Food Waste Reduction

In strict compliance with national regulations, including the *Anti-Food Waste Law of the People's Republic of China*, and in active alignment with key initiatives such as the *Action Plan for Food Conservation* and the *Opinions on Implementing the Grain-Saving Initiative in the Breeding Industry* issued by the Ministry of Agriculture and Rural Affairs, Modern Dairy has established the *Modern Dairy Food Loss and Waste Reduction Policy*. By implementing refined management across the entire value chain, the Company continuously reduces food waste and loss, advancing a more sustainable model for dairy development.

Intensifying Grain-Saving Efforts

Guided by the principles of precision, intelligence, and ecological sustainability, we focus on improving feed conversion efficiency. We have established a comprehensive technology system spanning the entire "Feed-Farming-Breeding" value chain to achieve grain conservation and performance improvement from source to end product.

Optimizing Feeding Structure to Promote "Replacing Feed with Forage"

We champion the innovative "Feed-Forage Combination" model, which enables efficient land use, increases the proportion of high-quality forage in rations, and reduces reliance on conventional feed.

Improving Feed Formulation to Reduce Daily Ration Costs

Through individualized feed formulations and precise adjustments to feed types and allocation, we ensure sufficient nutrition for all cattle groups while minimizing unnecessary intakes. Our strategy includes "economic analysis of raw material substitution", through which we incorporate alternative protein sources to partially replace soybean meal. This solution has reduced daily ration costs by 6-8% and cut annual soybean meal consumption by approximately 50 thousand tonnes.

Conducting Digital and Intelligent Management to Empower Precise Operation

By establishing standardized procedures and implementing the Yunyangniu Digital Intelligence Cloud Platform and the DFeed precision feeding system, we have achieved over 99% accuracy in feed mixing and delivery.

Mitigating Stress to Ensure Stable and High-Yield Production

Our intelligent environmental control system effectively mitigates heat and cold stress in dairy cows, increasing milk yield by 8% during heat-stress periods and reducing stress-induced milk loss by 30%.

Advancing Healthy Reproduction to Enhance Herd Productivity

By rearing replacement heifers and culling low-efficiency cattle, the health rate of our core herd exceeds 95% and productivity per cow increases by 3%.

Enhancing Genetic Breeding Technologies to Lay a Continued Development

We conduct research and development for independent breeding, establish breeding-bull cultivation and a genomic evaluation system, aiming to accelerate the development of a herd defined by high yield, longevity, and superior feed utilization efficiency.

In 2025, the Achievements in Grain-Saving and Efficiency Improving of Modern were remarkable:

Feed conversion rate for lactating cows	Costs reduction	Corn conservation	Soybean meal conservation	Annual feed conservation
1.67%	150 million RMB	2.81 Ten thousand tonnes	4.71 Ten thousand tonnes	2.25 Ten thousand tonnes

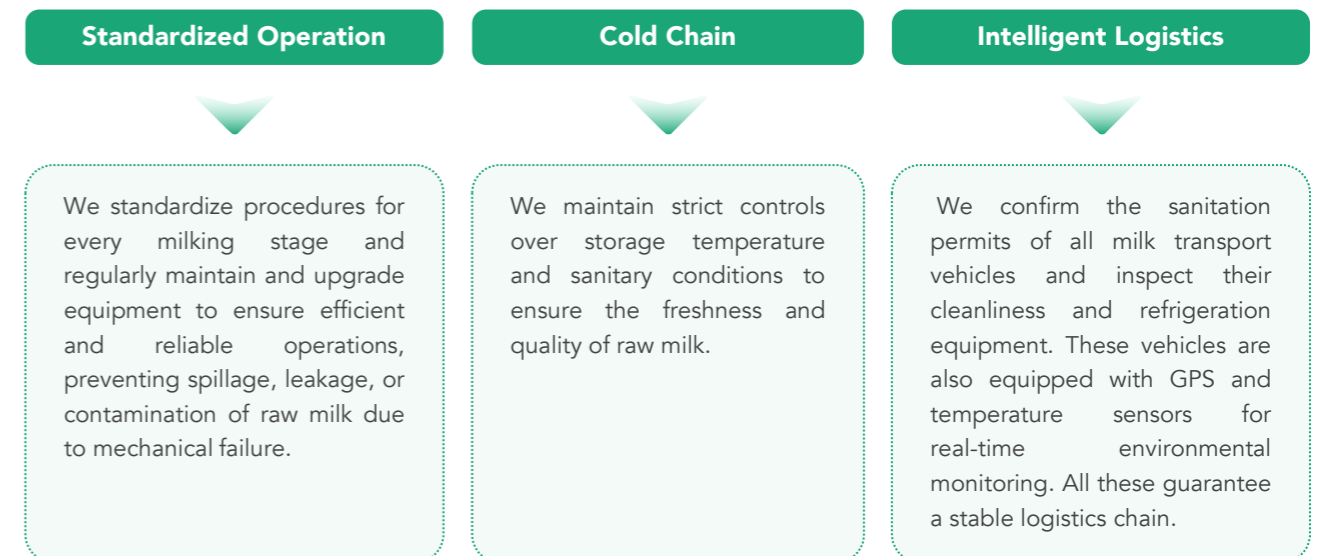
Modern Dairy Selected as a National Model for Grain-Saving

By integrating key technologies, including precision nutrition, smart breeding and ecological cycling, Modern Dairy has fully leveraged technologies and systematically enhanced efficiency. Consequently, the Company was selected as one of the national models for grain conservation, providing replicable and valuable experience for the national dairy industry in achieving "quality enhancement, grain conservation, and reduction in consumption and emissions".



Preserving Raw Milk Freshness

Modern Dairy continues to strengthen the full-process control of raw milk from "production - storage - logistics", ensuring precise operations in pursuit of a "zero-loss" target of raw milk.



Sustainability Awareness Cultivation

Guided by a commitment to green and resource-efficient development, we embed sustainability into all daily operations.



"Clean Plate" Campaign Promotion and Environmental Awareness Cultivation

The Company implements an internal "Clean Plate" action plan via multi-channel engagement, including DingTalk system, WeChat Official Accounts, video screenings, and on-site posters, to raise employees' awareness of food conservation and waste reduction.



Menu Design Optimization and Ingredient Utilization

Properly balance the dietary structure, the Company prioritizes locally sourced seasonal vegetables, culinary innovation, and full-value ingredient utilization, ensuring optimal freshness and nutrition while significantly reducing food waste.



Unconsumed Milk Repurposing

Daily unconsumed fresh milk is collected and repurposed into dough for noodles and bread in staff meals, creating a closed-loop system that maximizes resource value.

Waste Management Optimization

The Company employs scientific planning, technological upgrade, and systematic design to implement a management strategy of "source identification, source control, process emission reduction, and terminal treatment". This approach through full-process management and real-time monitoring to ensure that waste disposal processes and measures are carried out in a standardized manner. This helps to avoid resource waste and ecological damage.

Exhaust Gas Management

In strict compliance with national legislation, including the *Air Pollution Prevention and Control Law* and the *Regulations on Pollution Discharge Permits*, and the Group's *Special Air Pollution Prevention and Control Plan*, the Company systematically identifies and manages all organized and fugitive emission sources across all sites. Our approach includes strengthening monitoring, guidance, and supervision throughout production; ensuring stable operation of pollution-control facilities; continuously improving prevention records; and advancing a detailed, grid-based, tiered management system for emission sources.

Source Control

Precision Feeding

We determine feed quantity and schedule based on cow age, weight, and production stage to prevent spoilage-related gases. Furthermore, we optimize feed formulations by adjusting the proportions of protein, carbohydrate, fat, and probiotic to reduce digestive emissions such as ammonia.

Water Management

We provide cows with sufficient clean water. This supports their normal metabolic function and enhances nutrient absorption, thereby reducing the excretion of unabsorbed nutrients that would otherwise increase gas emissions.

Temperature and Humidity Control

We maintain optimal temperature and humidity levels in farms to prevent excessive microbial proliferation and heightened metabolic activity due to high temperature and humidity, which can cause gas emissions.

Replacement of High-Emission Equipment

The Company replaces outdated, high-emission equipment, substituting legacy diesel-powered machinery with new-energy alternatives. This initiative eliminates tailpipe emissions from non-road mobile equipment.

Terminal Treatment

Combustion Exhaust Treatment

We employ ozone oxidation denitrification and sodium-alkali desulfurization purification technologies to treat sulfur- and nitrogen-containing flue gas generated by biogas, natural gas, or biomass boilers before discharge. We also retrofit outdated desulfurization systems at our farms, with removal rates for NOx and SO2 exceeding 90%.

Dust Management

The Company utilizes a range of dust-suppression facilities, including mist cannons, bag filters, and cyclone dust collectors, to manage both fugitive and organized emissions. Additionally, spraying facilities are installed in cowsheds to mitigate dust.

Deodorization

The Company selects farm sites with appropriate buffer zones and mandates strict sealing of biogas slurry fermentation tanks. We employ a dry-manure-removal process, which, coupled with increased removal frequency and installed spraying and ventilation facilities, significantly reducing odorous gas emissions. Furthermore, we standardize deodorant-spraying operations, expand green spaces, and adopt other approaches to reduce malodorous gas emissions.

Waste Management

We strictly abide by the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Management Measures for the Transfer of Hazardous Wastes*, and other laws and regulations and continuously implement the *Waste Oil Recycling Management Policy*, the *Equipment Management Policy* and other internal management policies. Moreover, a detailed waste management plan is developed to standardize the classification, separation and recycling of all kinds of waste. We have established ledgers for all kinds of waste and file reports on disposal to the environmental protection administration. Wastes are transported to qualified recycling units for centralized treatment.

General Solid Waste

General solid waste generated by the Company primarily includes diseased and dead animals and domestic garbage in farms. Following the principle of "maximizing utilization and implementing full-process control", we ensure proper recycling and disposal of all wastes.

General Solid Waste Disposal Process



Diseased and Dead Animals in Farms

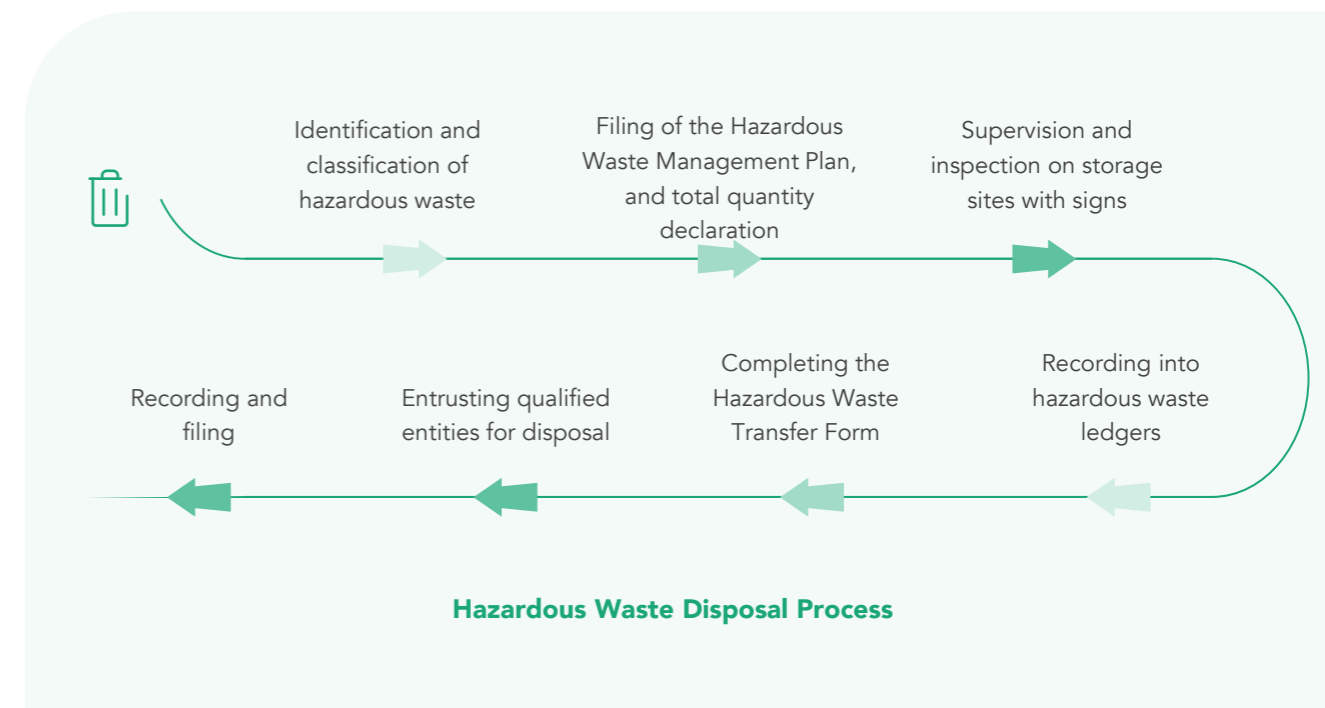
We strictly comply with the requirements of laws and regulations such as the *Animal Prevention and Epidemic Law of the People's Republic of China*, the *Measures for Disposal of Diseased and Dead Animals with Unknown Causes of Death (for Trial Implementation)*, and the *Technical Specifications for Harmless Disposal of Diseased and Dead Animals* to standardize harmless treatment of diseased and dead cows across all farms. The disposal methods adopted by our farms include installing refrigeration facilities for temporary storage, commissioning qualified units for harmless treatment, and designating disposal pits. These methods ensure no environmental hazards. We continuously strengthen herd health management to reduce the incidence of disease and mortality at the source. This minimizes waste generation while safeguarding raw milk quality. In 2025, a total of 14.567 thousand heads of dead cattle were disposed of harmlessly, with a cumulative weight of 6.8841 thousand tonnes.

Other General Solid Waste

The Company has implemented a series of measures to reduce other general solid waste. We prioritize bulk packaging compliant with agricultural input regulations to reduce packaging material usage. We opt for thicker mulch films that meets national standards. We are gradually increasing the area of cultivation without mulch film on an annual basis. During the recovery process, this effectively reduces film breakage and soil residue, mitigating white pollution. We collect and store domestic garbage by prescribed categories and entrust local sanitation departments or third-party recyclers for proper disposal.

Hazardous Waste

Hazardous waste of the Company mainly includes medical waste, laboratory waste liquid, and waste machine oil, and other hazardous materials. We develop a plan and ledger for hazardous waste management, and set up a separate space for disposal or storage. We also enter into hazardous waste transfer and disposal contracts with qualified third parties to ensure compliant and proper treatment.



This year, we developed detailed labeling and signage for all hazardous-waste storage areas, clarified the specifications for filling out and posting hazardous waste labels. Additionally, we launched "EHS Knowledge Classes" through our EHS column to deepen farm personnel's understanding of core requirements to manage on-site hazardous-waste. These combined efforts support our goal of developing leading farms.

For the treatment of medical waste and chemical waste liquids, we strictly observe the requirements of laws and regulations such as the *Technical Specification for Centralized Treatment of Medical Waste (Trial)*. We also stipulate storage standards for internal medical waste and reagent bottles used in laboratories to avoid the environmental pollution caused by the medical waste. We also optimize the quality of laboratory chemicals, preferring high-purity laboratory chemicals to minimize the amount of laboratory waste liquid generated. Our farms are required to regularly overhaul their vehicle equipment and ancillary facilities to avoid "running, emitting, dripping and leaking" of waste oil from equipment pipes and containers.

As of the end of the reporting period, multiple farms of Modern Dairy have been awarded the title of "Hazardous Waste Management Model Farm" by the Company. Xinle Farm achieved full-process standardized management through precise classification and procedures; Bengbu Farm innovatively implemented intelligent monitoring and a "dual-person dual-lock" mechanism, establishing a 24/7 risk-control system; Baoji Farm developed a digital ledger system, ensuring full-chain traceability of hazardous-waste data. We encourage farms to develop complementary best practices through differentiated innovation, effectively driving an overall improvement in hazardous management standards.

Case

Compliance and Intelligence: Hengshui Farm I's Exemplary Efforts in Hazardous Waste Management

Applying lean-management principles, Hengshui Farm I has replaced traditional manual recording with IoT and digital technologies. By integrating with provincial smart-supervision platforms, it has collected data across levels and established a fully transparent, verifiable, and closed-loop management system. This enables 24/7 intelligent monitoring that safeguards the farm's green ecosystem.

Intelligent Hazardous Waste Warehousing and Reporting

Using its smart hazardous-waste management platform, Hengshui Farm I has streamlined its warehousing process. Once hazardous waste is positioned on the intelligent weighing platform, the operator initiates warehousing with a single click. The system then automatically performs precise weighing, records all relevant information, and uploads the data in real time to municipal and provincial supervisory platforms.

Automated Hazardous Waste Labeling

Using real-time warehousing data, the system automatically generates and prints compliant electronic hazardous-waste labels, replacing manual operations. These labels serve as a "digital ID" for hazardous waste, linked to every lifecycle node and establishing a complete, immutable traceability chain.

Digitalized Hazardous Transfer Process

Prior to transfer, we reconcile physical inventory against system records to ensure alignment. Upon confirmation, we initiate electronic manifests on the provincial platform, notify the disposal unit, and proceed with disposal as agreed. All manifests are digitally archived, completing a fully digital, closed-loop transfer process.



Intelligent Integration of Warehousing, Labeling, and Transfer

Wastewater Management

We rigorously comply with laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *Regulations on the Prevention and Control of Pollution from Large-scale Livestock and Poultry Breeding*. We classify and treat wastewater according to different production scenarios and water conditions. By gradually improving the efficiency of wastewater treatment, we aim to minimize the impacts of production and operation activities on the ecological environment.

The wastewater generated from the Group's operations mainly includes cowshed sprinkling water and milking parlor flushing water. After being transported to the manure fermentation system for harmless treatment, it is used for farmland fertilization, ensuring the wastewater treatment and reuse processes comply with environmental protection and public health requirements.

We implement rainwater and sewage diversion and reuse initiatives, and design the drainage system appropriately to avoid pollutants carried by rainwater from entering the treatment system. Our farms utilize covered ditches or pipelines to transport liquid manure and silage leachate, with manholes set along the pipelines to prevent rainwater backflow. Rainwater collection ponds are established within the farm areas. The collected rainwater is partly used for irrigation of surrounding land, which can effectively avoid the overflow of sewage caused by a large amount of rainwater entering into the sewage tank during heavy rainfall. Furthermore, we standardize cowshed construction by replacing open-sided cowshed roofs with enclosed structures to avoid rainwater ingress and mixing of rainwater and sewage.

In 2025, all wastewater generated by the Group's operations was fully reused in a resource-based manner, achieving zero discharge.

Noise Management

The Company also constantly pays attention to noise control during project construction and daily operations. We strictly follow related laws and regulations, including the *Law of the People's Republic of China on the Prevention and Control of Noise Pollution*, the *Environmental Noise Emission Standard for Construction Site Boundary (GB12523-2011)* and the *Noise Limits for Construction Site Boundary (GB 12523-90)*. We use advanced low-noise equipment, install vibration damping pads, enhance equipment maintenance, strictly control the operational time and ensure standardized construction to minimize noise pollution to the surrounding environment.

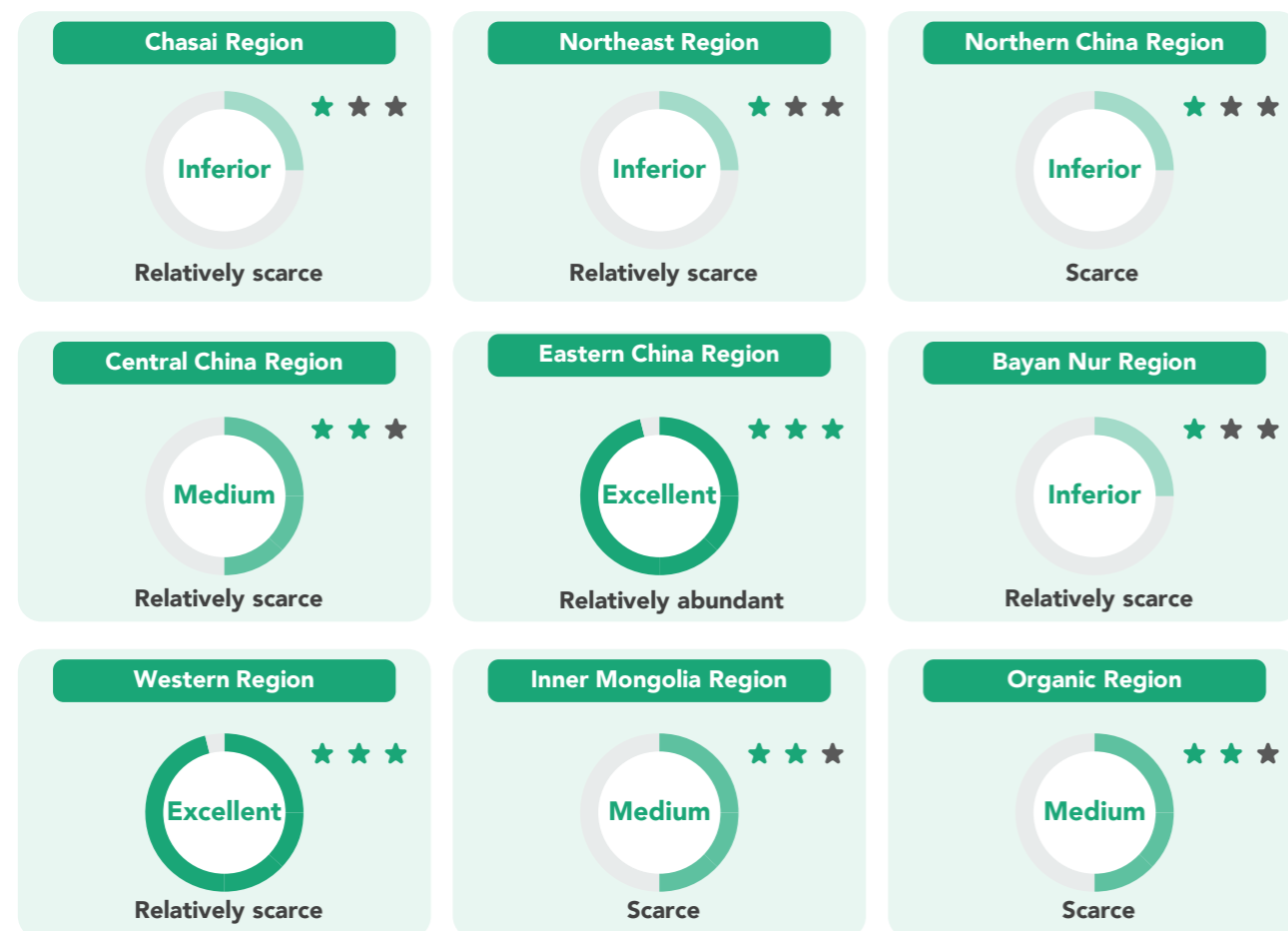


Water Resources Management

The Company advances the development of a water-saving enterprise through a dual approach of performance management and process transformation. The Company has established the *Indicator Comprehensive Evaluation Management Policy*, incorporating water-saving targets into the departmental performance assessment indicators. In addition, the Company continues to improve production processes in daily operations, such as animal breeding and feed cultivation, and fully utilizes alternative and circulating water resources, realizing sustainable and efficient utilization of water resources.

Water Stress Risk Assessment

Modern Dairy keeps a watchful eye on the water stress risk and changes at all operating sites. Referring to official documents such as the *2024 China Water Resources Bulletin* and the *2024 China Environmental Status Bulletin*, and based on regional characteristics, impact of water consumption, local regulatory requirements, water resources characteristics, and the actual conditions, the Company has applied the WRI water risk map model to assess risks of water resources scarcity and water quality during the production process, and drawn the water pressure assessment map. The Company tracks water resource risks in the operating areas in a timely manner based on the water pressure map and has developed targeted prevention and control measures to guide the planning and layout of the project.



Water-Saving Practices

Modern Dairy's primary water uses are for cattle drinking and milking parlor cleaning. This year, aligned with the strategic goals of "quality enhancement, cost reduction, efficiency improvement, and business expansion", the Company has further refined water-conservation measures and advanced its "Water-Saving Initiative".

Reducing Water Use at the Source

The Company actively improves water using technologies applied in breeding, feed cultivation and other production processes, and cuts down water consumption to increase water efficiency. In 2025, Modern Dairy's fresh water consumption per RMB million revenue was 1.4 thousand cubic meters per RMB million.

Water for Breeding

Installing Precise Spraying Equipment

As the first livestock enterprise to widely implement precise spraying technology in cowsheds, Modern Dairy utilizes intelligent precise spraying equipment to monitor environmental parameters inside cowsheds such as temperature and humidity in real time, and automatically adjust spray water volume based on data. This technology has reduced water usage by 42% for the farms compared to pre-installation levels. We continue to upgrade conventional spraying systems to precision spraying systems. As of the end of the reporting period, the precise spraying system had been deployed across 45% of Modern Dairy's farms.

Reducing Water Consumption in Milking

We have introduced detergents containing enzymes and plant extracts for cleaning and wiping cows' udders. This innovative detergent combines strong cleaning efficacy with low foam production, avoiding extensive water rinsing and saving approximately 90 thousand cubic meters of water annually. By adopting a high-efficiency, single-cycle cleaning agent, we have reduced water consumption for cleaning milking equipment. This innovation streamlines the process from five steps to three and helps a 10,000-cow farm save six tonnes of water per day.

Optimizing the Manure Cleaning Model

We adopt the dry manure cleaning method as an alternative to rinsing. This prevents the mixing of manure and urine into high-concentration wastewater, and reduces water consumption at the source.

Inspecting and Upgrading Water-Consuming Equipment

In disinfection rooms, we equip showers with nozzle diameters under 10cm and regulate water pressure below 2 bar. This balances rigorous disinfection with controlled water consumption. The farms conduct regular inspections to identify running, emitting, dripping and leaking issues in water-consuming equipment, and replace damaged hot water tanks and other equipment promptly to prevent water waste.

Water for Feed Cultivation



Using Smart Water Valves

We use smart water valves across all grasslands and utilize the valve’s automatic pressure stabilizer to precisely regulate the supply of water and fertilizers. Additionally, the smart valve device can promptly detect and report malfunctions, preventing unnecessary water waste due to prolonged irrigation system failures. Compared with the traditional irrigation method, this smart device helps to reduce water consumption by 25%-30% per mu of land.



Innovating Irrigation Technology

The Company introduces the shallow-buried drip irrigation technology to our grasslands, so that water is directly supplied to plant roots, reducing water and nutrient waste caused by surface transpiration. The water-saving efficiency is improved by over 55% compared with the traditional irrigation mode. The Company also uses pointer sprinkler irrigation to simulate natural rainfall, saving approximately 40% of water compared with traditional irrigation mode.



Conserving Soil Moisture

We conduct soil deep-loosening operations using machinery to improve soil permeability. We also remove weeds from the fields through mechanical inter-tillage to prevent competition for water between weeds and crops, while simultaneously disrupting the soil capillary structure to reduce water evaporation. Additionally, we enhance the soil’s water retention capacity, prevent water loss, and improve water resource utilization efficiency by increasing the application of microbial fertilizers and using microbial agents appropriately.



Controlling Water Consumption by Water Suspension to Harden the Seedlings

According to the meteorological information and the growth and development characteristics of the forage material, all pastures of the Company carry out periodic water suspension to harden the seedlings in a timely manner to reasonably avoid water waste during irrigation.



Improving Forage Grass Varieties

Our farms select and breed excellent forage grass varieties with strong drought resistance, high water efficiency and strong local climate adaptability to reduce irrigation demands.

Using Alternative Water Sources

To reduce reliance on and consumption of surface water and natural resources, the Company gives priority to alternative water resources in production, such as recycling water, reclaimed water, and rainwater.

Water Reuse



We actively promote the recycling of cleaning water from milk tanks and milking equipment across all farms. This year, we installed conductivity meters on the Clean-In-Place (CIP) system discharge lines to monitor the conductivity of the third and fifth rinse-water stages. When conductivity measures $\leq 3,000 \mu\text{S}/\text{cm}$, the system automatically diverts this water to a holding tank for reuse in towel-washing or surface rinsing. The used wastewater is then transferred to flush holding areas and manure-transfer pipelines, achieving “triple use of water”. Following this upgrade, each farm is projected to achieve annual water recycling of up to 12 thousand tonnes. Additionally, the biogas slurry and other organic manure wastewater generated by each farm can also be reused to wash the cowshed manure channel. This year, the Company reused approximately 1,440 million cubic meters of biogas slurry or manure water for resource utilization.

Cooling Water Recycling



To ensure the freshness and quality of milk, the Company uses an air-cooled chiller and a two-stage plate heat exchanger for milk refrigeration. In the pre-cooling stage, tap water below 18° C first passes through the pre-cooling section of the plate heat exchanger to exchange heat with high-temperature milk to cool it down before returning to the water pit. The recycling water then is naturally cooled and reused for future pre-cooling. In the deep cooling stage, chilled water below 2° C from the air-cooled chiller fully exchanges heat with the pre-cooled milk before recirculating back to the chilled water system for cooling down, achieving the recycling of water resources. In addition, the Company’s closed-type cowshed water curtain replaces fresh water with circulating water for cooling to reduce water waste.

Case

Tangshan Farm Pioneers a Model for Reducing Biogas Slurry and Boosting Efficiency via Enhanced Water-Saving Measures

To advance water conservation and reduce biogas slurry, Tangshan Farm implemented a monitoring regime and conducted detailed water-use assessments. These efforts improved both operational water efficiency and overall economic performance.

Monitoring Regime

Tangshan Farm conducts comprehensive inspections of all water-use equipment and facilities. Any identified issues must be addressed with an initial response within 10 minutes and a repair notification within 30 minutes. The farm has also optimized water-trough cleaning frequency and assigned dedicated personnel to inspect transfer ponds during precipitation. This prevents rainwater backflow, which would otherwise increase liquid-fertilizer production volume unnecessarily.

Water-Use Assessments

Target setting

Tangshan Farm allocates water-use targets for the milking parlor across work groups, performs weekly assessments, and incorporates water consumption into group evaluations. This approach fosters a culture of water conservation.

Assessment criteria

Tangshan Farm establishes the baseline requirement of maintaining water consumption within set standards. This is implemented through clearly defined responsibility zones, specific usage standards, and a strictly enforced reward-and-penalty system.

By optimizing its water-conservation oversight mechanisms, Tangshan Farm saves 10-50 cubic meters of water daily. This initiative has significantly improved employees' awareness of water conservation and standardized water usage.

Supplier Water Management

To enhance water resource management and promote the sustainable development of our supply chain, we incorporate water resource management as a critical criterion in supplier access and routine management assessment. Such assessment covers the adoption of water-saving technologies, the measures of wastewater treatment and source control, the establishment of water recycling systems, and the implementation of monitoring and evaluation systems. This year, the coverage rate of water resource audits for suppliers reached 100%. The Company also facilitates the exchange of water-saving experience and best practices among suppliers. We organize water-conservation conferences to engage suppliers in collaboration, jointly advancing water efficiency and preservation.

Green Awareness

Aiming to enhance environmental awareness among all employees and advocate a green and healthy work and lifestyle, we actively carry out various environmental protection activities.

To promote the green philosophy, on the World Environment Day, we launched the environmental protection campaigns in communities to promote the concept of ecological civilization, tell China's environmental protection stories, raise the awareness of eco-environmental protection, waste classification, and low-carbon commuting. At the same time, we also organized the "World Environment Day" environmental cartoon drawing event.



Environmental Awareness Brochure Distribution

We provide environmental training for employees, introducing the Company's waste-reduction and water-conservation measures along with specific operational guidelines. For instance, we train employees in the proper use and maintenance of the drinking water system and cleaning equipment to ensure that the equipment operates efficiently and does not generate wastewater due to improper operation. We also reward employees who have made outstanding contributions to reducing waste discharge through forms such as commendation notices and monetary incentives, thereby boosting staff enthusiasm for participating in emission reduction actions.



Environmental Protection Training

Environmental KPIs

Energy Use¹⁹ KPIs of Modern Dairy

Indicator	Unit	2025	2024	2023
Total energy consumption ²⁰	Tonne of standard coal	222,497.44	227,757.60	195,877.23
Total energy consumption per RMB million revenue	Tonne of standard coal/RMB million	17.66	17.18	14.55
Fuel coal consumption	Tonne	0	0	0
Biomass pellet consumption	Tonne	14,808.45	25,142.19	/ ²¹
Natural gas consumption	Ten thousand cubic meters	0.11	1.77	64.48
Diesel consumption	Ten thousand liters	1,342.06	1,413.22	1,224.71
Gasoline consumption	Liter	7,688.05	18,123.75	16,459.21
Biogas consumption	Ten thousand cubic meters	18,489.75	18,071.11	17,521.45
Total amount of purchased electricity consumption ²²	Ten thousand kWh	53,465.59	55,501.16	44,738.69
Photovoltaic electricity consumption	Ten thousand kWh	757.81	496.22	0
Total amount of purchased steam consumption ²³	Tonne	18,071.52	23,606.63	21,440.43

Manure Management KPIs of Modern Dairy

Indicator	Unit	2025	2024	2023
Biogas generation from manure treatment system	Ten thousand cubic meters	19,640.00	19,379.00	18,900.00
Electricity generation from Biogas generated from manure treatment system	MWh	123,267.07	107,082.00	115,130.00
Biogas steam from manure treatment systems	Ten thousand tonnes	48.98	44.00	49.00

¹⁹ In 2025, we have conducted retrospective review and adjustment on some data to ensure the consistency and accuracy of information presentation.

²⁰ Total energy consumption is calculated based on the conversion factors in the *National Standards General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)*.

²¹ Due to limitations in statistical conditions, valid data on biomass pellet consumption for 2023 is temporarily unavailable.

²² Purchased electricity refers to industrial power, agricultural power, or other forms of electricity procured from local public power supply authorities.

²³ In 2025, the externally sourced steam used by Modern Dairy mainly comes from the steam generated by biogas in the manure treatment system.

Waste, Waste Gas Emissions and Packaging Material Use KPIs of Modern Dairy

Indicator	Unit	2025	2024	2023
Disposal of major hazardous wastes ²⁴	Tonne	399.54	368.50	427.68
Disposal of major hazardous wastes per RMB million revenue	kg/RMB million	31.71	27.80	31.78
Production of non-hazardous wastes ²⁵	Tonne	571.84	517.05	576.42
Production of non-hazardous wastes per RMB million revenue	kg/RMB million	45.38	39.01	42.83
Packaging material use	Tonne	670.01	735.74	988.15
NO _x emissions in exhaust gas	Tonne	42.68	42.81	34.59
SO ₂ emissions in exhaust gas	Tonne	13.10	17.38	12.39
Soot emissions in exhaust gas	Tonne	11.68	12.31	1.36

Water Resource Management²⁶ KPIs of Modern Dairy

Indicator	Unit	2025	2024	2023
Fresh water consumption	Ten thousand cubic meters	1,758.49	1,964.26	1,682.72
Fresh water consumption per RMB million revenue	Ten thousand cubic meters/RMB million	0.14	0.15	0.13
Fresh water withdrawal	Ten thousand cubic meters	1,758.49	1,964.26	1,682.72
Fresh water withdrawal per RMB million revenue	Ten thousand cubic meters/RMB million	0.14	0.15	0.13

²⁴ Data on the disposal volume of major hazardous waste is derived from the statistical records of hazardous waste disposed of by third-party compliant providers commissioned by the Group's production and operating units in 2025.

²⁵ The calculation scope of harmless waste mainly covers domestic waste. Biogas residue is recycled as bedding material. The calculation is conducted with reference to the *Manual of Pollutant Generation and Discharge Coefficients for Urban Domestic Sources in the First National Pollution Source Census* issued by the State Council.

²⁶ The statistics of key performance indicators related to water resource management of the Group cover pastures and feed production bases. All wastewater generated from the Group's operations is recycled for resource utilization, achieving zero discharge.

Sustainable Value Chain

Building a sustainable value chain is pivotal to the high-quality transformation of the livestock industry. As a leading player, Modern Dairy drives collaborative upgrading to embed sustainability into its core development strategy. We have deeply integrated ESG factors into our procurement process, steadily expanding the influence of sustainable procurement across our value chain. Furthermore, we leverage sustainable finance to enable transformation and stimulate growth, driving the industry towards a win-win for both ecological and economic value.



Sustainable Procurement

Strictly abiding by the *Law of the People's Republic of China on Tenders and Bids* and the *Code for Procurement Management of State-owned Enterprises* and other industry standards and norms, we have formulated a series of internal policies, including the *Procurement Bidding Management Policy*, the *Supplier Management Policy*, the *Modern Dairy Supplier Code of Conduct*, the *Raw Materials Procurement Management Policy*, the *Auxiliary Materials Procurement Management Policy*, the *Equipment Procurement Management Policy* and the *Modern Dairy's Localization Procurement Policy*. To achieve collaborative growth, the Company continuously strengthens supplier requirements, refines management processes, and deeply implements sustainable procurement practices with its supply chain partners.

Supplier Lifecycle Management

We implement full lifecycle management for our suppliers and continuously regulate their behaviors. We assess our suppliers' ESG risks and performance, embedding ESG criteria into key stages of the supplier management process. This approach mitigates procurement risks and supports suppliers in strengthening their operational and ESG management capabilities.

Supplier Access and Engagement

A cross-functional audit panel comprising quality inspection and procurement units conducts supplier evaluations in accordance with the *Supplier Comprehensive Evaluation Form*. These evaluations incorporate on-site visits, document reviews, and sample inspections to evaluate suppliers' overall performance.

The Company's *Supplier Comprehensive Evaluation Form* includes specific environmental and social performance criteria, with a related weighting of 25%. Suppliers with stronger ESG performance and higher overall scores are prioritized for engagement based on the evaluation results.



During the qualification stage, we implement a rigorous on-site audit mechanism for suppliers in categories such as raw material supply, auxiliary material provision, production equipment, and engineering construction. On the environmental dimension, we verify suppliers' production facility emissions to ensure their operations cause no pollution. For forage suppliers, we inspect on-site conditions including ventilation, raw-material storage, and waste treatment. For soy product suppliers, we mandate third-party testing for pesticide residues and heavy metals to ensure compliant pesticide usage. On the social dimension, we perform cross-validation using multiple data sources to assess suppliers' human-rights management, ensuring that their employment practices and daily management comply with national laws and corporate social-responsibility standards.

When suppliers are in the admission process, they are asked to sign the *Commitment Letter for Sustainable Procurement Management Guidelines*. When we enter into a co-operation agreement with the suppliers, they are further required to sign the *Sustainable Procurement Management Agreement* and the *Sunshine Agreement*, to clarify their responsibilities and obligations in terms of environmental protection, social responsibility and clean cooperation. This year, we made partial revisions to the aforementioned documents to align with the Company's evolving business needs. These updates ensure comprehensive alignment with current requirements, adaptation to new business activities, and the ongoing enhancement of supplier management effectiveness.

This year, the *Commitment Letter for Sustainable Procurement Management Guidelines*, the *Sustainable Procurement Management Agreement* and the *Sunshine Agreement* were signed **100%** of our suppliers.

Supplier Tiered Management

In order to effectively identify and manage ESG risks in the supply chain, and to clarify the different risks faced by suppliers at different tiers, Modern Dairy carries out supplier tiered management. By tracing the upstream supply chain, we have identified Tier 1, Tier 2, and Tier 3 suppliers.

This year, the Company implemented a comprehensive, tiered audit system. It covers all Tier 1 suppliers, key Tier 2 suppliers, and a selection of Tier 3 suppliers. The audit mechanism has been optimized by incorporating newly added indicators aligned with international standards, including carbon footprint accounting and biodiversity conservation, which continuously enhances supplier ESG management. This year, we conducted ESG audits on a total of 211 Tier 1 suppliers (including all types of suppliers such as equipment, forage and feed, auxiliary materials, and services).

In 2025

Modern Dairy conducted ESG audits covering **211** of its Tier 1 suppliers.

Modern Dairy conducted ESG audits covering **5** of its Tier 3 suppliers.

Supplier Human Rights Auditing

This year, Modern Dairy conducted a 'thorough' review of suppliers through various methods such as document verification, on-site inspections, random employee interviews, and inquiries with management. We focused on key dimensions including labor rights protection, occupational health and safety management, anti-discrimination compliance, and business ethics implementation. We also carried out human rights audits for 211 Tier 1 suppliers (including all types of suppliers such as equipment, forage and feed, auxiliary materials, and services), comprehensively strengthening the human rights compliance defense line of the supply chain.

Supplier Auditing

The Company conducts monthly comprehensive audits of all suppliers using its [Supplier Audit Form](#). Beyond conventional metrics like product acceptance rate, on-time delivery, and regulatory compliance, the evaluation now includes an ESG performance component, weighted at 30%. We focus on key areas such as the compliance of the suppliers' emissions and wastewater discharges, the safety of the employees' working conditions, and whether there are any instances of forced labor in their workplaces.

This year, to align with deepening ESG governance requirements, the Company has refined its supplier classification. Based on scores from the audit panel, suppliers are now categorized into five tiers, strategic, high-potential, transactional, improvement-required, and elimination. Differentiated management strategies are implemented accordingly.

- ↓ Strategic and high-potential suppliers are provided with incentives, including preferential order allocation and priority as preferred partners.
- ↓ For improvement-required suppliers, the Company issues a Supplier Rectification Issue Letter, mandating they address identified environmental, social, and related issues within a stipulated timeframe. We then monitor their progress and verify the implementation of corrective action plans.
- ↓ Suppliers failing to meet the rectification requirements by the deadline are reclassified into the elimination tier, resulting in the termination of all cooperation.

Supplier Empowerment

Modern Dairy attaches great importance to two-way communication with suppliers and builds a collaborative growth platform through specialized training as bridge. During on-site evaluations, we incorporate dedicated one-on-one sessions, providing systematic capacity-building guidance and achieving 100% coverage of evaluated suppliers. The training covers not only foundational areas (including cooperation models, core systems, and operational procedures) but also key ESG topics (including sustainable procurement, labor rights protection, zero-deforestation commitments, and low-carbon measures). This helps suppliers strengthen their compliance management and sustainable development capabilities.

We have also implemented the supplier capacity enhancement program. This program provides specialized performance analysis for underperforming suppliers and assists them in developing tailored improvement plans, focusing on areas such as technical upgrades and management optimization. This year, we conducted performance evaluations of the cooperation processes with centralized procurement and self-purchase suppliers, which has helped 52 suppliers enhance their capabilities.

Case

Promoting the Sustainable Procurement Concept at the ESG Consensus Conference

In November 2025, Modern Dairy convened a Supplier ESG Sustainable Development Consensus Conference themed "Empowering the Green Value Chain, Driving New Value Growth". The conference brought together over 230 core auxiliary-material suppliers from across the country to align on the Company's ESG strategic direction. The conference emphasized green procurement strategies, supplier codes of conduct, and sustainable development principles. It required suppliers to continuously deepen their ESG performance in areas including environmental compliance, resource use, labor rights, and business ethics, thereby shifting the cooperation model from "price-driven" to "value co-creation".



Case

Building a Sustainable Supply-Chain Network with Global Ecosystems

In December 2025, Modern Dairy was invited to participate in the inaugural case-sharing conference of the "25 Sustainability Chain Leader Alliance" organized by the United Nations Global Compact (UNGC). As the sole Chinese livestock industry representative, we shared our innovative practices in building a resilient, sustainable supply-chain ecosystem. During the conference, we facilitated the joint participation of over 10 upstream and downstream partners in the UNGC. This action extends ESG collaboration principles across the industrial chain, encouraging partners to jointly build a sustainable value network and drive comprehensive ecosystem upgrading.



Localization Procurement Practices

Modern Dairy actively implements the *Modern Dairy's Localization Procurement Policy*. We prioritize local sourcing of dairy cows, feed, equipment, services and other supplies to support the development of the local agricultural chain and reduce transportation costs and environmental impact. Through our procurement model, we provide local farmers with comprehensive support, including technical guidance, quality monitoring, and operational assistance. This helps enhance their professional capabilities and income, creating a mutually beneficial situation that advances industrial development and community livelihoods. This year, we analyzed the characteristics of resources around our farms to develop 9 alternative raw materials. We sourced chicory shreds from Tongliao Farm as a substitute for beet pulp, apple pomace from Hengshui Farm and Tangshan Farm to replace beet pulp, and cassava DDGS from Bengbu Farm and Suqian Farm as an alternative to spray-dried corn gluten feed. This strategy effectively supports the development of local agricultural specialties.

Green Procurement Practices

The Company adheres to green procurement and works with suppliers to promote sustainable supply chain development, including but not limited to:

◆ Electrical Equipment

Modern Dairy has continued to advance the electrification transformation of on-farm operating equipment, gradually reducing the addition of new diesel-powered on-farm operating equipment and prioritizing the shift to electrification solutions. As of the end of 2025, the Company has put a total of 259 electric devices into use across its pastures, including electric loaders, electric forklifts, and fixed mixing tanks.

- We have collaborated with Mortiseon, LiuGong, and Sany on new-energy loader initiatives. As of the end of 2025, we had deployed 50 of new-energy loaders across our operations. On average, each new-energy loader reduces GHG emissions by 60 tonnes of CO₂ equivalent annually compared with conventional fuel-powered models.



◆ Energy-Saving Fans

This year, Modern Dairy has procured and updated the application of permanent magnet fans. These fans reduce power consumption by approximately 35-40% compared to conventional models, delivering a significant upgrade in energy efficiency.

◆ Precise Spraying Equipment

We continuously procure and apply precise spraying equipment, which saves approximately 10% of electricity consumption and 39% of water consumption compared with conventional equipment.



Zero-Deforestation Value Chain

Modern Dairy abides by the *Forestry Law of the People's Republic of China* and the *Regulations on the Implementation of the Forestry Law of the People's Republic of China*, and has set up the *Modern Dairy Forest Protection Policy* and other internal policies. All these aim to build a "zero-deforestation" industry chain with upstream and downstream partners.

Modern Dairy conducts special management of the procurement behavior of feed raw and auxiliary materials such as dairy cows and other breeding animals and soybean meal that have forest destruction risks, and try to achieve that the raw material production areas of Modern Dairy and its suppliers do not cause forest cutting and other harms due to the expansion of agricultural land or planting land.



Case

Zero-Deforestation Procurement Practices

Modern Dairy prioritizes soybean suppliers with zero deforestation risk. In developing the *Supplier Comprehensive Evaluation Form*, the Company considers the site selection, land use, natural resource use (forest) and waste management, supplier ecological protection measures, and ecological restoration into the evaluation process, ensuring that the company's operation on the ecosystem is minimized.

Zero-Deforestation Compliance

The Company clarifies the industry chain "zero forest destruction" requirements and standards, require suppliers to abide by the applicable forest protection laws and regulations of the countries and regions where they operate, and require that the purchase of products produced by destroying High Carbon Stock Forests, High Conservation Value Forests, and ecosystems such as peatlands, wetlands and tropical rainforests be prohibited. We conducted a supplier zero-deforestation compliance survey this year to ensure that suppliers comply with the laws applicable in the regions in which they operate.

Zero-Deforestation Certification

We encourage suppliers to obtain internationally credible third-party certification, such as FSC/PEFC/CFCC sustainable forest certification, RTRS responsible soybean certification, etc.

We have established procedures to manage and monitor suppliers of raw materials that pose a deforestation risk.

Traceability of Raw Materials

Modern Dairy establishes a *Supplier Forest Risk Traceability Table* to track and manage supplier data, including name, grade, commodity category, operating location, and risk level.

Alternative Raw Material Sourcing

We explore and advocate for alternatives of raw materials at risk of deforestation.

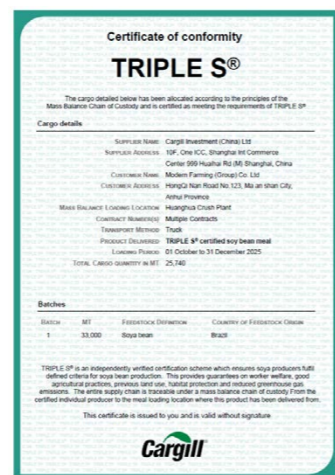
We also delivered relevant training to suppliers to help them progressively comply with the *Modern Dairy Forest Protection Policy* and related regulatory requirements.

Zero Deforestation Soybean Procurement Project

Modern Dairy maintains in-depth cooperation with partners such as COFCO International and Cargill, continuously expanding its zero-deforestation soybean procurement. This year, we procured 125,100 tonnes of certified zero-deforestation soybeans.

COFCO International achieved full traceability to farm level for soybeans directly sourced from Brazil in 2023. It is also committed to eliminating deforestation in its soybean supply chain by 2025 and establishing a soybean supply chain by 2030 that is completely free of deforestation and vegetation destruction issues in environmentally sensitive locations in Latin America. In 2025, COFCO International delivered 92.1 thousand tonnes of zero-deforestation soybeans to Modern Dairy.

Cargill is committed to transforming its agricultural supply chain to achieve zero deforestation by 2030. In 2025, Cargill delivered 33 thousand tonnes of zero-deforestation soybeans to Modern Dairy, all with the Triple-S no-deforestation certification.



Case

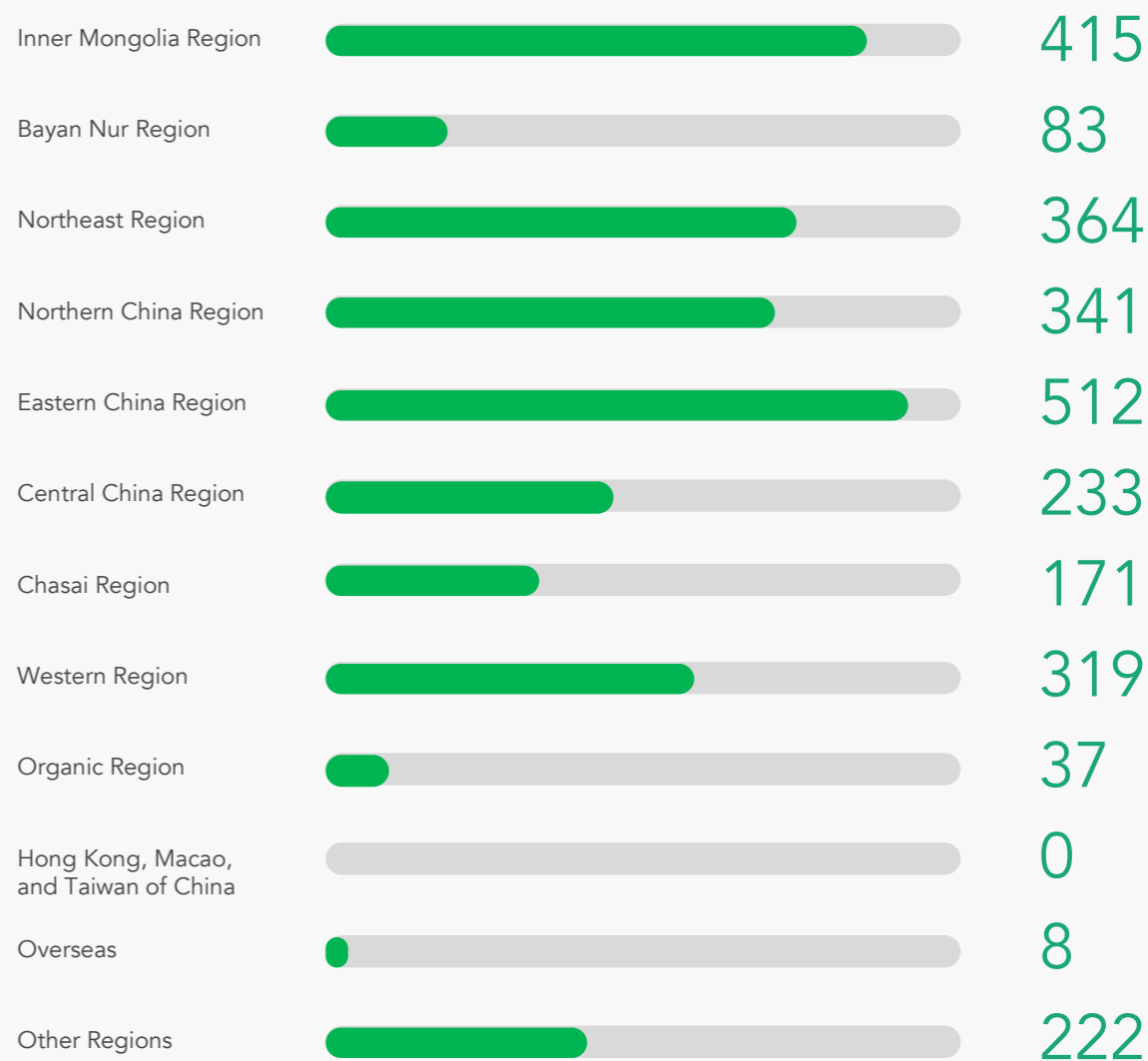
Alternative Raw Material Sourcing

Guided by green and sustainable principles, Modern Dairy continuously optimizes its feed formulations. Based on the mature practice of replacing soybean meal with canola meal (low erucic acid and low glucosinolate), the Company further explores the inclusion of other high-quality domestic protein sources, such as rapeseed cake and cottonseed protein. This ensures feed nutritional value while reducing soybean meal usage by 35%, thereby lowering the deforestation risk linked to soybean cultivation at the source.

Supplier KPIs

Total suppliers²⁷ **2705**

Number of suppliers by region²⁸



²⁷ "Total suppliers" means the number of suppliers that remain and have partnerships in the SRM system as of December 31, 2025.

²⁸ "Region" means the place where the supplier is registered.

Sustainable Financing

Modern Dairy has issued the *Sustainable Finance Framework* (the "Framework") to channel funds from instruments like green and social bonds into investments and refinancing of projects with clear environmental and social benefits. Proceeds are directed to green assets, such as renewable energy, sustainable water management, and clean transportation, and social assets like job creation. The Framework explicitly excludes projects incompatible with sustainable development, including fossil fuels and palm-oil production.

The Framework establishes a comprehensive project-management system, defining key processes including eligible assets, project evaluation and selection, proceeds management, disclosure, and external review, ensuring robust control throughout. It has been endorsed by a Second Party Opinion (SPO) from the international rating agency Moody's, receiving an SQS3 (Good) rating.



Case

Successful Issuance of a Sustainability Bond

On July 2, 2025, Modern Dairy successfully issued a 5-year USD350 million senior unsecured bond, which marks the Company's first sustainability bond issuance. The proceeds will drive the Company's sustainable development, accelerating the transition from "company-wide emission reduction" to "chain-wide collaborative carbon reduction". This issuance set two industry benchmarks: the first US-dollar sustainability bond issued by a food and beverage company in the Asia-Pacific region, and the first of its kind in the global dairy industry.

In recognition of its outstanding market performance and exemplary industry role, the bond was awarded "2025 Best Bond Deal (China Offshore Market)" by the authoritative financial magazine *FinanceAsia*, underscoring its notable impact.



CHINA OFFSHORE

China Modern Dairy Holding Ltd's 5-year \$350 million Reg S senior unsecured sustainability bond issuance

Participants: Barclays, BOC International, China Construction Bank (Asia), DBS Bank, BOCOM International, CITIC Securities, CCB International



Biodiversity Protection

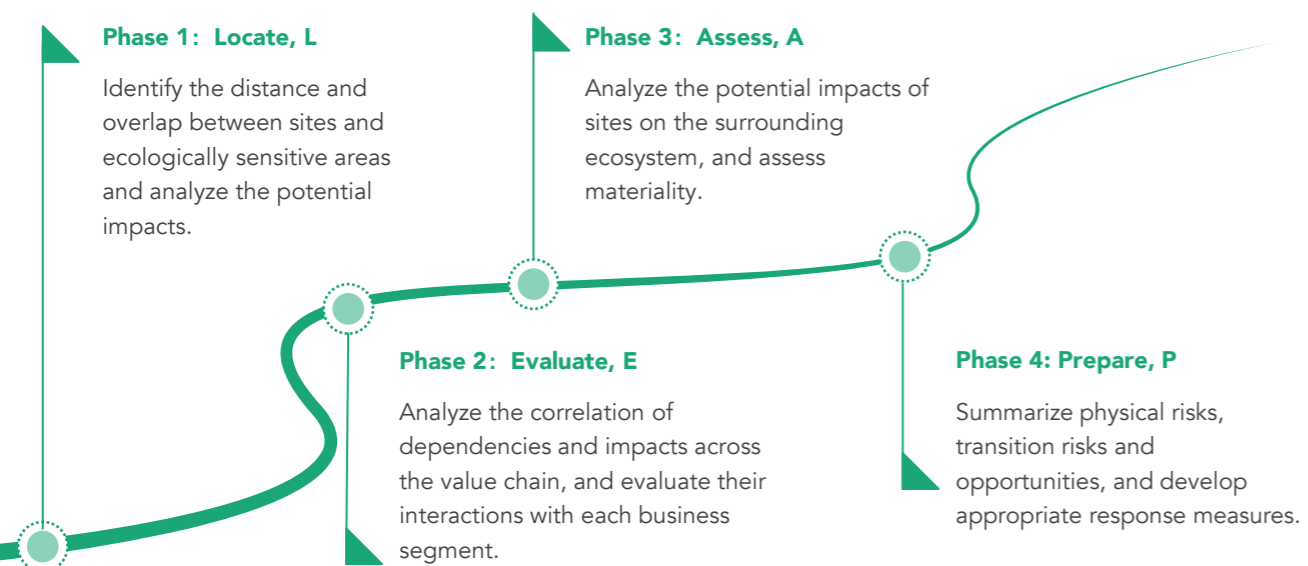
As a leading dairy livestock operator and raw milk producer, Modern Dairy understands the importance of rational use of land resources and biodiversity conservation. In view of this, we plan and utilize land in a scientific and rational manner, and actively carry out biodiversity and ecological protection initiatives to maintain the ecological balance and promote the sustainable development of the industry.



The Company publicly released the *Modern Dairy Biodiversity Policy* applicable to all operating areas and suppliers. With the commitment to protecting and restoring biodiversity, the Company aims to achieve No Net Loss (NNL) in biodiversity by 2030 and Net Positive Impact (NPI) by 2050. The Sustainability Committee under the Board supervises the progress of biodiversity conservation work, and all business units should be cooperative in relevant conservation work.

Strategy

Referring to the four-step methodology of Locate, Evaluate, Assess, Prepare (LEAP) suggested by the Taskforce on Nature-related Financial Disclosures (TNFD), we assess the biodiversity risks and opportunities in dairy farming, forage planting, and forage processing stages. This includes identifying the dependencies and impacts at each stage, evaluating how these factors affect the value chain, summarizing the potential risks and opportunities faced in each business segment, and developing corresponding response measures. The relevant results and response are set out in the *Advanced Analysis Report on Biodiversity Risks*.



Risk and Impact Management

Modern Dairy integrates the four major biodiversity protection measures of “avoid, minimize, restore and offset” throughout the entire operation process, including the design, development, operation and decommissioning of dairy farming, forage planting, and forage processing projects. Also, the Company supports biodiversity restoration and rehabilitation after project termination to effectively manage and mitigate potential adverse impacts on surrounding areas throughout project development and operations.

Protection on Ecologically Sensitive Sites

When formulating internal management methods such as the *Environmental Impact Assessment Report for Construction Projects* and the *Checklist for Pre-construction Procedures for Farm Construction*, we have incorporated our requirements for suppliers on site selection, land use, resource use and waste management, ecological protection and ecological restoration to ensure that the disruption of our operations to the ecosystem is minimized through diverse initiatives.

Scientific Site Selection

Assessment of Environment and Biodiversity Impact

We conduct a comprehensive investigation of the social environment, geographical environment, biological resources, population, traffic conditions and municipal planning of the area and track data changes, effectively identify the environmental risks and water pressure risks of the project site. In addition, we are highly concerned about the soil conditions around the sites. Within 20 km around a selected site, there should be sufficient space and capacity for the harmless treatment of feces, urine, and sewage, ensuring that the biogas slurry can be reused as microbial fertilizers and returned to the fields.

Avoidance of Environmental and Biodiversity Risks

We fully assess the potential negative impacts of our production activities on the ecological environment, to ensure our operations are far away from highly polluted areas, water source areas, ecological protection areas, high-value conservation areas, areas rich in natural resources, residential communities, scenic spots and other environmentally sensitive locations. We carry out public engagement activities at the early stage of the project, such as distributing the *Public Engagement Survey*, so as to thoroughly inform the local community about the project details.

Avoidance of Epidemic Prevention Risks

We set safe distances for farm site selection in accordance with national policies and industry standards, to avoid environmental and epidemic risks, and ensure that the local area has a centralized harmless treatment facility for dead cows or allows the farm to handle them.

Compliance with Laws and Regulations

We prepare corresponding materials and procedures for the farm project in the early stage of the project in accordance with the requirements of the national and local governments, ensuring the full compliance of the project.

Appropriate Layout

Compliant Land Use

The Company obtains the approval of the local land use permit and the relevant departments for the record of large-scale livestock breeding and other approval documents to ensure the legal compliance of land use. In the case of land contracting and transfer, relevant agreements must be signed with the villagers in the relevant communities to clarify the rights and obligations of both parties. We respect and protect the rights of local residents, and avoid disputes.

Scientific Planning

On the whole, we follow the guiding principle of "reasonable layout, economical land use and appropriate reserved room for development" for the general layout. The construction is carried out based on the upper and lower wind directions, the separation of rain and sewage, and the separation of clean water and sewage, to ensure that each functional area is relatively independent with the production area and the living area isolated from each other. With this scientific planning, we can achieve effective epidemic prevention, ecological protection and easy production. In addition, we increase non-polluting or less polluting advanced technologies and equipment to control ecological damage at the source. We design farm infrastructure based on a principle of "Zero Interference in the Ecology and Community Environment", and build underground pipelines to transport the liquid separated from solids to biogas slurry pool. It is applied to the farmland as liquid fertilizer after treatment.

Refined Greening

In line with the principle of harmonizing greening at points, along lines and across surfaces, we increase the greening coverage within our project sites. By planting arbor trees, shrubs and lawns, we have created a multi-layered green space with plants of varying heights. Giving full play to its protective, recreational, and environmental improvement functions, the green space maintains a beautiful and clean farm environment, while contributing to air purification and noise.

Ongoing Management

Impact Analysis

We conduct on-going monitoring and analysis on the atmospheric environment, waste gas impact, noise impact, water quality, ecological environment and soil health within our operation areas. Meanwhile, we take corresponding prevention and control measures to mitigate ecological impacts from construction dust, exhaust emissions, noise pollution, production wastewater and effects on local topography and vegetation.

Soil Testing

We have established a regular soil testing and tracking feedback system. Through this system, we regularly test the planting land at the plant sites and in surrounding areas affected by our operations, focused on heavy metal indicators such as cadmium and chromium, in a bid to control the impact of farm operations on the soil environment. At the same time, we selectively monitor the nutritional indicators of soil such as organic matter, total nitrogen and total phosphorus. By analyzing the testing results systematically, we can formulate a scientific manure utilization plan and carry out sustainable soil resource management.

Species Conservation

Strictly adhering to wild animal conservation laws and regulations, we prohibit any hunting or poaching within operational areas. We also actively create a green ecological circle at our sites and gradually improve bird identification and monitoring capabilities. For sites where bird incursions are frequent, we will properly guide the birds to a safe area to minimize human impacts on bird species diversity. If protected bird species are found within the operational area, the farm will promptly contact animal conservation organizations or rescue agencies to ensure the birds are treated appropriately.

In addition, we maintain a strong focus on forest conservation and actively monitor and manage dairy cows and soybean meal products involved in forest development risks within the industry chain. We are committed to achieving "zero deforestation" by 2030 and working to eliminate forest development risks in our supply chain, thus contributing to global forest conservation and protection. More details on the practice are set out in the "Zero-deforestation Value Chain" section in "Sustainable Value Chain".

Recovery of Disturbed Areas

All construction projects are equipped with reclamation deposits, planning for land reclamation in advance. These deposits are paid and deposited in third-party bank-controlled accounts to ensure public safety, environmental protection, and land use after the project ends. We enhance green spaces within and around our plants according to the actual operation conditions, which facilitates ecological restoration, prevents soil erosion, and improves air quality.

We commit that all sites where land use changes occur will be restored to their original state after the project ends, ensuring the land's condition and the ecological habitats of plants and animals are fully restored. We plant indigenous vegetation at all reclamation sites, actively contributing to the restoration and rehabilitation of disturbed lands and providing native wildlife with a green and healthy habitat.

Case

Biodiversity-friendly Farm

Shuangcheng Farm of Modern Dairy earnestly implements the sustainable development model of "harmonious coexistence between livestock farming and ecology". Through multidimensional and systematic measures, it actively explores and continuously advances biodiversity conservation, building a biodiversity-friendly farm that delivers both industrial value and ecological benefits. The Farm has been successfully shortlisted as a China Potential Case of OEEMs, which fully demonstrates its practical achievements and exemplary value in the field of biodiversity conservation.

Diverse and friendly habitats: we delineate functional areas in a scientific manner to minimize the disturbance of farm operations on the local ecosystem. At the same time, supported by a circular agriculture system, we strive to achieve the coexistence between the industry and the nature. We create various habitats such as water bodies, green spaces, farmland buffer zones, and edge habitats by integrating natural geographic advantages with constructed facilities. These habitats provide ample and suitable space for living, foraging, and breeding for different biological groups including microorganisms, insects, birds, and small mammals, thereby laying a solid foundation for biodiversity habitats.

Soil restoration: At the farms located in saline-alkali areas, we continue to cultivate various salt-resistant crops by dividing and assigning the responsibility areas to different departmental divisions. Additionally, we cooperate with surrounding residents, encourage them to grow silage corn with strong drought-resistant and salt-resistant abilities, effectively reducing soil salinity and improving soil structure. Thanks to our on-going efforts, the regional soil fertility has increased by 20% compared to the initial level, providing favorable soil conditions for plant growth and wildlife habitats.

Leveraging comprehensive conservation measures and a high-quality ecosystem, Shuangcheng Farm has achieved notable success in biodiversity conservation. According to the *Biodiversity Handbook of Shuangcheng Farm of Modern Dairy*, 108 species of advanced plants, 109 species of insects, 43 species of birds, mammals including striped field mouse, 6 species of fish, and amphibians such as the black-spotted pond frog have been discovered and recorded in the farm's vicinity, indicating that a local ecological community with stable structure and rich species has been created.

In August 2025, during the event of the third Green Farm Open Day, the Baseline Survey Report on the Biodiversity at Shuangcheng Farm of Modern Dairy was officially released, which represents the first professional biodiversity survey report in China's livestock industry. The report systematically surveys the populations of plants, insects, birds, and other organisms in and around Shuangcheng Farm, establishing a foundational biodiversity database. It is the first to use quantified data to clearly demonstrate the harmonious coexistence between large-scale farms and natural ecosystems, providing a benchmark for the industry to assess its "ecological baseline". Currently, Shuangcheng Farm has officially become a pilot farm for the biodiversity-friendly farm project, which could guide the livestock industry in transitioning from traditional farming to an integrated "ecology + breeding" model.



Shuangcheng Farm was shortlisted as a China Potential Case of OEEMs



Shuangcheng Farm Designated as a Pilot Farm for the Biodiversity-friendly Farm Project



Eurasian Spoonbill, a State Second-Class Protected Animal, Observed near Shuangcheng Farm

Case

Ecological Planting and Procurement Practices for Organic Raw Materials

The Company's organic raw material production does not use chemical fertilizers or pesticides. It relies on crop rotation, green manure, composting, biological pest control, and other management measures to effectively maintain soil fertility and control pests and weeds, promote ecological balance, protect the environment, and improve the quality and safety of agricultural products.

In 2025, our situation regarding the procurement of organic agricultural raw materials is as follows:

Organic raw materials	35.5 thousand tonnes of organic bean cake	31 thousand tonnes of corn
	20 thousand tonnes of other raw materials	400 thousand mu of cultivation base
Organic roughage	15.6 thousand tonnes of organic alfalfa	9 thousand tonnes of oats
	23 thousand tonnes of straw	80 thousand mu of cultivation base



04 Society

Modern Dairy remains committed to fulfilling its social responsibility, deeply integrating employee development and social contribution into corporate development. In terms of talent development, we strive to attract and retain talent, enhance training and development, consolidate work safety, and improve the welfare system. In terms of social responsibility, we build strong community relationships, contribute to rural revitalization, and engage in public welfare and charitable activities. Through these diverse initiatives, we demonstrate corporate compassion and ensure our growth resonates with societal prosperity and fosters mutual success.

The SDGs corresponding to this chapter:



Employee Well-being Protection

Modern Dairy regards the growth of every employee as the foundation of its development. We respect and protect employees' rights while continuously improving the dual-channel development paths. In addition, we provide market competitive compensation and a comprehensive talent development system that covers the entire career path, enabling employees to enhance their abilities and professional value simultaneously. We refine health and safety standards and welfare matrix to create a supportive and inclusive workplace that enables the employees and the Company to achieve mutual growth and win-win result:



Talent Attraction and Retention

To create a diversified, equal, and positive career environment, we reserve talents for the Company's development by adhering to the recruitment principle of "openness, fairness, anti-discrimination and inclusiveness". To this end, we also safeguard the rights and interests of the employees and improve the remuneration and benefits system.

Recruitment and Employee Rights

Adhering to lawful and compliant employment, Modern Dairy strictly abides by relevant laws and regulations such as the *Labor Law of the People's Republic of China*, and the *Labor Contract Law of the People's Republic of China*. Moreover, the Company has established a comprehensive system to safeguard employees' rights and interests throughout the entire employment lifecycle, from hiring to daily management, with reference to the *United Nations Universal Declaration of Human Rights*, the *International Covenants on Human Rights* and the *International Covenant on Civil and Political Rights*. We have formulated and continuously refined internal management policies such as the *Modern Dairy Human Rights Protection Policy*, the *Recruitment Management Policy*, the *Labor Contract Management Policy*, the *Employee Entry Management Policy* and the *Employee Rewards and Penalties Policy*. Such policies are developed to address key areas such as recruitment, contract management, onboarding management, employee conduct, and rewards and penalties. With these policies, employees' rights are properly protected throughout their entire journey with the Company, from onboarding to development and daily work.

Human Rights Protection

Human Rights Management

In the process of recruitment and employment management, the Company conducts all aspects of employment contract administration, including the signing, alteration, renewal and termination, in full compliance with applicable laws and regulations. We insist on the philosophy of Diversity, Equity, and Inclusion (DEI) in employment, ensuring that no applicant is discriminated against in terms of gender, age, nationality, race, or religious beliefs. To avoid the use of child labor, we verify the identity and age of all applicants. Since the establishment of Modern Dairy, no illegal employment practices such as child labor or forced labor have been found.

Modern Dairy strictly prohibits all forms of discrimination, harassment, forced labor, and non-standard employment practices in daily management. We implement a "zero tolerance" disciplinary mechanism for behaviors that violate personal dignity, such as verbal abuse, fighting, and restricting personal freedom, and respect employees' freedom of association and their right of collective bargaining. In addition, we strictly monitor employees' working hours, set maximum working hours, reduce unnecessary overtime, and pay overtime wages and arrange time off in lieu in accordance with the law.

Human Rights Risk Assessment and Audit

Each year, we conduct due diligence to identify and assess human rights risks in our business operations, focusing on key issues such as labor rights, occupational health and safety, and human rights in the supply chain, to prevent and mitigate potential adverse impacts. In 2025, we conducted a company-wide special investigation on human rights, covering 18 functional departments and 47 farm companies, achieving 100% coverage of all business units. No major risks were identified through systematic screening, further strengthening the solid foundation of human rights management. We regularly audit the implementation of the *Human Rights Protection Policy*, to monitor the implementation effect. Based on the audit results, we promptly update our policy provisions and human rights management tools and targets, to maintain the effectiveness of human rights management measures. In addition, we actively communicate with our stakeholders to help them better understand the protection of human rights. In the future, we will continue to improve the implementation and supervision mechanisms, and promote the integration of human rights protection and compliance management throughout the entire human resources process, in a bid to create a fair, safe, and respectful work environment.

Reporting and Handling of Human Rights Issues

We respond promptly and effectively to all allegations of human rights abuses. Whistleblowers can file a complaint or report by phone, e-mail or other means. We make every effort to protect the lawful rights and personal safety of each whistleblower, strictly maintaining the confidentiality of their personal information, and taking necessary measures to prevent any form of retaliation. If the complaint is confirmed to be true, we will take graded and categorized disciplinary measures against disciplinary violations. We have established a disciplinary system covering penalties from warnings and demerits to termination of employment, accompanied by defined penalty durations, appeal mechanisms, and labor union supervisory procedures. By doing so, we ensure that the punishments are reasonable, the process is fair, and employees' rights are effectively protected. At the same time, we will provide necessary support and assistance for the victims, such as psychological counseling, medical aid, and legal assistance.

Human Rights Training

We provide human rights training for all employees, explaining our human rights governance principles and practices, to strengthen their self-protection awareness. The training is videoed and uploaded to our "Niurenhui" learning platform, allowing employees to view and study at any time. Meanwhile, we communicate human rights protection requirements, notes and violations of these requirements through newsletters or postings. We also require our suppliers, contractors and partners to participate in our human rights training on a regular basis and to comply with our human rights policies.

Human Rights Targets

In 2025, we set targets for human rights incident number, training and satisfaction to drive human rights management and provide employees with an equal, healthy and inclusive workplace. As of the end of the reporting period, we achieved our targets related to human rights in 2025. In 2026, we will continue to adopt these targets and take appropriate measures to protect human rights.

Targets in 2025	Progress in 2025	Targets in 2026
1) The number of human rights incidents		
Forced labor: 0	0 (Achieved)	Forced labor: 0
Child labor: 0	0 (Achieved)	Child labor: 0
Handling rate of human rights complaints: 100%	No human rights-related complaints were received during the year.	Handling rate of human rights complaints: 100%
2) Human rights training		
Employee coverage: 100%	100% (Achieved)	Employee coverage: 100%
3) Employee satisfaction		
Coverage of business units: 100%	100% (Achieved)	Coverage of business units: 100%
Employees' satisfaction with human rights training: ≥90%	99.5% (Achieved)	Employees' satisfaction with human rights training: ≥90%
Employees' agreement with Modern Dairy's human rights policy: ≥90%	99.6% (Achieved)	Employees' agreement with Modern Dairy's human rights policy: ≥90%
Employees' familiarity with human rights knowledge: ≥90%	99.5% (Achieved)	Employees' familiarity with human rights knowledge: ≥90%
4) Community human rights protection		
Response (incl. acceptance, investigation and resolution) rate of community's human rights complaints related to our operations: 100%	100% (Achieved)	Response (incl. acceptance, investigation and resolution) rate of community's human rights complaints related to our operations: 100%
Community violence caused by our employees: 0	0 (Achieved)	Community violence caused by our employees: 0

Recruitment

Modern Dairy upholds the philosophy of diversity, equity, inclusion, openness, and responsibility, attracting talented individuals with diverse backgrounds to empower the Company's long-term development. We align our hiring plans with current recruitment trends and provide training for our interviewers. Also, we digitize our entire campus recruitment process with an intelligent system, ensuring efficient coordination and optimized allocation of overall recruitment efforts.

To continuously scale up local employment, we enhance our efforts in village-enterprise and college-enterprise collaborations to cultivate local talent. In 2025, we implemented a localized campus recruitment strategy, hiring students from the region and prioritizing their placement for internships and employment at our local operations, while establishing college-enterprise partnership with nearby universities. During the year, we engaged in 249 village-enterprise cooperation projects, creating jobs for 825 people. We also strengthened cooperation with local colleges and universities, providing employment opportunities for graduates. Our college-enterprise cooperation projects provided 752 new jobs.

As of December 31, 2025, we had 9,178 employees in total. Of them, 31.3% were female, accounting for 24.2% of our management.

In 2025, Modern Dairy's ongoing commitment to fostering a diverse, equitable, inclusive and belonging culture, enhancing employee experience, and practicing social responsibility was recognized with several professional honors, including the DEIB (Diversity, Equity, and Inclusion) Award for three consecutive years, the Top 10 Employer Brand by Shanghai Action Education for two consecutive years, and being the first and only enterprise in the industry to receive the 2025 Well-being Workplace Award, the Best Employer Brand Promotional Video Award, and the Best Social Responsibility Award.

Modern Dairy has won the DEIB(Diversity, Equity, and Inclusion) Employer Awards for three years in a row.

2025 Well-being Workplace Award

Top 10 Employer Brand by Shanghai Action Education in 2025

Best Employer Brand Promotional Video Award

Best Social Responsibility Award

Talent Remuneration

Modern Dairy continuously optimizes its compensation management system by regularly revising internal policies such as the *Compensation Management Regulations* and conducting periodic reviews to ensure employees' wages meet basic livelihood needs. We calculate salaries based on principles including "position-based grading, grade-based pay, and responsibility-based remuneration," and closely link performance outcomes to compensation adjustments. We strictly uphold the principle of equal pay for equal work between men and women, ensuring employees receive identical remuneration for work of equal value and eliminating gender-based pay discrimination. Through transparent assessment and incentive mechanisms, we are committed to fully motivating employee initiative and value creation awareness, and building a competitive, fair compensation environment.

The Company sets employee wage standards by comprehensively considering local socioeconomic indicators, including average social wages, economic development levels, consumer price indices, and housing prices. This ensures that the actual wages of full-attendance employees are significantly higher than the local minimum wage, and all payments are made in full and on time. In addition, we prioritize the compensation of technical staff and frontline employees, adding night shift allowances and "Star Artisan" allowances for grass-roots farm workers to enhance their work enthusiasm and sense of belonging, and fully unleash their potential and creativity.

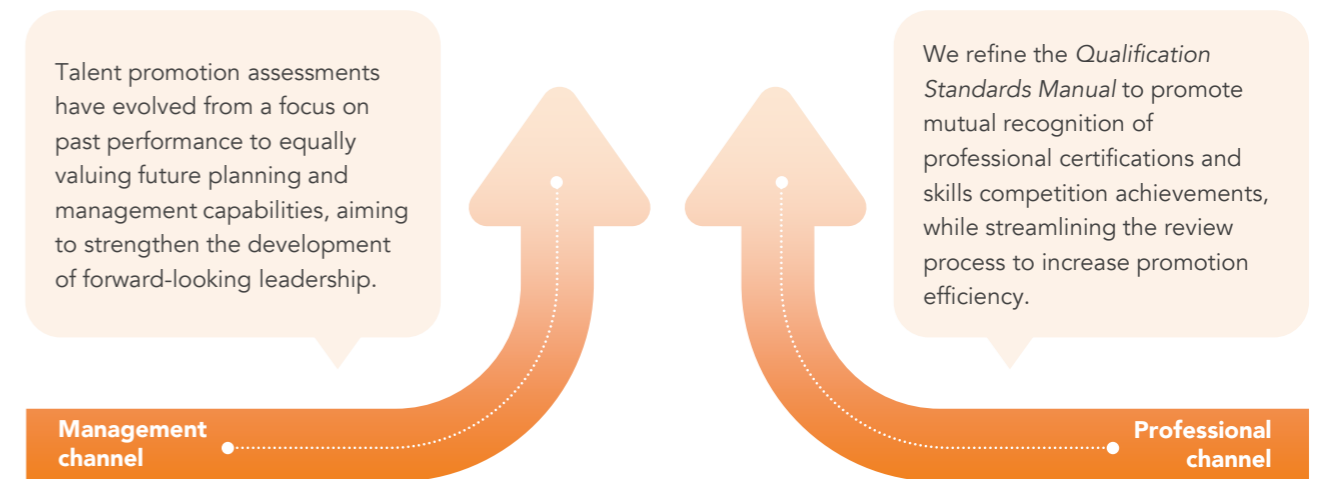
To effectively safeguard employee rights, Modern Dairy has also established a sound wage appeal mechanism. Within five days after monthly salary disbursement, employees who have questions about their wages may submit an appeal to the human resources department of their respective work unit via written application, phone call, or email. The human resources department will promptly verify the issue and respond to the employee positively, so as to uphold the fairness and impartiality of compensation management, and continuously strengthen employees' trust and recognition of the Company's compensation practices.

Talent Development and Training

We adhere to the talent concept of "cultivating the industry's fastest growing, strongest professional, best value, and most respected talent". Every year, we conduct talent evaluations for all employees to systematically identify talent structure and capability levels, and provide targeted development.

Talent Promotion System

Modern Dairy continuously strengthens the management level of talent promotion and has improved internal policies such as the *Talent Development and Training Management Policy* and the *Cadre Rotation Management Policy*. We have established and optimized the promotion management mechanism of "two channels, one foundation", establishing the two development channels for management positions and professional positions, and conducting promotion evaluations based on the "four-wheel leadership"²⁹ and the "diamond-shaped professional force"³⁰ models.



The evaluation results are mutually recognized between the two channels, forming a coordinated, unified, and business-oriented talent development ecosystem.

This year, based on the continuous improvement of relevant systems and processes, the proportion of highly competent and high-potential employees increased to 40% from 35% in 2024, and the proportion of internal promotions to fill management vacancies increased to 89% from 80% in 2024. The career development pathways for internal employees have become clearer and more diverse, further solidifying the talent foundation for the Company's sustainable development.

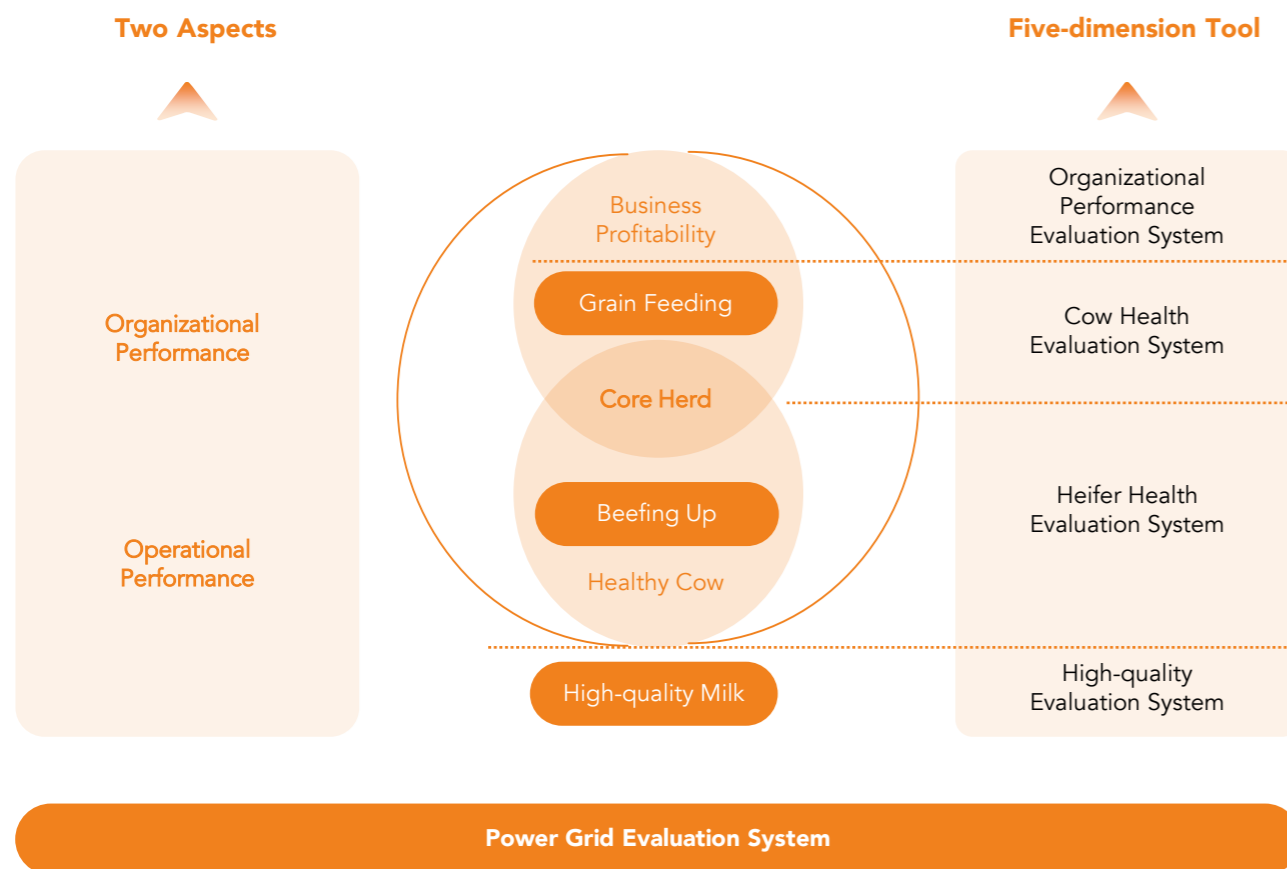
²⁹ The "four-wheel" leadership model refers to the team management model built by Modern Dairy according to the business model of animal husbandry and the logic of farm operation. The "four-wheel" leadership model is a set of key capabilities that Modern Dairy leaders need to have in order to achieve better performance, so as to "characterize" excellent leaders in Modern Dairy and effectively guide the training and development of managers at all levels. The "four wheels" symbolizes the cow's limbs, which means the momentum and speed of running forward of Modern Dairy managers, providing inexhaustible power for the development of the organization.

³⁰ The "diamond-shaped" professional force model refers to the Modern Dairy qualification model built according to the characteristics of the industry and the actual technical scene of the pasture. The "diamond-shaped" professional force model adopts the three-dimensional evaluation dimension of "qualification as the threshold, knowledge as the initial assessment, behavior as the assessment, and ability as the extension" to identify whether the employees are competent for technical posts in the farm. It then develops the training mode and curriculum resources for all technical personnel, forming a technical personnel training system of training, evaluation, appointment and re-evaluation.

Talent Performance and Incentive

Performance System

During the year, Modern Dairy built a “two-aspect, five-dimension” performance evaluation system. Specifically, we continuously evaluate organizational and operation performance from five dimensions, i.e. the organizational performance, adult cow health, reserve cattle health, high quality and power grid evaluation systems.



Performance System of Modern Dairy

This year, we iteratively upgraded the “two-aspect, five-dimension” performance evaluation system. We placed greater emphasis on core profitability targets and refined the granularity of herd health indicators to more accurately measure the effectiveness of herd structure optimization. We also strengthened evaluations in the areas of environmental management, employee well-being and animal welfare, and evaluated the low-carbon performance, reliability, and economic performance of operations to support the building of an excellent system.

To better achieve performance goals, this year, we introduced an innovative dual-drive execution system of “teams empowered by performance growth + individuals empowered by upgraded coaching”. On the one hand, we break down macro goals into feasible tasks and establish a mechanism for excellent team performance growth. On the other hand, we upgraded the individual coaching system, shifting from single-goal management to a holistic model that integrates “performance achievement, capability development, and cultural alignment”, thereby supporting personal skill advancement. In addition, we also upgraded and released the *Employee Performance Coaching System*, establishing a standardized coaching process of “goal alignment - process follow-up - problem diagnosis - empowerment & improvement” based on the GROW Model³¹ of coaching and mentoring. Under this process, the employee’s direct supervisor coaches employees on performance and help them set clear performance goals and perform their duties accordingly. To ensure fairness and impartiality in the performance review results for employees at the 6th level and above within the group, we have added a 360° Leadership and Values Assessment dimension to the existing three review dimensions: performance, online assessment, and offline competency presentation. Through multi-perspective evaluations from the reviewees’ superiors, peers, and subordinates, we conduct a comprehensive assessment of their four-drive leadership and values. This further enhances the accuracy of the current position competency evaluation and ensures the scientificity and rationality of the talent pool selection results. We apply the performance analysis results to various scenarios such as promotions, salary adjustments, and bonus distribution, achieving a win-win situation for organizational performance growth and employee value realization.

Incentive Mechanisms

Modern Dairy has built a multi-dimensional incentive system that “aligns short-, medium- and long-term incentives, integrates material rewards with recognition-based motivation, and complements regular incentives with targeted awards”, to continuously boost employees’ intrinsic motivation and potential for value creation.

In terms of long-term incentives, we grant employees incentive shares under the Restricted Share Incentive Plan. This ties employees’ long-term performance with our strategic development goals to form a community of interests. We granted a total of 65,317,000 restricted shares to middle and senior management this year.

As part of its short-term incentive strategy, the Company offers semi-annual and annual performance awards covering all business units. These awards recognize achievements across multiple dimensions, including business contribution, breakthrough initiatives, and skills development. Annual awards featured 9 individual awards and 24 team awards.

In terms of innovative and spiritual incentives, we have established a star craftsman evaluation system. Through granting honors, awarding bonuses and providing allowances, we reward employees who demonstrate exceptional skill and precision in operational procedures and quality control, thereby promoting skill inheritance. In 2025, we selected a total of 500 “star craftsmen” out of our employees.



Employee Recognition and Awards

31 The “Grow Model” is one of the most common and effective tools used in coaching skills to coach others through the establishment of goals (GOAL), understanding of the current situation (REALITY), discussion of measures (OPTIONS), and refinement of plans (WRAP-UP).

Talent Training

Modern Dairy places great emphasis on talent development. We have built an instructor team and course system led by internal instructors, supported by external instructors, and focused on practical, operationally relevant skills. In 2025, we intensified efforts to develop proprietary courses, such as the *Five Advanced Step for the Nutrition of Large-Scale Dairy Farms*, the *Breakthrough - Secrets of Excellent Performance*, and the *Comprehensive Budget Management Simulation for Excellent Farms*. Among these advanced courses, two have successfully obtained national intellectual property patents. We have refined and upgraded our long-standing training management mechanisms and revised and released the Learning and Development Management Policy, making talent development at Modern Dairy more systematic, process-driven and standardized, thereby improving the effectiveness of talent training. During the reporting period, we conducted 3,812 training sessions, with a total of 262 thousand class hours, averaging 28.51 class hours per person, covering all employees.

Internal Trainer Cultivation System

We have built a three-tier internal trainer team led by senior executives as lead instructors, high-performing employee as exemplary trainers, and professional trainers to extend reach. Through our three-tier course development strategy that introduces licensed courses, develops proprietary core courses, and optimizes general courses, we have established an internal trainer system that fosters organization-wide learning and knowledge sharing, supported by a curriculum designed for collaborative knowledge creation and exchange. Based on Modern Dairy's rich industry experience and strong internal trainer resources, we have established Modern ZhiNiu (Beijing) Technology Management Co., Ltd., which extends our expertise beyond internal talent development needs to provide training and empowerment services externally.



Internal Trainer Training

In 2025, the Company had a total of 166 internal trainers, developed 228 courses covering leadership, professional competency, and general competency, and delivered 158 online and offline internal training sessions, with a total of 31,095 participant attendances.

Management Trainees Cultivation System

This year, we introduced the premium course Five Management Points based on the existing five training models³² and four guidance mechanisms³³. In addition to enhancing mentor guidance and assessments, we implemented a new process for management trainees, including conducting independent farm research, exploring improvement opportunities, establishing innovation project teams, and carrying out innovation projects. In 2025, we completed and reported five projects, opening new paths for business improvement, and receiving high praise from management and the participating farms.



Management Trainee Program

In 2025, we ran 4 offline training sessions, 11 technical training sessions, 6 online growth communication meetings, and 3 innovation project reporting and guidance sessions for management trainees. We organized a total of 61 rotations of management trainees. During the reporting period, 13 out of our 2024 management trainees completed their training and became management personnel. We recorded a management trainee promotion rate of 62.50%, hitting an all-time high in the history of the Group.

³² Five models: "Green Hand", "Transformation", "Professional Skill Cultivation", "Management Skill Cultivation", and "Capable Talent". The course system covers CEO meeting, professional literacy, professional skills, leadership enhancement, and extension and communication, helping employees to evolve from green hands to management talents;

³³ Four guidance mechanisms: The mechanisms include guidance by "mentor + coach", guidance by the Group's Human Resources Department, guidance by the HR head, and guidance by senior fellow, providing new employees' career development with strong support.

Professional Force Cultivation System

Modern Dairy has established the standardized training process "Technologies 100 Special Class" covering the four sequences of veterinary medicine, breeding, nutrition and equipment based on the "diamond-shaped professional force" model. The process is deeply integrated with our internal trainer system, providing comprehensive learning resources and pathways for technical talents at all levels. In 2025, in collaboration with the Chinese Veterinary Medical Association, Modern Dairy established the first specialized training system for cattle veterinarians in China, pioneering the cultivation of cattle veterinary specialist in China.



Professional Competency Training

In 2025, Modern Dairy ran 23 offline training sessions of the "Technologies 100 Special Class". The training courses focused on farm production needs and covered modules such as the *Dairy Cow Health*, the *Herd Management*, the *Dairy Cow Nutrition* and the *Equipment TNPM Management*, with 188 key technical personnel participating. Meanwhile, the Company conducted 83 online sessions of the "Technologies 100 Special Class", covering 100% of technical personnel.

Leadership Cultivation System

With the "four-wheel leadership" model as a standard, Modern Dairy has optimized three types of cultivation approaches of sending senior management outward, bringing mid-level management inward, and encouraging grassroots staff to work on site. Moreover, the Company carries out 4 special programs under the "Running Program" and 5 special programs under the "Spring Program"³⁴. We have pioneered the "Niuren's Online Lecture", a live-streamed training initiative. In this program, each business center and department takes turns assigning outstanding instructors to give lectures, elevating the Group's leadership development to a new level.



Leadership Training

In 2025, Modern Dairy ran a total of 43 leadership training sessions, including 38 offline sessions and 5 online sessions, covering a total of 1,333 incumbent managers and reserve managers.

In addition, the Company actively monitors the potential impacts of climate change on employment and skill requirements, and is committed to providing relevant training or retraining opportunities to help employees enhance their skills, adapt to industry development trends, mitigate potential negative effects, and ensure long-term career development and employment stability.

³⁴ Composed of four special programs, namely Leading, Elite, Superior and Advanced, the "Running Program" aims to cultivate the leadership of the Company's on-the-job management personnel. The "Spring Program", consisting of 5 programs, namely Golden Bull, Silver Bull, Bronze Bull, Steel Bull and Iron Bull, to foster our reserve promotion personnel.

Democratic Management

Modern Dairy continuously strengthens the construction of its democratic management system and refines the comprehensive safeguarding mechanism that protects employees' "rights to information, participation, expression and supervision". We regularly communicate and negotiate with worker representatives (including but not limited to labor union representatives or employee-elected representatives) on working conditions, wages and benefits, occupational health and safety, and other important matters related to employee rights. In 2025, Modern Dairy formulated the *Employee Relations Management Policy* to regulate daily behavioral norms for managers and employees, creating a compliant, transparent, and harmonious labor relationship.

We have established an employee communication platform and streamlined procedures for submitting complaints and reports, offering multiple channels for this purpose. Employees can submit feedback publicly or anonymously through verbal communication, cross-level "Heart-to-Heart Meeting", the "Voice of Employees" QR codes, suggestion boxes, democratic life meetings, collective bargaining sessions, the Labor Dispute Coordination Committee, employee hotlines, etc. After receiving such cases, we will transfer them in a timely manner to the relevant department for handling, achieving the goal of creating a workplace with "no barriers to raising concerns, and clear pathways to address rights".

With great emphasis placed on employees' sense of belonging, satisfaction, and well-being, Modern Dairy has conducted employee satisfaction and engagement surveys for four years in a row. This year, Modern Dairy measured employee satisfaction and engagement comprehensively from both organizational and individual perspectives, across three progressive levels - psychological identification, behavioral expression, and emotional commitment - as well as seven dimensions, including corporate culture, compensation and benefits, policies and procedures, work experience, personnel, training and development, and company reputation. In addition, we collaborated with third-party institutions, including the Employer Branding Institute and Shanghai Action Education, to conduct evaluations. In 2025, our company-wide survey recorded an employee engagement level of 90.52% and a satisfaction rate of 86.12%. By focusing on key issues found through the survey, we conducted in-depth analysis to identify the factors influencing employees' experiences, tracked improvement progress and changes in indicators. Furthermore, we incorporated effective practices into standard policies to ensure that employees' voices truly drive organizational improvement, continuously promoting mutual enhancement of employee satisfaction and operational efficiency.

Occupational Health Benefits

Always adhering to the core value of "Safety and Health First", the Company has established a production safety management system. We also require our suppliers and contractors to implement rigorous work safety measures and safeguard the bottom line of production safety.

Establishing the Health and Safety Management System

Modern Dairy strictly complies with national laws and regulations such as the Production Safety Law of the People's Republic of China and the Regulations on the Reporting, Investigation and Handling of Production Safety Accidents. We have amended the *Modern Dairy Health and Safety Policy*, the *Safety and Environmental Protection Five-Level Search and Management Policy*, the *Health, Safety and Environment Protection Accident Investigation and Management Policy*, the *Safety Three Level Education Implementation Scheme*, the *Safety Management Policy for Silage Procurement* and other work safety and operation support policies. These policies are applied to all our employees, suppliers and contractors. Once a year, we conduct an internal audit to review the effectiveness of our safety policies and whether our workplace is safe. We also revise and improve relevant policies based on the audit results to ensure their effectiveness and adaptability.

We have developed the *Modern Dairy Health and Safety Operational Structure*, assigning the Board of Directors as the highest supervisory body for the health and safety management of Modern Dairy. The Sustainability Committee under the Board develops policies and action strategies to continuously identify and monitor health and safety-related risks and opportunities, and reports to the Chairman of the Board on the Company's health and safety performance and progress on a regular basis. The Company has set up a Production Safety Committee, which is responsible for conducting overall planning and guiding production safety. The Production Safety Committee organizes production safety meetings on a regular basis and sets safety targets and implementation plans for the Company.

We have built a safety management system of "four pillars and eight supports". The four pillars represent "value-driven culture, responsibility culture, system-based culture, and behavior culture", while eight supports represent "five lines of defense, process optimization, three types of operations, cultural empowerment, integrated development of four aspects, five-level retrieval, emergency mechanisms and early warning management", to comprehensively strengthen our safety defenses and create a world-class health and safety management system.

As of the end of the reporting period, all the farms that have been constructed and put into operation passed ISO 45001 certification for occupational health and safety management systems, accounting for 100% of the total. The Company's 8 farms have passed the provincial standardization assessment and obtained the national level-2 certification for production safety standardization.

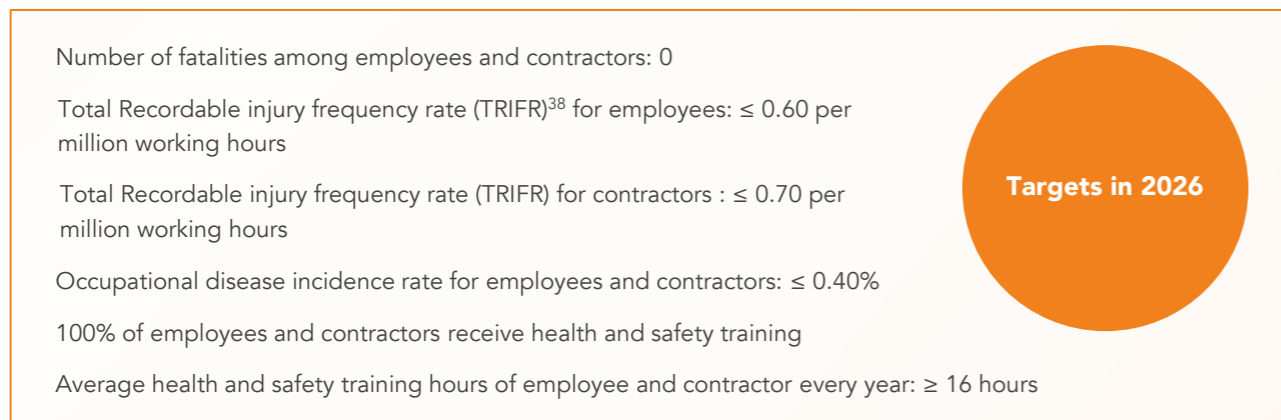
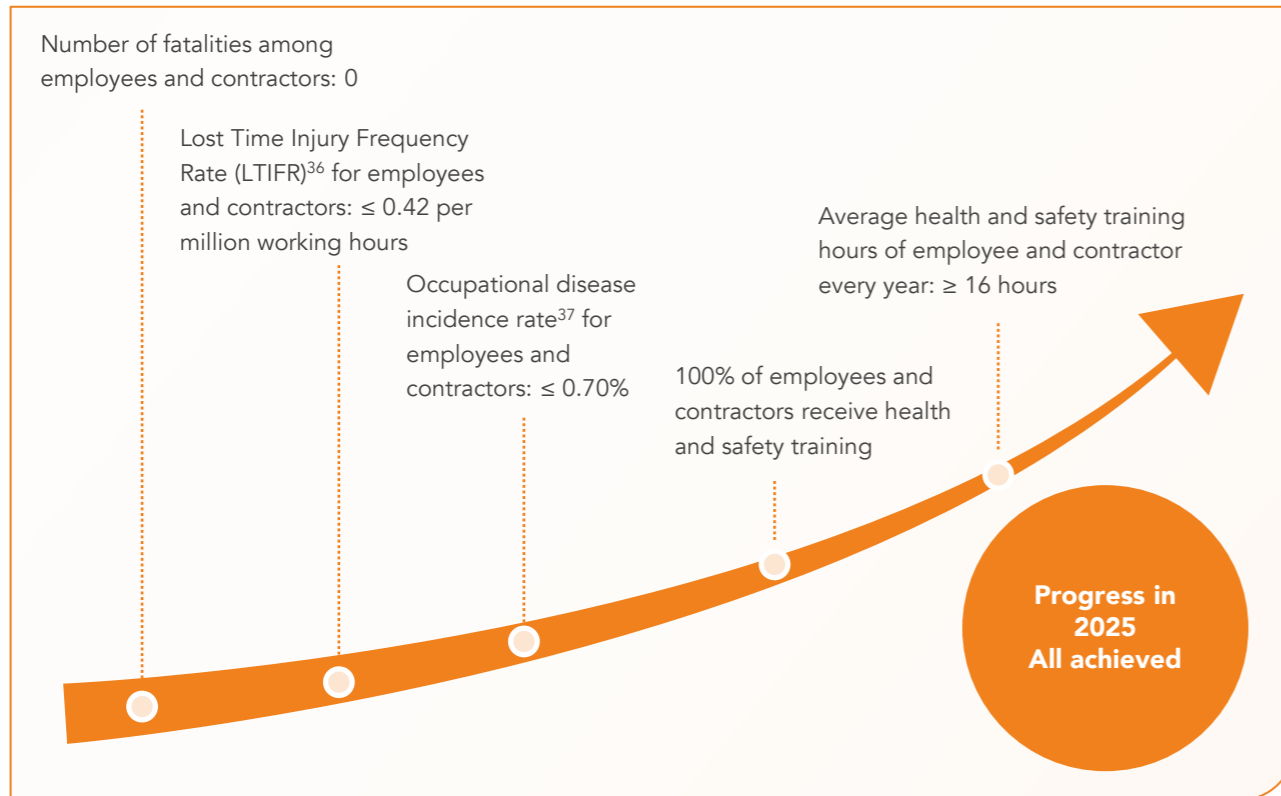


ISO 45001 Certification of Modern Dairy

This year, we conducted hierarchical management according to the importance of each department's operations to the Company's production safety. The responsible person for accidents occurring in the production process will be held accountable with regard to salary assessment, performance assessment and administrative punishment. We have established a health and safety performance management mechanism, and signed performance contracts with our executives, farm managers at all levels and other relevant personnel. In the performance contracts, there are evaluation clauses by tying executives' salary to safety management goals. We have set up restrictive conditions in such contracts, stipulating that if a grade 1-3 production safety accident occurs during the contract term³⁵, the direct person in charge will be, depending on the severity of the accident, deducted points, deducted annual performance bonus and even dismissed.

³⁵ On the basis of the 4 types of accident grades of especially serious accident, serious accident, large accident and ordinary accident stipulated by the national *Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents*, the Company has formulated the *Health, Safety and Environment Protection Accident Investigation and Management Policy*, and supplemented the types of accidents into 6 grades, adding the dimensions of casualties and direct economic losses. We also determined the accident reporting process, and standardized the investigation and handling standards for various types of accidents.

As of the end of the reporting period, we had achieved our 2025 safety management targets and set new targets for 2026.



36 The formula for calculating the lost time injury frequency rate (LTIFR) is (Total number of work-related accidents of employees certified by the Government's work injury department/total number of hours actually worked by employees) x 1,000,000.

37 The formula for calculating the occupational disease incidence rate is (Number of newly discovered cases of an occupational disease/number of employees engaged in such work)*100%. In the dairy farming and livestock industry, Brucellosis represents a unique dynamic risk. To reduce its incidence, we have actively implemented a range of measures, including enhancing employees' personal protective capabilities, equipping occupational disease prevention facilities, and improving the working environment. These efforts have effectively brought the risk under control, ensuring it is now manageable and well-regulated.

38 The formula for calculating the total recordable injury frequency rate (TRIFR) is (Total number of recordable injuries of employees/total number of hours actually worked by employees) x 1,000,000.

Strengthening Production Safety Risk Management Measures

In terms of risk prevention, the Company has revised the Regulations on the Establishment and Acceptance of the Dual-Prevention Mechanism. We carry out a number of internal inspections, including unannounced visits by executives, unannounced inspections, regional mutual inspections, self-inspections of farms and other measures to monitor the implementation of the production safety management policy at each farm. Based on the inspection results, we conduct a comprehensive analysis of potential safety hazards on the farms and incorporated the issues discovered during the unannounced inspections into the matters supervised by the Group, and the rectification process is monitored, to ensure that the issues are effectively resolved. To prevent and mitigate major safety risks, the Company has launched the "One Rectification per Month" special initiative, focusing on key areas that may result in serious accidents or fatalities. Each month, a specific theme is selected, and a closed-loop management process of "comprehensive inspection - targeted rectification - acceptance and closure - long-term improvement" is implemented, aiming to address persistent issues that require repeated rectifications. In addition, we promote strict adherence to the hazardous operations process among all farms. The process mandates submitting application on the "Mu'anyun Management Platform" and obtaining on-site approval from the designated personnel. Moreover, we organize verification of hazardous operation compliance rates and issue regular reports on the findings.

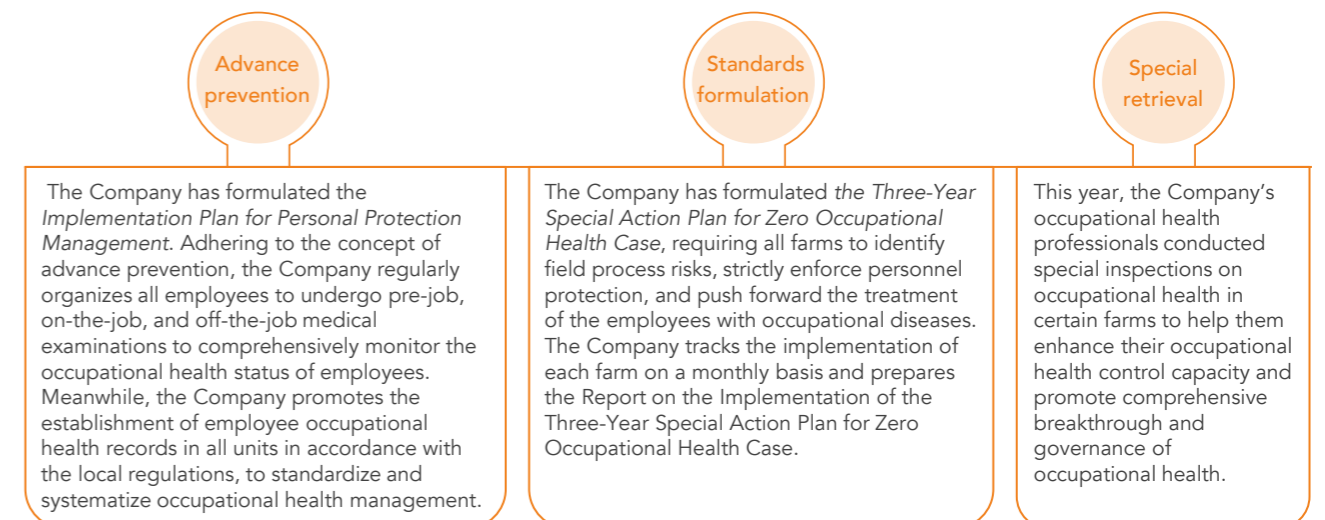
In terms of accident response, we have guided all farms to establish comprehensive emergency plans, including special emergency plans and on-site disposal plans for fire, mechanical and chemical injuries according to different situations. This year, our farms organized nearly a hundred emergency drills to test the practicality of their emergency plans. The farms are all equipped with CPR AEDs and other equipment, and employees are trained in the use of AEDs to improve their emergency care awareness and skills. We will revise the plans according to the drills, so as to enhance farms' ability to deal with emergencies.

In terms of accident investigation and handling, the Company has established a standardized accident investigation process. For each incident, a dedicated investigation team will be established by relevant departments based on the severity of the accident and an accident investigation report will be released within a stipulated timeframe to ensure thorough analysis. Based on the identified vulnerabilities and lessons learned from each accident, we will apply corrective and preventive measures to address root causes, and conduct accident case study sessions within work teams to reinforce safety awareness among all employees.

This year, the Company's investment in production safety amounted to RMB6.4334 million.

Safeguarding Occupational Health

The farms of Modern Dairy enhance occupational health management from three aspects, namely advance prevention, standards formulation and special retrieval.



Improving Health and Safety Awareness

In term of thematic empowerment, the Company has carried out the activity of "I EHS Thematic Empowerment - Sharpening Elites through Real Combat" in six major regions in a targeted manner. By integrating various forms such as on-site diagnosis, brainstorming, hands-on teaching, and mutual Q&A, the activity has effectively improved employees' awareness of safety and environmental protection as well as their professional skills.

In terms of management team empowerment and accident warning education, the Company organized 46 awareness-empowerment educational sessions for managers and accident case awareness training for all staff at selected farms.

In terms of column promotion and platform empowerment, the Company has arranged multiple health and safety knowledge training courses, and set up online self-learning platforms and columns, covering production safety policies, special work, and safety culture. In 2025, we released 79 pieces of safety-related articles on our internal platform, and carried out 24 safety training sessions.



Safety Training, Drills, and Routine Inspections

Safety Management of Contractors

Modern Dairy implements the concepts and principles of safety management into the supply chain. We guide our contractors to cultivate safety awareness, pay attention to production safety, and establish a safety system to guarantee the safe operation of the supply chain.

We require all contractors to follow our policies and procedures and to report any incidents or hazards to us in a timely manner according to the *Health and Safety Policy*. After entering into the partnership with contractors, we will sign the *Sustainable Procurement Management Agreement* with them to clarify the safety management responsibilities and work content of both parties. In addition, the Company jointly organizes risk identification for construction projects with the engineering department and the farm. In 2025, the rate of contractors signing up the *Sustainable Procurement Management Agreement* was 100%.

We carry out security training for the construction personnel of the contractor at the construction site every day before the daily construction. We have set up a facial recognition access control system at the gate of the construction site to ensure that untrained personnel are prohibited from entering. In addition, we implement digital access and approval management for core personnel based on the consideration of the accidental injury insurance coverage, professional qualifications and construction safety plans, ensuring the safe execution of various hazardous operations.

The detailed rules for the assessment of construction breaches have been developed to strengthen the construction safety management and supervision of contractors. Supervision units and project engineers carry out safety inspection at the construction site every day, and check the construction pre-control measures in dangerous areas, the construction and use of construction equipment, the establishment of fire prevention facilities and the establishment of construction site safety signs and fences, so as to identify and eliminate potential safety risks in time. We will terminate the cooperation with the contractor who violates the rules or causes a safety accident during the construction process.



Safety Warning and Contractor Training

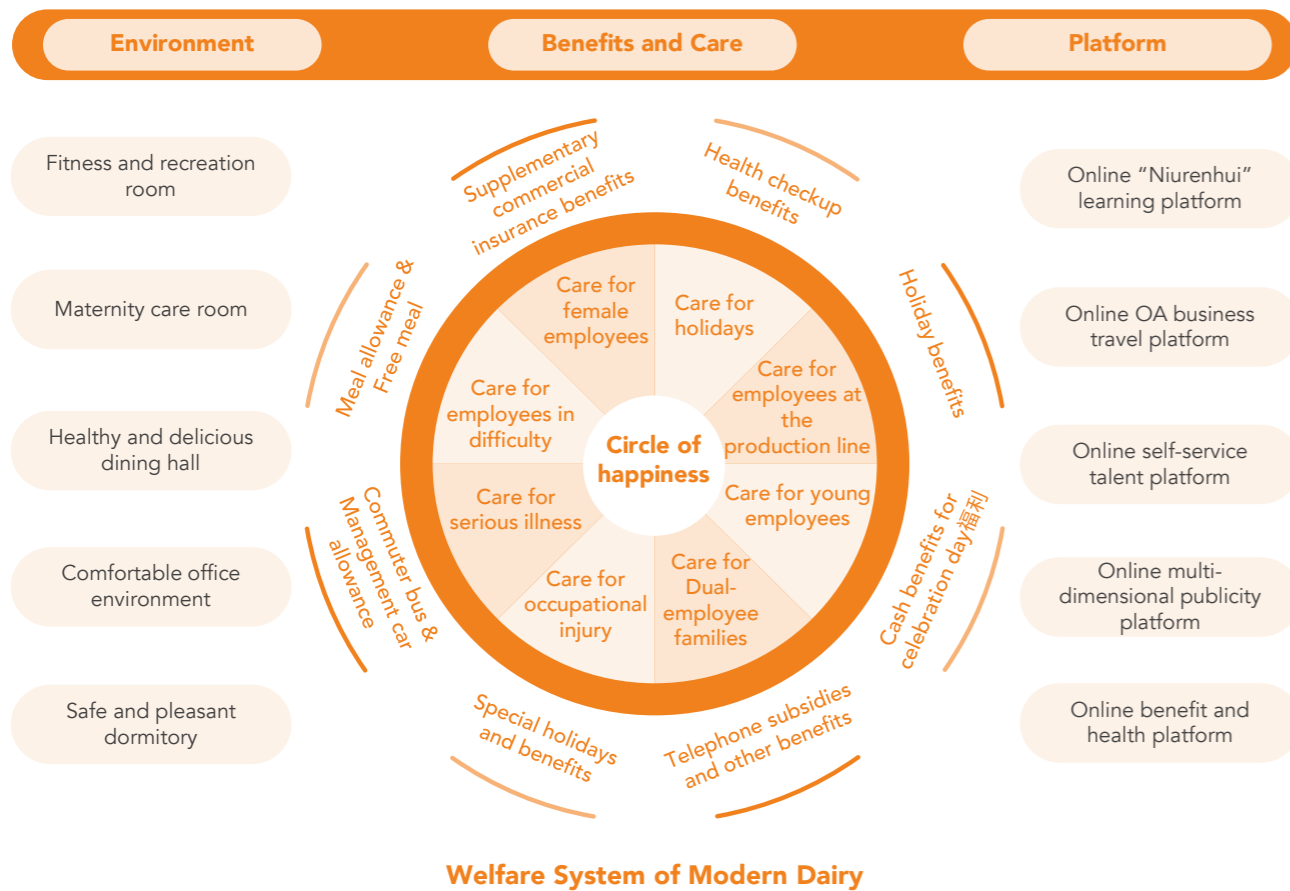
Employee Welfare and Care

Modern Dairy always adheres to the "people-oriented" principle, continuously improves the *Employee Welfare Management Policy*, and consistently builds a caring and responsible employer brand image. Our goal is to create a "thriving organization" where employees can pursue, experience, and safeguard happiness.

In 2025, the Company released the new *Modern Dairy "1125" Happiness Plan*. Staying true to the original commitment of "enabling every employee of Modern Dairy to grow, feel warmth, and realize value", we strive to achieve the "Five Haves" target, i.e., our employees can have wealth, respect, opportunity, dignity and health. To this end, we have established a comprehensive well-being matrix that spans the entire employment cycle. With inclusive benefits as its cornerstone, the Company's welfare matrix serves to retain and motivate talent. In addition to providing employees with social insurance, housing funds, quarterly labor supplies, and other daily protections, it ensures that employees are worry-free during work.



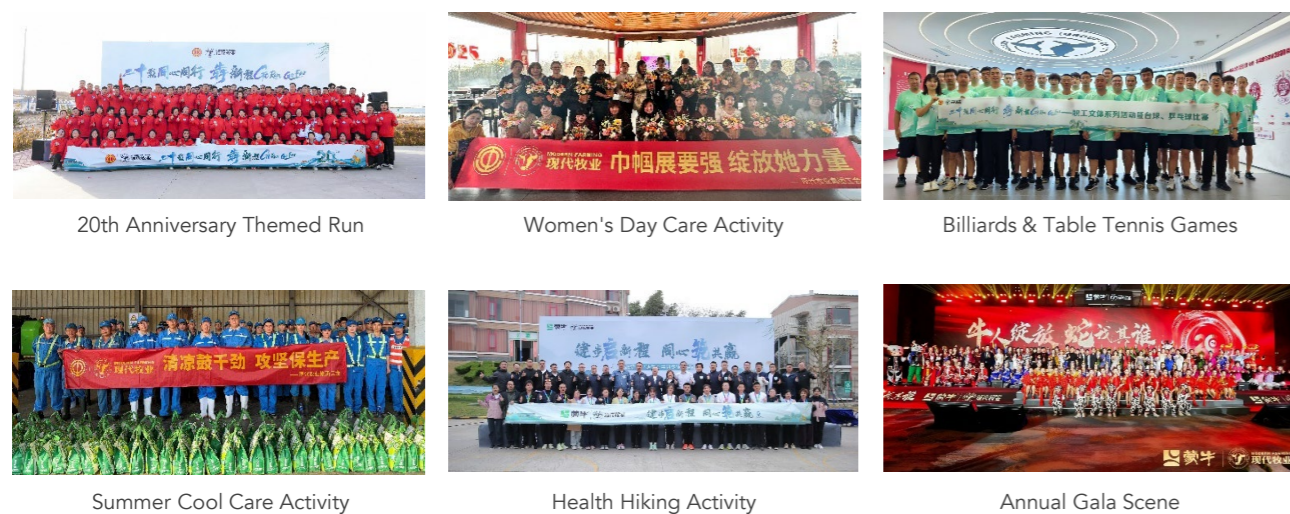
Modern Dairy "1125" Happiness Plan



Welfare System of Modern Dairy

Rich Daily Activities of Employees

Modern Dairy fosters a positive, harmonious and warm corporate culture by organizing cultural and sports activities, including the 20th Anniversary Themed Run and various sports events, to enrich employees' spare time. Meanwhile, we launch employee care initiatives during holidays, earnestly attend to employees' work and life needs, convey the Company's warmth, and build an inclusive, caring workplace environment.



Support for Employees' Physical and Mental Health

Modern Dairy has built a full-cycle health management system of "preventive screening - process control - risk protection". This professional and targeted health and welfare system is designed to protect the physical and mental health of our employees. At the level of health prevention and screening, the Company cooperates with public hospitals or professional physical examination centers nationwide to provide regular, customized health examination services for all employees, helping employees to stay informed about their health status and maintain a good physical and mental state for work and life. We have also built a health management monitoring system, and provided equipment such as blood pressure monitors for employees, to help employees track key health indicators such as personal blood pressure in real time, shifting from reactive screening to proactive prevention and control, and effectively reducing the risk of chronic diseases. At the level of health risk protection, the Company continues to optimize the supplementary commercial insurance plans, providing additional security and care for key talents. We encourage and ensure that employees can take their entitled paid annual leave to support their physical and mental health and work-life balance.

In 2025, the Company carried out 12 online special health lectures, achieving company-wide coverage in health management. Senior experts in various fields such as medicine, nutrition, psychology, and sports rehabilitation were invited for the lectures. They introduced knowledge on topics such as disease prevention, scientific diet and nutrition, emotion management and stress relief, with a focus on both physical health and psychological well-being. By doing so, we aimed to help employees develop a scientific health mindset of "early prevention and early intervention" and equip them with self-health management skills.

Better Guarantees for Employees' Families

Modern Dairy has built a three-dimensional family support system of "family health protection + fertility and childcare support + family reunion assistance", aiming to extend the Company's care to employees' families with thoughtful benefits. The Company provides supplementary commercial insurance for employees' children and customized group physical examination for their parents, and introduces preferential insurance policies for spouses to protect the health of employees' families. We strictly implement holiday benefits such as breastfeeding leave and paternity leave to ease the burden on working parents. In addition, we offer reunion leave, reimbursement for home-visit travel expenses, and couple dormitories, so that employees and their families can "afford to live, get together, and raise children well", and achieve the common growth of employees' families and the Company.

Employment KPIs

Employment KPIs of Modern Dairy		
Number of Modern Dairy Employees		
Total number of employees	Person	9,178
Total number of employees by gender		
Male	Person	6,305
Female	Person	2,873

Employment KPIs of Modern Dairy		
Percentage of employees by gender		
Male	%	68.70
Female	%	31.30
Total number of employees by age group		
Employees aged 30 and below	Person	1,673
Employees aged 31 to 50	Person	5,728
Employees aged 51 and above	Person	1,777
Percentage of employees by age group		
Employees aged 30 and below	%	18.23
Employees aged 31 to 50	%	62.41
Employees aged 51 and above	%	19.36
Total number of employees by employment type		
Full-time	Person	9,178
Labor outsourcing/Labor dispatch	Person	0
Part-time	Person	0
Total number of employees by employment type (level)		
Junior employee	Person	9,014
Mid-level management	Person	155
Senior management	Person	9
Total number of employees by region		
Inner Mongolia Region	Person	1,031
Bayan Nur Region	Person	436
Northeast Region	Person	1,185
Northern China Region	Person	889
Eastern China Region	Person	1,011
Central China Region	Person	838
Chasai Region	Person	1,415
Western Region	Person	1,009

Employment KPIs of Modern Dairy		
Organic Region	Person	716
Hong Kong, Macao and Taiwan of China	Person	3
Overseas	Person	2
Other Regions	Person	643
Total number of employees by ethnicity		
Han ethnic group	Person	8,077
Mongol ethnic group	Person	704
Hui ethnic group	Person	115
Other minorities	Person	282
Percentage of female in management positions	%	24.20
Percentage of female in junior management positions (% of total junior management positions)	%	25.60
Total number of new employees	Person	2,017
Percentage of local employees	%	83.29
Discrimination or harassment cases based on review record	Case	0
Employees' satisfaction with human rights training	%	99.5
Employees' agreement with human rights policy	%	99.6
Employees' familiarity with human rights knowledge	%	99.5
Employee Turnover Rate KPIs of Modern Dairy		
Total turnover rate ³⁹	%	1.41
Turnover rate by gender		
Male	%	1.47
Female	%	1.38
Turnover rate by age group		
Employees aged 30 and below	%	2.71
Employees aged 31 to 50	%	1.17
Employees aged 51 and above	%	0.94

³⁹ The formula for calculating the total turnover rate is total number of employees who voluntarily left for the year / (Total number of employees who voluntarily left for the year + Total headcount at the end of the year).

Employment KPIs of Modern Dairy

Turnover rate by region		
Inner Mongolia Region	%	1.42
Bayan Nur Region	%	2.43
Northeast Region	%	2.14
Northern China Region	%	1.08
Eastern China Region	%	0.72
Central China Region	%	0.63
Chasai Region	%	1.49
Western Region	%	1.50
Organic Region	%	2.21
Hong Kong, Macao and Taiwan of China	%	2.86
Overseas	%	0.00
Other Regions	%	0.76

Talent Training and Development KPIs of Modern Dairy

Total number of training sessions	Session	3,812
Total number of trainees	Person	9,178
Total number of training hours	Hour	261,674
Training hours by training category		
Professional training	Hour	141,422
Management training hours	Hour	55,796
Other training	Hour	64,457
Number of trainees by gender		
Male	Person	6,305
Female	Person	2,873
Number of trainees by employment type (level)		
Junior employee	Person	9,014
Mid-level management	Person	155
Senior management	Person	9

Employment KPIs of Modern Dairy

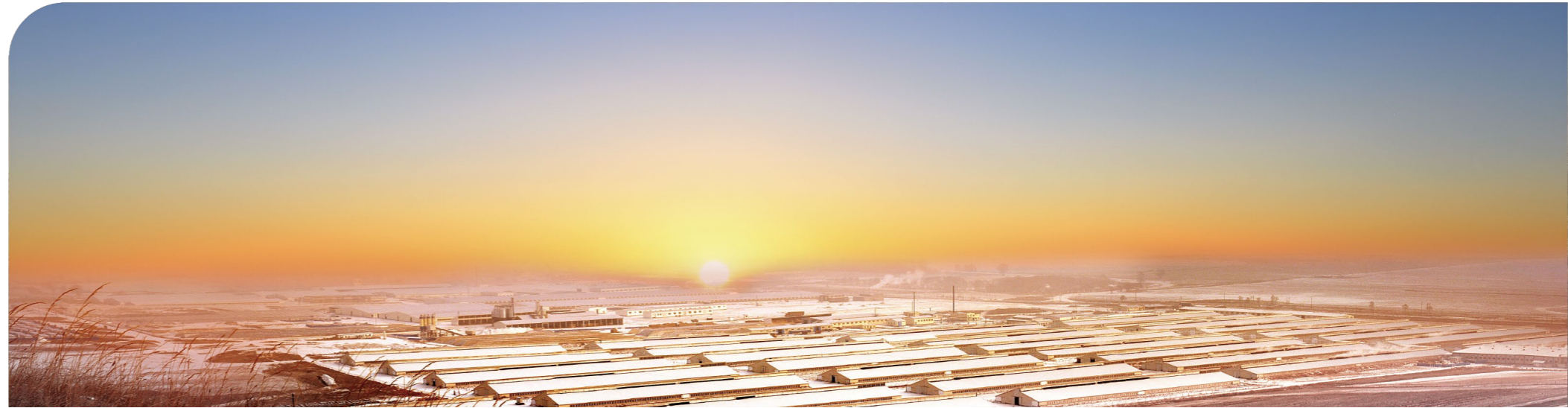
Average training hours completed per employee	Hour/person	28.51
Average training hours of employees by gender		
Male	Hour/person	28.63
Female	Hour/person	28.23
Average training hours of employees by employment type (level)		
Junior employee	Hour/person	26.62
Mid-level management	Hour/person	45.08
Senior management	Hour/person	46.52
Average training hours of employees by age		
Employees aged 30 and below	Hour/person	31.48
Employees aged 31 to 50	Hour/person	27.53
Employees aged 51 and above	Hour/person	28.16
Average training hours of employees by ethnicity		
Han ethnic group	Hour/person	28.12
Mongol ethnic group	Hour/person	28.37
Hui ethnic group	Hour/person	27.62
Other minorities	Hour/person	27.91

Safety and Health KPIs of Modern Dairy

Work-related fatalities	Person	0
Percentage of work-related fatalities	%	0.00
Work-related supplier/contractor fatalities	Person	0
Lost Time Injury Frequency Rate (LTIFR) for employees and contractors per million working hours	Cases per Million Work Hours	0.41
Lost days due to work injury	Day	802
Occupational disease incidence rate	%	0.44
Percentage of employees and contractors covered by health and safety training	%	100
Average health and safety training hours of employee and contractor every year	Hour	18
Number of farms with ISO 45001 certification		42
Percentage of constructed farms with ISO 45001 certification	%	100

Social Development Advancement

Upholding the core concept of “benefiting society through dairy farming”, Modern Dairy has successfully built a positive ecosystem of “enterprise development - social empowerment - value sharing”, which profoundly demonstrates the deep integration of “business for good” and “sustainable development”. We maintain positive community relationships, fully leverage our advantages in rural revitalization, and deeply integrate social responsibility into our corporate strategy and entire industry chain operations, achieving steady progress in delivering social benefits.



Community Relations

Modern Dairy respects the rights and interests of the communities in which we operate our farms. To this end, we have formulated and implemented the *Modern Dairy Statement on Supporting Community Engagement* and the *Modern Dairy Human Rights Protection Policy*, aiming to promote harmonious coexistence between our farms and local communities.

Community Engagement

We have established dialogue mechanisms with local communities and formed community committees composed of heads of relevant business units. By doing so, we have set up effective communication channels for engaging local stakeholders so that we can address their reasonable concerns properly and provide timely feedback to the community in an appropriate manner. In addition, we make communication and complaint channels publicly available, allowing any community member to raise concerns or file complaints regarding our operations and their impacts.

Impact Assessment

When planning to establish new farms in new areas, we conduct community impact assessments in accordance with the principles of Free, Prior, and Informed Consent (FPIC)⁴⁰ outlined in the *United Nations Declaration on the Rights of Indigenous Peoples*. We strive to ensure that these assessments are carried out in a transparent, participatory, and culturally appropriate manner, so that we can continuously identify and mitigate any potential negative social, economic, environmental, and cultural impacts on local communities.

⁴⁰ The FPIC principle underscores the necessity of ensuring that community members are granted the freedom to make decisions, are adequately informed in advance, and provide their consent without coercion when initiating projects or activities within their communities.

Preventive Community Engagement Mechanism

We maintain positive and cooperative partnerships with local communities. During the project planning phase, we actively engage in community communication and seek their input to promote joint construction and shared benefits. We involve the communities in environmental impact survey and assessment, and carry out regular environmental monitoring with periodic reporting. Additionally, we contribute to enhancing the quality and efficiency of the local economy by leveraging the forage industrialization model of “enterprise - base - farming household” and other approaches. Besides, we continue to support community development through initiatives like village-enterprise cooperation and educational assistance programs.

Environmental Pollution Responses

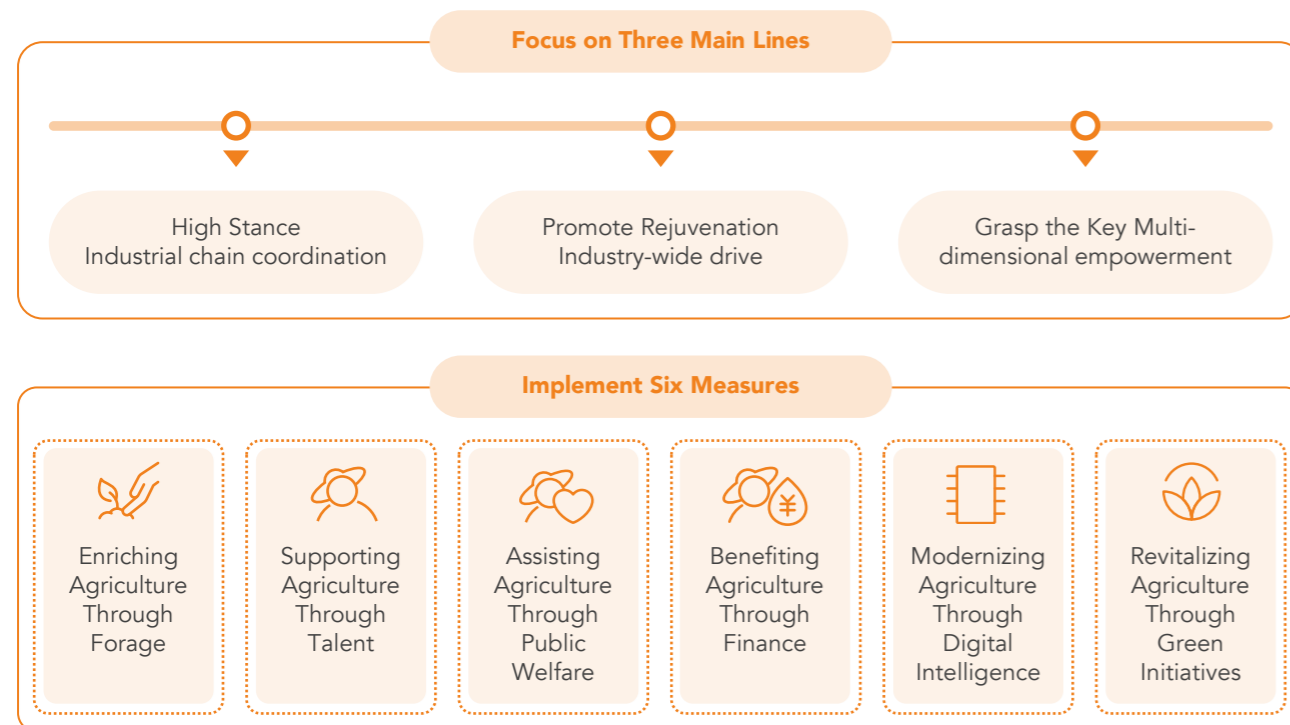
In compliance with national regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Measures for the Environmental Emergency Response Management*, and the *Guidelines for Investigation and Management of Environmental Risk Hazards in Enterprises*, we have formulated the *Emergency Response Plan for Environmental Incidents*. The plan clearly defines the requirements for emergency preparedness, response, and post-incident recovery. It is required to strictly follow the relevant plans and regulations when an emergency occurs, and quickly eliminate the negative impacts of the emergency on the environment and the people within the community.

Ethical Standards for Security Providers or Security Personnel

We require all security service providers and their personnel to respect the rights of community residents and carry out security work in a manner that respects human rights. We conduct comprehensive compliance reviews of all candidate security service providers, focusing on key factors such as their history of disputes or litigation and the standardization of their personnel management, in order to mitigate compliance risks at the source. At the same time, we also urge security service providers and their personnel to receive specialized training on human rights laws and regulations, thereby reinforcing their awareness and understanding of human rights protection and compliance.

Rural Revitalization

Modern Dairy actively responds to the national rural revitalization strategy, adhering to the principle of “carrying forward tailored local solutions and targeted support, and consolidating achievements to drive progress”. Focusing on three main lines and six measures, we fully integrate our operations into the rural context, forming a robust community of shared interests and development with local farmers and herdsmen to advance common prosperity.



Enriching Agriculture Through Forage

Modern Dairy has innovated the order-based model of “company + farmer + cooperative”, guiding nearby farmers to grow silage corn adapted to local conditions, which has effectively helped farmers and herdsmen increase their income and get rich. This year, we purchased a total of 2.94 million tonnes of silage, which has indirectly driven employment and income growth across the industrial chain, enabling farmers and herdsmen to deeply share the benefits of industrial chain development.

- Fuminfeng Farm** The farm has innovatively implemented the order-based “company + village cooperative” model, leveraging surrounding resources to guide farmers in cultivating silage corn while providing free manure fertilizer to nearby farmers, achieving a win-win outcome in resource recycling and green farming. The farm purchases nearly 50 thousand tonnes of silage feed annually and has created employment and increased income for over 20 thousand farmers in the surrounding area.
- Guoxiangyuan Farm** The farm collaborates with the local government to implement targeted assistance, prioritizing the purchase of silage materials from impoverished households in surrounding villages and towns. With an annual silage purchase volume of 12 thousand tonnes, it has tangibly boosted income and prompted prosperity of local farmers.

- Baoji Farm** By guiding farmers in the area to cultivate silage corn tailored to local conditions, the farm has helped over 1,200 households achieve prosperity.
- Bengbu Farm** The farm disburses RMB80 million annually for silage, generating income for over 2,000 farm households in the surrounding towns and villages.

Achievements in Cooperation with Farmers in 2025

Supporting Agriculture Through Talent

Modern Dairy has established a multi-channel system for cultivating rural talent, deepening cooperation with over 200 village committees and creating employment opportunities for more than 10,000 individuals. Through the transfer of talent and management expertise, we continuously strengthen the talent foundation essential for rural revitalization. We have deployed dedicated support teams to Xizang and have been providing comprehensive assistance to the Semburi Farm since 2019, offering systematic training on dairy farming management techniques to farm employees. This effort has helped overcome multiple technical challenges inherent to high-altitude dairy farming and enabled the Semburi Farm in Xizang to successfully establish itself as a regional benchmark for animal husbandry.

- Baoji Farm** The farm has signed paired assistance agreements with neighboring village committees, prioritizing the employment of local residents. By the end of 2025, the farm had hired 33 individuals from the assisted villages and 197 from the local county.
- Yunnan Farm I Yunnan Farm II** Yunnan Farm I has further strengthened its village-enterprise cooperation, providing 20 employment opportunities this year, 85% of which were filled by local residents; Yunnan Farm II has expanded its cooperation to 4 villages, helping 20 villagers get jobs.
- Tongliao Farm** The farm has engaged in close cooperation with surrounding villages and towns, creating employment for over 70 local villagers.

Achievements in Village-Enterprise Cooperation in 2025

Assisting Agriculture Through Public Welfare

Adhering to its original commitment to supporting agriculture through public welfare, Modern Dairy focuses on the livelihood needs of rural communities. Through targeted public welfare donations, we take concrete actions to promote rural development and contribute to the realization of common prosperity.

- Tangshan Farm** The farm addresses the livelihood needs of the old revolutionary base area in northern Hebei by allocating dedicated funds for village infrastructure renovation. The funds are primarily used to repair long-deteriorated potholed village roads and restore embankment facilities damaged by floods, effectively improving the local living conditions.
- Saihan Farm** The farm donated RMB5,000 to the surrounding village committee to establish a “Shehuo Activity Fund”, dedicated to supporting public cultural activities such as the Lantern Festival Shehuo Event in the village. This initiative has effectively enriched the villagers’ festive cultural life and contributed to the advancement of rural spiritual civilization. Moreover, it serves as a bridge for cultural public welfare, enabling a two-way empowerment of enterprise development and rural cultural revitalization.

Benefiting Agriculture Through Finance

Modern Dairy integrates financial resources through the Love-Cattle Platform, collaborating with 10 banks to develop specialized financial products. Together, they have built a diverse matrix of financial offerings covering areas such as operations, procurement, and insurance, comprehensively addressing core scenarios including forage and feed procurement, and equipment financing. This initiative provides special financial assistance for suppliers and private farms. In 2025, the total loan disbursement exceeded RMB700 million, with cumulative disbursements surpassing RMB6 billion, solidifying the financial foundation for the stable operation and sustainable development of private farms.

Modernizing Agriculture Through Digital Intelligence

Modern Dairy utilizes the Internet of Things and cloud computing to provide robust data support across every stage of the supply chain in social farms, enabling precise management and efficient operations. As a leading digital and intelligent sharing platform in China's dairy industry chain, the Company's Love-Cattle Platform has achieved a cumulative transaction volume exceeding RMB118.7 billion, serving over 1,000 farms and 2.1 million dairy cows, and helping farms reduce their overall costs by an average of approximately 10%. Through its Yunyangniu big data system powered by IoT and cloud computing, the platform has achieved digital coverage across the entire industry chain for 370 farms and 1.52 million dairy cows. With a user satisfaction rate of 98%, it demonstrates the tangible benefits of technological advancement.

Revitalizing Agriculture Through Green Initiatives

Guided by the strategic principle of "Green Leadership, Harmonious Coexistence", Modern Dairy has established a closed-loop crop-livestock circular economy model. Through its manure resource utilization system, it achieves the recycling of resources and the harmless treatment of waste. In 2025, the Company produced 198 million Nm³ of biomass biogas, generated 123 million kWh of electricity from biogas, and applied biogas slurry to fields to improve soil quality. By promoting the "cattle-biogas-grass/vegetables/fruit" circular model, we transform manure into valuable resources and create a green closed loop of "breeding - emission reduction - fertilization - yield enhancement", continuously contributing to the development of beautiful rural areas.



Case

Party Building Drives Collaboration, Village-Enterprise Cooperation Promotes Revitalization

Modern Dairy carried out a joint initiative with Shuguang Village themed "Party Building Leads Coordinated Cultivation for Shared Prosperity". Driven by the dual engines of "Party building + business operations", the activity focused on the core goal of achieving shared prosperity through coordinated cultivation. By implementing comprehensive planning across the entire "cultivation-fertilization-management-harvest" process, it aimed to enhance quality and efficiency. At the same time, leveraging the advantages of its full industry chain, Modern Dairy provided Shuguang Village with all-round support, including technology promotion and talent development, injecting new momentum into agricultural efficiency, farmer income growth, and rural revitalization, thereby effectively consolidating collective efforts for rural development. Moving forward, Modern Dairy will continue to advance the "Five Ones" project initiative, focusing on building shared Party-building platforms, cultivating skilled technical personnel, establishing demonstration bases, facilitating production-sales channels, and driving community prosperity. It will deepen cooperation in areas such as technological breakthroughs and resource sharing, working together to write a new chapter in rural revitalization.



Public Welfare and Philanthropy

Modern Dairy continues to deepen its commitment in the field of public welfare, undertaking diverse initiatives centered on volunteer services, educational support, and other key areas, thereby demonstrating its devotion to corporate social responsibility. This year, Modern Dairy donated RMB3.01 million worth of funds and gifts to external charitable causes, and organized 43 public welfare activities. The Company contributed RMB17.42 million in financial aids over the past five years.

Public Welfare Activities

Modern Dairy actively encourages its employees to engage in volunteer initiatives, raising public awareness of ecological, environmental, and social development issues. By collaborating with multiple stakeholders, the Company organizes diverse volunteer activities to continuously amplify the collective impact of its public welfare efforts.



Case

Modern Dairy's Green Farm Public Open Day at Shuangcheng Farm

Green Farm Open Day is a social welfare activity jointly organized by Modern Dairy and the Department of Communications and Education of the Ministry of Ecology and Environment. On August 23, 2025, the third Green Farm Open Day was successfully held at Shuangcheng Farm, focusing on the theme of "Harmonious Coexistence and Sustainable Well-being". The event brought together multiple stakeholders, including government bodies, universities, enterprises, and volunteers, to engage in in-depth practical exchanges centered on building a biodiversity-friendly farm. During the event, activities such as the recognition of ecological environment volunteer service teams and volunteer practice sharing sessions fully demonstrated the "social synergy" mechanism in the green development of animal husbandry. These activities comprehensively showcased the deep integration of academic research from universities, frontline enterprise efforts, and social public welfare forces.



Green Farm Public Open Day at Shuangcheng Farm

Educational Support

Modern Dairy actively responds to the national call for poverty alleviation by carrying out educational aid and donation activities in underserved regions, fulfilling its corporate social responsibility through concrete actions. The Company continues to carry out the Green Seedling program, partnering with 45 colleges and universities to establish "Modern Dairy Industry College" for the targeted cultivation of professional talent in animal husbandry. The program has received more than 1,000 interns from agricultural colleges for on-the-job trial, and achieved 100% job retention, thereby infusing sustained momentum into the industry's talent pool.



Case

Sincere Support for Education

In August 2025, Modern Dairy's Shanghe Farm, in collaboration with the Shahe Town People's Government, organized a Teacher's Day appreciation event to extend holiday greetings to all teaching and administrative staff in the town's primary and secondary schools. During the event, the farm recognized outstanding educators with awards and bonuses, and provided financial support to some students from underprivileged families, with a total donation amounting to RMB30,000. This joint initiative between the government and the enterprise not only provided material support for educational development but also vividly demonstrated the tradition of respecting teachers and valuing education, infusing corporate strength into fostering a social atmosphere that cares for education and supports both teachers and students.



Case

Warming Campuses Through Educational Donations

In 2025, Modern Dairy's Chabei Farm donated a total of RMB30,000 to 9 students and 1 teacher in financial need at Chabei primary and secondary schools. This donation directly addressed the living needs of the recipients, effectively alleviating their financial pressures and helping improve their living conditions.

Supporting the Elderly and Children

Rooted in local communities and committed to neighborly care, Modern Dairy's farms focus on the practical needs of the elderly and children, regularly carrying out heartwarming care initiatives.



Case

Modern Dairy's Elderly and Children Assistance Initiatives at Multiple Farms

Ma'anshan Farm maintains close collaboration with local village committees to conduct regular heartwarming visits. Led by the farm's management, teams visit retired Party members and cadres in surrounding villages and towns, as well as elderly residents in nursing homes, delivering daily necessities such as rice, flour, cooking oil, and fruits. They also engage in heartfelt conversations and share stories with the elderly, conveying the Company's care through tangible actions.



Hongya Farm provides targeted support to address the needs of "the elderly and children". During Children's Day, the farm provided holiday greetings to over 100 left-behind children and donated nutritious milk to local primary schools and kindergartens to support children's healthy growth. In addition, the farm actively participated in community care activities benefiting 500 elderly individuals, bringing warmth to their daily lives through thoughtful efforts.



Shangzhi Farm has innovatively established the "Family Warmth Kits", distributing rice, flour, cooking oil and other daily supplies to elderly individuals living alone, isolated seniors, and families facing economic hardship. Additionally, the farm collaborates with local village committees to carry out care visits for veteran Party members, donating milk and essential daily items to tangibly convey the Company's care and warmth.



Charitable Donations

Modern Dairy adopts targeted approaches for groups such as impoverished families and frontline workers, advancing charitable support through measures such as material donations and collaborative government-enterprise initiatives.



Case

Modern Dairy's Charitable Donation Activities at Multiple Farms

Linyi Farm focuses on supporting vulnerable groups in its locality by implementing health care initiatives, donating milk worth RMB20 thousand to impoverished employees at the farm and economically disadvantaged families in Tanglin Village, conveying the Company's warmth through these small acts of kindness.

Shanghe Farm, in collaboration with the local town government, organized a care initiative titled "Saluting City's Beauticians, Building an Ecologically Livable City". Farm staff personally delivered milk carrying care and appreciation to 86 frontline sanitation workers in the town, honoring their hard work and dedication to keep the local environment clean and orderly.



Emergency Disaster Relief

The farms under Modern Dairy uphold a strong sense of responsibility, responding swiftly to sudden disasters with efficient support measures to help affected regions overcome difficulties.



Case

Emergency Support for Flood-Affected Areas

In July 2025, Tuoketuo County was hit by severe flooding, resulting in widespread water supply disruptions and shortages of daily necessities, significantly impacting residents' lives. Modern Dairy's Tuoketuo Farm responded swiftly, donating emergency supplies such as milk, rice, and flour, and deploying fresh milk delivery trucks to supply drinking water to water-scarce towns and villages, effectively alleviating the living and water challenges faced by affected residents.



Supporting Affected Residents Through Material Donations from Tuoketuo Farm

Public Welfare KPIs

Indicators	Unit	2025
Number of Employees in Difficulty Assisted	Persons	273
Volunteer Service Hours	Hours	3827.82
Number of Community Volunteers Participating	Persons	131
Average Volunteer Service Hours per Participant	Hours/person	29.22

05 Health

Modern Dairy upholds the corporate mission of “raise healthy cattle, safeguard every drop of quality milk”. The Company is dedicated to constructing a health-focused closed loop from farm to table. Upholding the highest standards in quality management to ensure the safety of raw milk, and adopting scientific nutritional solutions to enhance the nutrition of dairy products, we provide consumers with safe and premium dairy offerings, safeguarding the nutritional health of people. We are committed to animal welfare and advance refined livestock management to ensure the healthy growth of dairy cows in every aspect.

The SDGs corresponding to this chapter:



Stringent Control of Quality and Safety

Modern Dairy comprehensively advances the 2025 "Year of Quality" initiative, reinforcing quality control with the highest standards to ensure the safety and quality of raw milk, establishing a benchmark for excellence in the industry.



Peak Quality Management

Modern Dairy strictly abides by laws and regulations such as the *Product Quality Law of the People's Republic of China* and the *Food Safety Law of the People's Republic of China*. We have formulated internal systems and standards such as the *Quality and Safety Management System*, the *Quality Assessment and Performance Management System*, and the *Laboratory Quality Manual*. We are committed to the quality objectives of "excellence in quality and leadership in health", strengthening the four core pillars of "quality planning, quality engineering, quality assurance, and quality KPIs", systematically building the "Q-PEAK" quality management system.

Quality Planning (QP)

Through strategic quality planning, the Company establishes a clear framework for quality management boundaries, structure, and responsibility matrices, providing directional guidance and comprehensive planning for quality management. This ensures that quality control and business development progress in synergy.

Quality Engineering (QE)

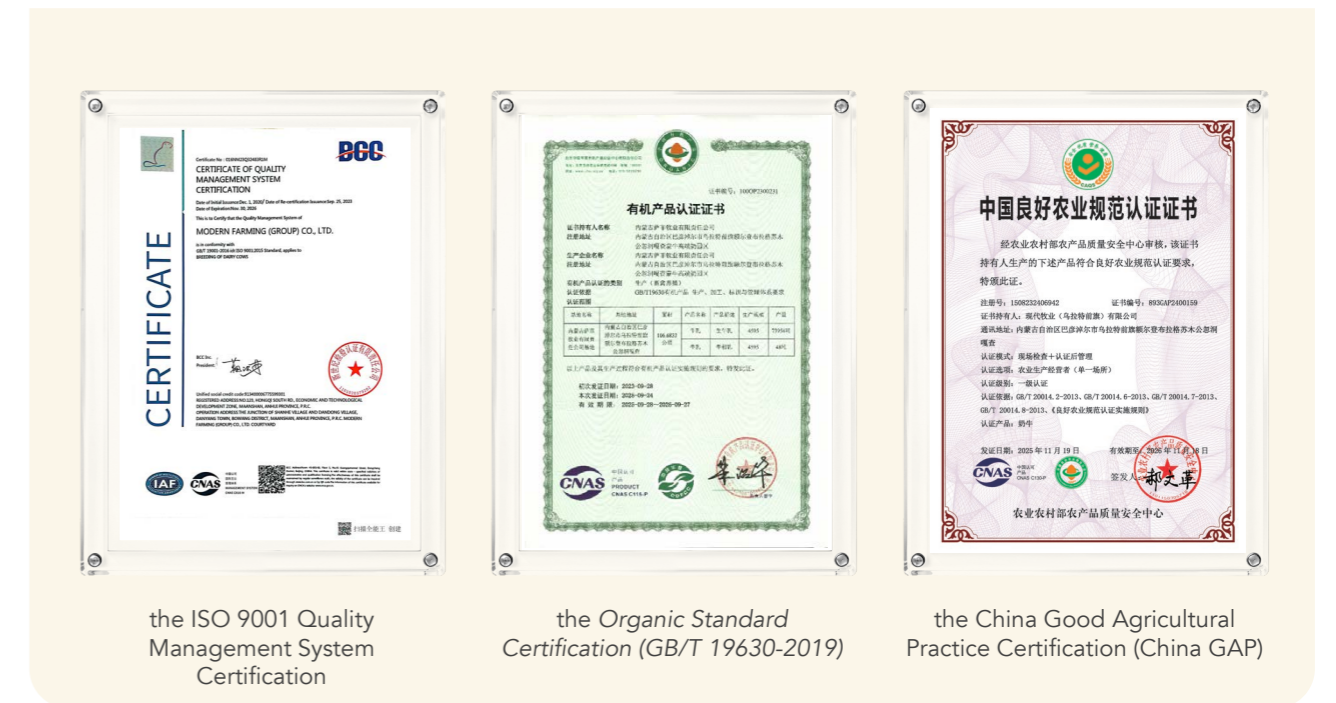
Focusing on the production process of fresh raw milk, the Company implements end-to-end quality control across key stages, including procurement and supply management, cattle management, milking parlor operations, storage and transportation, raw milk sales, and client communication. This approach builds a refined quality engineering system.



Quality Assurance (QA)

Based on internal standards and regulations, the Company continuously strengthens the prevention and control of quality compliance risks and improves the three-tier supervision and review mechanism for quality management. This ensures the effective implementation and ongoing enhancement of the requirements set in quality planning and quality engineering. We have refined specialized quality warning mechanisms, conducting targeted audits for farms under warning status to promptly address quality issues and maintain exceptional quality.

We continuously carry out management system certification work, having been certified to the ISO 9001 Quality Management System, the *Organic Standard (GB/T 19630-2019)*, and the China GAP. During the reporting period, 5 of our dairy farming companies obtained the Organic Standard certification, 46 of our dairy farming companies obtained the ISO 9001 Quality Management System certification, while 49 of our dairy farming companies achieved China GAP certification.



Quality KPI (QK)

The Company has established a comprehensive quality management objective system and a quality assessment and performance management mechanism to scientifically assess quality costs and drive quality improvement. We have formulated the *Quality Assessment and Performance Management System* to conduct quality performance assessments across all farms, applying rewards or penalties based on the assessment results. Furthermore, quality performance is incorporated into the key performance indicators for quality personnel to drive quality improvements and achieve quality goals.

We have established a well-defined quality accountability mechanism. Depending on the scope and nature of product quality issues, we precisely allocate responsibilities to specific departments or individuals for accountability and rectification. This approach prevents responsibility evasion and ensures that quality issues are resolved efficiently and prevented in the long term.

We organize monthly, quarterly and annual quality appraisals at the farm, regional and headquarters levels. The appraisals assess quality objective management, process quality management and control, and quality culture building. This encourages our employees and teams to boost the enthusiasm and creativity for quality management and lead in quality innovation and breakthroughs.

We continuously deepen supplier quality management. Quality audits are conducted for 100% of new incoming bulk raw and auxiliary materials suppliers. A tiered supplier management approach is adopted, with enhanced support and oversight for suppliers with lower performance ratings, to steadily enhance supplier quality management across our supply chain.

Building a Quality Culture

To drive continuous quality improvement, we have implemented quality culture development initiatives for all employees. These efforts aim to strengthen all employees' quality awareness and voluntary actions, embedding quality culture principles deeply within the corporate culture to support the Group's advancement to new heights of quality.



Case

"Quality Starts with Me" Responsibility Signing Campaign

In 2025, the Group launched the "Quality Starts with Me" responsibility signing campaign, which helps establish a clear top-down accountability structure from the CEO to frontline personnel. By signing pledges at each level, we have reinforced every employee's sense of quality responsibility and ownership. The campaign involved over 300 participants, achieving 100% coverage of key quality positions.



Case

"Quality Leads the Way: Safeguarding Every Drop of Quality Milk, Building a Future of Consumer Satisfaction" Thematic Campaign Series

In observance of "World Consumer Rights Day", the Group initiated the "3.15 Raw Milk Quality Improvement Campaign". Through the "Dairy Experts Talk Quality" activity, we collected 1,207 pieces of employee insights and commitments on quality. We organized 315 quality seminars attended by senior executives, farm managers, and quality teams, engaging over 9,000 participants. These sessions embedded core quality concepts and solidified a shared vision on quality across all levels. By executing a specialized quality control plan, we successfully advanced 12 key works and achieved 100% of three key quality sprint goals during the campaign period, effectively driving product quality improvement.



Case

"Quality 100" Special Training Program

The Group regularly conducts the "Quality 100" special training program, including precision testing, skilled analysis, proactive warning, and effective coordination. Aligning our quality management goals with individual staff capabilities, we utilize a "one-on-one" mentorship framework to strengthen frontline quality team development and continuously improve employees' professional skills. In 2025, we achieved a 100% training coverage rate for all personnel in product quality related positions.



Raw Milk Quality Assurance

As a pioneering member of the "National Quality Milk Project"⁴¹, we are committed to a challenging target of 100% compliance rate of raw milk with high-quality standards⁴². Guided by our "Q-PEAK" Quality Management System, we implement rigorous full-process controls for raw milk quality and safety, from milking to storage and transportation. We prioritize client service by maintaining robust client feedback and emergency response mechanism, ensuring the high-quality delivery of raw milk products to our clients.

Modern Dairy strictly complies with the *Food Safety Law of the People's Republic of China*, the *Regulations on the Supervision and Management of the Quality and Safety of Dairy Product*, and the *Special Provisions of the State Council on Strengthening the Supervision and Administration of the Safety of Food and Other Products*. The Company has established a Raw Milk Safety Team to strengthen safety oversight and identify and prevent safety risks. Focusing on the critical control points for raw milk safety, we conduct comprehensive raw milk safety reviews covering supplier management, raw materials, veterinary drugs, raw milk production, and raw milk delivery. We evaluate risks based on the severity of their impact on milk safety, cattle health, and the frequency of recurrence, and mandate all farms rectify identified issues within specified timelines and undergo follow-up audits to verify effectiveness. During the reporting period, Modern Dairy had no raw milk safety incidents, achieving a 100% food safety pass rate for raw milk⁴³.

Milking Process Management

We have established internal standard operating procedures in accordance with the *Milking Parlor Production Process Management Policy*. Supported by the "Yunyangniu" platform, we continuously monitor the milking process, enforce rigorous disinfection controls, and standardize raw milk production operations. We conduct regular, specialized training for milking personnel to ensure their familiarity with proper milking techniques and strict compliance with hygiene requirements.

To ensure a contamination-free raw milk production environment, we are advancing standardized milking parlor management by introducing internationally advanced milking equipment and enforcing strict hygiene standards. We promote the use of automated teat disinfection robots, which employ robotic arms to perform precise disinfection, thereby reducing missed treatments and lowering the risk of mastitis. Furthermore, we have equipped our facilities with fully automated cleaning systems. In accordance with our annual raw milk testing plan, we clean our production equipment and verify cleaning efficacy to effectively prevent bacterial growth from milk residue and avert subsequent raw milk contamination.



41 National Quality Milk Project is a specialized research initiative authorized by the Ministry of Agriculture and Rural Affairs of the People's Republic of China to the "Dairy Innovation Team of the Institute of Animal Sciences of CAAS" to promote sustainable development in China's dairy industry.

42 Percentage of premium-grade raw milk: Total weight of raw milk meeting premium-grade standards / Total weight of delivered raw milk. To be classified as "qualified", raw milk must strictly meet all 15 of the following standards: Lead ≤ 0.02 ppb; freezing point $\geq -0.5600^{\circ}\text{C}$ and $< -0.5150^{\circ}\text{C}$; acidity $\geq 10.5^{\circ}$ and $\leq 18^{\circ}$; somatic cell counts $\leq 250,000$ cell/mL; total microbial colony count $\leq 100,000$ CFU/mL; psychrotrophs $\leq 10,000$ CFU/mL; thermophilic aerobic spores < 10 CFU/mL; lipase activity < 300 U/100mL; protease activity $< 1,400$ U/100mL (including acid, neutral, and alkaline protease); phosphate negative; alcohol test (2:1) negative; post-stasis heat shock test negative; heat-resistant spores ≤ 10 ; mastitic milk negative; odor characteristic of fresh milk aroma under high-pressure conditions.

43 The calculation formula for the food safety pass rate for raw milk is: Total weight of raw milk meeting food safety standards / Total weight of delivered raw milk.

Raw Milk Indicator Management

We have established and refined a raw milk quality inspection system, set internal control indicators for raw milk quality to ensure stability of raw milk by means of real-time monitoring and regular sampling. Additionally, we have established a raw milk quality control framework, including 51 indicators monitored by delivery quality inspection, such as protein, fat, somatic cells, microorganisms, acidity, and psychrotrophs. We conduct annual third-party testing to monitor over 200 raw milk safety indicators, including heavy metals, pesticide residues, and veterinary drug residues.

Case

Leveraging the high-quality raw milk production, the milk of Modern Dairy's proprietary brand "Three Calves" has earned both the World Dairy Innovation Award (Gold) and the Monde Selection Gold Award, making it the first milk product in China to receive dual international distinction. The product consistently outperforms international standards for key indicators, including somatic cell counts and microorganisms.

Protein ≥ 3.30

Fat ≥ 3.60

Somatic cell counts $\leq 150,000$ cells/mL

Microorganisms $\leq 10,000$ CFU/mL

We are advancing the intelligent upgrade of raw milk testing indicators. This includes the establishment of the raw milk quality testing workstation to perform intelligent ELISA testing and automated workflows, minimizing human intervention and potential detection biases. A FOSS milk composition analyzer has been introduced, which utilizes infrared spectroscopy to achieve higher-precision analysis of milk components, thereby enhancing detection accuracy and sensitivity. Furthermore, by integrating testing instruments with our self-developed LIMS server, we have achieved 100% automatic collection and upload of all raw milk and silage testing data, enabling comprehensive quality traceability throughout the chain. We have also deployed centralized monitoring dashboards across all farm control centers, enabling real-time visualization of raw milk physicochemical indicators. This enables staff to promptly monitor and assess raw milk quality, ensuring the products meet quality standards.

Case

ELISA Test Training⁴⁴

Modern Dairy, in collaboration with the IDEXX (China) Technical Center, conducted a specialized training program on standardized ELISA operations. The training combined theoretical instruction with hands-on practical sessions to comprehensively explain the standardized ELISA testing protocols. This initiative has effectively enhanced the detection and operational competencies of our professional testing staff.

44 ELISA testing is an immunological detection method commonly used for measuring antibodies or antigens in biological samples, including proteins or glycoproteins.

Raw Milk Transportation Management

The Company has established the *Milk Truck Inspection Regulation* to regulate the entry and annual inspections of hygiene licenses, compartment cleanliness, and refrigeration equipment of milk trunk, aiming to prevent quality and safety risks during logistical transportation and storage. Milk trucks are equipped with GPS and sensors to monitor parameters like location and temperature in real time. This ensures that the temperature inside the milk tank is always maintained within the safe range of 2° C to 6° C. The monitoring system also enables data tracking and risk alerts, ensuring transparency and safety throughout transportation.

We have implemented enterprise standards for raw milk transportation stricter than national standards and have implemented electronic sealing during transportation. Each electronic seal carries a unique code, accurately recording the opening times, locations, and other details of milk tanks for traceability and monitoring, ensuring compliance in the seal-breaking inspection process. Based on production time recorded by electronic seals, the Company rigorously monitors the storage duration of raw milk prior to warehousing, ensuring that all indicators meet the required standards for acceptance.

We are committed to enhancing our comprehensive logistics management by deploying an intelligent logistics management system. This system facilitates comprehensive, real-time monitoring and tracking throughout the transportation process. We have developed dedicated emergency response plans to address extreme weather events, including heavy rain and snowstorms, to ensure safe and timely delivery of raw milk to clients.

Excellent Client Service

Modern Dairy has established internal policies, such as the *Product Recall Management System* and sales, to regulate raw milk sales service workflows and guarantee superior service quality. We strictly define management protocols regarding raw milk recall and disposal, as well as the clear allocation of responsibilities. If raw milk fails to meet client acceptance standards, the farm, as the primary responsible entity, must complete rectification within a specified timeline and bear losses caused by product quality issues. Furthermore, the Company will enforce penalties by deducting the farm's performance evaluation score in accordance with the *Quality Assessment and Performance Management System*. During the reporting period, the Company did not receive any raw milk quality or raw milk sales service complaints⁴⁵.

The *Modern Dairy Raw Milk Recall Management Policy* stipulates raw milk recall procedures and recall record management process. We have established an emergency response mechanism for product recalls. In the event of a product recall, the Company's Raw Milk Safety Team will mobilize a temporary Recall Command Group. This Group is responsible for carrying out a comprehensive protocol that includes risk assessment, recall execution, corrective actions and formal reporting, to ensure a rapid and efficient response to client concerns and minimize the impact on our clients. During the reporting period, Modern Dairy did not experience any recalls related to product quality.

We value client feedback and regularly conduct satisfaction surveys to collect feedback and suggestions from clients regarding product quality, logistics management and client complaint handling processes. Based on the survey findings, we implement targeted corrective actions to continuously elevate client satisfaction. This year, we conducted a satisfaction survey covering 100% of our raw milk clients, achieving a 100% client satisfaction rate⁴⁶.

⁴⁵ Raw milk quality or raw milk sales service complaints refer to written complaints sent by clients to Modern Dairy regarding raw milk quality or raw milk sales service.

⁴⁶ "Raw Milk Client Satisfaction Rate" refers to the number of clients selecting "Satisfied" and "Relatively Satisfied" among the total number of clients participating in the raw milk client satisfaction survey.



Supporting Nutrition and Health

We are committed to integrating dairy cow nutrition and health to enhance milk quality. Through optimized nutritional strategies and scientific management, we provide clients with dairy products with high nutritional value.



Optimizing Nutritional Supply System

The Company employs an “integrated planting, breeding and processing” model, which spans from cultivating high-quality forage to implementing precise breeding management, establishing a comprehensive dairy cow nutrition supply system. It ensures that the cows receive a balanced intake of nutrients throughout their lifecycle, providing a solid foundation for the production of premium raw milk.

| Forage Cultivation

The Company focuses on optimizing the development and utilization of local feed resources by selecting and cultivating high-nutrition forage varieties best suited to local climate and soil conditions. To ensure full-process quality control of forage cultivation, we have formulated the *Planting Management Policy*, the *Material Quality Standards*, the *Fertilization Management Requirements*, and the *Plant Protection Management Requirements*. These regulations govern all stages from land preparation and planting to irrigation, plant protection, harvesting, storage, and transportation, thereby improving feed self-sufficiency and nutritional value. We also conduct forage quality training for employees and suppliers to continuously enhance their quality awareness and professional skills.

We continuously explore scientific cultivation techniques. The use of fertilizers containing trace elements and humic acid serves to enhance soil fertility, supplement essential nutrients for forage growth, and promote healthier forage. The application of active microbial agents and algal-based fertilizers enhances the forages’ physiological metabolism and nutrient absorption efficiency, resulting in increased content of nutrients such as protein and minerals to ensure balanced nutrition for dairy cows.



Case

Modern Dairy participated in Hohhot’s Science and Technology “Breakthrough” Initiative through the Open Competition Mechanism, undertaking the key project of “Integrated Research and Demonstration of Breeding and Cultivation Technologies for Saline-Alkali Tolerant Alfalfa”, which promotes high-quality alfalfa cultivation across 5,000 mu. The project has successfully overcome saline-alkali land utilization challenges, and establishes a demonstration model for substituting imported alfalfa with domestic premium varieties, effectively enhancing our forage self-sufficiency rate and the stability of milk source quality.



| Feed Nutrition

The Company has formulated the *Raw Materials and Additives Management Policy*, the *Feeding Evaluation Management Policy* and other policies to standardize feed nutrition management, strengthen R&D innovation and enhance feeding precision. The Company has established a raw feed ingredient database covering over 300 material types, integrating nutritional components, digestibility⁴⁷, and optimal blending parameters for each ingredient. Leveraging data analytics, the Company optimizes feed formulas to ensure the nutritional supply is precisely aligned with dairy cows’ growth requirements. In addition, we check the quality of the purchased feed through sensory evaluation⁴⁸, hygiene indicator testing, physicochemical indicators⁴⁹ analysis and other means to ensure the health and scientific feeding of cows.

Technically, we continue to intensify our R&D efforts in key areas such as low-protein diets, amino acid balancing technology, non-protein nitrogen products, and local feed resources. We are committed to improving feed resource utilization efficiency to enhance the nutritional quality of milk sources.

⁴⁷ Digestibility refers to the percentage of nutrients that can be broken down and absorbed by the animal from the feed consumed in relation to the total intake.

⁴⁸ Sensory indicators refer to the characteristics of a substance such as its appearance, color, flowability, odor, and particle size.

⁴⁹ Physicochemical indicators include dry matter, protein, starch, NDF, ADF, crude fat, ash, etc.

Case

In 2025, the Company advanced research on rumen metabolizable protein supply regulation and amino acid balancing technologies, promoting the large-scale adoption of low-protein diet programs across multiple farms. By formulating region-specific diversified protein ingredient⁵⁰ ratios, we aim to significantly reduce the crude protein content in diet formulas. This continuously enhances the protein metabolism efficiency and the milk protein synthesis capacity of dairy cows. This enables dairy cows to maintain a more balanced milk composition⁵¹ throughout the lactation cycle, ensuring a stable quality of raw milk.



We have established two specialized R&D platforms: the Jingwa Dairy Cow Nutrition Research Institute and the NJAU-Modern Dairy Institute for Dairy Cow Industry Research. In close collaboration with the National Dairy Cow Industry Technology System and multiple universities, we have achieved substantive progress in diversified feed ingredient development, integrated management of periparturient cows, and early warning systems for cow health. Together with the Chinese Academy of Agricultural Sciences, we have innovatively applied red clover extract to significantly improve dietary nitrogen utilization efficiency and have developed functional dairy products. In 2025, we contributed to the formulation of several feed quality-related standards, including the local standards of the Inner Mongolia Autonomous Region such as the *Technical Code for Mold Prevention of Oat Hay (DB15/T 4018-2025)* and the *Technical Specification for Whole-Process Quality Control of High-Quality Oat Hay (DB15/T 4017-2025)*, as well as the group standard *Quality Grading of Alfalfa Hay (T/IMAS 099-2025)*, thereby driving the standardized development of the industry.

Enhancing the Nutritional Value of Dairy Products

Modern Dairy is dedicated to developing specialty milk sources with high nutritional value. We continually optimize and expand our raw milk categories, driving innovative upgrading of diversified raw milk proteins and functional specialty dairy products to meet the nutritional needs for diversified dairy products of different consumer groups.

⁵⁰ Modern Dairy's protein ingredients include alfalfa grass, soybean meal, puffed soybeans, rumen bean meal, double-low rapeseed meal, distillers' dried grains with solubles (DDGS), brewers' spent grain, sesame meal, rumen methionine, cotton meal and non-protein nitrogen.

⁵¹ Milk composition refers to the main nutrients in milk, including milk protein, milk fat, lactose, minerals and water.

A2 Milk⁵²

The Company has formulated and implemented the *Management Measures for A2 Milk Production Process*, which has set out systematic and standardized requirements for key processes, including genetic screening, feeding methods and milking of A2 cows. We are implementing A2 gene screening for cows across all dairy farms and have established A2-specific breeding zones at Shanghe Farm and Zhengyuan Farm. We adopt dedicated breeding protocols and customized nutritional feeding plans to guarantee the purity and superior nutritional value of A2 milk. By the end of the reporting period, 4 of our farms had obtained the A2 β -Casein Dairy Certification, further expanding the A2 dairy cows to secure a stable supply and providing strong support for the high-quality development of the Company's specialty milk sources.



A2 β -Casein Dairy Certification for Modern Dairy (Wuhe) Co., Ltd.

Student Milk

Modern Dairy actively responds to the national student milk program, collaborating with the China Dairy Association to advance Student Milk Certification initiatives. The *National "Student Milk Program" Promotion and Management Measures* mandate that student milk products must comply with quality standards such as the *Student Milk - Pure Milk*, the *Student Milk - Sterilized Flavored Milk*, the *Student Milk - Pasteurized Milk*, and the *Student Milk - Fermented Milk*, with strict requirements on raw milk quality, production processes, and packaging and labeling to ensure food safety and nutritional balance. By the end of the reporting period, 21 of our farms had obtained the Student Milk Source Base Certification. This certification underscores our dedication to providing safe, high-quality, and nutrient-rich student milk products for adolescents and children, supporting their healthy growth.



Student Milk Source Base Certification of Modern Dairy

Organic Milk

Modern Dairy precisely responds to market demand and continuously increases the proportion of organic milk supply. We have formulated plans for organic feed cultivation and protocols for organic feeding operations to promote organic farming practices. We have implemented an input traceability system and adopted herbal health prevention mechanisms in dairy cow management. By replacing antibiotics with these natural alternatives, we enhance the cows' immunity and reduce reliance on chemical drugs, thereby providing stable, high-quality milk sources for premium organic dairy production. By the end of the reporting period, 5 of our farms had obtained the China National Organic Product Certification, and continuously participated in annual audits to ensure the validity of the product certifications. These certifications further reinforce Modern Dairy's leadership in the premium organic milk field.



Organic Product Certification of Modern Dairy

⁵² A2 milk is a kind of raw milk with A2 β -casein type in animal milk.

Animal Welfare Management



Excellence in animal welfare serves as the cornerstone of healthy and efficient production. Embracing the *Five Freedoms Principles for Animal Welfare*⁵³, Modern Dairy has formulated standardized regulations, including the *Dairy Cow Comfort Management Policy*, the *Feed Trough Management Policy*, the *Biological Asset Management Policy*, and the *Calf Management Policy*. Focusing on animal welfare across three key areas - environmental and behavioral welfare, physiological and psychological well-being, and health and safety welfare. We ensure our cows maintain optimal growth, production, and health conditions. By fully integrating these welfare principles into our operations, we effectively drive improvements in both production efficiency and product quality.

Creating Comfortable Cowsheds

We are committed to providing dairy cows with comfortable shelters and rest areas. We maintain clean and warm cowsheds to ensure the dairy cows have a comfortable living environment.

- Comfortable bedding

The farms strictly control the quality of bedding materials, using eco-friendly materials that meet environmental protection standards for bedding. We regularly clean up manure and water trough, and check the fluffiness and wear of the bedding materials, promptly refilling and replacing the bedding materials as needed. We also disinfect the cows' bedding twice a day to keep them dry, clean, and warm.
- Adequate lighting

The farms optimize the interior layout, using natural lighting supplemented by artificial lighting to ensure that lactating cows receive a minimum of 8 hours of light exposure each day. The indoor lighting level is not less than 180 lx⁵⁴. It ensures that the lighting conditions meet the physiological rhythms of dairy cows.
- Good ventilation and hygiene

The farms implement routine controls for cowshed ventilation and strictly maintain indoor ammonia concentrations below 5 ppm⁵⁵. The farms also strictly regulate and conduct real-time monitoring of environmental indicators, such as air temperature, humidity, harmful gases, and total suspended particulates, ensuring consistently high air quality within the cowshed.
- Moderate temperature

The cowsheds are equipped with mechanical ventilation, spray sprinklers, and other cooling devices to help cows dissipate heat and regulate their body temperature in a timely manner. In addition, heating lamps, warm air blowers, along with insulation measures like windbreak walls, thermal sheds and hanging cotton curtains, have been installed to help cows stay warm and protected from cold, ensuring that the cowsheds remain warm and comfortable and minimize the occurrence of cold and heat stress.

⁵⁴ The lux (lx) is the international system of units for measuring illuminance. It is defined as one lumen per square meter (lm/m²), indicating the luminous flux incident on a surface per unit area.

⁵⁵ Parts per million (ppm) is a standard measure of concentration. In this context, it represents ammonia concentration as the volume of ammonia per one million volumes of air.

By the end of the reporting period,

10 of our farms had obtained the Farm Animal Welfare Product Certification



Farm Animal Welfare Product Certification of Modern Dairy (Shanghe) Co., Ltd



Farm Animal Welfare Product Certification of Modern Dairy (Ma'anshan) Co., Ltd

Environmental and Behavioral Welfare

Modern Dairy is committed to providing a healthy and comfortable living environment for our dairy cows. We have refined the management of their living conditions and continuously improved welfare measures in areas such as cowshed design, living space, and calf safety, thereby safeguarding their healthy and safe growth.

⁵³ The Five Freedoms Principles for Animal Welfare (Five Freedoms) was proposed by the International Council for Farm Animal Welfare (ICFAW): Firstly, freedom from hunger and thirst, ensuring that animals are provided with the food and water they need to maintain good health and energy; Secondly, freedom from discomfort, providing appropriate housing or shelter so that animals can sleep and rest comfortably; Thirdly, freedom from pain, injury and disease, ensuring that animals are free from additional pain, preventing disease and providing timely treatment for sick animals; Fourthly, freedom to express normal behavior, providing with adequate space, appropriate facilities and company of their own kind; Fifthly, freedom from fear and distress, guaranteeing conditions and dispositions that avoid mental suffering for animals.

Optimizing the Environment of Farms

To minimize restraint for the cattle, we refuse to take any tethering practices against them, allowing the cattle full freedom to express their natural behaviors. We consider the spatial needs of cattle at different stages of growth for lying down, standing, feeding, and exercise. Each lactating cow has at least 8 square meters of lying space and a minimum activity space of 10 to 25 square meters. Outdoor exercise areas for dairy cows are thoughtfully planned, ensuring that the activity area is at least 120% of the lying area, to offer cows a healthy and comfortable living environment. Farm staff are responsible for keeping the exercise areas dry and pliable and for promptly clearing and draining the areas during rainy weather to prevent conditions such as limb diseases⁵⁶ or mastitis⁵⁷, which arises from prolonged exposure to wet and muddy grounds.

Ensuring Calves' Welfare

Modern Dairy has formulated the *Calf Management Policy*, the *Operation and Management Manual for Changing Seasons of Calves*, the *Cold Prevention and Warmth Guidance Plan*, the *Management Plan for Heat Stress*, and other internal policies. We standardize calf feeding management, and care for the physical and mental health of calves throughout their growth from calf breeding to new birth and transition.



⁵⁶ Limb diseases is a general term for diseases of the limbs and hooves of dairy cows. In dairy cow breeding, common types of lameness include wear and inflammation of the fetlock joint, interdigital dermatitis (commonly known as foot rot), and sole ulcers. These conditions are more prevalent during the humid and rainy summer and autumn seasons in dairy farming environments.

⁵⁷ Mastitis is an infection caused by the invasion of infectious bacteria into the udder of dairy cows.



⁵⁸ Newborn calf temporary holding pens are used to store newborn calves, and the breeding staff takes care of the calves in the temporary holding pen, including colostrum feeding and coat drying.

⁵⁹ Calf island is a single-block cowshed facility for outdoor individual calf rearing, consisting of a box calf cowshed and fencing, with a "waiting pen" for cows that show signs of labor.

⁶⁰ Pasteurized milk refers to milk processed from fresh milk using the pasteurization method, which is a low-temperature sterilization process at about 72 to 85° C that kills the harmful bacteria in the milk while preserving the nutrients and pure taste.

⁶¹ Weaning transition stress refers to a series of physiological and behavioral difficulties of calves that may be triggered by incomplete development of the digestive, endocrine and immune systems, such as disorder of immune system activity and insufficient feed intake, during the transition from breastfeeding to independent living.

⁶² The milk replacer powder has ingredients similar to those found in breast milk, and is rich in lactose. It helps address the lack of lactose intake and insufficient gastric acid secretion in weaning calves, thus protecting the intestinal tract of calves, and helping them to relieve weaning stress.

⁶³ Transferring calves into groups refers to the process of transferring calves from a single pen in the calf island to a whole group in the weaning cowshed, following their transition from the lactation stage to the weaning stage.

Physiological and Psychological Well-being

Modern Dairy attaches great importance to the physiological needs and psychological well-being of dairy cows. We have stringent management standards covering dietary nutrition, behavioral norms, and animal transportation. We remain committed to safeguarding the physical and mental health of dairy cows to support their healthy growth.

Balancing Dietary Nutrition

We adopt scientific feed formulation and precise nutrition management to provide cows with healthy and safe diets.



Scientific formulation

We use the AMTS precision nutrition software for dairy cows, developed based on the Cornell Net Carbohydrate and Protein System (CNCPS 6.5). The software is used to comprehensively evaluate feed ingredient quality, nutritional composition and digestive characteristics, accurately assess the dietary energy-nitrogen balance⁶⁴, and measure rumen ammonia nitrogen concentration and microbial protein synthesis efficiency to formulate optimized nutritional plans for dairy cows. Additionally, through the reasonable mixing of concentrate and roughage, we effectively balance feed palatability⁶⁵ with nutritional energy, forming palatable, healthy and well-balanced total mixed ration (TMR)⁶⁶.



Customized nutrition

We assign dairy nutritionists to each farm. Taking full account of differences in growth stages, regions, breeds and physiological conditions, nutritionists develop tailored diet formulations to meet the nutritional needs of various cattle groups. We have established a dynamic diet adjustment mechanism. Based on changes in feed nutrient content, milk yield and body condition data, we adjust diets in a timely manner to ensure nutrient supply aligns with the actual demands of cows, achieving precise design and continuous optimization of rations.



Precision feeding

In accordance with the *Formula Consistency Management Policy*, we strictly follow the ration preparation process. After confirming that feed ingredients are free of clumps, foreign objects and mildew, we mix them uniformly using TMR mixing wagons to achieve an optimal physical structure. It maximizes stimulation of rumination to maintain a healthy rumen environment. We set fixed feeding times to ensure timely delivery and regular feeding routines. In addition, we rigorously control feeding duration, feed distribution points, and the width of the feeding passage for cattle to improve feeding efficiency and the feeding experience of dairy cows.



Drinking water safety

We equip our farms with emergency water sources to ensure a 24-hour adequate water supply. During cold weather, drinking troughs are heated to maintain water temperature above 15° C. In line with human drinking water standards, we conduct regular water quality testing and assessment to safeguard the hygienic safety of drinking water for dairy cows.

⁶⁴ Dietary energy-nitrogen balance refers to the equilibrium between energy and nitrogen (a component of protein) in an animal's diet, which is the appropriate ratio of energy and protein required for optimal growth, production and health of ruminants.

⁶⁵ Feed palatability is a combination of factors, including flavor and texture characteristics, which is a comprehensive response of animals' visual, olfactory, tactile and gustatory senses to the feed or ration in the process of foraging, locating and feeding. Palatability determines the extent to which the feed is accepted by the animal. It is closely related to feed intake but challenging to quantify, as it influences the amount of feed intake by affecting the animals' appetite.

⁶⁶ Total Mixed Ration (TMR) is a roughage that provides dairy cows with sufficient nutrients to meet their needs. It involves blending roughage, concentrates, minerals, vitamins, and other additives into a single balanced diet.

Protecting Physical and Mental Health

Modern Dairy has formulated policies such as the *Breeding Management Policy* and the *Production Operation Management Policy* of the Veterinary Department, requiring employees to strictly comply with farm operation standards and maintain gentle operations at all animal contact processes including breeding, feeding and milking. We strictly prohibit any malicious harm such as forcing the cattle to stand up or shouting loudly which may cause fear in the cattle. Those who violate the regulations are subject to accountability and penalties, thereby continuously enhancing the standardization and traceability of the entire breeding process.

To help employees practice the concept of animal welfare, we regularly conduct animal welfare training for breeding staff. Through diversified forms such as technical workshops, on-site guidance, expert lectures and visual tutorials, we continuously strengthen the professional skills of technical staff. This helps them understand and master the physiological and psychological habits of dairy cows, improve their ability to identify animal welfare risks and handle emergencies, to achieve low-stress husbandry practices that safeguard the physical and mental health of the cows.



Case

Hoof Health Management

To ensure the hoof health of the cows, we have established a professional hoof trimming team with clearly defined skill standards and conducted grade evaluations for hoof trimmers across all our farms. A total of 96 hoof trimmers has passed professional examinations and practical assessments. We provide all hoof trimmers with specialized training covering theoretical knowledge and on-site practical operations, aiming to enhance their professional skills, ensure the safety and standardization of hoof trimming, and effectively reduce the incidence of hoof diseases in dairy cows.



During animal transportation, we require transport vehicles to maintain a steady speed below 80 kilometers per hour and avoid sudden braking. We assign an onboard supervisor for each vehicle or convoy to check for cattle slippage every 2 hours. Transport vehicles are equipped with ventilation systems, ensuring a minimum airflow of 60 cubic meters per hour per kilonewton of effective load. Additionally, temperature monitoring devices and alarms are installed to promptly regulate the transportation environment, alleviating potential discomfort for the cows during transportation.

Health and Safety Welfare

Modern Dairy adheres to the epidemic prevention concept of "prevention first, prevention outweighing treatment". In intensive and large-scale farming operations, we have established a standardized epidemic prevention system and a medication control mechanism to ensure health and breeding safety of dairy cows.

Dairy Cow Safety and Epidemic Prevention

Modern Dairy strictly complies with laws, regulations and standards such as the *Animal Prevention and Epidemic Law of the People's Republic of China*, the *Measures for Administration of Animal Quarantine*, and the *Bio-safety Handling Procedures for Diseased Animals and Diseased Animal Products*. We keep improving internal policies including the *Management Policy on Epidemic Prevention* and the *Biological Assets Sales Management Policy*, optimize epidemic prevention measures, reduce the risk of epidemic transmission, and strictly prohibit infected cows from entering the market for trading.

Epidemic prevention plans	All farms are required to formulate immunization plans for zoonotic diseases, foot-and-mouth diseases, bovine epidemic diseases, pasteurellosis, mycoplasma pneumonia and other epidemic diseases on a regular basis every year according to the conditions of their regions. These plans are adjusted and supplemented as needed.
Full vaccination	We routinely administer initial vaccinations ⁶⁷ for 4-month-old calves and re-vaccination ⁶⁸ for 5-month-old calves every month. For cattle over 6 months of age, we conduct three rounds of herd-wide immunization annually, scheduling these outside the high-heat stress period from June to August.
Daily inspection and diagnosis	We assign veterinarians in each farm to conduct daily inspections such as patrolling, care of newly born cows and tuberculosis quarantine. The veterinarians strictly monitor lameness rate, mastitis incidence, blood calcium compliance and other health indicators, and timely provide symptomatic treatment for sick cattle to protect their health.
Diseased animal treatment	We adopt humanitarian euthanasia for cattle in serious conditions, to minimize their suffering. Carcasses of cattle that have died from illness, unknown causes or tested positive for infectious diseases, along with related animal products, are strictly handled in accordance with environmental assessment compliance requirements. We engage third-party agencies with relevant national permits to conduct harmless disposal.
Sales emergency management	Before selling cattle, there must be a withdrawal period. The farm must also declare quarantine to the local animal health supervision agency to ensure compliance before allowing the cattle to leave. We have established an emergency response management mechanism for major outbreaks, clearly defining responsible entities and handling procedures.


67 Newborn calves need to be vaccinated twice to develop sufficient antibodies to prevent disease. The initial vaccination is the first vaccination given to calves at 4 months of age.

68 Newborn calves need to be vaccinated twice to develop sufficient antibodies to prevent disease. The re-vaccination is the second dose of the same vaccine given to calves at 5 months of age.

Medication Use Control

To actively respond to the national policy on reducing antimicrobial use, Modern Dairy has formulated the *Management Policy on Disease Diagnosis and Treatment*. We explicitly stipulate that antibiotics are used solely for the treatment of sick cattle to minimize their application. Veterinary medication practices are closely monitored, with antibiotic usage data recorded and tracked. For cattle treated with antibiotics, we manage sick cattle individually and strictly implement antibiotic residue testing to confirm that there are no antibiotic residues in recovered cattle. During the reporting period, Modern Dairy's antibiotic use rate⁶⁹ was 4.83%.


We strive to develop antibiotic alternatives and conduct research and testing of antimicrobial-free medicines, to continuously reduce our reliance on antibiotics. In addition to standardized use of western medicine, we have increased the proportion of traditional Chinese medicine (TCM) in our practices. TCM is applied in postpartum care, as well as in the treatment and protection against mastitis and digestive tract diseases, effectively regulating the immune function of dairy cows and reducing antibiotic resistance.



Case

Precision Diagnosis and Treatment of Mastitis


Mastitis is a major bacterial disease constraining the healthy breeding of dairy cows. The efficacy of traditional antibiotic therapies has diminished due to the continuous emergence of drug-resistant strains. Thus, Modern Dairy has partnered with China Agricultural University to launch a precision diagnosis and treatment project for mastitis. Modern Dairy has established an on-farm rapid testing system to accurately identify pathogenic bacteria, scientifically selected individuals suitable for antibiotic use, and optimized medication and treatment plans. It has effectively reduced antibiotic use, mitigated resistance development, and advanced the transformation of mastitis prevention and control from empirical treatment to precision treatment.



Case

Precision Calcium Supplementation for Postpartum Cows

Indiscriminate supplementation with calcium boluses or oral calcium packages is adopted to prevent clinical hypocalcemia in postpartum dairy cows. However, studies indicate that only delayed subclinical hypocalcemia (dSCH) and persistent subclinical hypocalcemia (pSCH) lead to clinical disorders, whereas cows with transient subclinical hypocalcemia (tSCH) exhibit superior milk production potential. Therefore, we collaborate with China Agricultural University to innovatively implement a precision testing program for hypocalcemia in dairy cows. A novel on-farm blood calcium analyzer is used to establish a postpartum rapid testing workflow, enabling targeted calcium supplementation for pathological cases and thereby reducing the use of calcium boluses. This approach safeguards dairy cow health while maintaining normal calcium mobilization, supports the recovery of lactation potential, and enhances cows productivity.



69 Antibiotic use rate: (((Number of sick adult cows – Number of foot warts & other foot diseases) + (Number of sick heifers – Number of foot warts & other foot diseases) + (Number of calves with respiratory diseases + Number of calves with diarrhea))) / Total herd population-days.

Furthermore, we have continuously strengthened various epidemic prevention measures, such as cattle vaccination and health monitoring. We have optimized feed nutrition formulas by increasing the intake of vitamins, organic minerals and probiotics, and reducing stocking density⁷⁰. These efforts comprehensively enhance the natural immunity of the cattle, preventing diseases at the source and reducing the potential need for antibiotics.

Case

In 2025, the traditional Chinese medicine powder Halofuginone developed by Modern Dairy in collaboration with Nanjing Agricultural University achieved comprehensive promotion and application. By customizing the formula of calf pellet feed containing Halofuginone as an additive, we have significantly improved the daily weight gain and growth performance of calves. It can effectively prevent diseases in calves such as Cryptosporidium infection and calf coccidiosis, and safeguard the healthy growth of the cattle.



Animal Welfare Key Performances

Data for 2025

Indicators	Unit	2025
Lameness rate ⁷¹	%	0.43
Mastitis incidence rate ⁷²	%	1.17
Culled cattle quarantine rate ⁷³	%	100
Foot-and-mouth disease vaccination coverage in dairy cows ⁷⁴	%	100

70 Stocking density is the number of cows per pen as a percentage of the number of cows bedded.

71 The formula for lameness rate is the total number of adult cows with lameness/total number of adult cows.

72 The formula for mastitis incidence rate is total number of adult cows with mastitis/total number of adult cows.

73 The formula for culled cattle quarantine rate is the number of culled cows actually quarantined/the number of culled cows that should be quarantined.

74 The formula for foot-and-mouth disease vaccination coverage in dairy cows is the total number of cows vaccinated against foot-and-mouth disease/the total number of cows.



Appendix: HKEX ESG Reporting Code Index

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
Mandatory Disclosure Requirements		
	A statement from the Board containing the following elements: (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	About This Report Responsibility-Sustainability Management
Governance Structure		
	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About This Report
Reporting Principles		
	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About This Report
Reporting Boundary		
"Comply or explain" Provisions		
A. Environmental		
Aspect A1: Emissions		
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment-Green Operations
General Disclosure		
KPI A1.1	The types of emissions and respective emissions data.	Environment-Green Operations

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
KPI A1.2	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment-Green Operations
KPI A1.3	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment-Green Operations
KPI A1.4	Description of emission target(s) set and steps taken to achieve them.	Environment-Green Operations
KPI A1.5	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environment-Green Operations
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment-Green Operations
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).	Environment-Green Operations
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environment-Green Operations
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environment-Green Operations
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.	Environment-Green Operations
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environment-Green Operations
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment-Green Operations
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment-Green Operations
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
	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.	Society-Employee Well-being Protection
General Disclosure		

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Society-Employee Well-being Protection
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Society-Employee Well-being Protection
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Society-Employee Well-being Protection
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Society-Employee Well-being Protection
KPI B2.2	Lost days due to work injury.	Society-Employee Well-being Protection
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Society-Employee Well-being Protection
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Society-Employee Well-being Protection
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Society-Employee Well-being Protection
KPI B3.2	The average training hours completed per employee by gender and employee category.	Society-Employee Well-being Protection
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Society-Employee Well-being Protection
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Society-Employee Well-being Protection
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Society-Employee Well-being Protection
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Environment-Sustainable Value Chain
KPI B5.1	Number of suppliers by geographical region.	Environment-Sustainable Value Chain

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
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.	Environment-Sustainable Value Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Environment-Sustainable Value Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Environment-Sustainable Value Chain
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Health-Stringent Control of Quality and Safety
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Health-Stringent Control of Quality and Safety
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Health-Stringent Control of Quality and Safety
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Future-Innovation-Driven Growth
KPI B6.4	Description of quality assurance process and recall procedures.	Health-Stringent Control of Quality and Safety
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Responsibility-Compliance and Risk Management
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. Responsibility-Compliance and Risk Management	Responsibility-Compliance and Risk Management
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.	Responsibility-Compliance and Risk Management
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsibility-Compliance and Risk Management
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Responsibility-Compliance and Risk Management
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Society-Social Development Advancement

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Society-Social Development Advancement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Society-Social Development Advancement

Climate-related Disclosures

(I) Governance

Climate-related risks and opportunities		Disclosure Location or Remarks
An issuer shall disclose information about:		
19	<p>a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <ul style="list-style-type: none"> I. how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; II. how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; III. how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; IV. how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and <p>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:</p> <ul style="list-style-type: none"> I. whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and II. whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. 	Responding to Climate Change – Climate Governance

(II) Strategy

20	<p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <p>a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;</p>	Responding to Climate Change – Climate Strategy
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20	<p>b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p> <p>d) explain how the issuer defines "short term", "medium term" and "long term" and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.</p>	Responding to Climate Change – Climate Strategy
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Business model and value chain

An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:		
21	<p>a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and</p> <p>b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	Responding to Climate Change – Climate Strategy

Strategy and decision-making

An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:		
22	<p>a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <ul style="list-style-type: none"> I. current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; II. current and anticipated adaptation and mitigation efforts (whether direct or indirect); III. any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; IV. how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and <p>b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p>	Responding to Climate Change – Climate Strategy

23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Responding to Climate Change – Climate Strategy
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Financial position, financial performance and cash flows

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
24	<p>Current financial effect</p> <p>An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 	Responding to Climate Change – Climate Strategy
25	<p>Anticipated financial effect</p> <p>An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> I. its investment and disposal plans; and II. its planned sources of funding to implement its strategy; and b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. c) provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the issuer determines that quantitative information about the combined financial effects would not be useful. 	Responding to Climate Change – Climate Strategy
Climate resilience		
26	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: <ul style="list-style-type: none"> I. the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; II. the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and III. the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; b) how and when the climate-related scenario analysis was carried out, including: <ul style="list-style-type: none"> I. information about the inputs used, including: 	Responding to Climate Change – Climate Strategy

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
26	<ul style="list-style-type: none"> ① which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; ② whether the analysis included a diverse range of climate-related scenarios; ③ whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; ④ whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; ⑤ why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; ⑥ time horizons the issuer used in the analysis; and ⑦ what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); <p>II. the key assumptions the issuer made in the analysis; and</p> <p>III. the reporting period in which the climate-related scenario analysis was carried out.</p>	Responding to Climate Change – Climate Strategy
(III) Risk Management		
27	<p>An issuer shall disclose information about:</p> <ul style="list-style-type: none"> a) the processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks, including information about: <ul style="list-style-type: none"> I. the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); II. whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; III. how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); IV. whether and how the issuer prioritizes climate-related risks relative to other types of risks; V. how the issuer monitors climate-related risks; and VI. whether and how the issuer has changed the processes it uses compared with the previous reporting period; a) 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); and b) 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. 	Responding to Climate Change – Risk Management

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
(IV) Metrics and Targets		
Greenhouse gas emissions		
28	<p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:</p> <ul style="list-style-type: none"> a) Scope 1 greenhouse gas emissions; b) Scope 2 greenhouse gas emissions; and c) Scope 3 greenhouse gas emissions. 	Responding to Climate Change – Metrics and Targets
29	<p>An issuer shall:</p> <ul style="list-style-type: none"> a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; b) disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> I. the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; II. the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and III. any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 	Responding to Climate Change – Metrics and Targets
Climate-related transition risks		
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Responding to Climate Change – Climate Strategy
Climate-related physical risks		

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Responding to Climate Change – Climate Strategy
Climate-related opportunities		
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Responding to Climate Change – Climate Strategy
Capital deployment		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Responding to Climate Change – Climate Strategy
Internal carbon prices		
34	<p>An issuer shall disclose:</p> <ul style="list-style-type: none"> a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; <p>or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p>	Modern Dairy has not yet applied internal carbon pricing in its decision-making.
Remuneration		
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Responding to Climate Change – Climate Governance
Industry-based metrics		
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	<p>Responding to Climate Change – Metrics and Targets</p> <p>Green Operations – Environmental KPIs</p>
Climate-related targets		

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
37	<p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ul style="list-style-type: none"> a) the metric used to set the target; b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); d) the period over which the target applies; e) the base period from which progress is measured; f) milestones or interim targets (if any); g) if the target is quantitative, whether the target is an absolute target or an intensity target; and h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 	Responding to Climate Change – Metrics and Targets
38	<p>An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> a) whether the target and the methodology for setting the target has been validated by a third party; b) the issuer's processes for reviewing the target; c) the metrics used to monitor progress towards reaching the target; and d) any revisions to the target and an explanation for those revisions. 	Responding to Climate Change – Metrics and Targets
39	<p>An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	Responding to Climate Change – Metrics and Targets

Provisions, Subject Areas, Aspects, General Disclosures and Key Performance Indicators(KPIs)		Disclosure Location or Remarks
40	<p>For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> a) which greenhouse gases are covered by the target; b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; d) whether the target was derived using a sectoral decarbonization approach; and e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> I. the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; II. which third-party scheme(s) will verify or certify the carbon credits; III. the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and IV. any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	Responding to Climate Change – Metrics and Targets
Applicability of cross-industry metrics and industry-based metrics		
41	<p>In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider (i) the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p>	<p>Responding to Climate Change – Metrics and Targets</p> <p>Green Operations - Environmental KPIs</p>

Appendix: Global Reporting Initiative (GRI) Standards Index⁷⁵

GRI 1: Foundation 2021

GRI Standard	Disclosure	Disclosure Location or Remarks
1. The organization and its reporting practices	2-1	Organizational details About Modern Dairy-Company Profile
	2-2	Entities included in the organization's sustainability reporting About This Report
	2-3	Reporting period, frequency and contact point About This Report
2. Activities and workers	2-6	Activities, value chain and other business relationships Environment-Sustainable Value Chain
	2-7	Employees Society-Employee Well-being Protection
3. Governance	2-9	Governance structure and composition Responsibility-Sustainability Management
	2-10	Nomination and selection of the highest governance body Responsibility-Sustainability Management
	2-11	Chair of the highest governance body Responsibility-Sustainability Management
	2-12	Role of the highest governance body in overseeing the management of impacts Responsibility-Sustainability Management
	2-13	Delegation of responsibility for managing impacts Responsibility-Sustainability Management
	2-14	Role of the highest governance body in sustainability reporting Responsibility-Sustainability Management
	2-15	Conflicts of interest Responsibility-Sustainability Management
	2-16	Communication of critical concerns Responsibility-Sustainability Management
	2-17	Collective knowledge of the highest governance body Responsibility-Sustainability Management

⁷⁵ Modern Dairy reported the information referenced in this Global Reporting Initiative (GRI) Standards Index in accordance with the GRI Standards from January 1, 2025 to December 31, 2025.

GRI Standard	Disclosure	Disclosure Location or Remarks
4. Strategy, policies and practices	2-22	Statement on sustainable development strategy About Modern Dairy-Sustainability Strategy
	2-23	Policy commitments About Modern Dairy-Sustainability Strategy
	2-25	Processes to remediate negative impacts Responsibility-Compliance and Risk Management
	2-27	Compliance with laws and regulations Responsibility-Sustainability Management
5. Stakeholder engagement	2-29	Approach to stakeholder engagement Responsibility-Sustainability Management
	2-30	Collective bargaining agreements Responsibility-Sustainability Management

GRI Standard	Disclosure	Disclosure Location or Remarks
3-1	Process to determine material topics Responsibility-Sustainability Management	
3-2	List of material topics Responsibility-Sustainability Management	
3-3	Management of material topics Responsibility-Sustainability Management	

GRI Standard	Disclosure	Disclosure Location or Remarks
GRI 101: Biodiversity 2024		
GRI 3: Topic management disclosures	101-1 Policies to halt and reverse biodiversity loss	Environment-Biodiversity Protection
	101-2 Management of biodiversity impacts	Environment-Biodiversity Protection
Topic disclosures	101-4 Identification of biodiversity impacts	Environment-Biodiversity Protection
GRI 201: Economic Performance 2016		
GRI 3: Topic management disclosures	Approaches to managing economic performance	About Modern Dairy-Company Profile
	201-1 Direct economic value generated and distributed	About Modern Dairy-Company Profile
Topic disclosures	201-2 Financial implications and other risks and opportunities due to climate change	Future-Response to Climate Change
	GRI 203: Indirect Economic Impacts 2016	
GRI 3: Topic management disclosures	Approaches to managing indirect economic impacts	Society-Employee Well-being Protection Society-Social Development Advancement

GRI Standard	Disclosure	Disclosure Location or Remarks
Topic disclosures	203-1 Infrastructure investments and services supported	Society-Employee Well-being Protection Society-Social Development Advancement
GRI 204: Procurement Practices 2016		
GRI 3: Topic management disclosures	Approaches to managing procurement practices	Environment-Sustainable Value Chain
GRI 205: Anti-corruption 2016		
GRI 3: Topic management disclosures	Approaches to managing anti-corruption	Responsibility-Compliance and Risk Management
Topic disclosures	205-2 Communication and training about anti-corruption policies and procedures	Responsibility-Compliance and Risk Management
Topic disclosures	205-3 Confirmed incidents of corruption and actions taken	Responsibility-Compliance and Risk Management
GRI 301: Materials 2016		
GRI 3: Topic management disclosures	Approaches to managing materials	Environment-Sustainable Value Chain
Topic disclosures	301-1 Materials used by weight or volume	Environment-Sustainable Value Chain
Topic disclosures	301-3 Reclaimed products and their packaging materials	Environment-Green Operations
GRI 302: Energy 2016		
GRI 3: Topic management disclosures	Approaches to managing energy	Environment-Green Operations
Topic disclosures	302-1 Energy consumption within the organization	Environment-Green Operations
Topic disclosures	302-3 Energy intensity	Environment-Green Operations
Topic disclosures	302-4 Reduction of energy consumption	Environment-Green Operations
GRI 303: Water and Effluents 2018		
GRI 3: Topic management disclosures	303-1 Interactions with water as a shared resource	Environment-Green Operations
GRI 3: Topic management disclosures	303-2 Management of water discharge-related impacts	Environment-Green Operations
Topic disclosures	303-3 Water withdrawal	Environment-Green Operations
Topic disclosures	303-5 Water consumption	Environment-Green Operations
GRI 305: Emissions 2016		
GRI 3: Topic management disclosures	Approaches to managing emissions	Environment-Green Operations

GRI Standard	Disclosure	Disclosure Location or Remarks
Topic disclosures	305-1 Direct (Scope 1) GHG emissions	Environment-Green Operations
Topic disclosures	305-2 Energy indirect (Scope 2) GHG emissions	Environment-Green Operations
Topic disclosures	305-3 Other indirect (Scope 3) greenhouse gas emissions	Environment-Green Operations
Topic disclosures	305-4 GHG emissions intensity	Environment-Green Operations
Topic disclosures	305-5 Reduction of GHG emissions	Environment-Green Operations
Topic disclosures	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environment-Green Operations
GRI 306: Waste 2020		
GRI 3: Topic management disclosures	306-1 Waste generation and significant waste-related impacts	Environment-Green Operations
GRI 3: Topic management disclosures	306-2 Management of significant waste-related impacts	Environment-Green Operations
Topic disclosures	306-3 Waste generated	Environment-Green Operations
Topic disclosures	306-5 Waste directed to disposal	Environment-Green Operations
GRI 308: Supplier Environmental Assessment 2016		
GRI 3: Topic management disclosures	Approaches to managing supplier environmental assessment	Environment-Sustainable Value Chain
Topic disclosures	308-1 New suppliers that were screened using environmental criteria	Environment-Sustainable Value Chain
Topic disclosures	308-2 Negative environmental impacts in the supply chain and actions taken	Environment-Sustainable Value Chain
GRI 401: Employment 2016		
GRI 3: Topic management disclosures	Approaches to managing employment	Society-Employee Well-being Protection
Topic disclosures	401-1 New employee hires and employee turnover	Society-Employee Well-being Protection
Topic disclosures	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Society-Employee Well-being Protection
GRI 403: Occupational Health and Safety 2018		
GRI 3: Topic management disclosures	403-1 Occupational health and safety management system	Society-Employee Well-being Protection
GRI 3: Topic management disclosures	403-2 Hazard identification, risk assessment, and incident investigation	Society-Employee Well-being Protection
GRI 3: Topic management disclosures	403-5 Worker training on occupational health and safety	Society-Employee Well-being Protection

GRI Standard	Disclosure	Disclosure Location or Remarks
GRI 3: Topic management disclosures	403-6 Promotion of worker health	Society-Employee Well-being Protection
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Society-Employee Well-being Protection
Topic disclosures	403-8 Workers covered by an occupational health and safety management system	Society-Employee Well-being Protection
	403-9 Work-related injuries	Society-Employee Well-being Protection
GRI 404: Training and Education 2016		
GRI 3: Topic management disclosures	Approaches to managing training and education	Society-Employee Well-being Protection
Topic disclosures	404-1 Average hours of training per year per employee	Society-Employee Well-being Protection
	404-2 Programs for upgrading employee skills and transition assistance programs	Society-Employee Well-being Protection
	404-3 Percentage of employees receiving regular performance and career development reviews	Society-Employee Well-being Protection
GRI 405: Diversity and Equal Opportunity 2016		
GRI 3: Topic management disclosures	Approaches to managing diversity and equal opportunity	Society-Employee Well-being Protection
Topic disclosures	405-1 Diversity of governance bodies and employees	Society-Employee Well-being Protection
GRI 406: Non-discrimination 2016		
GRI 3: Topic management disclosures	Approaches to managing non-discrimination	Society-Employee Well-being Protection
Topic disclosures	406-1 Incidents of discrimination and corrective actions taken	Society-Employee Well-being Protection
GRI 407: Freedom of Association and Collective Bargaining 2016		
GRI 3: Topic management disclosures	Approaches to managing freedom of association and collective bargaining	Society-Employee Well-being Protection
GRI 408: Child Labor 2016		
GRI 3: Topic management disclosures	Approaches to managing child labor	Society-Employee Well-being Protection
GRI 409: Forced or Compulsory Labor 2016		
GRI 3: Topic management disclosures	Approaches to managing forced or compulsory labor	Society-Employee Well-being Protection
GRI 410: Security Practices 2016		
Topic disclosures	Security personnel trained on human rights policies or procedures	Society-Social Development Advancement

GRI Standard	Disclosure	Disclosure Location or Remarks
GRI 413: Local Communities 2016		
GRI 3: Topic management disclosures	Approaches to managing local communities	Society-Social Development Advancement
Topic disclosures	413-1 Operations with local community engagement, impact assessments, and development programs	Society-Social Development Advancement
GRI 414: Supplier Social Assessment 2016		
GRI 3: Topic management disclosures	Approaches to managing supplier social assessment	Environment-Sustainable Value Chain
Topic disclosures	414-1 New suppliers that were screened using social criteria	Environment-Sustainable Value Chain
GRI 416: Customer Health and Safety 2016		
GRI 3: Topic management disclosures	Approaches to managing customer health and safety	Health-Stringent Control of Quality and Safety Health-Supporting Nutrition and Health
Topic disclosures	416-1 Assessment of the health and safety impacts of product and service categories	Health-Stringent Control of Quality and Safety
GRI 417: Marketing and Labeling 2016		
GRI 3: Topic management disclosures	Approaches to managing marketing and labeling	Responsibility-Compliance and Risk Management
Topic disclosures	417-1 Requirements for product and service information and labeling	Responsibility-Compliance and Risk Management
GRI 418: Customer Privacy 2016		
GRI 3: Topic management disclosures	Approaches to managing customer privacy	Responsibility-Compliance and Risk Management

Appendix: Independent Assurance Statement



Independent Assurance Statement

Introduction

TÜV Rheinland (Shanghai) Co., Ltd., a member of TÜV Rheinland Group (hereinafter "TÜV Rheinland" or "We"), was entrusted by China Modern Dairy Holdings Ltd. (hereinafter "Modern Dairy" or "the Company") to conduct an independent third-party assurance of its 2025 Environmental, Social and Governance Report (hereinafter, "Report"). The Report disclosed Modern Dairy's sustainability information for the fiscal year 2025 (from 1 January 2025 to 31 December 2025).

Responsibilities

Modern Dairy is not only responsible for the preparation of ESG report and the collection and reporting of sustainability information in accordance with applicable reporting standards but also has the obligation to implement and maintain effective internal control of information and data to support the report compilation process.

TÜV Rheinland implements sustainability information assurance activities under a quality management system that complies with the requirements of the ISO/IEC 17029:2019 Standard and adheres to the TÜV Rheinland Global Code of Ethics and Compliance Program. Our assurance service follows the principles of independence and impartiality and does not participate in the preparation of the Report of Modern Dairy. The assurance project was implemented by a team with expertise and assurance experience in the corresponding sustainability issues. The role of TÜV Rheinland is to carry out independent assurance work in accordance with the assurance agreement and the agreed scope of assurance work, and to make independent and impartial professional judgments on sustainability reporting.

Assurance Standard

TÜV Rheinland undertook assurance work for specified performance indicators (see Appendix in this statement) and non-financial qualitative information (including materiality assessment, stakeholder engagement, topics management related to material impacts, risks and opportunities (IRO), etc.) selected by Modern Dairy in accordance with the AccountAbility AA1000 Assurance Standard 3rd edition (AA1000AS v3) on a Type-2 and Moderate level.

Assurance Objectives

The purpose of the assurance was to provide management of Modern Dairy and stakeholders concerned with the company's sustainability information and performance with an independent view of the assurance, including that we review and assess the content of the report adherence to the AA1000AP (2018) Assurance Principles (including inclusivity, materiality, responsiveness and impact), and review and evaluate the reliability and quality of specified performance information.

Assurance Criteria

The following assessment criteria (including reporting frameworks or standards) were also used in undertaking the work:

- The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange" or "the Exchange") Main Board Listing Rules Appendix C2 ESG Reporting Code
- The Global Sustainability Standards Board (GSSB) GRI Sustainability Reporting Standards ("GRI Standards").
- International Sustainability Standards Board (ISSB) IFRS Sustainability Disclosure Standard 2 Climate-related Disclosures (IFRS S2)
- Greenhouse Gas Accounting System Enterprise Accounting and Reporting Standards (GHG Protocol)
- Adherence to the AA1000AP AccountAbility Principles, i.e., *Inclusivity, Materiality, Responsiveness, and Impact*

Methodology

Our assurance activities and procedures include:

- Interviewing with management to understand and assess key processes, systems and internal controls for operations and sustainability management.
- Interviewing with key personnel responsible for sustainability execution to understand the non-financial information reporting system, including the collection, integration and reporting of specified performance data and non-financial qualitative information, and to evaluate the data integration process at the group level.
- Applying analytical procedures to review the reasonableness of the data.
- Testing the source of information based on the sampling principle to check the accuracy of the data.
- Observing and inspecting the management process of information and data on the operation and sustainability performance of the company's manufacturing unit (pasture) in Shandong, China, based on the sampling principle.
- Reviewing the consistency and reliability of specified performance indicators and quantitative and qualitative information within assurance scope.
- Collecting and inspecting supporting evidence to assess the extent to which relevant disclosures within the scope of the assurance engagement and sustainability reporting support and adherence to AA1000AP assurance principles.
- Reporting assurance observations or recommendations to give the company's management an opportunity to correct errors before the assurance process is completed.

Limitations

TÜV Rheinland planned and executed the verification in accordance with the scope of the assurance agreed upon and obtained evidence information and necessary explanations to provide the basis for the conclusion of the assurance in accordance with the moderate level of AA1000AS v3. The nature and extent (scope) of the procedures involved in moderate level assurance engagement are lower than those required to obtain high level assurance.

Forward-looking information relates to events and actions that have not yet occurred and may never occur. Actual results are likely to be different because expected events often do not occur as expected. We did not guarantee the availability of forward-looking information.

The information and performance relating to the assurance is limited to the disclosure of the contents of this Report. Our assurance work did not include financial report and its financial data, as well as other information not related to the subject matters of sustainability and beyond the scope of the assurance.

Conclusions

Based on the above assurance procedures implemented and the evidence obtained, we believe that:

- 2025 ESG Report of Modern Dairy adhered to the AA1000AP AccountAbility Principles.
- Sustainability information was prepared in accordance with the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange" or "the Exchange") Main Board Listing Rules Appendix C2 ESG Reporting Code, and GRI Standards.
- Specified performance indicators (see Appendix to this Statement) and non-financial qualitative information within the scope of the assurance, including the assessment of material issues, were evaluated and there were no material misstatements.

TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on Modern Dairy based on this Assurance Statement.

Adherence to the AA1000AP AccountAbility Principles

Inclusivity

Evidence showed that Modern Dairy has systematically identified key stakeholders such as governments, investors, employees, suppliers, customers, and communities, covering key links in the value chain. Through the regular communication mechanism of stakeholders, the Company collected and analysed the opinions and feedback of different stakeholder groups, providing relevant reference for the assessment of the materiality of issues and management improvement or policy adjustment.



Materiality

Modern Dairy has carried out the assessment of material issues, including the four-step process of identifying material issues through the four-step process of "ESG issue identification, stakeholder engagement, materiality analysis, and board review", and considering the importance of stakeholders and the importance to the Company in two dimensions. The issue matrix clearly showed high-importance issues (such as excellent quality, dual carbon action, sustainable procurement, animal welfare, etc.), covering the core ESG risks and opportunities of the industry, which is highly consistent with the Company's "FRESH" strategy.

Responsiveness

Modern Dairy has actively responded to the major concerns of stakeholders through diversified communication methods, including public information disclosure, reporting and appeals, etc. The Company has linked material issues to the company's "FRESH" sustainable development strategy, set quantitative targets in key areas such as climate, human rights and safety, and systematically disclosed the achievement and specific management measures for the current year. This report also disclosed a large amount of data on key performance indicators (e.g., greenhouse gas emissions, energy use, manure treatment, employee management, safety and health, etc.).

Impact

The evidence indicated that Modern Dairy actively conducted impact analysis, assessment and management of environmental and social dimensions, including value chain impact management and practices (e.g., zero deforestation, supply chain ESG audits, etc.), and that the biodiversity impact (Twin Cities Ranch background survey report) reflected the assessment of the actual impact of operations on the ecosystem.

Disclosure of Specified Performance Information

TÜV Rheinland reached conclusions on the verification of reliability and quality of specified performance information (see Appendix) based on Type-2 and Moderate level assurance engagement:

- TÜV Rheinland observed that Modern Dairy has implemented relevant control systems and processes, and appropriate measures to collect and provide reliable source data related to the specified performance indicators as selected for verification.
- During the verification process, all minor errors identified have been corrected. We believe that the data finally presented within the scope of the assurance is accurate. We recommend that Modern Dairy continuously improve the level of data governance (including data calculation and aggregation) at the group and operational levels.

A full management report was submitted to management of Modern Dairy for consideration, detailing the findings and recommendations for continuous improvement of the sustainability report.

Daniel Pan
 Technical Manager of Corporate Sustainability Services
 TÜV Rheinland (Shanghai) Co., Ltd
 Shanghai, China, 3 April 2026



Appendix:

Selected specific performance indicators in the table as follows:

Indicator (s)	Unit
Environment	
Scope 1 greenhouse gas emissions	Metric tons of CO2 equivalent
Scope 2 greenhouse gas emissions	Metric tons of CO2 equivalent
Scope 3 greenhouse gas emissions	Metric tons of CO2 equivalent
Total energy consumption	Tonne of standard coal
Diesel consumption	Ten thousand liters
Gasoline consumption	Liter
Biogas consumption	Ten thousand cubic meters
Total amount of purchased electricity consumption	Ten thousand kWh
Total amount of purchased steam consumption	Tonne
Biogas generation from manure treatment system	Ten thousand cubic meters
Scope 1 greenhouse gas emissions	Metric tons of CO2 equivalent
Electricity generation from Biogas generated from manure treatment system	MWh
Biogas steam from manure treatment systems	Ten thousand tonnes
Disposal of major hazardous wastes	Tonne
Production of non-hazardous wastes	Tonne
NOx emissions in exhaust gas	Tonne
SO2 emissions in exhaust gas	Tonne
Soot emissions in exhaust gas	Tonne
Fresh water consumption	Ten thousand cubic meters
Social	
Percentage of employees by gender	%
Percentage of employees by age group	%
Full-time	Person
Percentage of female in management positions	%
Percentage of local employees	%
Total number of training sessions	Session
Total number of training hours	Hour
Work-related fatalities	Person
Lost Time Injury Frequency Rate (LTIFR) for employees and contractors per million working hours	Cases per Million Work Hours

Appendix: Greenhouse Gas Verification Report

格式 Form: JN10304R01(2207)



中国船级社质量认证有限公司
CHINA CLASSIFICATION SOCIETY CERTIFICATION CO., LTD.

温室气体核查证书
CERTIFICATE OF VERIFICATION ON GHG EMISSION

证书编号/No.: CCSC2026010401990006

兹证明, 本机构依据相关准则及核查程序完成温室气体排放报告的核查, 并对如下内容的真实性及有效性予以证明:
This is to certify that, China Classification Society Certification Co., Ltd (CCSC) has completed GHG verification according to relevant criteria and procedure, and certified the authenticity and effectiveness of the following statement.

现代牧业(集团)有限公司
Modern Farming (Group) Co., Ltd.

注册地址: 安徽省马鞍山市经济技术开发区红旗南路 123 号
Registered address: No.123 Hongqi South Road, Maanshan Economic and Technological Development Zone, Anhui Province, P.R. China

依据准则: ISO 14064-1: 2018 温室气体 第一部分 组织层次上对温室气体排放和清除的量化和报告的规范及指南 温室气体核算体系
GHG Protocol 温室气体核算体系
T/CAB 0206-2022 奶牛养殖企业温室气体排放监测、核算和报告指南

Verification Criteria: ISO 14064-1: 2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
GHG Protocol
T/CAB 0206-2022 Guideline of greenhouse gas emissions monitoring, accounting, and reporting in dairy cattle farming

时间边界: 2025 年 01 月 01 日 - 2025 年 12 月 31 日
Time period: 01/01/2025 to 31/12/2025

场所边界: 现代牧业(集团)有限公司及其下属公司 66 个经营场所
Site Boundary: Business premises of Modern Farming (Group) Co., Ltd and its 66 subsidiaries

温室气体种类: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃
GHG Type: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃

排放量/ GHG Emissions:

范围一 Scope 1	直接温室气体排放(tCO ₂ e) Direct GHG emissions(tCO ₂ e)	2345602
范围二 Scope 2	输入能源的间接温室气体排放(tCO ₂ e) Indirect GHG emissions from imported energy(tCO ₂ e)	350977

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Issued At Beijing

签
SIGNED BY



证书专用章
Seal for Certificate

发证日期 2026 年 04 月 23 日
Issued on 2026-04-23

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China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號: 1117

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