



World Integrally Sharing Health

2024 SUSTAINABILITY REPORT

Inner Mongolia Yili Industrial Group Co., Ltd.

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About the Report

The report is an annual sustainability report released by Inner Mongolia Yili Industrial Group Co., Ltd. (hereinafter referred to as "Yili Group", "Yili", the "Group", the "Company", or "We"). It is a concentrated demonstration of Yili's efforts and achievements in upholding the World Integrally Sharing Health system, fully implementing the UN 2030 Sustainable Development Goals (SDGs), creating value for society, and making in-depth explorations in sustainable development. The *Sustainability Report*, *Biodiversity Conservation Report*, and *Zero-Carbon Future Report* jointly constitute Yili's sustainable development information disclosure system, demonstrating Yili's ideas and actions regarding sustainable development management, responding to the expectations and concerns of stakeholders, and realizing effective communication with stakeholders. This report focuses on the latest progress that Yili has been achieving during the Reporting Period.

Description of the Report Information

This report takes Yili Group as the main entity, including all its subordinates (please refer to the Annual Report of the Company for more information). The report is an annual report covering the period from January 1, 2024, to December 31, 2024. To enhance the comparability and foresight of the report, some content has been extended. The data and cases cited are all from the Company's statistical reports or public documents.

The report is an objective reflection of Yili Group's commitment to promoting sustainable development practices. The Company guarantees that there are no false records, misleading statements, or material omissions in the report, and shall assume the corresponding responsibilities for the authenticity, accuracy, and completeness of its content.

The previous report was released on April 30, 2024.

Preparation Basis

- ◆ *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)*
 - ◆ *Guide No. 4 for Self-Regulatory Supervision on Listed Companies of the Shanghai Stock Exchange - Compilation of Sustainable Development Reports*
 - ◆ *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* issued by the Chinese Academy of Social Sciences
 - ◆ *GRI Sustainability Reporting Standards (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB)
- ◆ *International Financial Reporting Standard for Sustainability Disclosure No. 2 - Climate-related Disclosure (IFRS S2)* issued by the International Sustainability Standards Board (ISSB)
 - ◆ *SASB Standards* issued by the Sustainability Accounting Standards Board (SASB)
 - ◆ *The Ten Principles of the United Nations Global Compact (UNGCG)*
 - ◆ MSCI ESG Rating Methodology
 - ◆ CDP Rating Methodology

Data Description

The statistical scope of the report includes Inner Mongolia Yili Industrial Group Co., Ltd. and its subordinates unless otherwise specified. Ausnutria Dairy Corporation Ltd (stock code: 01717.HK), a Hong Kong-listed subsidiary of Yili Group, has released the *Sustainability Report*. The joint venture, China Youran Dairy Group Limited (stock code 09858.HK), has released its *Environmental, Social and Governance Report*. Furthermore, the overseas subsidiary, Westland Dairy Company Limited, has released its own *Corporate Social Responsibility Report*. For more information on the sustainability performance of related subsidiaries and joint ventures, please visit HKEXnews, the issuer information website of HKEX (<https://www.hkexnews.hk/>) or official websites of subordinates and joint ventures, to access the report.

The monetary amounts involved in the report are measured in the Renminbi (RMB) unless otherwise specified.

Report Access

This report is published in both Simplified Chinese and English versions. In case of any discrepancies or conflicts between the two languages, the Simplified Chinese version shall prevail.

This report is released in two formats: physical and electronic. The electronic version can be browsed online, or you can contact us for a hard copy. For the Chinese electronic version of the report, please visit the Shanghai Stock Exchange website (<http://www.sse.com.cn>); for the English electronic report, please visit the Company's official website (<http://www.yili.com/en>).

Report Preparation Process

Material collection	Text compilation	Report design	Opinion solicitation	Report translation	Proofreading and finalizing
• Conducting benchmarking research • Compiling a Sustainability Report Indicator System • Conducting stakeholder research • Performing double materiality analysis • Collecting report material	• Refining report outline • Writing, revising, perfecting, and proofreading	• Determining design style • Organizing report design • Proofreading report	• Soliciting opinions on the report from internal and external stakeholders	• Translating report • Completing English typesetting	• Finalizing report • Releasing report

Report System

Disclosure of comprehensive information about sustainable development	In 2007, Yili released its first corporate citizenship report with the theme of the Power of Responsibility, becoming the first private enterprise in China to release a social responsibility report at that time	7 copies
	In 2017, Yili upgraded the Healthy China Corporate Social Responsibility System to a sustainable development system with WISH (World Integrally Sharing Health) as its main structural framework	5 copies
	In 2022, Yili upgraded the system to the WISH 2030 Golden Key sustainable development system	3 copies
Disclosure of specialized information about biodiversity conservation	In 2016, Yili signed the <i>Business and Biodiversity Pledge</i> of the UN Convention on Biological Diversity, making nine commitments and actively disclosing substantive progress according to the nine commitments on an annual basis	9 copies
Disclosure of specialized information about a zero-carbon future	In 2022, Yili took the industry lead by releasing the <i>Zero-Carbon Future Plan of Yili Group</i> and the <i>Roadmap for the Zero-Carbon Future Plan</i> of Yili Group, and also prepared special reports to disclose the plan's progress	3 copies

Note: The above is the total number released.

Chairman's Message

The year 2024 marked the 20th anniversary of the United Nations' introduction of the ESG concept, a year where the global dairy industry underwent an unprecedented value reconstruction. In the face of multiple challenges such as escalating climate crises, fluctuations in industrial cycles, evolving consumer demands, and global trade barriers, Yili has remained committed to deeply cultivating the healthy food industry and proactively embracing the wave of AI. The Company has also maintained strategic focus through continuous innovation, adhered to quality principles rooted in long-termism, created symbiotic value with a pragmatic evolutionary approach, and led a new commercial civilization through actions that promote positive business practices.

Product value innovation has been the foundation of Yili's existence. In the global health ecosystem, consumers are always at our core. Yili people firmly believe that quality is not only silent data but also a passionate love for what we do and a culture of inheritance. The new productive forces of healthy food arise from the dual-driven forces of consumer demand and technological innovation. Breakthroughs such as the "targeted extraction and retention technology for lactoferrin" and "room temperature probiotic encapsulation technology" have addressed new consumer needs, while products like "clean ingredient yogurt" and "fresh-lock cover instant tea" have led the way in green consumption. The "Satine Carbon Neutral Organic Pure Milk" and "Cute Star Methane-Reducing Eco-Friendly Pure Milk for Students" demonstrate our commitment to turning bottleneck challenges into a list of technological advancements. Yili has led the Chinese dairy industry in overcoming difficulties, continuously enhancing the nutritional health levels of the nation throughout the entire lifecycle, remaining true to our original aspirations and living up to trust.

The symbiotic value of the industry has defined Yili's way of survival. The greatness of an enterprise lies not in the peak of profits but in the depth of its responsibilities. From grassland ranches to global dining tables, Yili has insisted on a win-win approach across the entire chain: nourishing consumer health while enriching farmers and herders, empowering distributors, and activating upstream and downstream partners; and caring for employee development while continuously rewarding shareholders, building a symbiotic value ecosystem. We have driven the entire chain upgrade through "technology empowerment + financial support + digital transformation". The intelligent transformation of cooperative ranches has been fully implemented, providing a total of RMB 169.64 billion in financial support to partners across the industrial chain, and our digital system covers and upgrades the entire industrial chain with a "digital intelligence engine". In 2024, Yili's total investment in environmental protection exceeded RMB 200 million, demonstrating our unwavering commitment to "achieving carbon neutrality across the entire industrial chain by 2050". In the face of transformation of the times, Yili has embraced its role as a "deep cultivator of the industry", uplifting all stakeholders with the power of symbiosis.

Leading social value is Yili's mission in this era. An enterprise is not only an economic entity but also a creator of social value. Yili has embedded quantifiable ESG metrics into management decisions and became the first to release the global food industry's first ESG Value Accounting Report. To achieve "inclusive nutrition", Yili has actively supported the healthy growth of 820,000 children and the joyful aging of over 40,000 elderly individuals. To protect environment, Yili has restored 350 acres of Asian elephant habitats, protected 4,050 acres of wetlands in the Songnen Plain of Northeast China, and planted 100,000 saxaul trees in the desertification areas of Alxa once again. Finally, in the earthquake-stricken areas of Tibet, Yili sent energy and nutrition, warmth and care to the victims. By protecting ecological greenery, promoting the welfare of all living beings, and creating a better life, we deeply understand that the symbiosis of righteousness and profit is the essence of a new commercial civilization, and sharing benefits with the people is the key to lasting success.

While the commercial realm has boundaries, sustainable development knows no borders. We practice our quality commitment with the excellence of every drop of milk, fulfill our environmental responsibilities through the precise management of every gram of carbon, and build a global health ecosystem through the shared development of all stakeholders. Standing at the new starting point of the 20th anniversary of ESG, Yili aspires to develop like a tree: taking three years to take root and gather strength, sprouting and providing shade in ten years, and forming a lush forest in a hundred years. We firmly believe that persistence will yield oases from the sand, evolution will lead to endless vitality. The light of benevolence in commercial civilization will ultimately illuminate a beautiful future of sustainable development for humanity!

Chairman and President of Yili Group



About Yili

» Company Profile

Yili Group ranks among the top five dairy companies globally, has led dairy companies in Asia for eleven consecutive years, and remains the largest dairy product enterprise in China, with the most comprehensive product categories. It is also an international enterprise with industrial layouts in Asia, Europe, America, and Oceania. Yili Group has a rich product system, including liquid milk, dairy beverages, milk powder, yogurt, frozen desserts, cheese, butter, and packaged drinking water. As a provider of healthy foods and a promoter of a healthy lifestyle, Yili has established professional product brands to meet the needs of different groups, offering consumers more nutritious and delicious choices.



The optimal product quality, leading comprehensive service capabilities, and high-quality sustainable development capabilities have earned Yili widespread trust and high praise from global top events, competitions, and all sectors of society. At the 2008 Beijing Olympics, the 2010 Shanghai World Expo, the 2016 Hangzhou G20 Summit, the 2019 Wuhan Military World Games, the 2022 Beijing Winter Olympics, and the 2023 Hangzhou Asian Games, Yili frequently appeared as the only dairy company providing services. In 2024, Yili became the official dairy partner of the Chinese sports delegation for the Olympics, providing uninterrupted nutritional support for athletes, supporting the rise and vigorous development of China's sports cause.

The concept of sustainable development has become a shared global consensus. Sustainable development goals must balance short-term interests with long-term objectives, as well as coordinate enterprise development with environmental protection. While achieving individual brilliance and industry prosperity, and jointly creating commercial wealth and social value, it also contributes to the health and well-being of all humanity and a better life. To this end, Yili has integrated sustainable development into its business strategy. In 2017, Yili upgraded its corporate social responsibility management system from the Healthy China Corporate Social Responsibility (CSR) System to the World Integrally Sharing Health Corporate Sustainable Development (CSD) System, known as the WISH system for short. Based on the WISH system, Yili released the *Action Plan for Sustainable Development of Yili Group (Ten Articles)* and the strategic goal of "Overall Value Leadership" to promote its sound and sustainable development. In 2022, Yili fully implemented the UN 2030 Sustainable Development Goals (SDGs) and upgraded its WISH system to the WISH 2030 Golden Key sustainable development system. In 2023, Yili prepared the *Sustainable Development Strategic Plan (2024-2027)* and completed the optimization of the Company's sustainable development management framework, comprehensively enhancing the Company's sustainable development management level.

In 2024, to implement the *Sustainable Development Strategic Plan (2024-2027)*, Yili focused on six strategic goals, orderly advancing the implementation of strategic initiatives. Through its substantial progress in promoting key sustainability issues, Yili won the "2024 China's Best ESG Practice Employer" by Forbes, and also received the "Climate Lighthouse Annual Leadership Award" at the first Shanghai Climate Week and "2024 Carbon Footprint Leading Enterprise TOP20" by China Energy News, and other honors. In addition, the Company's sustainable information disclosure has gained recognition from the capital market and authoritative institutions. In 2024, Yili's MSCI ESG rating was upgraded from A to AA level, becoming the highest-rated listed dairy company in China's A-share market, and was selected into the "Best Practice Cases in Sustainable Development of Listed Companies" by the China Association for Public Companies, leading the new era of sustainable development in the industry with concerted actions.

» Corporate Culture

Yili's culture, tested by time, has always been passed down from generation to generation, accumulating the deepest spiritual pursuits of Yili's employees. The culture has provided the right spiritual guidance and strong motivation for the growth of Yili's employees and the globalization of the Company.



Corporate Creed

Yili adheres to the corporate creed that "Yili means the best quality". On such a basis, the Company treats quality as life itself by prioritizing product quality at all times. By treating consumers as family, the Company continuously provides consumers with 100% dedicated, 100% safe, and 100% healthy products and services.

Yili is committed to "Becoming the most trusted global healthy food provider", vigorously developing toward greater diversification, internationalization, and intelligence. In the future, Yili will become a layouts setter across multiple categories within the large healthy food field, a leader in driving the development of the healthy food industry, and the most trusted provider of healthy food for consumers.

Corporate Vision

Core Values

Yili takes "Excellence, Accountability, Innovation, Win-win, and Respect" as its fundamental value standards, which profoundly influence and shape the spiritual character of Yili's employees, always running through their relentless pursuit of optimal quality, unwavering advocacy of a healthy lifestyle, continuous leadership in industry development, and active fulfillment of social responsibilities.

The consistent ownership mindset, a high sense of responsibility, and a superb execution capability constitute the unique spiritual essence of Yili's employees. They are the internal driving force and core competitiveness for Yili's continuous excellent development, injecting strong spiritual impetus into the creation of a new prosperous future for the industry.

Yili Spirit

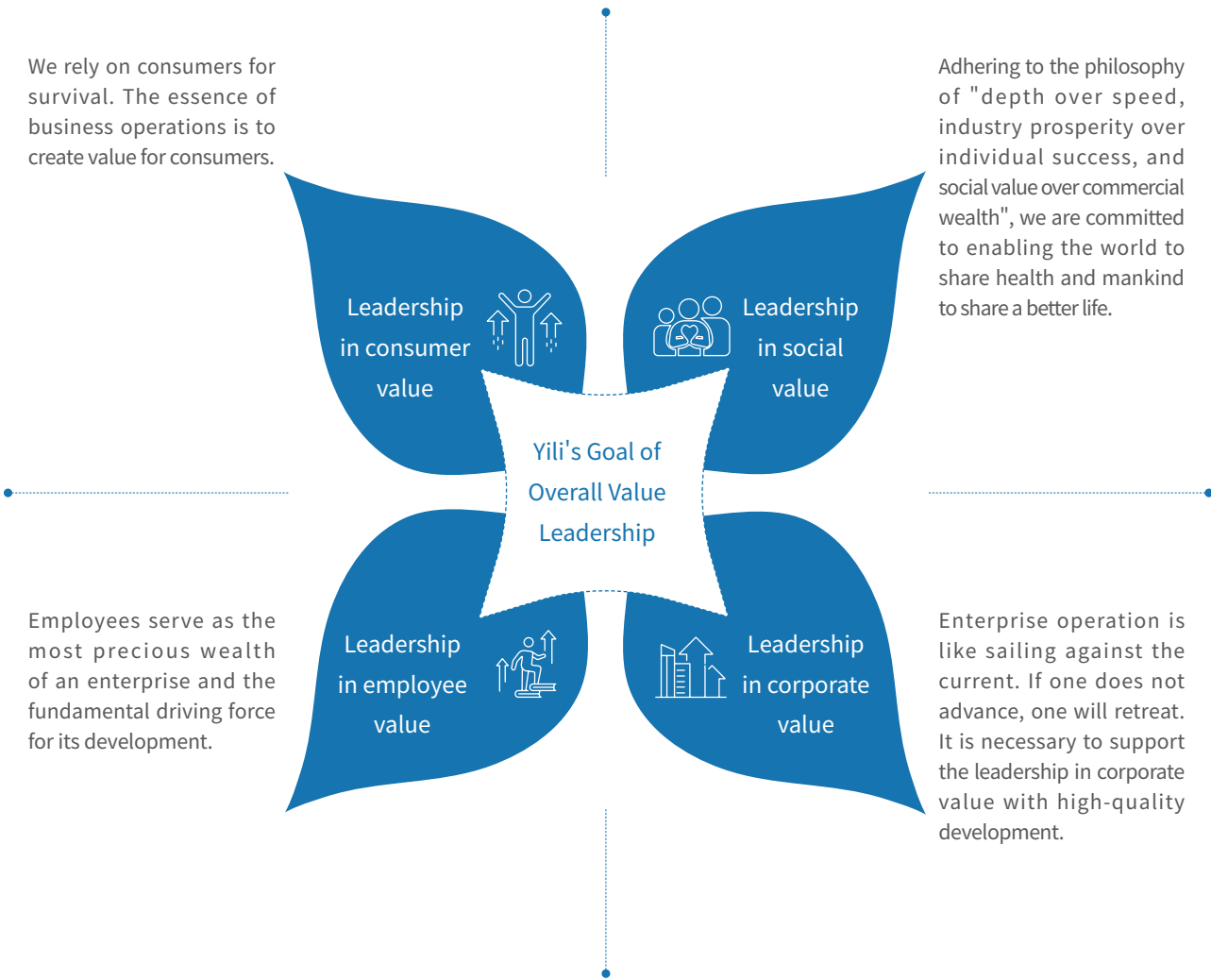
With experience gained from challenges, Yili advances with calm and aims for the highest peak. Guided by the vision of "Becoming the most trusted global healthy food provider", Yili always adheres to the creed that "Yili means the best quality". With a consumer-centric mindset, the Company offers the finest quality products and leading services; advocates a healthy lifestyle, nourishing life for a world integrally sharing health; works with unwavering dedication to create a better life for all Yili's employees; leads the global industry through outstanding performance, capabilities, and influence; and commits to sustainable development and to fulfilling its social responsibilities, aiming to make greater contributions to industry prosperity, social progress, and national development.

Sustainable Development Management

As China's economy further advances toward high-quality development, enterprises face an era of transformation from assuming social responsibilities to creating social value, with sustainability becoming an "essential choice" for the development of Chinese enterprises. Yili has always adhered to sustainable development, accumulating and refining years of development experience to contribute to leading the industry's progress.

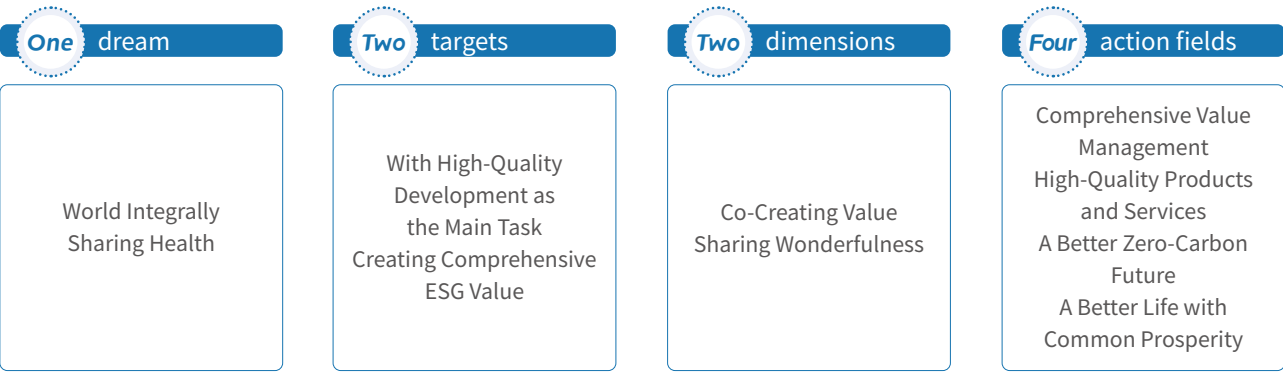
» Sustainable Development Concept

Yili takes high-quality development as the main thread, formulates the four value leadership goals of Overall Value Leadership, constructs the WISH 2030 Golden Key sustainable development system, and develops the Sustainable Development Strategic Plan to guide the healthy and sustainable growth of the enterprise.

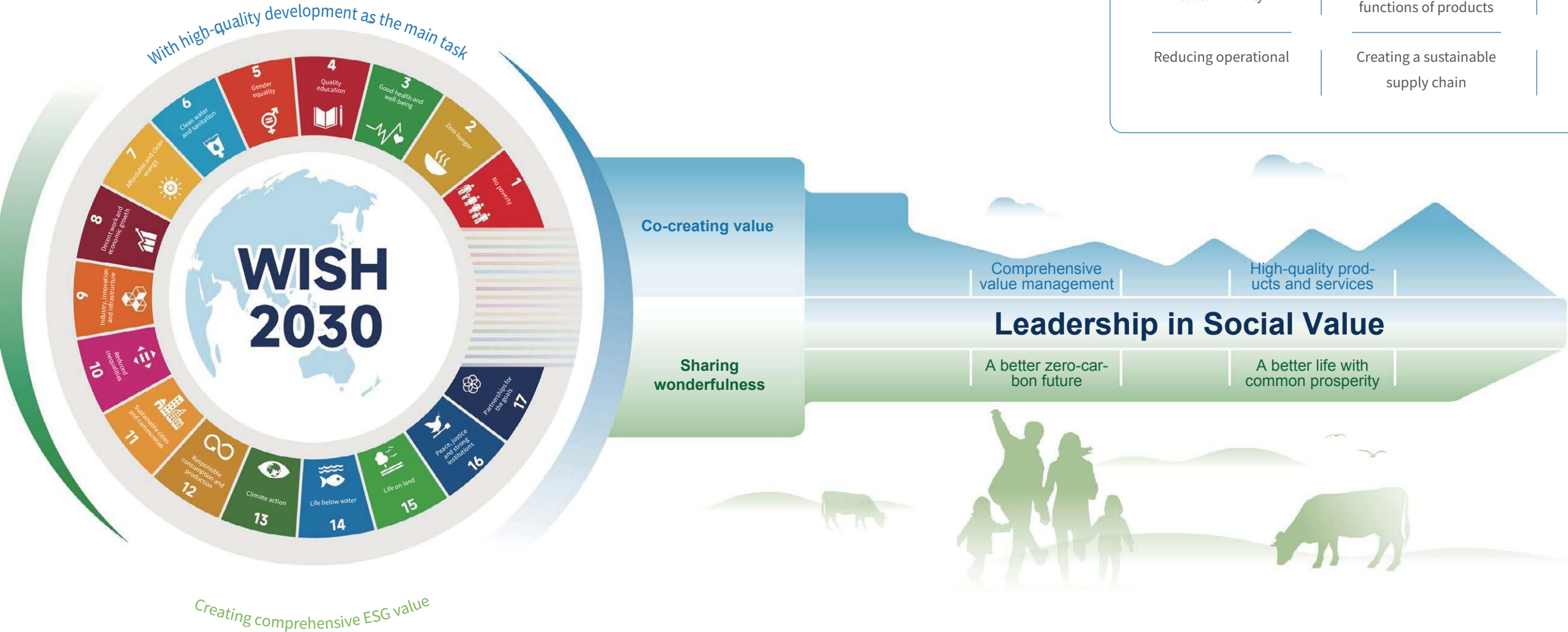


WISH 2030 Golden Key Sustainable Development System

To fully implement the UN 2030 Sustainable Development Goals (SDGs) and create a world integrally sharing health, Yili continuously improves and promotes the WISH 2030 Golden Key Sustainable Development System, taking high-quality development as the main task and creating comprehensive ESG value as the focus, making efforts across four action fields including comprehensive value management, high-quality products and services, a better zero-carbon future, and a better life with common prosperity to ultimately share wonderfulness.



World Integrally Sharing Health



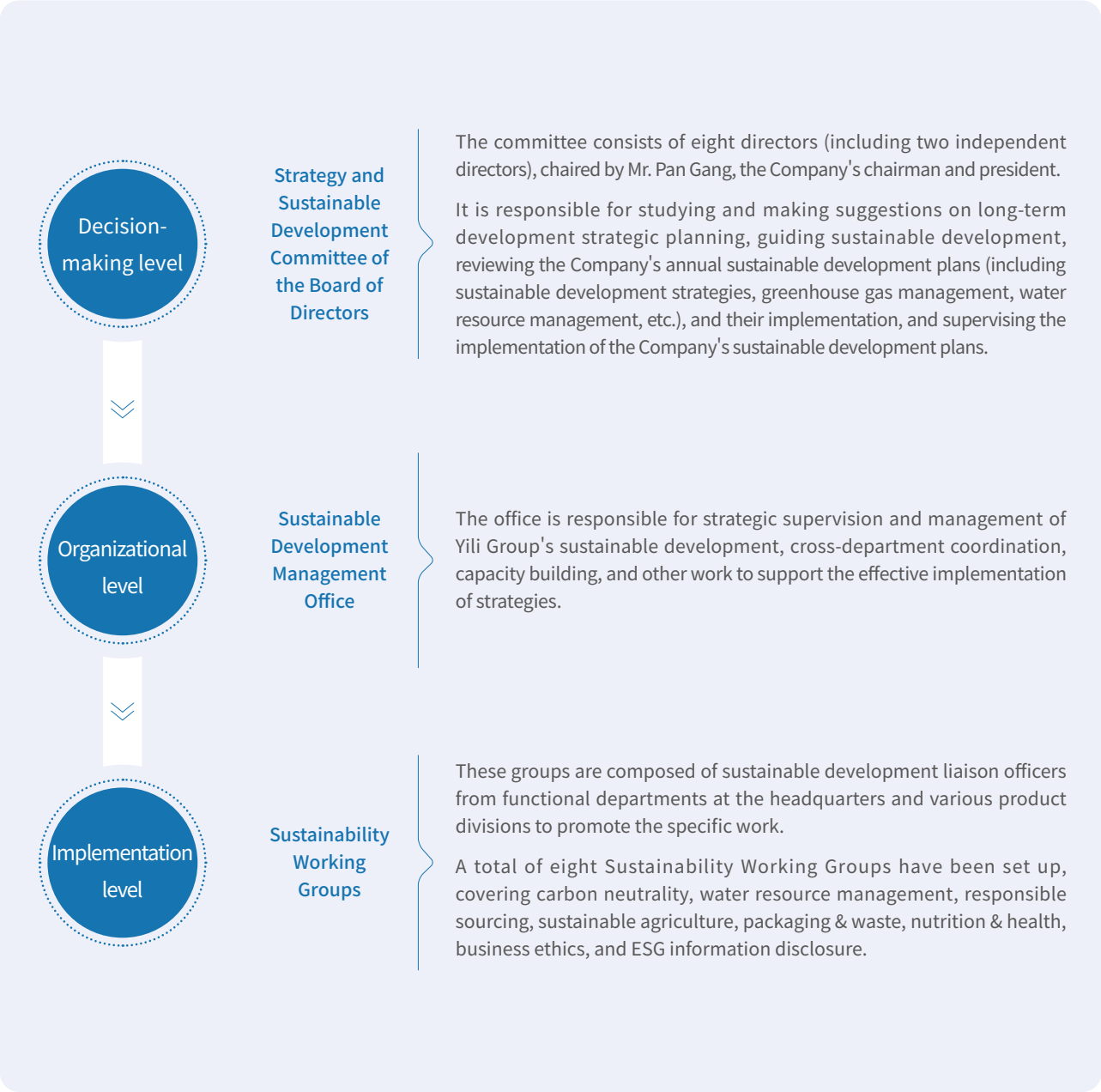
Sustainable Development Strategic Plan

To better realize the sustainable development vision of "Staying consumer-centric, building win-win mechanisms, promoting corporate sustainable development, and creating social value", in 2023, Yili formulated the *Sustainable Development Strategic Plan of Yili Group (2024-2027)*. This plan systematically outlines the Company's six strategic goals for future sustainable development for 2024-2027, namely enhancing product sustainability, improving the nutritional and health functions of products, addressing climate change, reducing operational environmental impact, creating a sustainable supply chain, and preventing ESG risks as well as 18 related specific measures. It also includes specific action plans, milestone targets, persons in charge, and monitoring methods for strategy implementation. In the future, regular strategy monitoring mechanisms and special assessment mechanisms will be adopted to ensure the effective implementation of strategies and the achievement of goals.



» Sustainable Development Work Mechanism

To adapt to the Company's strategic and sustainable development needs and further enhance its core competitiveness and sustainability capabilities, the Company has integrated ESG elements into its decision-making process, forming a top-down three-level sustainable development governance structure of "Decision-making level - Organizational level - Implementation level", and establishing a sustainability organizational system of "Strategy and Sustainable Development Committee of the Board of Directors - Sustainable Development Management Office - Sustainability Working Groups" to enhance Yili's sustainability capabilities and management level.



» Sustainability Commitments and External Partners



» Actions on UN 2030 Sustainable Development Goals — Key Performance in 2024



» Major Annual Honors and Recognitions (Excerpts)

Awards	Awarding organization
2024 Top 100 Pioneers among China's ESG-Listed Companies	China Media Group, State-owned Assets Supervision and Administration Commission of the State Council, All-China Federation of Industry and Commerce, Chinese Academy of Social Sciences State-owned Economy Research Think Tank, China Enterprise Reform and Development Society
2024 Annual ESG Excellent Practice Enterprise	China Enterprise Reform and Development Society, China Media Group
2024 Best Practice Cases in Sustainable Development of Listed Companies	China Association for Public Companies
Ranked first in the social responsibility development index of the dairy industry in the <i>Blue Book of Corporate Social Responsibility (2024)</i>	Chinese Academy of Social Science
Grand Award of the 8th Ram Charan Management Practice Awards (for its case study Yili: <i>Telling the Chinese Brand Story in Indonesia</i>)	<i>Harvard Business Review</i>
2024 China's Best Employer 2024 China's Best Digital Employer 2024 China's Best ESG Practice Employer	Forbes China
2024 Case for Water Environment Governance and Synergistic Efficiency in Pollution and Carbon Reduction	All-China Environment Federation
2024 Top 100 Chinese Green Power (Green Certificate) Consumers	China Electricity Council, Beijing Power Exchange Center, Guangzhou Power Exchange Center, China National Renewable Energy Information Management Center
2024 Zero Carbon Factory Best Practice Example	The 3rd China Zero-Carbon Factory Innovation and Practice Forum
2024 Climate Lighthouse Annual Leadership Award	Shanghai Climate Week
The 4th Carbon Neutrality Boao Conference -Innovation Award in Carbon Neutrality Field, Science and Technology Progress Award for Energy Saving and Emissions Reduction	China Energy Conservation Association, China Quality Certification Center
Typical Case of Innovation and Development in Tourist Attractions and Enterprises (Yili Modern Intelligent Health Valley)	The 11th China Tourism Industry Development Annual Conference



Materiality Analysis

» Stakeholder Engagement

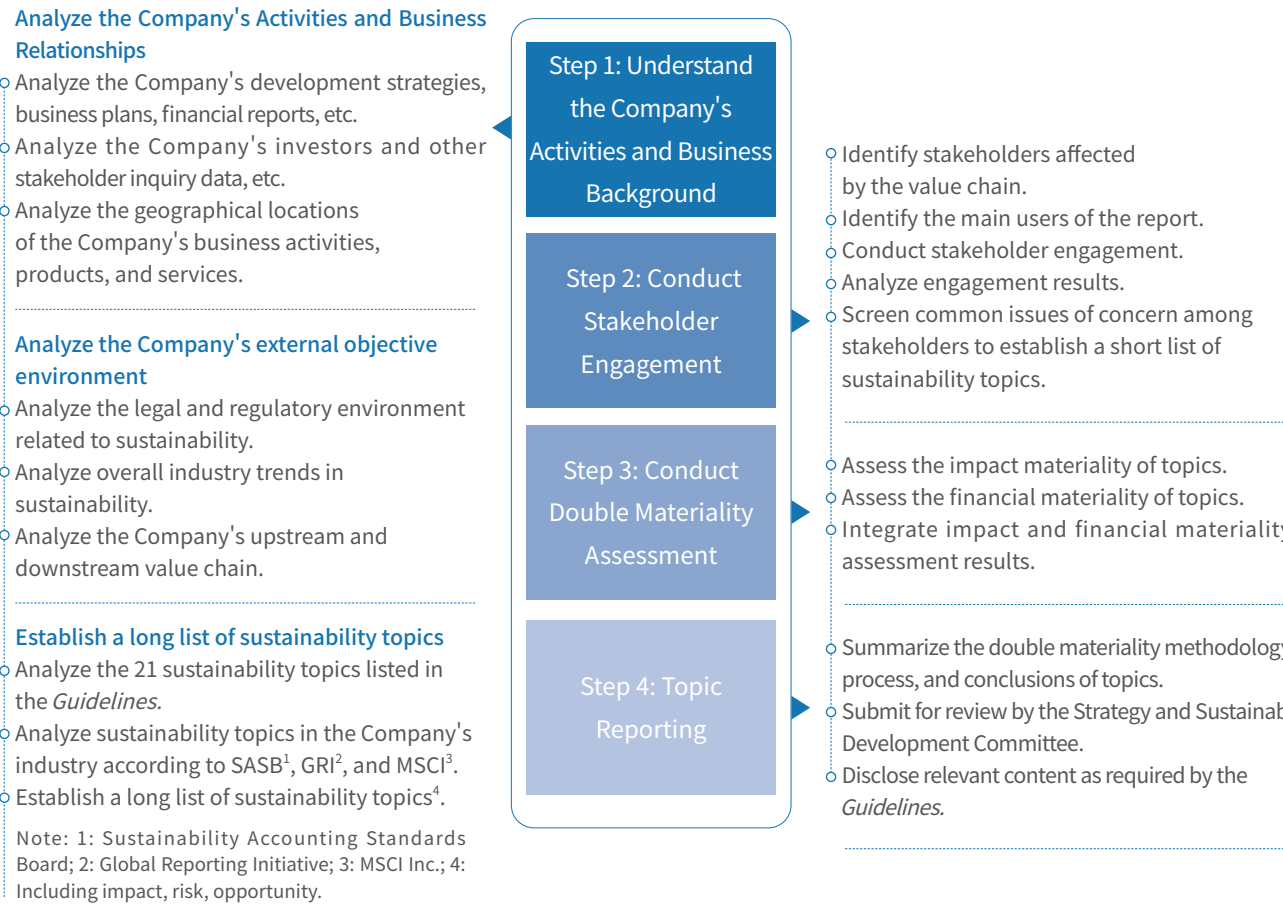
Yili has developed a comprehensive communication mechanism and has established close ties with a wide range of stakeholders. Through various forms such as official email, official Weibo account, 400 hotline, and live interaction, the Company maintains more active and in-depth exchanges and communication with all parties. During the preparation of sustainability reports, Yili proactively conducts stakeholder consultations to collect issues of concern to stakeholders and their demands on Yili, and integrates them into the Company's relevant decision-making processes.

Stakeholders	Content of concern	Communication channels	Our response
 Governments and regulatory authorities	- Operations in compliance with laws and regulations - Leadership in industry development - Provision of employment opportunities - Promotion of local economic development	- Work meetings, special meetings - Information submission and disclosure	- Implementing regulatory requirements and timely information disclosure - Participating in industry standard establishment and exchange - Creating employment positions - Supporting local economic development
 Shareholders/ investors	- Protection of investors' rights and interests - Prevention of operational risks - Improving corporate governance system	- Regular reports and interim announcements - Investor communication activities - Shareholders' meeting	- Ensuring stable dividend policy and strengthening market value management - Timely information disclosure - Continuously conducting risk management and control - Enhancing corporate governance level
 Consumers	- Safe and healthy products - Comprehensive customer service	- Consumer satisfaction survey - Consumer communication meetings - Product-related launch events - Online and offline transparent factories	- Practicing quality leadership strategy - Conducting customer satisfaction survey and analysis
 Employees	- Employees' rights and benefits - Employee career development - Occupational health and safety	- Employee training and seminars - Employee communication and feedback platform - Staff representatives' meetings	- Ensuring equal pay for equal work, competitive salary levels, and employee benefits - Career development channels and vocational training - Occupational health and employee care
 Industry value chain partners	- Compliance with business ethics - Promotion of industry value chain's sound development - Mutual benefit, win-win mechanism, and common growth	- Suppliers' conference - Supplier visits - Supplier training - Customer conference and daily communication with distributors	- Building a clean partnership - Responsible procurement - Industry value chain finance
 Environment	- Abide by national environmental laws and regulations - Green low-carbon operations - Response to climate change - Protection of water resource - Ecological and biodiversity conservation	- Annual <i>Zero-Carbon Future Report</i> - Environmental management - Environmental protection activities - Ecological protection projects	- Strengthening environmental compliance management - Carrying out energy saving and emissions reduction projects - Promoting full chain carbon neutrality - Recycling water resource - Implementing biodiversity conservation
 Communities	- Public welfare and charity - Common prosperity, support for rural revitalization - Media communication	- Public welfare and charity activities - Volunteer activities - Daily interviews, visits and special communications	- Yili Nutrition 2030, Yili Ark , One Universe, One Childhood and other public welfare projects - Employee common prosperity, industrial common prosperity, rural revitalization to promote common prosperity - Actively responding to public opinion

» Double Materiality Analysis

Implementing regular materiality issue management is the core and foundation for Yili to carry out sustainable development strategic plan, risk and opportunity management, and ESG information disclosure. In 2024, in accordance with the requirements of the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* (referred to as the "*Guidelines*"), and referring to relevant international disclosure standards and assessment methods, Yili conducted its first double materiality assessment of sustainability issues. Based on the previous impact materiality assessment, it analyzed the financial impact of each issue on the Company's business model, operations, and strategic planning, incorporated the views of senior management and stakeholders such as shareholders, investors, insurance companies, and banks, and provided key responses to the identified 9 sustainability topics with impact materiality and 3 sustainability topics with financial materiality in this report.

 Double Materiality Analysis Process



 Double Materiality Assessment Results

By analyzing the Company's own business activities, internal and external objective environment, sustainable information disclosure standards, and combining 2,366 valid stakeholder survey questionnaires and industry expert opinions, the Company has identified 20 sub-topics under 18 topics involving "impacts", 26 sub-topics under 16 topics involving "risks", and 6 sub-topics under 5 topics involving "opportunities" from the 21 topics listed in the *Guidelines*. The Company has not identified any other sustainable development topics beyond the scope of the topics listed in the *Guidelines*.

No.	Topic category	No.	Topic category	No.	Topic category
01	Climate change tackling	08	Circular economy	15	Safety and quality of products and services
02	Pollutant discharge	09	Rural revitalization	16	Data security and customer privacy protection
03	Waste disposal	10	Contributions to the society	17	Employees
04	Ecosystem and biodiversity protection	11	Innovation-driven	18	Due diligence
05	Environmental compliance management	12	Ethics of science and technology	19	Communications with stakeholders
06	Energy usage	13	Supply chain security	20	Anti-commercial bribery and anti-corruption
07	Usage of water resource	14	Equal treatment to small and medium-sized enterprises	21	Anti-unfair competition

▲ The 21 sustainable development topics listed in the *Guidelines*

Impact Materiality Assessment Results

Yili conducted impact materiality assessments on 20 sustainable development sub-topics involving "impacts", which fall under 18 topics, using a scoring-based approach. By evaluating the Company's impact scale, irreversibility, and scope of impact on the economy, society, and environment for each topic, the severity of the impact was analyzed; and combined with the likelihood of the impact actually occurring, the impact materiality of the topic was assessed. After evaluation, 9 topics were identified as having impact materiality.

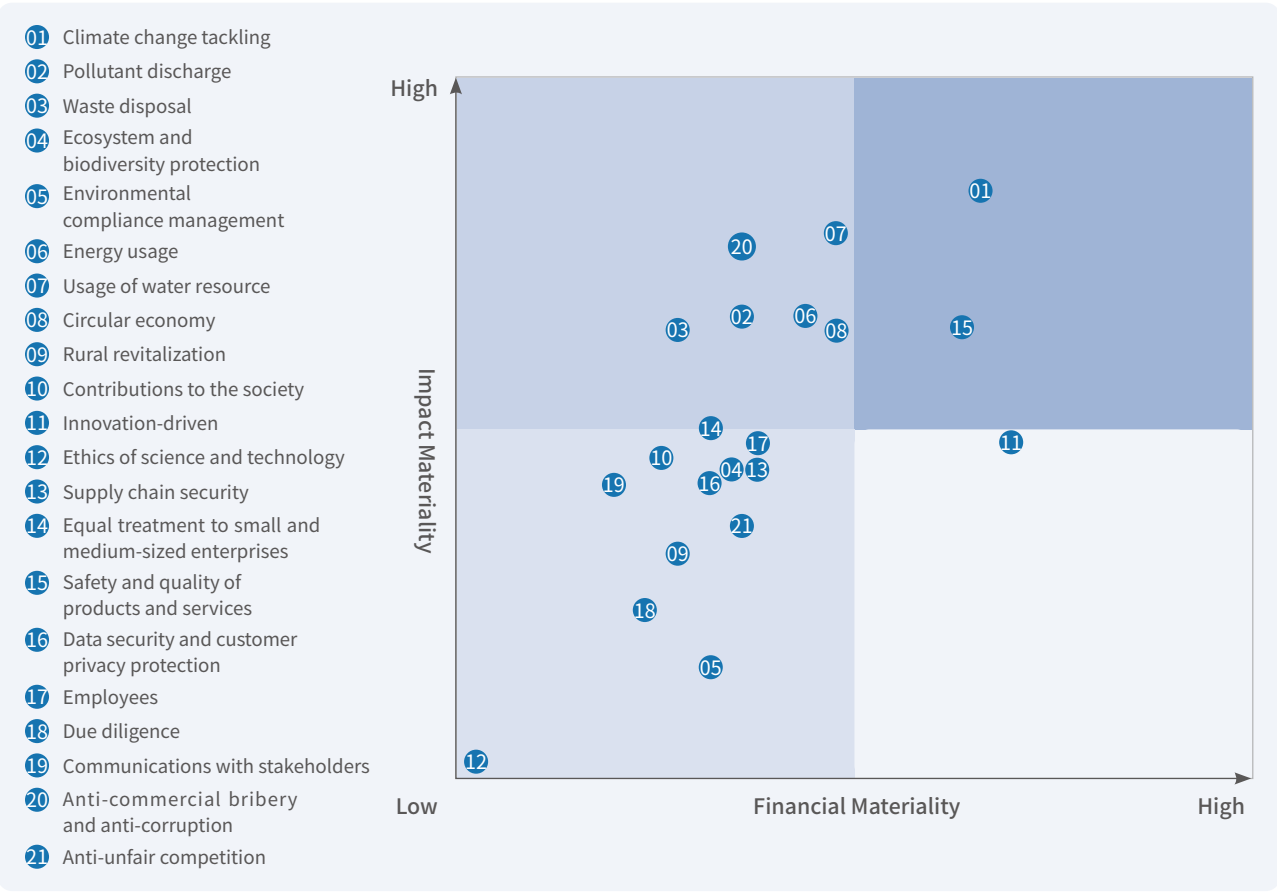
No.	Impact materiality topics			
	Topic category	Value chain position	Main impact source	Impact content
01	Climate change tackling	Upstream Own operations	Direct or indirect greenhouse gas emissions generated during planting, breeding, and production processes	Greenhouse gas emissions may exacerbate climate change, leading to adverse environmental consequences
02	Pollutant discharge	Upstream Own operations	Wastewater, exhaust gases, solid waste, and noise generated during breeding and production processes	Discharged pollutants may expose local ecosystems and communities to hazardous environmental conditions
03	Waste disposal	Upstream Own operations	Waste containing harmful substances generated during breeding and production processes	Released harmful substances may infiltrate ecosystems, posing risks to biodiversity and public health
06	Energy usage	Upstream Own operations	Non-renewable resources such as fossil fuel consumption in breeding and production processes	Fossil fuel usage may accelerate the exhaustion of finite non-renewable resources
07	Usage of water resource	Upstream Own operations	High water usage in breeding and production processes	Excessive water consumption may threaten freshwater-dependent ecosystems and socio-economic stability
08	Circular economy	Upstream Own operations Downstream	Adoption of circular economy principles in procurement, R&D, operations, and product lifecycles to align economic and environmental goals	Circular economy may reduce resource consumption, lower operational costs, and minimize waste generation
14	Equal treatment to small and medium-sized enterprises	Upstream Downstream	Overdue payments to SMEs during procurement operations	Delayed payments to SMEs may jeopardize their fiscal resilience and competitive positioning
15	Safety and quality of products and services	Own operations	Defective products entering markets due to lax quality management in operations	Defective goods may endanger consumer safety, erode brand reputation, and raise public concerns over food/commodity security
20	Anti-commercial bribery and anti-corruption	Upstream Own operation Downstream	Corruption incidents (e.g., bribery, fund misappropriation) driven by economic incentives among personnel	Unethical practices may violate legal frameworks, undermine social equity, and harm collective welfare

Financial Materiality Assessment Results

Yili conducted a financial materiality assessment on 26 sub-topics related to "risks", which fall under 16 sustainability topics, and on 6 sub-topics related to "opportunities", which fall under 5 sustainability topics. The assessment was carried out in the form of interviews combined with survey questionnaires, with stakeholders participating in the assessment including senior company management, shareholders, investors, creditors, and industry experts. The assessment dimensions included the likelihood of "risks" and "opportunities" occurring for each sustainability topic, the scale of financial impact, and the impact cycle. After the assessment, 3 sustainability topics were found to have financial materiality.

No.	Topic category	Financial risk/ opportunity	Source of financial risk/opportunity
01	Climate change tackling	Risk	The evolving global net-zero policies may drive companies to upgrade and transform their equipment, forcing them to bear transformation costs in advance (e.g. asset retirement and transformation expenses).
11	Innovation-driven	Opportunity	Innovation and R&D enable companies to develop new products and services to meet market demands and changes, creating revenue streams and expanding market share.
15	Safety and quality of products and services	Risk	Defective products entering the market may trigger consumer complaints, recalls or litigation, damaging brand reputation and sales performance.

Double Materiality Assessment



Combining the evaluation results, (1) 2 topics "Climate change tackling" and "Safety and quality of products and services" are classified as double materiality topics, with both an impact materiality on the Company and financial materiality relevance. On the other hand, 1 topic "Innovation-driven" is a financial materiality topic. In accordance with the requirements of the *Guidelines*, the Company responds to the above topics in this report around four aspects: "Governance", "Strategy", "Impact, Risk, and Opportunity Management", and "Indicators and Targets". (2) 9 topics have only impact materiality. The Company responds to specific topics in accordance with the relevant provisions of the *Guidelines* in this report. (3) There are other 11 topics that the Company pays attention to but that do not have impact or financial materiality, or that are not applicable to the Company during the Reporting Period. The Company refers to international mainstream sustainability disclosure criteria and the Company's actual situation to disclose or explain these topics in this report. For specific response chapters, please refer to the table below.

No.	Topic category	Impact materiality topics	Financial materiality topics	Other topics focused	Corresponding chapters in this report
01	Climate change tackling	✓	✓	-	Climate Change Adaptation Full-chain Carbon Reduction
02	Pollutant discharge	✓	-	-	Green Operations Promotion
03	Waste disposal	✓	-	-	Green Operations Promotion
04	Ecosystem and biodiversity protection	-	-	✓	Biodiversity Protection
05	Environmental compliance management	-	-	✓	Green Operations Promotion
06	Energy usage	✓	-	-	Full-chain Carbon Reduction Green Operations Promotion
07	Usage of water resource	✓	-	-	Green Operations Promotion
08	Circular economy	✓	-	-	Green Operations Promotion
09	Rural revitalization	-	-	✓	Industry Chain Prosperity Public Charity
10	Contributions to the society	-	-	✓	Public Charity
11	Innovation-driven	-	✓	-	Diverse Products Nutrition and Health
12	Ethics of science and technology	-	-	-	The Company is not involved in industries sensitive to ethics of science and technology such as life sciences and artificial intelligence
13	Supply chain security	-	-	✓	Responsible Supply Chain
14	Equal treatment to small and medium-sized enterprises	✓	-	-	Industry Chain Prosperity
15	Safety and quality of products and services	✓	✓	-	Quality First Better Service
16	Data security and customer privacy protection	-	-	✓	Better Service
17	Employees	-	-	✓	Employee Well-being
18	Due diligence	-	-	-	No significant transactions occurred during the Reporting Period, therefore the Company was not required to perform sustainability-related due diligence
19	Communications with stakeholders	-	-	✓	Materiality Analysis
20	Anti-commercial bribery and anti-corruption	✓	-	-	Business Ethics
21	Anti-unfair competition	-	-	✓	Better Service Business Ethics

Going forward, Yili will continue to identify sustainability issues related to its operations through various means, refine the topic list, and conduct a double materiality assessment every two years, except in case of significant changes, to identify critical sustainability priorities. These priorities will be integrated into the sustainability strategy and decision-making processes, with disclosures provided to stakeholders.

Global Presence

Yili has prioritized internationalization as a key strategic pillar, steadily advancing its global layout. Guided by the concept of mutual benefit and win-win partnerships, Yili operates with a "global mindset, local operation" approach, collaborating with global partners to promote local economic development and jointly build a global health ecosystem.

» Global Resources Integration

Under the "Global Weaving Network" internationalization strategy, Yili has constructed a backbone network covering the global resource system, global innovation system, and global market system. Yili collaborates with over 2,000 global partners across 39 countries on six continents, while operating 15 self-built, majority-owned, or equity-participated innovation R&D centers and 81 production bases worldwide.

Case

Upgrade of Yili Europe Innovation Center and Establishment of Global Maternal and Infant Nutrition Research Center

On April 18, 2024, coinciding with the 10th anniversary of the Yili Europe Innovation Center (YEIC), a ceremony for the upgrade of the Yili Europe Innovation Center and the establishment of the Global Maternal and Infant Nutrition Research Center themed "Evolve to New, Intellectually Connect the Future" was held at Wageningen University & Research in the Netherlands. Over the past decade, YEIC has made significant progress in the fields of probiotic development, cheese innovation, sugar reduction, food safety, and AI-driven product development and application. In 2024, YEIC underwent a comprehensive upgrade, including the commissioning of a high-standard laboratory that integrates R&D, efficacy verification, and pilot production, becoming an innovation platform for Yili and its global partners. At the event, Yili announced the establishment of the Yili Global Maternal and Infant Nutrition Research Center, and released a *Global Breast Milk Research White Paper* together with the internationally authoritative journal Nature, providing a solid scientific basis for the innovation and development of the infant formula industry.



▲ Upgrade Ceremony of Yili Europe Innovation Center

» Global Markets Expansion

Yili actively expands the international market through various methods such as cross-border trade, overseas mergers and acquisitions, and self-built factories, constructing a global market system through multiple channels. In 2024, Yili deepened its presence in the Southeast Asian market and gradually entered regions such as Africa and the Middle East, expanding its market territory. Currently, Yili's products are successfully sold in over 60 countries and regions worldwide, and are well received by local consumers.

Thailand	Indonesia	Mongolia
Launched 26 products in 2024, including Volcano Crispy Tubes, Ice Balls, and Molten Chocolate.	Launched 19 products in 2024, including Premice, Lalava and Green Bean Crispy Skin.	Exported 11 products to Mongolia in 2024, including Ambrosial and Changyi.



▲ In 2024, the case Yili: *Telling the Chinese Brand Story in Indonesia* won the Grand Award of the 8th Ram Charan Management Practice Awards



▲ In 2024, Yili won the Thai FDA Quality Award for the 5th consecutive year, awarded by the Thai Food and Drug Administration (FDA)

Yili has deepened its localization efforts in overseas markets, striving not only to "Go global" but also to "Integrate locally". In Thailand, the Company leveraged major Chinese and Thai festivals to organize cultural celebrations, fostering a culture of inclusivity through employee birthday events and multicultural activities. These initiatives enhanced team awareness of diversity while actively fulfilling social responsibilities, such as supporting local community development. In Indonesia, Yili engaged in public welfare actions, including industrial support, charitable donations, and reforestation initiatives, fostering mutual collaboration and shared growth. Our efforts have earned repeated recognition and awards from the local government, effectively enhancing the reputation of Chinese brands overseas.



▲ The Bekasi City Government of Indonesia awarded Yili Indonesia Dairy a special award and certificate, recognizing Yili for its outstanding contribution to community development and industrial tourism promotion in Bekasi City, Indonesia



▲ In April 2024, Yili's factory in Indonesia provided essential relief supplies, including daily necessities and ice cream products, to 50 families affected by landslide disasters in the area where the factory is located, helping them recover from the disaster



▲ In June 2024, Yili's factory in Indonesia carried out a public welfare environmental protection activity of tree planting in the Delta Mas Industrial Park, Bekasi City, actively supporting local environmental conservation efforts

Road to Zero-Carbon

Key performance

- Invested RMB **205.11** million in environmental protection
- Reduced energy consumption by **27,033.90** tce
- Certified **44** factories as national green factories
- Implemented **1,669** energy conservation and emissions reduction projects
- Conducted **668** water conservation projects
- Saved over **2** million tons of water
- Decreased total water consumption by **5.21%** compared to 2023

Contribution to SDGs

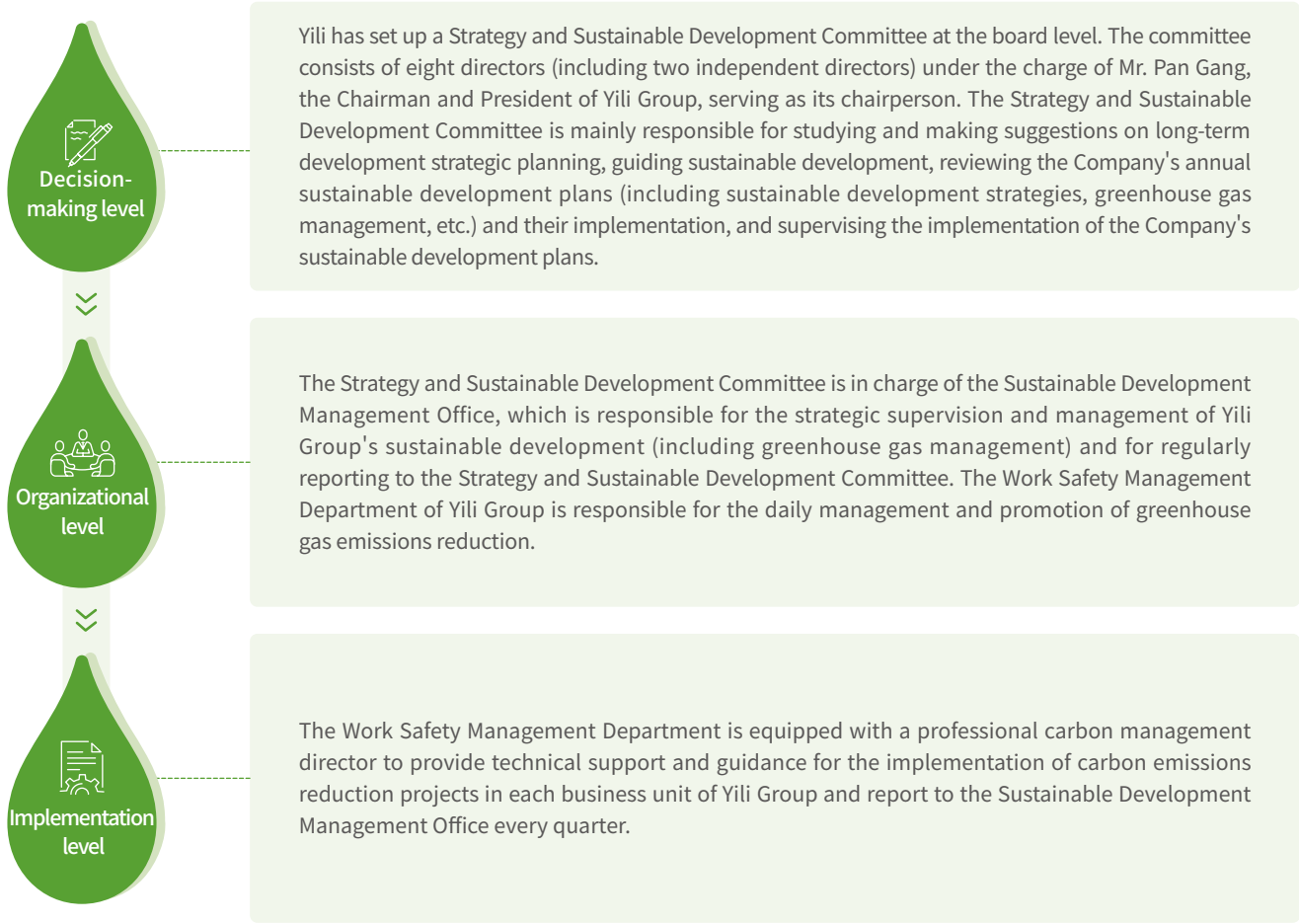


Climate Change Adaptation

Climate change has emerged as a severe global challenge. As a leading enterprise in the dairy industry, Yili has long been committed to promoting green development within the industry. Actively responding to the national "dual carbon" strategy, the Company has formulated a carbon neutrality strategy and goals, and is continuously exploring effective strategies to address climate change. By fostering low-carbon development across its entire industry chain, Yili is contributing to the global green transformation.

» Governance

A well-structured management mechanism is essential for enterprises to comprehensively address climate-related issues. Yili has established a three-tier greenhouse gas emissions management framework covering Decision-making level, Organizational level, and Implementation level, clarifying responsibilities for each tier. Through the *Zero-Carbon Future Implementation Plan*, Yili outlines actionable decarbonization pathways. Guided by the *Carbon Management Manual of Yili Group*, Yili enforces rigorous process oversight to ensure thorough, in-depth, and comprehensive execution of carbon neutrality initiatives, accelerating progress toward its "dual carbon" goals.

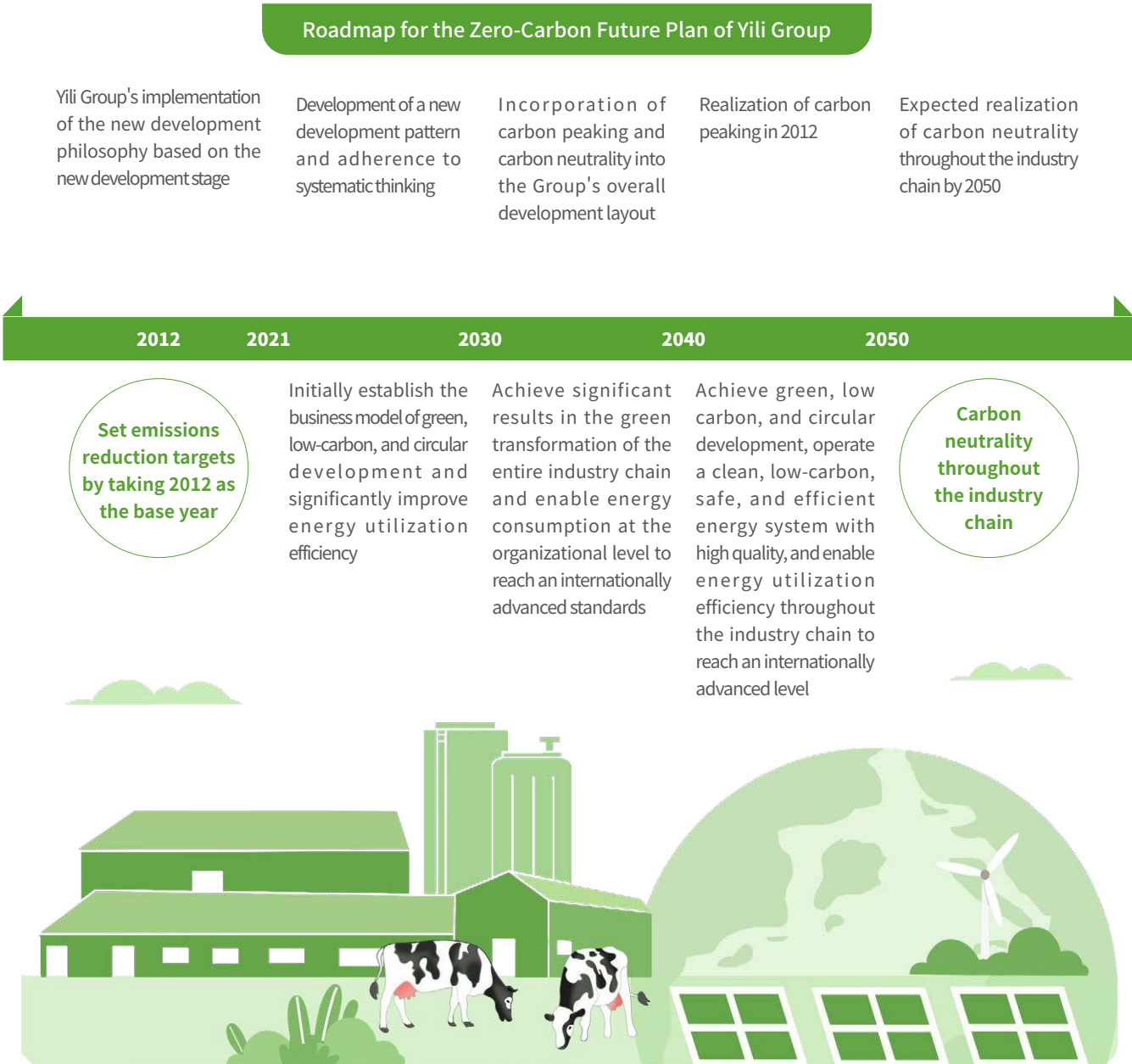


» Strategy

As the first enterprise in China's food industry to release "dual carbon" goals and a roadmap for their achievement, Yili has issued the *Zero-Carbon Future Plan of Yili Group* and the *Roadmap for the Zero-Carbon Future Plan of Yili Group*, continuously promoting the realization of the Group's "12/50" "dual carbon" goals. The Company has achieved carbon peaking for scope 1 and scope 2 in 2012 and strives to achieve full industry chain carbon neutrality before 2050.

Carbon Management Policy

Yili actively responds to the national strategy, facilitates the Zero-Carbon Future Plan, practices its brand social responsibility, and leads the low-carbon development of the industry.



» Impact, Risk and Opportunity Management

To enhance resilience in addressing climate change, by referring to the *International Financial Reporting Standard for Sustainability Disclosure No. 2 - Climate-related Disclosures (IFRS S2)*, Yili regularly identifies and evaluates climate change risks and opportunities in direct operations and throughout the supply chain, with analysis on the corresponding financial impacts.

For the identified climate change risks, we evaluate their impact scale, scope, irremediability, and likelihood; while for the identified climate change opportunities, we evaluate their impact scale, scope, and likelihood. Based on the evaluation results, we determine the priority of the Company's climate-related risk and opportunity response strategies and formulate response plans and measures to continuously enhance Yili's adaptability to climate change.

Key Climate Change Risk Assessment Results and Response Strategies

Risk category	Description of financial impact	Response strategy
Transition risks	Policies and regulations The evolving global net-zero policies may drive companies to upgrade equipment ahead of schedule, potentially imposing early transition costs (e.g. expenses from equipment retirement and operational upgrades).	- Formulating the <i>Zero-Carbon Future Plan of Yili Group</i>, the <i>Carbon Management Manual of Yili Group</i>, and the <i>Energy Management Measures of Yili Group</i>, continuously improving production processes and reducing energy consumption and carbon emissions. - Restructuring its energy mix by expanding renewable energy adoption and engaging in electricity and clean energy trading markets to ensure energy supply. - Leading the industrial chain in developing carbon neutrality plans to achieve a steady decline in carbon emissions within the industrial chain.

Other Climate Change Risk Assessment Results and Response Strategies

Risk category	Description of financial impact	Response strategy
Transition risks	Policies and regulations Untimely or inadequate disclosure of climate-related information may trigger public skepticism and escalate compliance costs.	- Regularly collecting and identifying newly issued laws, regulations, and regulatory requirements for information disclosure. - Establishing an environmental data information management system for carbon emissions to conduct comprehensive carbon inventory, and strengthening third-party verification. - Benchmarking against mainstream disclosure standards and requirements, improving sustainability reports and other information disclosures.
	Market Growing consumer demand for Low-Carbon Products, coupled with delays in launching sustainable/green offerings, may lead to a decline in market share.	Continuously developing environmentally friendly products, such as low-carbon products and carbon-neutral products.

Risk category	Description of financial impact	Response strategy
Transition risks	Financing Increasing focus of investors on environmental and social sustainability issues, especially greenhouse gas emissions. Failure to address climate-related risks may lead to capital outflows, investment constraints, and higher financing costs.	- Continuously strengthening the identification and management of climate risks, developing measures to mitigate them. - Maintaining ongoing dialogue with investors, coupled with timely and accurate disclosure of ESG information, particularly climate-related metrics, to enhance the transparency of sustainability disclosures.
	Acute risk The increasing frequency of natural disasters caused by extreme weather may heighten risks of supply chain disruption risks, driving operating cost escalations.	- Evaluating the regional climate and the impact of extreme weather events during project site selection; designing and maintaining disaster protection facilities; strengthening the backup systems for critical resources, including redundant water and power supplies, to reduce the losses to personnel and the enterprises caused by extreme weather events. - Comprehensively assessing the impact of extreme weather on suppliers and their climate resilience capabilities; diversifying supplier network and guiding the industrial chain to build strategic inventory buffers to stabilize procurement costs; and proactively notifying distributors to implement preventive measures and emergency preparedness protocols to mitigate operational disruptions and financial losses.
Physical risks	Chronic risk Summer heatwaves, winter cold snaps, and extreme weather events may trigger stress responses in livestock. Failure to monitor health indicators and implement timely inventions may lead to increased reliance on veterinary antibiotics, escalating medical costs and antimicrobial resistance risks.	Strengthening heat stress mitigation measures and cold-weather shelters to persistently reduce temperature-induced stress responses; and enhancing health monitoring measures.
	The acceleration of sea-level rise leading to the depreciation and scrapping of existing assets or the increase in construction costs of new assets will both lead to an increase in corporate operating costs.	New projects must incorporate sea-level rise considerations into their site selection, planning, and design phases.

» Metrics and Targets

To implement the *Zero-Carbon Future Plan of Yili Group*, Yili has intensified climate-resilient initiatives and established a robust monitoring framework for tracking progress against predefined targets and metrics, ensuring effective mitigation of climate-related risks.

Guided by the overall goal of achieving carbon neutrality by 2050, the *Zero-Carbon Future Plan of Yili Group* sets several phased milestones to achieve its carbon neutrality vision.

The target values and relevant completion status for 2024 are as follows:

Target type	Target value	Performance in 2024	Target achievement
Carbon intensity target	By 2030, the carbon intensity per ton of products will be reduced by 50% compared with 2012.	Reduced by 59.83%	Achieved
	By 2025, the carbon footprint verification for all core raw milk suppliers will be completed.	100% completed	Achieved
Coverage of measuring Scope 3 carbon emissions	By 2030, the carbon footprint verification for all core suppliers of raw and auxiliary material will be completed.	47.2% completed	In progress
	By 2030, the carbon intensity of core raw milk suppliers will be reduced by 35% compared with 2021.	Reduced by 23.66%	In progress
Supply chain carbon emissions reduction target	Actively promote the construction of low-carbon ranches, aiming to create two carbon-neutral ranches by the end of 2030.	Completed construction of four low-carbon ranches	In progress
	The carbon intensity of low-carbon transition suppliers will be reduced by 7% by 2030, with 2021 as the base year.	Reduced by 3.94%	In progress

Note:

1) Core raw milk suppliers: it refers to suppliers demonstrating excellence in price competitiveness, quality assurance, delivery reliability, technical support, service responsiveness, asset management, process optimization, and workforce management, including ranches that Yili holds majority or partial ownership.

2) Low-carbon ranches: it refers to ranches certified under the *Technical Specifications for Low-carbon Assessment of Large-scale Dairy Ranches (T/LCAA 014-2024)*, with accreditation issued by China National Testing & Certification Group Co., Ltd.

3) Low-carbon transition suppliers: it refers to suppliers committed to carbon inventory, implementing emissions reduction initiatives, and advancing toward carbon neutrality through operational transformations.

4) Driven by Yili, the number of low-carbon transition suppliers further expanded in 2024. Consequently, the emissions intensity reduction target of low-carbon transition suppliers was adjusted from 15.74% in 2023 to 3.94% in 2024.

In 2024, Yili's key performance in greenhouse gas emissions is as follows:

Indicator	Unit	2022	2023	2024
Total carbon emissions in scope 1	10,000 tCO ₂ e	52	57	49
Total carbon emissions in scope 2	10,000 tCO ₂ e	127	118	102
Carbon intensity per unit product	kg CO ₂ e/ton of products	181	170	151

Indicator	Unit	2024
GHG reduction in scope 1	10,000 tCO ₂ e	8
GHG reduction in scope 2	10,000 tCO ₂ e	16
Total GHG emissions reduced by direct measures (scope 1 + scope 2)	10,000 tCO ₂ e	8.5
Emissions reduction from redesigning production processes	10,000 tCO ₂ e	/
Emissions reduction from retrofitting equipment	10,000 tCO ₂ e	0.3
Emissions reduction from process improvements	10,000 tCO ₂ e	/
Emissions reduction from fuel replacement	10,000 tCO ₂ e	1.9
Emissions reduction from other measures	10,000 tCO ₂ e	6.3
Number of energy-saving and emissions-reduction projects	/	1,669

Full-Chain Carbon Reduction

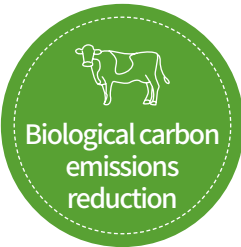
Yili advocates the green development concept of "green production, green consumption, green development" as a trinity. To steadily implement the *Zero-Carbon Future Plan of Yili Group*, Yili has formulated the *2024 Zero-Carbon Future Implementation Plan*, driving systematic decarbonization across the entire value chain (from raw material sourcing, production, and transportation to consumption) through target setting, mechanism development, and capacity-building initiatives.

» Raw Material — Promoting Upstream Carbon Reduction

Yili implements a lifecycle green initiative – from a blade of grass, to a cow, to a cup of milk – comprehensively advancing a new integrated planting and breeding model. By collaborating with ranches to foster the construction of low-carbon ranches, Yili actively explores new models for carbon reduction in livestock farming, accelerating the green and low-carbon transition of the industrial chain. Meanwhile, Yili is committed to building a green supply chain ecosystem, partnering with stakeholders to establish the industry's first Net Zero Carbon Alliance. Through co-developing decarbonization solutions with upstream suppliers, Yili drives low-carbon transition, setting benchmarks for sustainable collaboration.

Building Low-Carbon Ranches

Carbon emissions generated at the ranch are one of the significant sources of carbon emissions in Yili's industrial chain. To address this, Yili continuously strengthens the management of greenhouse gas emissions at the ranch, focusing on biological carbon emissions reduction, fossil carbon emissions reduction, and agriculture and forestry carbon sink as the three main areas of effort. Yili actively promotes the implementation of eight core ranch initiatives, explores effective carbon reduction solutions in livestock farming, and continuously optimizes the integrated planting and breeding ecological agriculture model, which promotes the coordinated development of regional livestock and agriculture, accelerates the low-carbon transition of ranches and achieves reductions in greenhouse gas emissions from the source.



Develop and optimize the feed composition

Cattle feed efficiency has significantly improved by using dietary formula innovations, such as high-silage diets, low-protein diets, and localized feed alternatives, as well as researching low-carbon additives and feed solutions. Core raw milk suppliers have launched the first carbon-reducing and yield-increasing feed for ruminants — Green Ranch Plus. Certified by professional institutions, this product can achieve a reduction in methane emissions from cows by over 20%, while increasing daily milk yield per cow by more than 2 kilograms.

Manage and optimize the cow structure

By leveraging key breeding indicators, Yili cultivates high-quality dairy cows and has established a core breeding population optimized for high productivity, extended productive lifespan, superior feed conversion efficiency, and low emissions, thus optimizing the herd structure, and reducing the greenhouse gas emissions from cattle metabolism.

Promote the low-carbon manure treatment technology

Yili is expanding the application of low-carbon manure treatment technologies, promoting anaerobic digestion biogas power generation projects to ensure the safe treatment and resource utilization of ranch waste. It is also upgrading oxidation ponds at non-biogas ranches with membrane cover retrofits to pilot high-efficiency manure processing methods.

Develop and apply the manure reutilization technology

Yili implements an integrated planting and breeding ecological agriculture model, where the solid fraction of manure, after low-carbon treatment and sanitization, is repurposed as high-quality bedding material for dairy cow stalls, while the liquid fraction is fermented into organic fertilizer for field application. This approach enhances soil organic matter, reduces synthetic nitrogen fertilizer use, and employs precision injection tankers to replace traditional flood or sprinkler irrigation methods, significantly improving liquid fertilizer efficiency. In 2024, Yili, in collaboration with institutions such as the Chinese Academy of Agricultural Sciences, launched field trials to analyze plant growth under varying solid and liquid fertilizer application rates. These experiments aim to identify optimal fertilization strategies, providing technical guidance to accelerate the establishment of a sustainable production model that integrates crop cultivation with livestock farming, thus promoting circularity between agricultural and pastoral systems.



Introduce photovoltaic new energy

Yili has implemented photovoltaic panels on dairy barn roofs and feed mill rooftops to generate self-consumed green electricity. In regions with abundant sunlight, new ranches and feed plants prioritize solar-powered streetlights, while existing facilities undergo phased upgrades to replace conventional lighting with solar alternatives.

Optimize energy structure

Yili is advancing the transition to new-energy agricultural machinery, equipping 21 ranches of core raw milk suppliers with 34 electric loaders. To reduce energy consumption, biomass boilers are being replaced with natural gas boilers, electric boilers, or air-source heat pump boilers through energy-saving retrofits.

Increase the intensity of energy-saving transformation

Newly constructed ranches feature waste heat recovery systems and energy-efficient blowers. 82 ranches of core raw milk suppliers adopted waste heat recovery from refrigeration units, while 19 ranches utilized energy-efficient ventilation by the end of 2024, significantly enhancing overall energy efficiency.



Agriculture and forestry carbon sink technology research and introduction

Yili is scaling up no-till farming practices in agriculture and forestry. Nationwide forage suppliers have cultivated 33,700 Chinese acres mu of whole-plant corn silage using 9 high-quality corn varieties (30-hour NDF digestibility ≥ 55%), while socially cooperative ranches have adopted 21 high-digestibility silage varieties across 124,400 mu. Leveraging manure recycling, organic fertilizers derived from livestock waste are applied to fields, optimizing crop productivity and enhancing soil carbon sequestration.



Yili has established in-depth energy conservation and emissions reduction partnerships with core raw milk suppliers, enabling and driving the implementation of decarbonization projects across 100% of core raw milk supplier.



By organizing specialized training programs on carbon footprint certification and related topics, Yili enhanced the credibility of carbon inventory data while achieving 100% coverage for core raw milk suppliers.



Case Collaboration on Manure Recycling Project

Yili partnered with its core raw milk suppliers in an emission reduction project, actively guiding and promoting the application of low-carbon manure treatment and land application technologies, such as solid-liquid separation, biogas residue bedding, and liquid fertilizer application. These processes enabled comprehensive manure recycling while capturing biogas generated during treatment for power generation, reducing methane and other greenhouse gas emissions. In 2024, Yili's core raw milk supplier, Youran Dairy, constructed a new anaerobic fermentation-biogas power generation project at its Xian County ranch. By the end of 2024, 14 ranches of the core raw milk suppliers had built and operated anaerobic fermentation biogas power generation systems.



Case Creating a Model of Low-Carbon Ranch

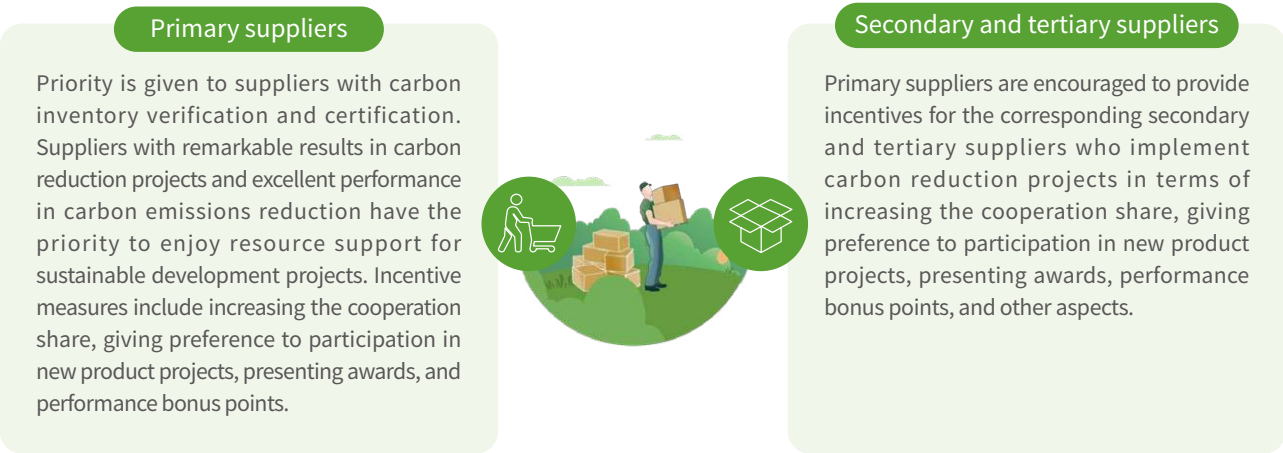
In 2024, Yili collaborated with its core raw milk suppliers to advance the construction of low-carbon ranches. Jinan Youran Dairy Farming Co., Ltd. (abbreviated as "Jinan Ranch"), as one of our core raw milk suppliers, is among the first to utilize self-developed full-mixed biogas anaerobic fermentation technology for power generation. The ranch fermented manure for harmless treatment, and centrally collected the generated biogas for electricity production, with an annual biogas output of approximately 6.25 million cubic meters used to generate green electricity. Jinan Ranch also installed photovoltaic power generation equipment on-site, achieving "ranch-light complementarity" for self-use of green electricity, and introduced electric milk transport vehicles, which can reduce carbon emissions by 22% compared to fuel vehicles, optimizing the energy structure. It actively promoted the "integration of planting and breeding" model – a green, low-carbon, circular development approach involving the return of organic manure to the field – helping to create a benchmark for low-carbon development in the breeding industry. In 2024, the ranch successfully obtained China's first Four-Star Low-Carbon Ranch certification, currently the highest level of low-carbon ranch certification in the country.

 Building a Low-Carbon Supply Chain

Yili is committed to advancing carbon reduction actions with its supply chain partners, actively promoting carbon inventory work among suppliers, and continuously expanding the Zero Carbon Alliance ecosystem through incentive mechanisms and empowerment training, comprehensively enhancing suppliers' enthusiasm and level of carbon management.

Supplier Carbon Reduction Incentives

In 2024, Yili upgraded its supplier performance mechanism by integrating sustainability assessment metrics. Suppliers demonstrating proactive efforts in "dual carbon" management and corporate social responsibility are now eligible for performance-based rewards, further incentivizing low-carbon transition across the supply chain.



Note: Primary raw material suppliers are direct suppliers, while secondary and tertiary raw material suppliers are indirect suppliers.

Carbon Reduction Empowerment for Suppliers

Giving full play to the role of the chain leader enterprise, Yili accelerates the green development of the supply chain through training empowerment, project collaboration, and directional guidance.



Carry Out Energy Saving and Emissions Reduction

At the beginning of each year, Yili released the *Technology Promotion Plan for Carbon Neutral Energy Saving and Emissions Reduction*. In 2024, we actively introduced 7 types of new energy-saving technologies such as scale inhibition technology and heat pump technology, extensively carried out 3 types of conventional energy-saving projects including water-saving, electricity-saving, and steam-saving. These initiatives were comprehensively promoted across all production and operation sites. By integrating energy metering management, we further explored energy-saving potential and accelerated progress in energy conservation and carbon reduction.

Partial energy-saving and emissions-reduction projects carried out by Yili in 2024

Heat pump technology application

By adopting heat pump technology, low-grade heat sources (e.g., condensation heat from refrigeration systems and waste heat from wastewater sources) were upgraded to high-grade heat sources. The recovered heat was reused in production processes such as ingredient mixing, product demolding, equipment cleaning, and anaerobic wastewater heating, enabling energy transfer and utilization while improving the overall energy efficiency.

Application of magnetic levitation unit equipment

By leveraging magnetic levitation refrigeration technology to enable contactless levitation and positioning, and integrating it with traditional refrigeration cycle principles, the system achieved high-efficiency, durable refrigeration performance while significantly reducing energy consumption for cooling.

Ammonia exhaust heat recovery

By installing heat recovery units in ammonia refrigeration systems, the waste heat from exhaust gases was efficiently recovered. The captured heat was used to raise the temperature of defrost water to 30 °C, which was then applied to cleaning and defrosting processes in cold storage facilities and reducing reliance on externally sourced steam.

Comprehensive utilization of carbon sources in wastewater

By signing legally binding contracts with downstream wastewater treatment enterprises and implementing pipeline agreement standards, the Company retained high-quality carbon sources in its wastewater for downstream wastewater treatment plants, which not only reduced the Company's energy consumption for waste residue treatment but also effectively reduced suspended solids and dissolved oxygen consumption in the wastewater of the treatment plants, enhancing wastewater treatment effects and achieving mutual benefits.

In 2024

Yili carried out a total of

1,669 energy-saving and emissions-reduction projects

Covered

100% of production and operation sites

Saved

120,500 tons of steam

Saved

81.06 million kWh of electricity

Saved

30,700 tons of standard coal equivalent in energy consumption*

Note: *This data represents the cumulative estimated energy savings based on design theory for energy-saving projects implemented in 2024.



Build Green and Carbon Neutral Factories

Yili actively builds green factories and carbon neutral factories while advancing related certification efforts. As of the end of 2024, a total of 44 Yili branches/subsidiaries obtained national-level green factory certification, and 5 factories received carbon-neutral factory certification. In October 2024, Shenyang Yili Dairy Co., Ltd. and Liaoning Yili Dairy Industry Co., Ltd. were selected as featured cases for the first batch of Zero Carbon Factory construction in Shenyang.

5 Carbon Neutral Factories

Carbon Neutrality Verification Opinion

Inner Mongolia Yili Industrial Group Co., Ltd.

Ice Cream Division

Yunnan Yili Dairy Co., Ltd.

Carbon Neutrality Verification Opinion

Inner Mongolia Yili Industrial Group Co., Ltd.

Infant & Toddler Nutrition Business Division

Zhejiang Yili Dairy Co., Ltd.

Carbon Neutrality Verification Opinion

Inner Mongolia Yili Industrial Group Co., Ltd.

Ice Cream Division

Changchun Yili Frozen Food Co., Ltd.

Carbon Neutrality Verification Opinion

Inner Mongolia Yili Industrial Group Co., Ltd.

Infant & Toddler Nutrition Business Division

Inner Mongolia Jinze Yili Dairy Co., Ltd.

Carbon Neutrality Verification Opinion

Inner Mongolia Yili Industrial Group Co., Ltd.

Infant & Toddler Nutrition Business Division

Tianjin Yili Dairy Co., Ltd.

Note: The aforementioned 5 factories have obtained the ISO 14068 Carbon Neutral Declaration Verification Statement Certificate in 2024.

» Transportation — Building Green Logistics

Yili adheres to the transportation concept of "Green and Lean Logistics" and actively builds smart green logistics. In 2024, Yili continued to establish a smart low-carbon logistics system by setting up efficient warehousing systems, optimizing transportation methods, rationally planning transportation routes, promoting the use of new energy logistics vehicles, and establishing a supply chain resource coordination platform.

 Green Low-Carbon Logistics



Building green warehouses

- ◆ Actively introducing intelligent equipment such as pallet dismantling systems and automatic loading robots to create automated production lines and improve warehouse operation efficiency.
- ◆ Actively promoting the construction of green warehouses, optimizing seasonal functional zoning across regional warehouses, setting independent partitions, reducing refrigeration areas, and minimizing the operating frequency of refrigeration units.
- ◆ By leveraging shared, reused, and recycled circulation tools such as pallet rental and box-to-crate conversion to align with business needs, reducing the consumption of single-use packaging materials in production and circulation, saving over 300,000 cartons annually.
- ◆ Replacing branch warehouses with "short-cycle, high-frequency transit hubs". In 2024, this initiative reduced 4 branch warehouses, with a decrease of 2,000 square meters in warehousing area.



Optimizing the logistics network

- ◆ Actively creating a Unified Warehouse and Shared Distribution Logistics Operation model to maximize resource utilization (e.g. warehouse, transportation capacity and labor), leveraging economies of scale, improving warehouse utilization, and vehicle load factor, optimizing logistics resource utilization.
- ◆ Promoting the "core trunk lines + node branch lines" transportation model, achieving seamless connectivity between "large-scale core trunk lines" and "short-cycle, high-frequency branch lines", while rationally optimizing the use of transportation vehicle types to minimize the use of oversized vehicles.
- ◆ Utilizing AI algorithm to calculate the optimal monthly traffic flow and direction to optimize branch warehouse sites, adjust radiation range, and add front-end warehouses, thus reducing allocation frequency, controlling secondary rotations, avoiding cross-docking frequency and positioning warehouse closer to demand market, thereby shortening the transportation distance.
- ◆ Developing low-carbon logistics routes, such as shipping products from Changchun to southern regions via maritime transport instead of land transport, achieving a 62.45% reduction in carbon emissions.



Promoting the use of new energy vehicles

- ◆ Promoting the use of green, low-carbon transportation tools, phasing out, retrofitting, or upgrading outdated fleets to increase the proportion of vehicles that meet national standard V or above.
- ◆ Continuously increasing the proportion of new energy vehicles in logistics operations to reduce carbon emissions from transportation.



Collaborating with Suppliers to Promote Green Logistics

Optimizing the supply chain distribution efficiency

- ◆ Building an intelligent supply chain resource collaboration platform to focus on the intelligent integration and configuration of backend supply chain resources and the rapid response to exceptions, enhancing supply chain collaboration efficiency and logistics transportation efficiency.
- ◆ Deploying a distribution system to plan optimal transportation routes for the raw milk logistics operations to reduce carbon emissions. In 2024, by leveraging this system and the Smart Supply Chain Resource Collaboration Platform, we achieved more efficient distribution through nationwide integrated planning and shortened milk truck transportation routes to reduce carbon emissions. The transportation distance per ton of raw milk decreased to 7.02 km, marking a 2.5% reduction compared to 2023.

In 2024

The transportation distance per ton of raw milk decreased to

7.02_{km}

A reduction of

2.5% compared to 2023

Supporting suppliers to upgrade transportation facilities

- ◆ Driving the upgrading of suppliers' logistics transportation vehicles, phased out outdated fleets, and introduced new vehicles with higher environmental standards. By the end of 2024, the proportion of milk tank vehicles of national standard V and above (including natural gas-powered and electric milk tank trucks) accounted for 99% of the total.
- ◆ Promoting the application of clean energy vehicles and new energy vehicles. By the end of 2024, the proportion of clean energy vehicles (including natural gas-powered and electric milk tank trucks) reached 27%, an increase of 7% compared to 2023.

By the end of 2024

The proportion of clean energy vehicles (including natural gas-powered and electric milk tank trucks) reached

27%

An increase of

7% compared to 2023

In 2024

» Consumers — Advocating Green Consumption

In alignment with the trend of low-carbon circular economy, Yili actively researches and develops green, low-carbon products, popularizing green consumption awareness, and promotes carbon reduction at the consumption end. Yili provides consumers with 6 carbon-neutral products and several carbon-reduction products, further offering diverse green product options. In 2024, Yili partnered with Ant Forest to launch the "Zero Carbon Protection - From Land to Sea" initiative. Consumers purchasing Yili's carbon-neutral and carbon-reduction products earn Ant Forest's "green energy" points, redeemable for tree planting and marine protection projects, fostering consumers' habit of green consumption.

Yili was awarded the "2024 ESG Innovation Practice Cases for Logistics and Supply Chain Enterprises" by the Green Logistics Branch of the China Federation of Logistics & Purchasing. As the only dairy enterprise participating in the compilation of the *China Green Logistics Development Report (2023-2024)*, Yili also released its green logistics innovation achievements in the dairy industry.

Case

Providing Consumers with Carbon-neutral and Carbon-reduction Products, Promoting the Formation of A Green Lifestyle, and Stimulating the Potential of the Green Market

Yili provides consumers with 6 carbon-neutral products, of which 4 have obtained the carbon-neutral certificate *ISO 14068-1:2023 the Climate Change Management - Transition to Net Zero - Part 1: Carbon Neutral*, and the other 2 have obtained the carbon-neutral certificate *PAS 2060:2014 the Carbon Neutral Verification Specification*. Yili achieves the carbon neutrality of the entire life cycle of these 6 products through the use of clean energy, carrying out energy-saving and emissions-reduction work, purchasing green electricity, and carbon neutrality.



Satine Hulunbuir Organic Pure Milk

The carbon emissions per pack can be reduced by 0.86 kg.



Satine Jersey Organic Pure Milk

The carbon emissions per pack can be reduced by 0.85 kg.



Jinlingguan Seine Mouiller Organic Milk Powder

The carbon emissions per can (stage 3) can be reduced by 8.8 kg.



Changqing Premium Protein Artisan Yoghurt

The carbon emissions per cup can be reduced by 0.47 kg.



QiXuan Dark Chocolate Pistachio Ice Cream

The carbon emissions per box can be reduced by 303.6 g.



Golden Guard Cheese Sticks

The carbon emissions per pack can be reduced by 4.28 kg.



In 2024, Yili launched several carbon-reduction products to meet consumers' environmental protection needs, advocating for a sustainable lifestyle.

Yili Eco-Pack Pure Milk



By reducing aluminum foil, ink, and handles through the "Three Reductions" eco-friendly process, it is certified by a third party to effectively reduce the carbon footprint by 30.92% per pack and 266.88g of CO₂ equivalent per carton.

Yili Pure Milk with Carbon and Methane Reduction



The industry's first eco-friendly double reduction pure milk that achieves carbon and methane reduction, through packaging carbon reduction and innovative low-carbon feed technology, reducing methane emissions from cow rumen, achieving a 30.92% reduction in carbon footprint per package and a 20%-30% reduction in methane ratio.

Satine Carbon-Reduced Organic Pure Milk



Using milk sourced from carbon-reduced ranches, and natural wood-toned packaging with reduced ink printing and kraft paper cartons, it achieves a 15%-18% reduction in carbon footprint. The product has obtained the full-lifecycle carbon reduction certification, dual certifications from China and Europe for organic products, and ecological origin assessment, ensuring carbon reduction and organic traceability throughout the process.

» Improving Carbon Emissions Management

Yili adheres to the scientific carbon reduction method of conducting thorough carbon inventory, identifying potential, implementing emission reduction, and green transformation. Rooted in the dairy industry, Yili contributes to industry standard development, conducts carbon inventory and carbon footprint accounting, and actively applies digital means to improve carbon management efficiency, providing intellectual support and experience sharing for China's dairy industry to move toward green and low-carbon development.

 Formulation of Carbon Standards

Yili actively participates in the national and industrial standard construction in the field of "dual carbon". It is involved in standard construction in seven major areas including enterprise carbon management, carbon emissions accounting, carbon emissions assessment, and carbon asset management, making positive contributions to "dual carbon" development. By the end of 2024, Yili led or participated in the formulation and revision of 39 standards in the green and low-carbon field, including 1 international standard, 9 national standards, and 12 group standards that have been issued and implemented, providing a scientific basis for accelerating the green transformation of the industry.

 Carbon Management Digital Intelligence System

In 2024, Yili launched the first comprehensive carbon management operation platform in China's dairy industry — the China Dairy Industry Carbon Management Operation Platform. This platform aims to establish and improve dairy industry's carbon emissions database and carbon emissions factor library, u application modules such as carbon emissions accounting, product carbon footprint accounting, supplier carbon data traceability, dairy industry factor database, and calculation data analysis. It enables precise calculation and monitoring of the carbon footprint in the product lifecycle of dairy enterprises, supports enterprises in formulating scientifically sound emissions reduction strategies, and provides scientific basis and technical support for carbon emissions management in the dairy product industry.



▲ China Dairy Industry Carbon Management Operation Platform Launch Site

By the end of 2024

Yili led or participated in the formulation and revision of

39 standards in the green and low-carbon field

Issued and implemented

1 international standard

9 national standards

12 group standards

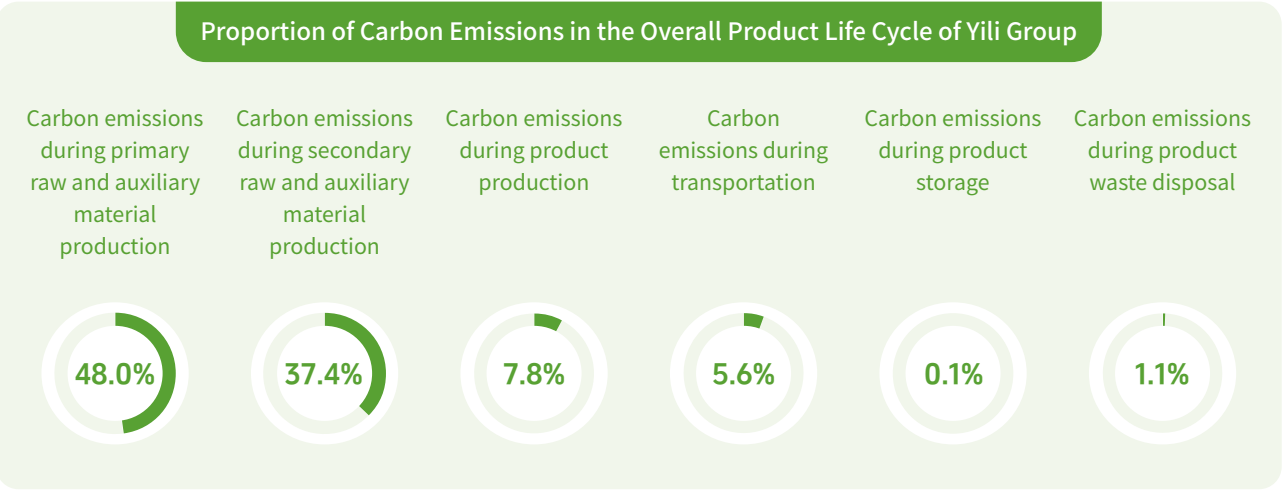
 Carbon Footprint Accounting

Yili continues to carry out carbon footprint accounting for the entire product lifecycle. Based on 15 years of continuous carbon inventory experience and guided by international standards such as *ISO 14064*, *ISO 14067:2018 the Greenhouse Gases - Carbon Footprint of Products - Requirements and Guidelines for Quantification* and the *Greenhouse Gas Protocol (GHG Protocol)*, and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*, Yili evaluates and quantifies the greenhouse gas emissions of its products at different stages, providing data support and a strategic decision-making basis for carbon neutrality planning.

Stage	Evaluation methods
Raw material end	Yili collects, calculates, evaluates, and monitors the total carbon emissions and intensity generated during the production, manufacturing, and operation processes of primary and secondary raw material suppliers. In 2024, Yili collected and calculated the total carbon emissions and intensity of 47.2% of its low-carbon transition suppliers, covering the Group's core suppliers.
Raw milk end	Yili collects, calculates, evaluates, and monitors the total carbon emissions and intensity generated during the production and operation processes of raw milk suppliers. In 2024, Yili conducted carbon inventory for 100% of its core raw milk suppliers and collected and calculated the total carbon emissions and intensity generated during the production and operation processes across 100% of raw milk suppliers. Note: Raw milk suppliers include those in which Yili holds majority or partial ownership and Yili's socially cooperative ranches.
Direct production and operation	Yili carries out carbon inventory at the Company Organizational level. With carbon inventory as the core, it has established an accounting system for energy and environmental protection data including comprehensive energy consumption, water consumption, electricity consumption, gasoline and diesel consumption, steam consumption, wastewater discharge, and other aspects, realizing comprehensive traceability and systematic calculation of total carbon emissions and intensity data for direct production and operation. In 2024, Yili completed the collection and calculation of total carbon emissions volume and intensity for 100% of the Group's production and operation units.
Transportation, logistics, and storage	Upstream: Yili collects carbon footprint data from existing key suppliers and calculates the total carbon emissions and intensity of primary and secondary suppliers during the transportation and storage of raw milk as well as raw and auxiliary materials. Downstream: Yili upgrades the existing transportation management system to visualize vehicle operation mileage and calculate, evaluate, and monitor the total carbon emissions and intensity generated during logistics transportation and storage. It also implements targeted improvement plans. The purpose is to reduce carbon emissions during logistics transportation.
Waste disposal stage of products	Yili has completed the collection and calculation of the carbon footprint of the 100% waste disposal stage of products.



Yili has completed the carbon footprint evaluation and accounting of all core products (including eight core product categories: pure milk, low-temperature yogurt, low-temperature fresh milk, modified milk, ice cream, milk powder, cheese, and mineral water), with a carbon footprint accounting coverage rate of 100%.



Green Operations Promotion

Yili deeply integrates the concept of green environmental protection into the entire production and operation process, optimizing energy and water use efficiency, reducing pollutant emissions, promoting circular economy and green development, and fostering harmonious coexistence between human and nature.

» Environmental Management System

Yili has established an environmental management structure with clear responsibilities. The Strategy and Sustainable Development Committee is mainly responsible for reviewing the Company's annual sustainable development work plans and their implementation, supervising the implementation of the Company's sustainable development plans, and other work. There is also an Environmental Management Committee responsible for the comprehensive coordination and management of environmental protection across the Group. In addition, Yili has established a compliance mechanism that integrates national laws, regulations, and environmental best practices, transforming legal and regulatory requirements into actionable management standards, and ensuring the tiered implementation of environmental responsibilities through signed agreements with employees at all levels for safety production and environmental protection.



In 2024, Yili reported zero major sudden environmental incidents and received no significant administrative penalties from regulatory bodies. Moreover, 57 factories have passed the ISO 14001 Environmental Management System certification, underscoring continuous improvements in environmental governance.

EHSQ Information Management System

Yili has established an EHSQ information management system, designing and developing dedicated modules for environment, health, and safety. By deploying IoT-based online monitoring system, it realized online monitoring and management of environmental data such as greenhouse gases, energy and water usage, pollutants, and waste. This system empowers Yili to control energy consumption at the source, save resources, manage pollutant emissions, reduce greenhouse gas emissions, and improve precision in environmental management.

Preventing Environmental Protection Risks

Yili has formulated relevant plans for environmental protection early warning and emergency management, continuously optimized the control plan and control process of emergency events, and achieved comprehensive, multi-dimensional, and systematic environmental management improvement by carrying out special actions and developing environmental risk maps.



Enhanced Environmental Risk Mapping

In 2024, Yili upgraded its environmental risk map by optimizing evaluation criteria in five key areas: system operation, management system, environmental procedures, online monitoring, and wastewater system. Monthly tracking of evaluation results ensured proactive risk assessment and targeted issue resolution.



Environmental Factor Identification

Yili implemented the *Environmental Factor Identification, Evaluation, and Control Process*, conducting in-depth investigations into potential environmental pollution sources. Yili established a review criteria based on dimensions such as environmental monitoring frequency, hardware facility status, environmental risk map, and surrounding sensitive areas, providing a solid foundation for the subsequent formulation of targeted prevention and control measures.



Environmental Trainings

In 2024, Yili organized 519 environmental training sessions, with a total of 12,761 participants, and 57 environmental emergency drills to enhance employees' environmental protection awareness.

In 2024

Yili organized

519 environmental training sessions

Engaged

12,761 participants

Organized

57 environmental emergency drills



Case Capacity Building Training for Sustainable Development

In May 2024, Yili invited external experts to conduct annual sustainable development training, including an in-depth analysis of the newly released *Emissions Permit Management Regulation*, learning wastewater treatment technology and design concepts, introducing the ISO 14068-1:2023 standard, carbon footprint calculation methods, greenhouse gas reduction strategies, etc., to enhance employees' understanding of low-carbon production and environmental protection.

» Energy Management

Energy management is an important component of Yili’s efforts to address climate change and achieve the Group’s carbon neutrality goal. In 2024, Yili upgraded the *Energy Management Manual of Yili Group* to the *Energy Management Measures of Yili Group*. Its annual *Technology Promotion Plan for Carbon Neutral Energy Saving and Emissions Reduction* prioritized energy efficiency, outlined key projects and emphasized reducing energy intensity and improved energy utilization efficiency. At the beginning of each year, Yili sets comprehensive targets for energy consumption per unit of output for each business unit to enhance energy management capabilities. For specific measures and effectiveness data on Yili’s energy saving and emissions reduction efforts, please refer to the "Production - Developing Green Manufacturing" section.

Yili's key performance indicators in energy consumption in 2024 are as follows:

Indicator	Unit	2024
Direct energy consumption	tce	134,534.19
Coal consumption	tons	44,364.95
Gasoline consumption	liters	189,131.31
Diesel consumption	liters	350,572.97
Natural gas consumption	10,000 standard cubic meters	8,904.12
Indirect energy consumption	tce	238,389.18
Purchased electricity consumption	kWh	1,084,859,873
Purchased steam consumption	tons	1,108,811.62
Total energy consumption	tce	372,923.37
Energy consumption intensity	tce /ton of products	0.0404
Reduced energy consumption	tce	27,033.90*
Proportion of green electricity usage	%	25.37%

Note: * The data reflected the actual energy consumption reduction in 2024 compared to 2023. The actual effectiveness of energy consumption reduction was affected by factors such as enterprise production capacity fluctuations, equipment operational conditions, personnel operations, and abnormal weather.

Key performance of Yili in the use of clean energy in 2024 are as follows:

Indicator	Unit	2024
Clean energy – natural gas usage ratio	%	78%
Clean energy – solar energy usage ratio	%	17%
Clean energy – biomass energy (biogas) usage ratio	%	5%



In 2024

55 of Yili factories passed the ISO 50001:2018 Energy Management System certification

Marking an increase of 19.6% from 2023

» Water Resource Management

Water resource is the foundation for human survival and development. In response to the increasingly severe global water challenges, Yili follows the water resource management philosophy of "production aligned with water availability, water conservation as a priority, efficient utilization, and systematic governance". We continuously improve the water resource management mechanism, enhance water risk management capabilities, integrate water resource management throughout the production and operation process, and promote efficient management of water resource across the entire industry chain.

 Water Resource Management Mechanism

Yili has established a water resource management framework covering "Decision-making level, Organizational level, and Implementation level". We have set up a Strategy and Sustainable Development Committee at the board level. The committee consists of eight directors (including two independent directors) under the charge of Mr. Pan Gang, the Chairman and President of Yili Group. The Strategy and Sustainable Development Committee is mainly responsible for studying and making suggestions on long-term development strategic planning, guiding sustainable development, reviewing the Company's annual sustainable development plans (including sustainable development strategies, water resource management, etc.) and their implementation, and supervising the performance of the Company's sustainable development plans.

The Sustainable Development Office is under Strategy and Sustainable Development Committee, which is responsible for the sustainability performance supervision and report to the Strategy and Sustainable Development Committee on a regular basis. The Work Safety Management Department of Yili Group is responsible for the daily management on a regular basis, project promotion, technical support, and guidance of water resource and reports to the Sustainable Development Management Office every quarter. To strengthen the full-life cycle management of water, in 2024, Yili formulated the corporate standard of the *Water Management Technical Standard*, controlling from dimensions such as water withdrawal, water treatment, water use, and wastewater discharge, to promote the scientific and rational use of water resource.

 Water Conservation Target

Yili has set water-saving targets for 2025 at its operational level. Based on the characteristics of each division's product structure and historical water consumption, we formulate annual water usage targets per ton of products and corresponding incentive mechanisms for each division. These are formalized in the *Annual Energy Consumption Indicator Target Verification Sheet* for each business unit. At year-end, incentives are fulfilled based on performance assessments against these targets. In addition, Yili has also set water-saving targets for its supply chain to promote water conservation across the entire chain.

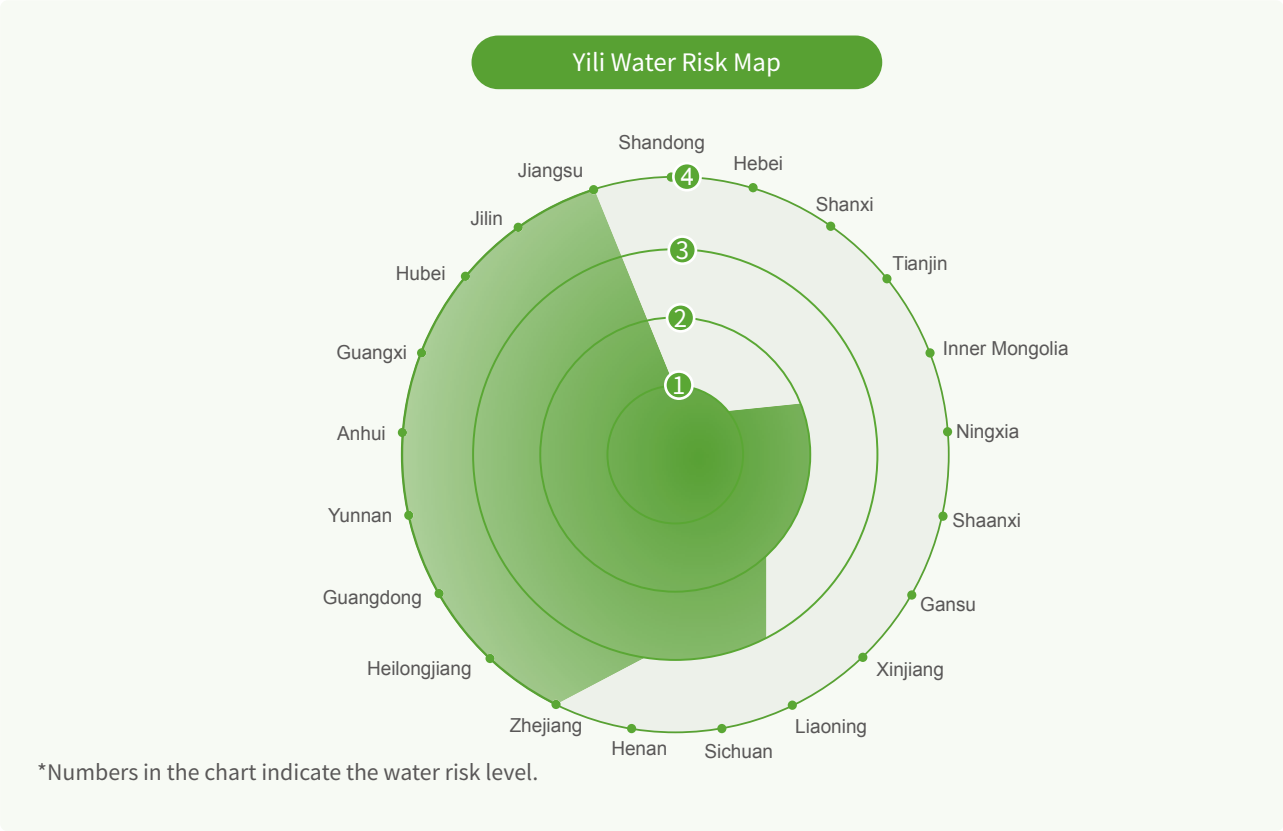
The water-related targets and achievements for 2024 are as follows:

Target type	Target value	Performance in 2024	Target achievement
Water conservation target at operation	By 2025, the water consumption of production will be reduced by 3% compared with 2021.	Reduced by 10.66%	Achieved
	By 2025, the water consumption per ton of products will be reduced by 3% compared with 2021.	Reduced by 7.96%	Achieved
	By 2025, the recycling rate of reclaimed water will be increased by 5% compared with 2021.	Increased by 8.18%	Achieved
Water conservation target at supply chains	Taking 2021 as the base year, within the next five years (up to 2025), the daily water consumption standard per single cow will be maintained within 110 kg.	In 2024, the water consumption was 1,100 tons per million revenue The water consumption per ton of milk in 2024 decreased by 12.47% compared with 2023	In progress

Water Risk Assessment

Currently, the global distribution of water resource is highly uneven, and water stress continues to rise worldwide. Yili strictly adheres to the legal and regulatory requirements of its operational locations and applies the AWARE tool developed by the WULCA working group under the UNEP-SETAC Life Cycle Initiative to identify, analyze, and monitor water-related risks in the production process, including risks of water scarcity, aquatic ecology, and water environment. Yili also combines the AWARE water scarcity factor to assess the water risks of its factories, classifying them into risk levels 1-4, with a 100% coverage rate for factory water risk assessment. According to the results of water risk assessment and monitoring, the regions most relevant to Yili's business and with the highest water risks are mainly distributed in Hebei, Shanxi, Shandong, Tianjin.

Yili, based on the results of water risk identification and the water consumption of different products, systematically plans aspects such as equipment selection, process configuration, and product layout, while implementing targeted preventive and monitoring measures. For factories located in areas with higher water risk levels, Yili prioritizes water conservation initiatives to enhance water risk mitigation capabilities. In addition, during the supplier qualification phase, Yili also evaluates the water risk levels of suppliers' locations. During site selection assessments, the water resource risks of the production line layout are incorporated into the assessment dimensions. Supplier qualifications also factor in regional water risks, thereby strengthening water stewardship resilience.



Water Risk Mitigation Actions

Yili has developed a water risk mitigation plan based on identified fresh water-related risks, introducing the best available water-saving technologies such as steam condensate recovery, cooling water recovery, RO concentrate water recovery, and CIP rinse water reduction. Yili also advances water quality and consumption optimization projects, and conducts water footprint assessments to continuously improve water resource management.



Case Multi-pronged Initiatives to Enhance Reclaimed Water Recycling

In 2024, Yili implemented comprehensive water conservation measures, including concentrated water treatment and recycling from pure water systems, flushing water treatment and recycling from soft water systems, mechanical seal cooling water recovery, homogenizer cooling water reuse, recycling of cleaning drainage from composite alkali tanks, ingredient water tanks, workshop hot water tanks, and wafer hot water tanks, as well as recycling of treated non-hazardous reclaimed water, significantly reducing water resource waste. Notably, the excess cooling water and cleaning water from the production workshop are recovered for use in the energy system for cooling and process tower water supplementation, saving 360,000 tons of water annually.



Case Rainwater Collection and Reuse

In 2024, Yili identified significant rainwater reuse potential at Meizhou Yili Frozen Food Co., Ltd., located in a low-latitude region with mountainous terrain that experiences long summers, short winters, high temperatures, ample sunlight, and abundant rainfall. The 94,800-square-meter plant, with an average annual precipitation of approximately 602.6 mm. By evaluating existing equipment layouts and integrating rainwater collection points with recycled water accessibility, the facility implemented rainwater recycling primarily to replace circulating water in evaporative cooling systems, achieving an annual water replacement volume of 4,800 tons.



Product Water Footprint Assessment

Yili comprehensively evaluates the water footprint of the entire life cycle of its product supply chain and its impact on regional water resource, based on the *ISO 14046:2014 Environmental Management - Water Footprint - Principles, Requirements and Guidelines* issued by the International Organization for Standardization. It carries out research, evaluation, and certification of organizational and product life cycle (LCA) water scarcity footprint, and in 2022, it obtained the first *Water Footprint Verification Statement* in the dairy industry awarded by the British Standards Institution (BSI). In 2024, Yili continued to promote the organizational and product water footprint verification across its business units. By the end of 2024, 3 products and 5 factories of Yili had completed water footprint certification and obtained the *Water Footprint Verification Statement* issued by a third party.

In 2024

Total of
34 Yili's factories were awarded the title of Water-Saving Enterprise

Implemented
668 water-saving projects

100% of Yili's production and operation sites were covered

Over
2 million tons of water were saved annually

By the end of 2024

3 products and

5 factories of Yili completed water footprint certification and obtained the *Water Footprint Verification Statement* issued by third party



The results of the water scarcity footprint verification and assessment show that the potential environmental impact of organizational water scarcity footprint (WSF) and product water scarcity footprint (WSF) mainly comes from upstream raw and auxiliary material production (>90%). Therefore, Yili collaborates with suppliers to actively engage in water footprint research based on the life cycle assessment (LCA), reducing the water footprint of the organizational and product life cycle through source control, strengthened management, and cooperative development.



Source control

Yili uses the water risk map to sort out and identify the risk level of water resources in regions where key category suppliers are located to guide suppliers' work planning. For example, when purchasing feed in ranches, Yili gives preference to feed produced in regions with abundant rainfall. Additionally, it systematically plans the design of packaging materials and adopts packaging materials with low water consumption factors.



Enhanced management

According to the water footprint verification and assessment, Yili has set quantitative water conservation targets in its supply chain and established an incentive mechanism to provide incentives for suppliers with the improvement of water resource management performance. In 2024, according to the Water Stress Map of China, Yili identified 85 suppliers located in high water risk areas, and promoted water-saving projects such as RO concentrated water reuse and production cooling water recycling among 57 of these suppliers, achieving a water saving of 246,200 tons.



Cooperative construction

Yili promoted supplier participation in water resource management empowerment training and deepened lean management of water resource and quality, covering 100% of core suppliers. At the same time, Yili involved raw milk suppliers to use water-saving technologies such as AI precision sprinkling and washing water reuse, helping ranches save water resource.

We involved partners to join the Global Low Water Footprint Initiative (LWFi) Alliance, developed water-saving plans for industrial chain enterprises, driven collaborative construction of water-saving projects in the industrial chain, and continuously expanded the ecosystem of the "Low Water Footprint Initiative". In 2024, 32 suppliers in the Global Low Water Footprint Initiative (LWFi) Alliance were encouraged to carry out water-saving projects, resulting in saving 351,000 tons of water.

In 2024, Yili's water resource management performance was as follows:

Water management indicator	Unit	2024
Total water intake	10,000 tons	3,419
Total water consumption	10,000 tons	3,419
Total water consumption intensity	tons/ton of products	3.7
Qualified rate of drainage	%	100%
Total drainage volume	10,000 tons	3,779
Drainage intensity	tons/ton of products	4.1
Utilization rate of alternative water sources (gray water, rainwater, wastewater)	%	7%
Recycling rate of reclaimed water	%	15.13%

» Sustainable Packaging Management

Always being committed to sustainable packaging management, Yili actively promotes the research and development of sustainable packaging innovation technologies and the transformation of results, and encourages consumers to practice sustainable consumption, thereby reducing the impact of product packaging production and waste treatment on the environment, contributing to the realization of circular economy development.

 Sustainable Packaging Strategy

Yili has issued the *Overall Plan for Sustainable Packaging of Yili Group* and the *2025 Sustainable Packaging Strategic Goals and Implementing Pathway*. Adhering to the principles and strategies of reduce, reuse, refuse, recycle and degradable, Yili promotes environmentally friendly packaging design and reduces the environmental impact of packaging materials.



Clear Strategic Research and Application Direction

Developing alternatives to PVC and EPS materials to eliminate their use in product packaging.

Creating a single-material solution to address the recyclability issues associated with heterogeneous composite films, such as some aluminum-plastic sealing films and other non-recyclable composite sheets.

Designing a low-additive strategy to tackle the problem of high additive content and low recycling value in PET dairy packaging.

Continuously researching lightweight techniques to reduce the number of packaging materials, particularly plastics, used per unit of product.

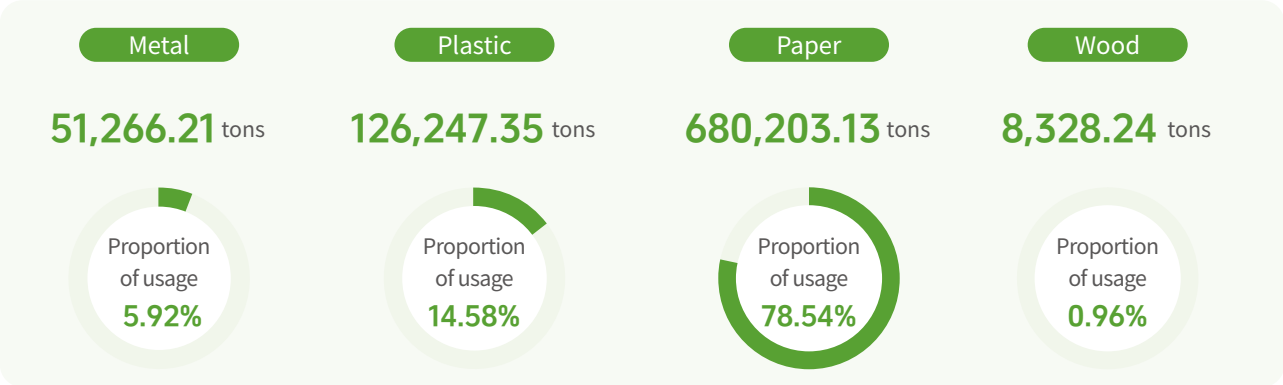
Yili has established 2025 Sustainable Packaging Strategic Goals that encompasses the entire group and all product lines. A detailed implementation plan has been mapped out to align with this strategic objective. The Company is proactively researching and developing sustainable packaging materials and technologies, focusing on creating low-carbon, environmentally friendly packaging. This effort is aimed at achieving the overarching goal of sustainable packaging materials.

2025 Sustainable Packaging Strategic Goals and Progress

Target type	Target value	Performance in 2024	Target achievement
Use of petroleum-based plastic	By 2025, 20,000 tons of petroleum-based plastics will be reduced compared with 2019.	Cumulative reduction of 17 thousand tons in petroleum-based plastic use due to the introduction of eco-friendly technology	In progress
Design of packaging	By 2025, over 99% of our packaging materials will be recyclable at the design stage.	99.12% of product packaging materials have been recyclable at the design stage	Achieved
Use of PVC packaging	By 2025, the use of PVC in product packaging will be eliminated.	The use of PVC label has been reduced by 10% in 2024 compared with 2023	In progress
Use of EPS packaging	By 2025, the use of EPS in product packaging will be eliminated.	The use of EPS has been reduced by 7.36% in 2024 compared with 2023	In progress

Note: The use of PVC materials in shrink labels for bottled products such as PET, HDPE has been eliminated.

In 2024, Yili's usage of packaging materials was as follows:



Note: The types of packaging materials used by Yili include plastic, paper, metal, and wood.



Based on the 2025 packaging sustainability goals, Yili has further planned the 2030 packaging sustainability goals:

Recyclable packaging design

By 2030, Yili aims to design above 99.5% of its packaging for recycling and continue to work toward 100% being recyclable. Yili is committed to promoting the transition from recyclable to easy-to-recycle packaging through technological innovation and practical application.

Reduction of the use of petroleum-based plastic

By 2030, Yili aims to achieve the continuous reduction in the consumption of petroleum-based plastic per ton of products, through replacing plastic with paper, optimizing packaging structure to reduce material usage, introducing bio-based materials, and exploring scenarios for packaging reuse.

Utilization of recycled plastic

By 2030, Yili aims to use recycled plastic (PCR/PIR) for above 50% of its plastic packaging, in accordance with the relevant laws and regulations.

Optimization of non-environmentally friendly materials

Based on the elimination of non-environmentally friendly materials such as PVC and EPS, Yili aims to prioritize the use of packaging materials with better recycling streams and optimize the structure of packaging materials used by 2030.

Research, Development and Application of New Sustainable Packaging Materials

Since 2021, Yili has adopted the Packaging Impact Quick Evaluation Tool (PIQET) to calculate carbon emissions and assess environmental impact through the packaging sustainability improvement process. In 2024, PIQET continued to be applied in the packaging design stage across all business units as an environmental impact assessment tool, helping Yili incorporate the environmental impact of packaging into business decisions.

Yili relies on advanced R&D tools, a professional R&D team, and rich cooperative R&D experience to continuously carry out the development and application transformation of sustainable packaging materials, so as to promote the efficient implementation of its sustainable packaging strategy. In 2024, Yili won 15 important awards in the field of sustainable packaging material technology research and development and application, continuously playing a leading role in the industry and reducing the environmental impact of product packaging.

In 2024

Yili won 15 important awards in the field of sustainable packaging material technology research and development and application

Sustainable Packaging Material Technology Research and Development Project

Low-cost polyester labels

Develop direct melting method polyester labels to replace PVC material while solving industry-wide issues such as easy deformation and wrinkling of PP material empty cup sleeve labels.

Single polyolefin material

Design and develop a single polyolefin material, achieving 100% recyclability of packaging materials. With ultra-high barrier properties, it could be used to replace traditional aluminum foil materials, reducing carbon emissions by over 60%.

High light-blocking alkali-washable labels

Develop low-density polyester shrink film, achieving ultra-high barrier properties through alkali-washable coating and ink, with a light-blocking rate of $\geq 99.9\%$, ensure the taste of dairy products while reducing plastic usage by 15% and achieve a 15% reduction in carbon emissions from the original film. By removing dark components from the packaging, high-quality recycling and reuse of packaging materials are realized.

Exploration of recycled plastic application

Adopt innovative recycling processes to produce white shrink labels with a recycled plastic (PCR) content of 50%, reducing the use of virgin plastic by 50% and carbon emissions by 17.8%; through optimized design of label materials, achieve a reduction in film density of over 15%, enabling further plastic reduction of 15%.

Case

Sustainable Technology Application and Transformation of Packaging Materials

Drawing on aerospace honeycomb material technology for cross-border innovation, Yili developed micro-foaming technology. In 2024, we completed the weight reduction application of micro-foaming in the liquid milk Ambrosial 5G yogurt cup lids, achieving mass market launch of the product. Meanwhile, we completed application testing of micro-foaming technology in Gemice product cup lids, which could achieve a weight reduction of over 5% per lid.

In 2024, the launch of Satine Hulunbuir Organic Plant-based Integrated Cap Milk achieved a seamless connection between the cap and the bottle, effectively reducing cap loss and facilitating whole-bottle recycling. Additionally, as verified by the Carbon Trust, the plant-based integrated cap made from sugarcane raw materials could reduce packaging carbon footprint by 33%.

Yili's cheese stick products mainly use film rolls formed into stand-up pouches. In 2024, Yili implemented a lightweight treatment for the aluminum-plated outer film of all cheese sticks, achieving a 10-micron reduction in film thickness, which can reduce approximately 64 tons of plastic use annually.

In 2024, the Adult Nutrition Division optimized the outer packaging boxes for product storage and transportation. By replacing glue-print boxes with watermark yellow cardboard boxes, eliminating the use of oil-based inks, and designing primarily in single or dual colors, we seek to minimize ink usage. The optimization was applied to all categories of outer packaging boxes within the year.



Product Packaging Recycling

As a leading dairy company, Yili actively promotes the development of a circular economy and has initiated programs to encourage consumers to participate in waste recycling activities. In 2024, Yili continued to carry out a series of product packaging recycling projects to raise public awareness of environmental protection and encourage consumers to engage in green consumption.

Case

Satine's Empty Bottle Recycling Activities

In 2024, Yili Satine launched the Empty Bottle Recycling Program 2.0, partnering with the AiHuiShou platform to initiate a milk bottle recycling campaign. These machines, which were located offline, have been designed to facilitate the recycling of milk bottles. The public was encouraged to utilize these smart recycling machines for the purpose of discarding their Satine bottles. The milk bottles were recycled and remanufactured, with the resultant items for daily life. In addition, Satine and AiHuiShou have collaborated with logistics platforms and supermarkets to provide online support and established offline recycling stations, thus expanding the channels for milk bottle recycling. The campaign covered over 12,000 communities in 38 cities across China, attracting more than 16,000 participants and successfully recycled over 4,390 kilograms of milk bottles. The enhanced recycling rate has encouraged consumers to engage in environmental protection practices, thereby collectively contributing to the sustainable development of the earth.

In 2024

The campaign covered over	Covered over	Attracting more than	Successfully recycled over
38	12,000	16,000	4,390
cities across China	communities	participants	kg of empty bottles

Case

Cute Star Student Pure Milk's Recycling Initiatives on Campus

On September 15, 2024, the World Cleanup Day, Yili Cute Star Student Pure Milk initiated the "Cute Star Student Pure Milk National Campus Carbon Reduction Campaign" in conjunction with the environmental public welfare organization Water Drop, calling on schools nationwide to participate in milk carton recycling. This initiative covered 9 campuses, with approximately 3,000 participants. It resulted in the recycling of over 100,000 Cute Star Student Pure Milk cartons. This represented a reduction in carbon emissions, with a total reduction of 1.08 tons. The recycled cartons were transformed into useful items such as stationery and bookshelves, conveying the concept of low-carbon consumption to the new generation.

In 2024

This initiative covered	About	Completed the recycling of over	With a total carbon reduction of
9	3,000	100,000	1.08
campuses	students participated	Cute Star Student Pure Milk cartons	tons for the Earth



» Emission Management

Yili is committed to reducing pollutant emissions during production and operation, strictly adhering to national and local environmental control requirements where it operates, and has formulated the Group's *Ten Red Lines for Environmental Management* to ensure effective control of air, water, noise, and other types of pollution during production. Additionally, Yili has established pollutant management systems such as the *Technical Standards for Environmental Online Monitoring*, the *Technical Specifications for Environmental Monitoring*, the *Technical Standards for Exhaust Gas Management*, the *Technical Standards for Solid Waste Disposal*, and the *Technical Standards for Water Management*, continuously promoting compliant management of wastewater, solid waste, and waste gas.

In 2024, Yili continued to strengthen the disposal and control of exhaust gas and wastewater through source reduction, classified management, and the construction of wastewater treatment facilities. We also developed comprehensive monitoring plans for pollutants such as wastewater, exhaust gas, and noise to ensure that all pollutants were discharged in compliance with relevant standards. For information on the pollution discharge of key pollution units of the Company, please refer to the "Environment and Social Responsibility" section of the Company's annual report.

 Solid Waste Management

Hazardous Waste Management

Yili, in accordance with the *Technical Standards for Solid Waste Disposal*, implements strict management of hazardous waste to ensure compliant disposal and reduce potential risks to the environment and human health.

Classified management

According to the characteristics of hazardous waste clearly defined in the *National List of Hazardous Wastes*, all hazardous waste generated during production and operation processes is classified and labeled with standardized tags to regulate its management and disposal.



Safe storage

Each factory is equipped with a dedicated hazardous waste warehouse, fitted with safety facilities such as fire extinguishers, leak prevention pools, and fire sand to prevent environmental pollution caused by accidental leakage of hazardous waste. Additionally, regular inspections of warehouse facilities are conducted to ensure their proper functioning.



Professional handling

Hazardous waste is turned over to professional institutions with corresponding qualifications for disposal, ensuring the disposal process meets national requirements, and detailed records of hazardous waste management is established, including the generation, flow, and disposal of hazardous waste, to ensure traceability of the transfer process and proper treatment after leaving the factory.



During the Reporting Period

Yili did not receive any significant administrative penalties or face criminal liability due to pollutant emissions.

Non-hazardous Waste Management

For harmless waste, Yili responds to the national call for the construction of waste-free cities, continuously promotes the reduction and resource utilization of industrial harmless waste, and combines with the EHSQ information management system to track and record the disposal of harmless waste in real-time, preventing it from polluting the air, water sources, and soil.



By improving production processes and optimizing raw material selection, we reduce the waste generated during production. Based on the characteristics of the dairy industry, sludge is the highest proportion of general waste in our production process. By continuously promoting zero-sludge projects, fully utilizing the functions of wastewater acidification and anaerobic systems, and applying biofilm methods and other processes, we strive to reduce the generation of sludge in wastewater treatment, thus achieving a reduction of over 50% in sludge generation. By the end of 2024, Yili had a total of 40 sets of wastewater treatment systems capable of achieving zero sludge.

We actively explore various ways to recycle harmless waste such as sludge, packaging materials, slag, non-metallic materials, and e-waste generated during the production process. Yili follows the solid waste classification standards, adopts advanced recycling technology, and introduces the *Guiding List of Solid Waste that can be Utilized for Comprehensive Utilization* to increase the recyclability of solid waste. In 2024, Yili's overall solid waste recycling rate reached 83.94%.



Case

Tianjin Plant Obtained the Zero Landfill Waste Management System Certification

Yili continues to promote the source reduction and resource utilization of solid waste, promotes the zero landfill waste certification, and seeks the best solution for waste management to help enterprises control waste risks to the maximum extent. In June 2024, Tianjin Yili Dairy Co., Ltd. obtained the Diamond Level Zero Landfill Waste Management System certification issued by SGS.

By 2024

A total of 6 Yili factories have obtained the zero landfill waste certification



Tianjin Plant Zero Landfill Waste Certificate



Wastewater Management



Yili continuously constructs wastewater treatment infrastructure, and upgrades, maintains, and optimizes existing facilities to ensure that all pollutant emissions meet the standards. As of the end of 2024, Yili has built 55 wastewater treatment plants, with a designed daily treatment capacity of 278,900 tons.

Yili strengthens the management and monitoring of wastewater emissions, achieving 100% standard compliance for pollutants such as COD, ammonia nitrogen, total nitrogen, and total phosphorus, and connects online wastewater monitoring equipment with the EHSQ system to achieve real-time monitoring of wastewater discharge.

Waste Gas Management

Strengthen waste gas purification

According to the relevant national technical standards, we have purified and treated waste gas, improved and optimized the factory waste gas management and control measures, strengthened the management of various pollutant leakage sources, strictly controlled unorganized waste gas leaks, collected and treated waste gas throughout the entire process from the source, transmission and end, and discharged it after external inspection confirms compliance.

Strengthen waste gas monitoring

We strengthened waste gas emission monitoring, achieved 100% compliance for pollutants such as nitrogen dioxide, sulfur dioxide, and particulate matter, and connected the flue gas online monitoring equipment with the EHSQ system for real-time monitoring of flue gas emissions data.

Promote Suppliers to Strengthen the Management of Wastewater, Solid Waste, and Waste Gas



According to the relevant laws and regulations on the requirements of ranch operations, we conducted on-site assessments of core raw milk suppliers in various aspects such as hazardous waste management, wastewater management, basic environmental management, manure management, compliance management, oxidation pond management, and general solid waste management.



Core raw milk suppliers have carried out special training activities covering all key aspects of environmental management during ranch operations. Some core raw milk suppliers have conducted activities such as the "Ranch Manager Environmental Assessment Knowledge Competition" and the "Hazardous Waste Management Special Governance Month", significantly improving the environmental awareness and professional skills of ranch environmental management personnel.



We promoted suppliers of printing, compounding, and other production processes to install RTO waste gas treatment equipment 100%, reduced VOC emissions, and met regional waste gas emission standards.

Yili's pollutant and waste discharge situation in 2024 is shown in the table below:

Pollutants/waste	Unit	2024
Industrial wastewater discharge	tons	3,779.50*10 ⁴
COD emissions	tons	1,654.80
NH ₃ -N emissions	tons	249.89
Total nitrogen emissions	tons	806.53
Total phosphorus emissions	tons	134.80
Waste gas emissions		
SO ₂ emissions	tons	19.44
NO _x emissions	tons	104.88
PM emissions	tons	4.54
Total hazardous waste generated	tons	508.51
Intensity of hazardous waste generated	tons/ton of products	0.55*10 ⁻⁴
Total non-hazardous waste generated	tons	65,857.75
Intensity of non-hazardous waste generated	tons/ton of products	0.0071

Biodiversity Protection

Yili deeply believes that "focusing on biodiversity is focusing on the future" and "building a full-chain green ecology and high-quality development is mutually reinforcing; only by protecting the diverse nature can sustainable development be achieved, and only then can the Company thrive for a long time".

As the first Chinese enterprise to sign the UN's *Business and Biodiversity Pledge*, Yili starts with itself, paying attention to its impact on the environment throughout the production and manufacturing process. At all the production bases of Yili, environmental impact assessments are completed for all projects before commencement. We comprehensively evaluate the potential environmental impact on the surrounding areas after the construction of projects, and continuously carry out environmental monitoring during the operation process to reduce the impact of production and operation on the community and residents. By the end of the Reporting Period, Yili had not established any factories within the red line area for ecological protection.

Adhering to the harmonious coexistence of man and nature, Yili actively implements public welfare actions such as the "Yili Homeland Initiative" for biodiversity conservation, and has participated consecutively in the 13th, 14th, and 15th meetings of the Conference of the Parties to the United Nations *Convention on Biological Diversity* (COP13, COP14, COP15), sharing its biodiversity conservation achievements and demonstrating China's power in biodiversity conservation to the world.

Yili Homeland Initiative

Yili Homeland Initiative is a public welfare project initiated by the Yili Group with the aim of protecting biodiversity. Under the mission of safeguarding the future of life, Yili has partnered with esteemed organizations such as the World Wildlife Fund (WWF) and the China Green Foundation to implement initiatives like smart grassland management, wetland conservation in Northeast China, and habitat protection for Asian elephants.

Case

Protecting Asian Elephants

On August 12, 2024, in honor of the 13th World Elephant Day, the public welfare project "Yili Homeland Initiative - Save Endangered Asian Elephants", jointly initiated by Yili and the China Green Foundation, was relaunched. Yili donated to build an "Elephant Canteen" to address the food shortage issue for Asian elephants during the transition from spring to summer. Yili also collaborated with the Xinhuanet Elephant Channel to produce a public welfare micro-documentary titled *Elephant Canteen Story Series*, aiming to enhance public awareness of Asian elephants protection through nature science popularization. From 2021 to 2024, Yili continuously carried out a series of public welfare activities for Asian elephants protection for four consecutive years. Through measures such as habitat restoration, wild elephants rescue, constructing fences for reducing human-elephant conflict, and public nature science education, Yili strived to create a "shared homeland" where humans and nature coexist harmoniously.



Case

Improving the Desert Ecological Environment

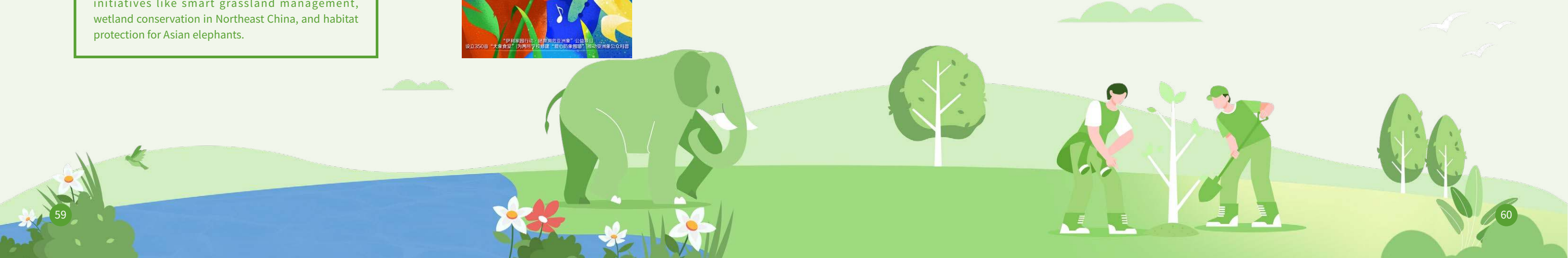
On the National Tree Planting Day of 2024, Yili, together with its sub-brand Jinlingguan Seine Mouiller and the China Green Foundation, jointly launched the "Yili Homeland Initiative - Saxaul Forest Protection Plan". They led 20 "Leading Infant Club" system partners and consumer representatives to plant trees together in Alxa, Inner Mongolia. At the event site, parents and children planted saxaul tree seedlings, contributing to the fight against desertification. In 2024, thanks to the "Yili Homeland Initiative - Saxaul Forest Protection Plan", 100,000 saxaul trees were combat land desertification, supporting China's commitment to the global "Trillion Trees Leadership Initiative" target of planting, protecting, and restoring 70 billion trees by 2030.



Case

Wildlife Ice Donation Action

In 2024, Yili Gemice Ice Cream, in collaboration with Alipay Ant Forest, launched the "Animals Need a Mini Holiday" public welfare activity to protect the biodiversity of Zongzixi. Simultaneously, Yili Gemice Ice Cream partnered with six zoos, including the Hainan Tropical Wildlife Park and Botanical Garden, to carry out the "Summer Ice Delivery Plan". The initiative urged the public to participate in ice delivery actions by answering science popularization questions through a WeChat mini-program, and raised 10 tons of edible ice blocks to be sent to wildlife parks, providing a cooling solution for wild animals during the hot summer.



Quality for Health

Key performance

- Full-time product safety and quality managers accounted for nearly **8.4%** of the total number of employees
- Achieved **100%** coverage of employees participation in product safety and quality training
- **0** product quality and safety incidents occurred
- Pre-delivery inspection pass rate reached **100%**
- Product inspection coverage reached **100%**
- Total investment of testing equipment reached RMB **1.014** billion
- Consumer complaint resolution rate reached **100%**
- Obtained **5,124** patents granted in China and overseas
- Obtained **973** patents for inventions granted
- Obtained **1,370** patents for utility models granted
- Over **80,000** person-times participated in information security and data security training

Contribution to SDGs



Quality First

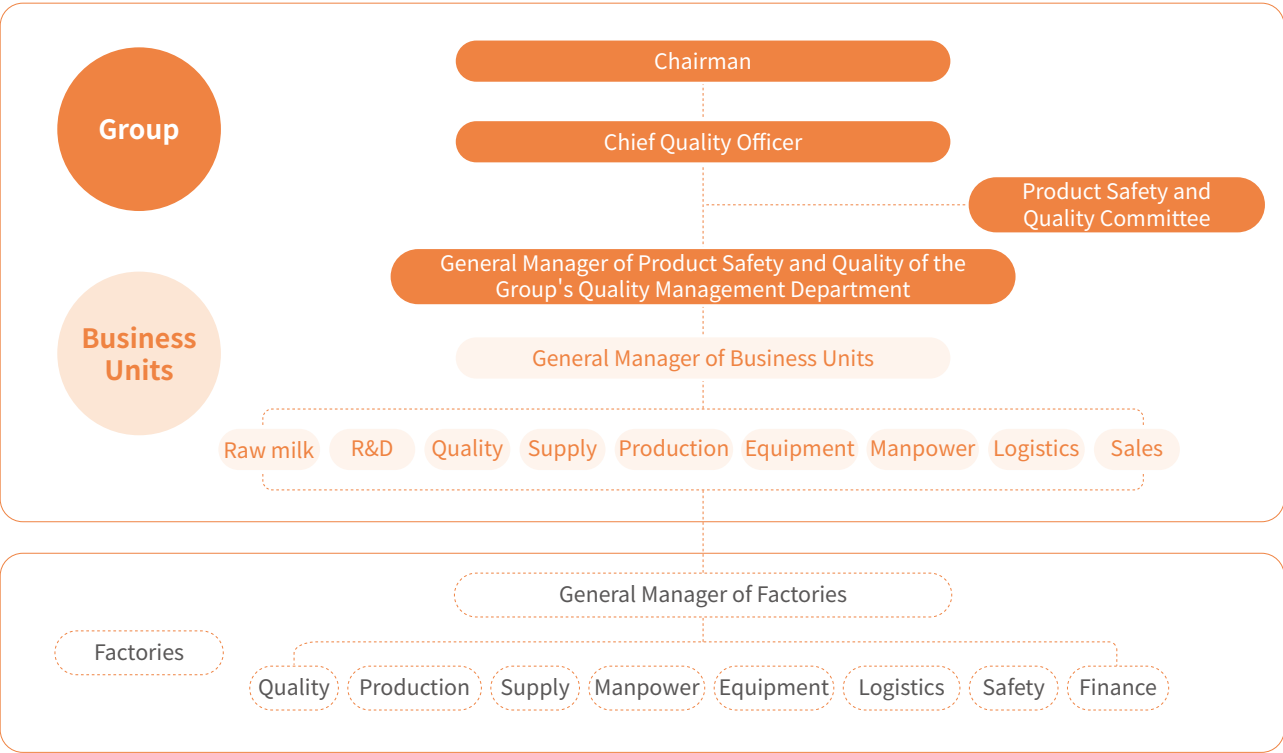
Always adhering to the corporate creed that "Yili means the best quality", Yili has established a comprehensive quality management system, and has continuously strengthened full-chain quality control with multiple measures, high standards, and strict requirements. We continuously promote quality management, and strive to provide consumers with premium products and services.

» Governance

Yili has established a top-down quality management framework and built a comprehensive quality management system to guide Yili's overall quality management practices and continuously improve food safety management levels.

Quality Management Structure

Yili has established a Product Safety and Quality Committee under the charge of Mr. Pan Gang, the Chairman and President of Yili Group, as the first responsible person, and has appointed a Chief Quality Officer to oversee product safety and quality management. Regular product safety and quality meetings are held to review, analyze, and evaluate product safety and quality control, and to make improvements for potential risks. To effectively implement quality responsibilities, Yili has established a three-level product safety and quality management structure of "Group – Business Units – Factories", with dedicated product safety and quality management personnel accounting for approximately 8.4% of the total workforce, forming a top-to-bottom product safety management network.



▲ Yili's Three-Level Product Safety and Quality Management Structure

Quality Management System

Yili benchmarks against international standards set by the Codex Alimentarius Commission and the European Union, and has formulated and implemented internal standards such as the *Management Measures for Food Safety Risk Analysis of Yili Group*, *Formulation and Implementation Procedures of Inspection and Risk Monitoring Plans*, and *Risk Warning and Response Procedures*, providing institutional guarantees for product quality and safety.

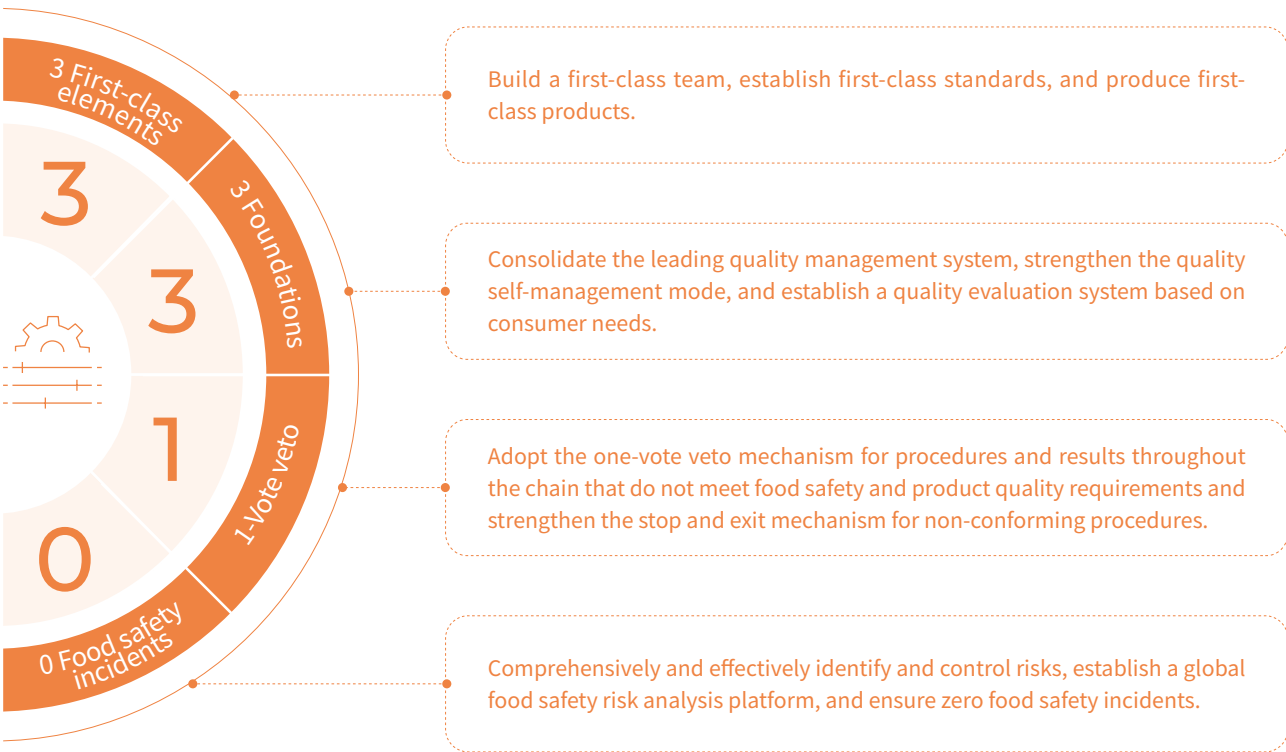
Yili adheres to the belief that "Yili means the best quality", following principles of both management and technology, continuously deepening the QbD (Quality by Design) management system, and continually improving the maturity of quality-leading management. Our process management is based on authoritative global food safety management system certifications and standards such as *HACCP*, *FSSC 22000*, and *BRCGS*. These are integrated with the *ISO 9001* Quality Management System, providing a comprehensive upgrade to Yili's quality management system. We have added four preventive control programs for the supply chain, hygiene, production process, and allergens through the gold standard management system certification, solidifying product quality and safety management systems across all our factories, achieving 100% coverage. Meanwhile, we actively carry out third-party quality system certifications and audits to enhance the maturity of internal quality management.

By the end of 2024, all of Yili's factories had passed at least one food safety management system certification, achieving 100% coverage for quality and food safety management systems. Among them, 42 factories passed the *ISO 9001* Quality Management System recertification audit, 40 factories passed the *HACCP Food Safety Management System* recertification audit, 34 factories passed the *FSSC 22000 Food Safety Management System* recertification audit, and 64 factories passed the gold standard management system certification.

» Strategy

Yili is committed to producing 100% dedicated, 100% safe, and 100% healthy products. We have formulated the Leading Quality 3310 Strategy, focusing on food safety risk management and consumer quality experience, upgrading from excellent quality management to leading consumer quality perspectives, integrating global high-quality resources and continuously upgrading the global quality management system, implementing strict quality control standards throughout the global supply chain, further guaranteeing zero occurrence of food safety incidents and leading product quality.

Leading Quality 3310 Strategy



» Impact, Risk and Opportunity Management

Yili insists on using scientific and effective methods to build an efficient, transparent, and secure food supply chain, forming clear and effective management and control processes to comprehensively prevent food safety risks.

 Risk Management System

Yili has established a three-level food safety risk monitoring and prevention system of "Group-Business Units-Factories", monitoring, analyzing, controlling, and preventing key points of food safety and quality control in each production link. Meanwhile, Yili has established a one-stop digital service platform for food safety risk assessment, realizing real-time data correlation and business linkage, comprehensively improving the efficiency of dairy product safety risk assessment and prevention. In addition, Yili has built a food safety risk analysis model covering key areas such as risk assessment, risk management, and risk communication. The scope of risk analysis covers horizontally quality, R&D, supply, and other departments, and vertically reaches the group, business units, factories, and ranches, forming a comprehensive food safety protection network.



▲ Food Safety Risk Analysis Model

 Strengthening Control Measures

Yili has established strict internal control standards and set up a full-chain quality management system covering all processes from ranch to table. We strictly control product quality and safety risks, and continuously introduce advanced information management systems to improve our quality management competency.

Product Safety Control Standards

Yili has pioneered an industry-leading internal control standard for food quality and safety called Three Lines of Product Safety Control. This standard is fully implemented across all Yili's factories, ensuring rigorous food quality and safety controls throughout the global supply chain. Yili's corporate standards are set at 50% higher than national standards, and have been raised a further 20% to establish internal control standards that are stricter than national ones. For products that exceed the internal control standards, Yili carries out early warning risk research to prevent product safety risks at an early stage and promote early intervention of control measures.



▲ Three Lines of Product Safety Control

Full-Chain Control

Yili has established a whole staff, full-process, and all-round comprehensive quality management system, adhering to whole-staff participation, full process management, and all-round coverage. It has realized product quality and safety control in the whole process covering the source, production process, warehousing & logistics, and product sales, creating a quality advantage throughout the industry chain from ranches to the dining table.

 Source control

Establishing the quality control standard for raw milk throughout the chain: Yili has implemented hierarchical management of raw milk suppliers, evaluated and supervised the production process of ranches, and carried out full-process information monitoring on the source and transportation process of purchased raw milk through the intelligent animal husbandry ecological information system to ensure 100% traceability of raw milk quality and safety. Based on the requirements of the *HACCP Food Safety Management System*, we have conducted the food safety hazard analysis of six links from forage grass planting to logistics transportation, identified and determined potential food safety hazards and key control points, established raw milk food safety protection plans and emergency response procedures for food safety incidents, and ensured that the quality of the whole chain of raw milk production is controllable.

Establishing a raw material quality review mechanism for ranches: For ranches, we have formulated a raw and auxiliary material sampling plan and carry out risk monitoring, promoting the establishment of a raw material arrival inspection and sample retention mechanism. By managing the inbound and outbound of raw and auxiliary materials through the "Yiqiniu" system, we have ensured the quality and safety of raw and auxiliary materials at the ranch end, achieving 100% traceability.

Conducting raw milk input quality audit: Yili has conducted catalog management and risk assessments for key inputs, ensuring the quality and safety of fertilizers, pesticides, veterinary drugs, and other inputs through qualification examinations, random sampling, unannounced inspections, process quality monitoring, non-target substance risk screening, and various other measures.

 Production management

Yili applies EHSQ system for digital management of production processing quality levels, non-conforming products, complaint analysis and early warning, daily inspections, and system management, while introducing MES production information management system to achieve ingredient formula management and ingredient error prevention management, thereby realizing digital traceability and intelligent management of the production process.

 Warehouse and logistics

Yili is equipped with a globally advanced logistics monitoring system, which uses the Beidou Navigation Satellite System to achieve full-process monitoring of logistics transportation vehicles, and establishes vehicle transportation records, standardizing the product quality standards from the warehouse and distributor to the delivery terminal. We track each link in real-time, from the product outbound to the delivery and the sales terminal, ensuring food safety during transportation. At the same time, based on the characteristics and storage needs of different products, we are equipped with professional transportation vehicles and equipment to ensure the quality of product delivery.

 Product sales

Yili ensures the display effect of products at retail terminals through refined management of stack placement, attracting consumers to help increase product purchase rates and accelerate product turnover to ensure product freshness. At the same time, Yili has established a quality improvement platform based on big data technology and constructed a consumer experience big data analysis model to intelligently analyze product quality, accurately identify quality defects, and dynamically track quality improvement results online, so as to improve consumer experience satisfaction.

Quality Monitoring

Establishing a global early warning mechanism



Yili has constructed a global food safety big data early warning platform that spans the entire industry chain, incorporating a food safety risk information database that covers both domestic and international information. The sources of information encompass about 170 countries and regions including the EU, the United States, Australia, New Zealand, and Japan, as well as 40 authoritative data sources such as food safety regulatory agencies, mainstream media, and food safety academic websites, comprehensively grasping global food quality and safety risk dynamics.

Deepening the construction of quality inspection capabilities



Yili has configured 80 laboratories, introduced advanced testing equipment, and invested over RMB 1 billion cumulatively, with 30 of these laboratories already recognized by the China National Accreditation Service for Conformity Assessment (CNAS), ensuring the authority of internal inspections. To further ensure the reliability of inspections, Yili conducts 20 million batches of inspection work annually, achieving a 100% product inspection coverage rate. Yili also focuses on the construction of professional teams, possessing a testing team that includes professionals in chemistry, biotechnology, food science, and other fields. In addition, Yili actively participates in quality safety inspection research, achieving numerous scientific research results. By the end of 2024, Yili accumulatively obtained 48 testing patents and published 179 professional papers, with its food safety detection capabilities leading globally.

Food Safety Emergency Response

Strengthening emergency management for unexpected events



In accordance with national laws and regulations, Yili establishes an emergency response mechanism based on different product types and consumer groups, forming a *Food Safety Emergency Plan* at the "Group – Business Units – Factories" levels. With reference to the *Regulations on the Supervision and Management of Enterprises Implementing Main Responsibilities for Food Safety (the No. 60 Order of the State Administration for Market Regulation)*, Yili fully implements daily, weekly, and monthly food safety risk monitoring mechanisms, conducts special inspections and governance of daily hidden dangers, and realizes online monitoring of food safety risks. This ensures that all employees respond quickly and properly to food safety incidents, and minimizes the impact of major food safety incidents. In terms of raw material management, when raw and auxiliary materials fall below the safety stock level, Yili initiates an emergency cross-regional transfer mechanism to quickly replenish its inventory. To ensure stable product supply, Yili establishes a back-up suppliers list based on alternative product formulations to ensure timely raw material supply when initiating the back-up manufacturing plan.

Promoting continuous improvement of emergency management



Yili has established an Emergency Response Action Team. Each factory should organize at least two full-chain emergency drills every year with real-time monitoring and propose specific improvement measures for any deficiencies during the process, thereby continuously enhancing its food safety emergency management system and strengthening emergency response capabilities.

Each factory should organize at least **2** full-chain emergency drills every year

Product Traceability and Recall

Promoting product recall management



Yili strengthens the construction of food sampling and food safety traceability systems, enhances public awareness and protection of food quality and safety, and continuously improves product traceability and recall capabilities after sales. We have established management systems and processes such as the *Product Recall Management Measures* and the *Traceability Management Regulations*, and developed an electronic information recording system for key processes and control points in product quality, providing basic information support for product traceability. In 2024, we conducted 96 mock recalls and zero product recall incidents occurred.

Establishing a product traceability system



Yili has established a consumer-oriented transparent traceability system to collect QR codes corresponding to production information through visual recognition equipment, allowing consumers to quickly confirm the distribution and basic information of each batch of products, and achieving full chain forward and reverse traceability, allowing the efficient recall of products. Our project "Full Chain Infant Formula Milk Powder Quality Traceability System Construction" was selected as a typical case for the application scenarios of the "Three Digital Initiatives in Consumer Goods" by the Ministry of Industry and Information Technology of China in 2024. With all these efforts, we strive to provide consumers with trustworthy products.

Construction of Quality and Safety Culture

At Yili, everyone is a guardian of product safety. Yili organizes activities such as Yili Quality Month, Food Safety Week, annual meetings with suppliers and distributors, brand cultural activities, Quality Lecture Hall and Employee Rationalization Suggestions every year to create a quality culture atmosphere for all employees, continuously enhance quality awareness, and form a continual quality and safety value system.

Yili conducts annual employee quality and safety training for employees to clarify quality management requirements, and designates September as the Yili Quality Month. Comprehensive quality and food safety training is carried out for all employees in this month. Training sessions include legal and regulatory dissemination, thematic exchanges, and case studies. In addition to annual training, Yili implements the "Expert Lecture Hall on Excellent Quality" project to help employees better understand and apply advanced quality management concepts and practical experience. In 2024, a total of 12 sharing sessions were completed, covering topics such as food safety, management system application, process quality management, and quality digitization, thereby promoting the quality management capabilities of front-line personnel. We also attach importance to quality advocacy for suppliers, organizing them to sign the *Notification on Collaborative Management of Food Safety* every March, which clarifies Yili's requirements on food safety and product quality for suppliers. Furthermore, every September, we advocate quality among suppliers and arrange activities such as quality risk communication meetings and quality analysis discussions, focusing on enhancing suppliers' understanding of food safety regulations, product quality and safety production technologies. This ensures 100% coverage of suppliers related to food safety. In 2024, we organized quality case advocacy for over 500 raw and auxiliary material suppliers, conducting four quality capability enhancement empowerment training sessions.

In 2024

Yili conducted more than **100** training sessions on employee quality and safety, both online and offline

A total of **94,986** hours of product safety awareness training was completed

With employee coverage reached **100%**



▲ Employee Safety Activity

» Metrics and Targets

In order to strictly implement quality management, Yili has formulated the *Guidelines on Ten Key Tasks in Food Safety Development*, with the overall goal of "preventing food safety risks and ensuring consumer rights and interests". Besides, Yili has set itself the management goals of achieving a national random inspection pass rate of 100% and zero food safety incidents in order to protect consumer health and safety.

Yili has also established a series of product safety and quality control indicators to ensure continuous monitoring and management of product quality, thereby ensuring quality leadership.

Product safety and quality control performance data for 2022-2024

Indicator	Unit	2022	2023	2024
Total investment of testing equipment	RMB 100 million	8.88	9.47	10.14
Coverage rate of product safety risk identification	%	100%	100%	100%
The pass rate of sampling inspection by national supervisory bodies	%	100%	100%	100%
The pass rate of pre-delivery inspection	%	100%	100%	100%
Coverage rate of product inspection	%	100%	100%	100%
Number of product recall incidents occurred	/	0	0	0
Coverage rate of factories achieving certification for quality and food safety	%	100%	100%	100%
Number of laboratories with CNAS accreditation	/	14	21	30
Number of rooms equipped with inspection facilities	/	80	80	80
Number of Golden Standard factory certifications	/	12	47	64
Total detection patents obtained	/	20	22	48
Total professional papers published	/	131	151	179
Coverage rate of employee quality and safety training	%	100%	100%	100%
Total hours of product safety awareness training	hours	20,695	87,760	94,986
Number of major safety and quality liability incidents related to products and services occurred	/	0	0	0

Diverse Products

Yili has created a diversified product matrix to meet the diverse nutritional needs of consumers and actively promotes the protection of intellectual property rights to enhance the enterprise competitiveness.

» Rich Product Selection

Liquid Milk

Satine Carbon-Reduced Organic Pure Milk

High-quality milk sourcing from carbon-reduced ranches and wood-like packaging are used for this product to achieve a 15%-18% reduction in carbon footprint. It has obtained the full-lifecycle carbon reduction certification, dual certifications from China and Europe for organic products, and ecological origin assessment, ensuring carbon reduction and organic traceability throughout the process.

AMBOMIAL Ambient Yogurt with Active Probiotics

As the world's first room-temperature active probiotic yogurt, the product breaks the technical barrier of no active probiotics in room-temperature products. With 1 billion CFU (Colony Forming Units) of LGG active probiotics (lactobacillus rhamnosus) in each pack, as well as the innovative ADI live bacteria instantaneous addition technology, the probiotic activity is ensured. Leveraging the specialized strain combination formulas, the product contains 90% less sugar and 35% more protein, bringing less burden and more nutrition for consumers. With gentler taste in room temperature, the product does not irritate the stomach, and needs no refrigeration, which makes it more convenient to carry.

Cute Star Student Pure Milk

As the first methane-reducing eco-friendly student pure milk, the product is applied with green and low-carbon technology certified by national inspection. We use feed additives that can reduce methane emissions from dairy cows, reducing methane emissions by 20%-30%. On this basis, we provide students with green and nutritious milk containing protein of 3.3 g/100ml.

Zhennong Gold High-Calcium Milk

The product contains up to 160 mg of high-quality bovine calcium per 100 ml, 1.6 times more than ordinary high calcium milk. Only two packs of the product can meet the average daily calcium requirements of adults. It is rich in vitamin D to promote calcium absorption, complemented by vitamin A, zinc, iron and other nutrients for comprehensive nutrition.

Guliduo Coconut Oat Milk

Guliduo launches an innovative Coconut Oat Milk variant, crafted with Indonesia-imported coconut pulp for intense tropical aroma, blended with Australia-sourced oat grains and premium milk. Each sip delivers chewy oat textures with creamy richness. It is absolutely an ultimate satiating companion for busy professionals.

Plant-Based Protein

Plant Selected 5.2g Protein Soy Milk

Sourced from non-GMO IP certified soybeans planted in the black soil of Northeast China, the product is processed with low-temperature oxygen-isolation grinding technology to retain the original bean aroma. With a rich taste, 0 cholesterol, 0 trans fats, and 0 lactose, the product is suitable for healthy eating and lactose-intolerant consumers. Each packet of the product contains 5.2 g of high-quality plant protein, as well as vitamin E, vitamin B2 and niacin to meet daily nutritional needs.



Infant and Child Nutrition

Jinlingguan Beiguan Infant Formula Milk Powder

Sourced from Yili's premium 0.1% designated ranches, this product utilizes 100% A2 raw milk, enriched with 105 mg/100 g of rare lactoferrin, bioactive osteopontin (OPN), and a patented nucleotide complex. Combined with active probiotics and dual prebiotics, it strengthens babies' immune defenses.



Jinlingguan Zhenhu Jingci Infant Formula Milk Powder

As the first organic whole nutrition scientific formula milk powder, the product is especially added with 20 times dual probiotics, 18 types of active brain nutrition groups, organic HMOs breast milk oligosaccharides, lactoferrin, osteopontin(OPN) and other 56 kinds of refined comprehensive nutrition. Coupled with the exclusive Hulunbuir fresh organic A2 raw milk, the product helps babies grow in all aspects.



Adult Nutrition

Xinhua Mianyi Bovine Colostrum Formula Milk Powder

Using bovine colostrum powder, high-quality protein, rare element selenium, and Chinese health ingredients such as goji berry powder and huangjing powder, as well as the BL-99 patented strain, Yili Xinhua Mianyi Bovine Colostrum Formula Milk Powder activates the original self-protection ability to safeguard the health of the whole family.



Xinhua Youxiang Shandi Formula Milk Powder

Yili Xinhua Youxiang Shandi Formula Milk Powder selects Chinese health ingredients such as jujube kernel powder and poria cocos powder, combined with natural plant extract tea theanine and patented walnut peptide powder. Using raw milk as the baseline material, the product contains tryptophan and vitamin B6, and provides consumers with a safer and non-dependent, milder sleep solution through triple mild nutrition.



Yogurt

0% Sucrose Series

With more than 97% raw milk, zero sucrose, and 100 million CFU (colony-forming units) of active lactic acid bacteria, the series are evaluated as low glycemic index (GI) and low glycemic load (GL) food by the GI International Joint Research and Testing Laboratory, meeting the nutritional pursuit of consumers for sugar control and health.



Changqing Premium Protein Artisan Yoghurt

Using RO membrane (reverse osmosis membrane) concentration craftsmanship, the product contains no protein powder. Each cup contains 5 grams of native milk protein, all of which are concentrated from raw milk. With simple formula and protein nutrition, the product satisfies consumers' core demand for "sugar control and protein supplement".



Frozen Dessert

Gemice White Peach Oolong Ice Cream

Combining white peach and Fujian Tieguanyin tea, the fragrance of fruit and tea blend together in a 100% raw milk ice cream, meeting consumers' demand for fragrant and sweet flavors at the same time.



Chocliz Six-Layer Chocolate Stick

This product combines a double-layered chocolate coating, soft-core nama chocolate ganache, oat crisp pearls, and premium chocolate ice cream. Each bite delivers a symphony of textures –from crunchy to velvety–through its meticulously engineered six-layer architecture, offering rich yet balanced indulgence for an unprecedented gastronomic journey.



Cheese

Rich Cheese Bar Golden Package

Responding to parents' demand for clean formula of children's food, we've upgraded our product. On the basis of 51% premium cheese, the product is free from preservatives, artificial colors/flavors, gelatin, and sweeteners. We also use trehalose to replace sucrose to help children prevent decayed teeth, delivering trustworthy nutrition to them.



Red Bean Flavor of Mini Round Cheese

Skillfully blending the ancient eight treasures into mini cheesecakes, this innovation combines Western cheese with Chinese health preservation, adding 4 times the calcium of eggs to boost nutrition. Enhanced with red bean powder, it highlights a sweeter, softer, and glutinous taste and texture, making it a nutritious delight suitable for the whole family to enjoy.



Packaged Drinking Water

Inikin the Volcanic Mineral Water

Yili selects the global golden water source belt, searching for high-quality water sources nationwide, and finally discovers the rare Inikin volcanic mineral water in the volcanic rock water source belt of Arxan and Changbai Mountain. Gushing from volcanic rocks, the vibrant water is purified and filtered through layers of volcanic rocks. It contains 5 types of natural volcanic minerals, with weak alkali and low sodium, bringing a source of health and vitality to consumers.



Inikin Freshly Brewing Tea

As China's first freshly brewed tea in a twist-cap bottle, allowing consumers to twist and shake for a fresh brew, the product offers a new tea-drinking experience for young consumers. With the only ingredients of tea and water, the product is applied with the breakthrough technology of locking fresh cap to cleverly separate tea from water. With 100% pure leaf extraction and -40°C freeze-drying to lock in aroma, it takes 30 – 36 kg of fresh tea leaves to extract only 1 kg of freeze-dried tea. However, it takes only 3 seconds to get ready for a bottle of visibly fresh tea with 0 sugar, 0 calories, and 0 sodium bicarbonate. With this product, we have successfully broken through the technical barriers of the industry, delivering the true taste of tea.



Inikin Ginseng and Goji Berry Health Water

Featuring the ancient herbal combination of Ginseng and Goji Berry, we select ginseng from the Changbai Mountain region, with each bottle containing approximately 1.75 grams of ginseng extract. Utilizing the patented locking fresh cap technology of Inikin, we preserve the ginseng powder freeze-dried at -40 °C locking in more of the natural active nutrients inherent in ginseng. The taste is refreshing, mild, and slightly sweet, offering a health and wellness option with 0 sugar, 0 calories, and 0 fat.



» Intellectual Property Protection

Intellectual property protection is the driving force for activating the development of innovative enterprises. Yili highly respects and protects intellectual property rights, establishing the strategic policy of "intellectual property rights driving innovation, and innovation driving enterprise development". We have established an intellectual property management system that focuses on key markets and serves the Company's global product markets. On this basis, we have achieved integrated global management of intellectual property rights and enhanced the Company's core competitiveness.

In 2024, Yili revised the *Intellectual Property Management System of Yili Group*, optimizing the management requirements for intellectual property risks and opportunities associated with trademarks, patents, and copyrights throughout the entire process of production and operation, including research and development, production, sales, and procurement, to strengthen the management of intellectual property business in the global market. At the same time, Yili utilized patent classification management to establish a three-level intellectual property management model, constructing patent protection models in key technical fields such as maternal and infant nutrition research and probiotics. Through various measures, Yili enhanced the quality of patent applications and the effectiveness of protection, ensuring zero occurrences of intellectual property risk events. Additionally, before the initiation of research and development projects, we clearly identified potential patent barriers and avoidance strategies, recognized patent opportunities, and formulated patent layout plans to safeguard our legitimate rights and interests while preventing infringement of others' intellectual property rights.

Name of indicator	Unit	2024
Number of invention patents applied to main business	/	925
Number of new patents granted	/	458
Number of new patents for utility models granted	/	132
Number of new patents for inventions granted	/	135
Total number of patents for utility models granted	/	1,370
Total number of patents for inventions granted	/	973
Total number of patents granted in China and overseas	/	5,124

Case

Yili Awarded the First Batch of International Standard ISO 56005 Classification Certificates in the Food Industry

On December 16, 2024, the International Organization for Standardization (ISO) announced the list of *Innovation and Intellectual Property Management Capability* level certificates (Level 4) (referred to as "ISO 56005 Level Certificate (Level 4)"), with Yili being honored on the list. The international standard *ISO 56005* is the first international standard involving innovation and intellectual property issued by the ISO. By December 31, 2024, the *ISO 56005* Level Certificate (Level 4) had been awarded to only 11 companies worldwide, making it the highest-level certificate currently available to enterprises. Yili has fully integrated intellectual property management activities into the entire innovation process and continuously absorbs global advanced innovation management concepts and experiences, becoming not only one of the first domestic food industry companies to hold the *ISO 56005* Certificate (Level 4) but also a leading enterprise in global innovation management and intellectual property management.



Nutrition and Health

Innovation is the primary driving force for development. In response to the Healthy China strategy, Yili centers on consumers and collaborates with global innovation institutions. We continuously explore cutting-edge technologies to break through the bottleneck issues in China's dairy industry, and accelerate the formation of new quality productive forces in the dairy industry. We also create high-quality products that meet the needs of different life stages, various groups, and multiple health requirements, contributing to the high-quality development of China's dairy industry.

» Governance

Adhering to the philosophy of "No innovation, No future", Yili has established a robust innovation and R&D system to continuously enhance technological reserves and R&D capabilities. This enables deeper consumer insights, more agile product innovation, and more efficient R&D work, so that we can provide consumers with higher-quality health products and services.

Sticking to the dominant role of innovation and R&D, Yili strengthens the allocation of R&D resources, and continuously promotes the construction of core independent R&D innovation capabilities. Globally, Yili has established, controlled, or participated in 15 innovation centers, gathering global innovative talents and resources to conduct scientific research in key areas of the global market, including nutrition and health, product development, food safety, breast milk research, food technology, and sustainable packaging. Meanwhile, Yili deepens global innovation cooperation by collaborating with top domestic and international universities and research institutions like Wageningen University in the Netherlands, the University of Cambridge, and the National Center of Technology Innovation for Dairy. Through such efforts, we aim to drive innovation with advanced technology, so that we can provide a more comprehensive range of health products and services for global consumers.



In 2024

Yili contributed to the publication of

19 national standards

9 industry standards

9 group standards

Strengthening Nutrition and Health Research

In response to market changes, Yili focuses on the unique nutritional needs and health characteristics of infants, adolescents, adults, and the elderly at various life stages, and applies cutting-edge scientific research methods and innovative approaches to precisely identify suitable nutrients and dietary patterns for different age groups. By continuously optimizing product formulations, and developing higher-quality nutrition and health products, we endeavor to meet the nutritional and health needs of global consumers.

Research on key immune nutrients lactoferrin and osteopontin

To deeply explore the impact of key immune nutrients lactoferrin and osteopontin (OPN) on the development of infants' immune systems, Yili conducted a prospective mother-infant cohort study, meticulously mapping the dynamic profile of breast milk active proteins at different time points. This study elucidated the synergistic immune regulatory mechanism of lactoferrin and osteopontin, and achieved efficient retention of lactoferrin and osteopontin in infant formula through precision control of integrated production processes. This project won the Science and Technology Award - First Prize for Scientific and Technological Progress by the Chinese Institute of Food Science and Technology in 2024. Based on these cutting-edge scientific research achievements, Yili launched the Jinlingguan series of infant formula milk powder containing active double proteins (lactoferrin + osteopontin), contributing to the healthy growth of babies.

Precision analysis of breast milk components research

To fully meet the diverse nutritional needs of Chinese babies, Yili continues to delve deeply into breast milk research. We have carried out precise analysis of breast milk components and studies on the efficacy of milk-derived active ingredients, integrating multi-field technologies to promote big data analysis based on breast milk composition and health outcomes. This has identified key nutrients related to early-life immune development, gut health, cognitive development, digestion and absorption, and growth and development. At the 6th YMINI Breast Milk Research Summit held in May 2024, Yili officially launched the AI application platform for breast milk research. Through data processing capabilities, it accurately analyzed breast milk components and simulated the metabolic process of formulas in infants to predict their impact on growth and development, providing a scientific basis for the design of infant formula products.

Research on stabilization technology for room-temperature embedding of probiotics

Dairy products, especially ambient temperature dairy products, have always been a significant application field for probiotics and are deeply welcomed by the market. However, probiotics are prone to inactivation in low pH, high water activity ambient products such as ambient yogurt and dairy beverages, and are difficult to withstand heat treatment during processing. To address this industry challenge, Yili, in collaboration with the National Center of Technology Innovation for Dairy, Northeast Agricultural University, and Australia Dairy Co., Ltd., developed the Probiotic Targeted Screening and Ambient Temperature Encapsulation Stabilization Key Technology and Application project. They creatively designed an oil-based core and a stable water-resistant encapsulation shell, pioneering the development of a "comfortable water-resistant microenvironment" suitable for probiotics that are heat-resistant, acid-resistant, and shear-resistant. With the first Ambient Temperature Live Bacteria Encapsulation Technology in the world, the project achieved breakthrough innovation, enabling probiotics to survive in ambient temperature dairy products and better serve consumer health. The project was awarded the Science and Technology Award - Technical Invention Prize First Class by the Chinese Institute of Food Science and Technology in 2024.



Case Yili Jumps to the Top in Asia on the Global Top 30 Nutrition and Health Enterprises List

On November 7, 2024, Yili made a significant breakthrough in the 2024 Global Top 30 Nutrition and Health Enterprises List released by the Global Access to Nutrition Index (ATNI), advancing from the 21st place in 2021 to the 10th place, ranking first among Asian food companies. All scores far exceeded those of Asian counterparts, with the sub-item Proportion of Healthy Foods ranking first globally, reflecting Yili's leading position in the healthy food industry.

Case Satine Wins the IDF Dairy Innovation Award

In October 2024, during the IDF 2024 World Dairy Summit, Yili Satine Active Lactoferrin Organic Pure Milk won the IDF Dairy Innovation Award - New Product Development Innovation Award for its unique technology for targeted extraction and retention of lactoferrin, which achieved an increase in the retention rate of lactoferrin in room-temperature pure milk from 10% to over 90% and broke through key technical barriers for the first time. It was the only awarded Chinese brand.



▲ Satine won the IDF Dairy Innovation Award

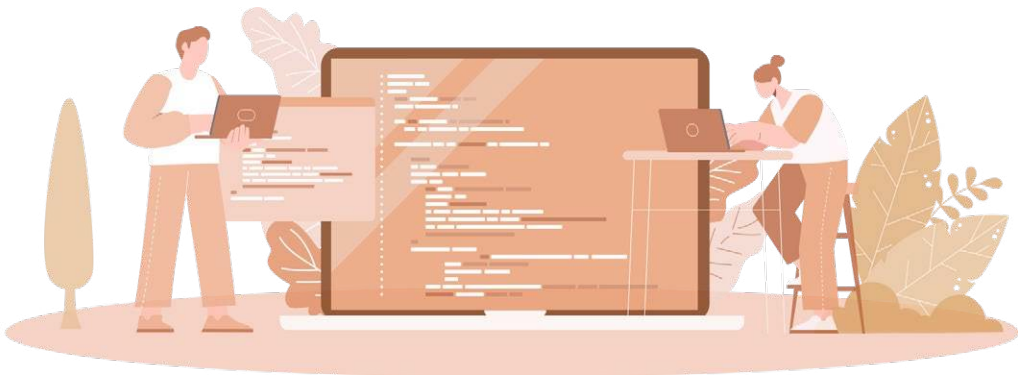
Product honors			Awarding institution
Shuhua AnTangJian Lactose-Free Milk won the Best Functional Dairy Product award at the World Dairy Innovation Awards	Ambrosial Avocado Oatmeal Yogurt won the Best Dairy Beverage award at the World Dairy Innovation Awards	Inikin Freshly Brewing Tea won the Best Packaging Design award at the 2024 World Drinking Water Award	Zenith Global, FoodBev Media

» Metrics and Targets

Adhering to a consumer demand-oriented approach, Yili has continuously launched diversified innovative products such as organic, low-sugar, low-sodium, low-fat, and small-portion options. While reducing its use of artificial ingredients, Yili has enhanced its products to address nutrient deficiencies. These efforts aim to meet the nutritional needs of different groups, implement the national nutrition improvement initiative, and enhance consumer health comprehensively.

Yili has continued to optimize the *Work Plan for Product Sugar and Fat Reduction for 2022-2025* and actively promoted the improvement of the Nutrient Profiling (NP) system. For different product categories, we have formed a list of recommended nutrients (such as vitamins and minerals) and restrictive nutrients (such as sugar and saturated fatty acids). We identified reasonable addition amounts for different population groups. This effectively enhances the guiding significance of nutritional health indicators for product development and improvement, and fully implements sugar and fat reduction goals. In addition, Yili has cooperated with raw material suppliers and farmers to optimize the use of fertilizers during the planting and processing of raw material. Yili has actively used raw materials such as organic-certified soybeans and raw milk in the product production. By 2025, Yili plans for 100% of the 14 categories of new products launched will meet the target values for sugar and fat reduction. In 2024, 93% of Yili's newly launched products achieved the target value for sugar reduction, and 98% achieved the target value for fat reduction.

Product type	Product definition	Proportion of revenue in 2024
 No sugar added and reduced sugar products	Products without added sugar or with sugar content below Yili's sugar reduction targets, meeting the low-sugar and sugar-free requirements of the <i>National Food Safety Standard - General Rules for Nutrition Labeling of Prepackaged Foods (GB 28050-2011)</i>	Above 99%
 Organic products	Products produced in accordance with the China National Standard for Organic Products and certified as Organic	Above 5%
 Nutrient fortified products	Products enriched with nutrients per the <i>Standard for the Use of Nutritional Fortification Substances in Foods (GB 14880-2012)</i>	Above 22%
 Low-sodium products	Products compliant with the <i>National Food Safety Standard - General Rules for Nutrition Labeling of Prepackaged Foods (GB 28050-2011)</i>	Above 95%
 Low-fat products		Above 10%
 Low-additive or additive-free products	Products free from synthetic flavors, fragrances, colors, or preservatives	Above 93%
 Small package products	As per the independent packaging in the sales package, products with a single portion of less than 200g/ml	Above 6%



Better Service

Insisting on resonance with consumer needs, Yili gains accurate insights into consumer demands and carefully listens to and values consumer voices and feedback, so as to provide consumers with competitive, high-quality products. At the same time, we continuously pursue consumer recognition, provide excellent service to consumers, and safeguard consumer rights, in order to win consumer trust and achieve the goal of leadership in consumer value.

» A Positive Customer Experience

Based on the macro environment and the new trends in the consumer market, Yili actively understands the diverse needs of consumers of all ages, circles, and scenarios, gets accurate insights into consumer psychology and behavior, and optimizes products and services.

 Consumer Demand Research

Yili integrates classic market research methods and digital insight tools to build a digital innovation insight platform, providing business departments with an intelligent insight solution that combines online consumer research, big data sentiment analysis, AI interviews, and survey data analysis. Besides, Yili establishes a consumer community to support agile co-creation activities, helping to create products that meet consumer needs.

 Case

Launching the YiSpace 2.0 All-Population Multi-Scenario Demand Map Upgrade Project

In 2022, Yili created the YiSpace 1.0 project, identifying 19 major consumption scenarios for dairy beverages. Based on the performance of liquid milk products in meeting consumer needs across these 19 major consumption scenarios, they were categorized into strong categories, non-strong categories, and new categories, inspiring the brand to innovate in product development and optimize marketing promotion strategies. This helped solidify existing scenarios and expand into new ones, driving business growth. In 2024, Yili launched the YiSpace 2.0 upgrade project, leveraging cutting-edge Artificial Intelligence Generated Content (AIGC) technology to achieve micro-scenario identification and corresponding demand insights for the 19 major consumption scenarios. This provided more refined insights for product innovation and marketing promotion strategies, and enhanced the brand's competitive advantage in the market.

 Consumer Interaction

Attaching great importance to consumer experience, Yili continuously creates and upgrades the communication channels with consumers by expanding the application scenarios of digital technology, empowering consumer experience through digital innovation.

In 2024, Yili focused on enhancing consumer perception. Relying on the Yili Modern Intelligent Health Valley, Yili carried out various cultural and tourism activities, and made it available for open and transparent factory visits. With 1.015 million offline visitors received nationwide, the activities attracted consumers to jointly witness the quality of Yili. In addition, we continued to carry out the digital quality traceability project Online Tour of Yili, solidifying Yili's global quality image through tracing the global industrial layout. By tracing ecological ranches and transparent factories, we leverage cutting-edge AI technology to explore and develop more diverse and innovative ways to deliver quality experiences to consumers.



▲ Research and Learning Activities at Yili Modern Intelligent Health Valley

In 2024

Yili Modern Intelligent Health Valley was honored with the **National Industrial Tourism Innovation Star** award by the Ministry of Culture and Tourism of the People's Republic of China. Simultaneously, Yili Grassland Dairy Culture Museum was granted the title of **National First-Class Museum** by the Chinese Museum Association, marking it as the only industry-specific museum in China to receive this award.



Case Yili Launches Global Quality Traceability Journey, Witnessing World-Class Quality Up Close

Yili launched the Online Tour of Yili campaign for the first time in 2021 using new technologies such as live streaming, short videos, and AI virtual scenes to allow consumers to experience Yili's high-quality ranches, production bases, and innovation and R&D centers in a panoramic way. In 2024, the Online Tour of Yili: Exploring the Global Industry Chain restarted again, showcasing Yili's industrial chain in China, New Zealand, the Netherlands, Indonesia, and Thailand through a series of micro-documentaries. This presented a comprehensive and multi-angle view of an open and transparent global industrial chain ecosystem, demonstrating the high-quality development achievements of China's dairy industry. Thanks to its unique innovative form and international influence, the Online Tour of Yili campaign was awarded the 2024 Annual Excellent Public Relations Case by the China Public Relations Association.



Improve Satisfaction

Yili focuses on listening to consumers' voices and values their feedback and opinions. We have established a comprehensive consumer service management system and constructed a consumer satisfaction index system, striving to continuously enhance product and service quality and comprehensively improve consumer satisfaction.

In 2024

Consumer complaint resolution rate reached

100%



Expand customer service channels

To meet the diverse needs of consumers, Yili has established various smart service channels such as telephone service and online service, leveraging the immediacy and extensive coverage of multiple channels to quickly respond to service needs and satisfy consumer service experience anytime and anywhere.



Improve after-sales management process

Yili strictly implements the *Smart Voice Customer Service Workflow* and has established a comprehensive mechanism for collecting and analyzing customer feedback. We invite consumers to rate the service after it concludes, conduct regular satisfaction surveys, and use the collected data to continuously improve service quality.



Apply smart customer service system

Yili adopts AI smart services, achieving more accurate identification of consumer complaint intentions and emotional states through process optimization and technical support. The system automatically categorizes and processes issues based on urgency and type, ensuring that urgent issues are prioritized. This speeds up responses and improves the efficiency of complaint resolution.



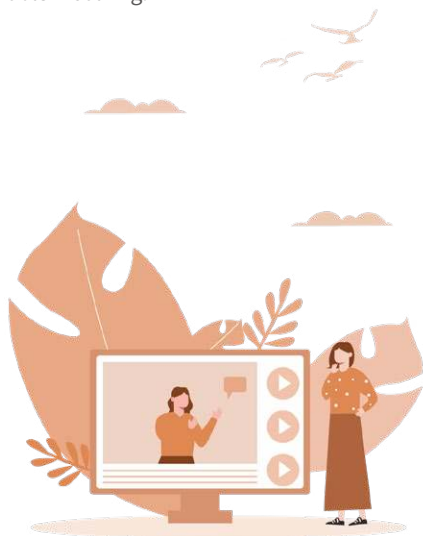
Strengthen customer service personnel training

Yili empowers its customer service staff through internal product technology learning, external service benchmarking, as well as digital and intelligent training, complaint handling skills communication, and other courses, continuously enhancing their professional capabilities in customer service and problem solving.



Health Lifestyle Promotion

Yili is not only a provider of healthy food but also an advocate of a healthy lifestyle. Leveraging our brand influence, we pay attention to the health needs of all age groups. We carry out diverse health lifestyle promotion activities, and promote the improvement of national health literacy through popularizing knowledge about healthy milk consumption, health education, and encouraging mass sports. We aim to build a healthy ecosystem with high-quality services.



Case

Launch the Elderly Nutrition Improvement Project to Care for the Nutritional Health of the Elderly

On the occasion of the Double Ninth Festival in 2024, Yili, in partnership with the China Aging Development Foundation, launched the public welfare initiative the Elderly Nutrition Improvement Project. Focusing on the elderly, the project aims to provide nutritional protection for veterans, elderly scientists, elderly teachers, and other groups over 60 years old. The project reached deep into communities, nursing homes, universities for the elderly, and elder canteens, carrying out regular science education on nutritional health. Through the project, we donated Shuhua Lactose-Free Whole Milk, Shuhua AnTangJian Lactose-Free Milk, Xinhua milk powder, and other nutritional products, to help improve the dietary nutrition of the elderly. By the end of 2024, the project had reached more than 400 communities in 15 provinces across China. With nearly 500 activities, benefiting over 40,000 elderly people. Meanwhile, 24 Happy Aging Comfort Stations had been set up in Beijing, Shanxi, Guangxi and other places to provide nutritional support for elderly canteen breakfasts, promoting the establishment of scientific dietary nutrition concepts and a healthy lifestyle for the elderly.



On the 25th World Milk Day, through on-site answering of milk consumption puzzles by dairy experts and opening digital twin factories, Yili brought cutting-edge, professional dairy knowledge into thousands of households, advocating scientific milk consumption to more families and consumers.



In 2024, Shuhua AnTangJian officially signed a cooperation agreement with the International Diabetes Federation. The cooperation aims to provide the public with more opportunities to understand diabetes prevention and treatment knowledge through scientific research, academic exchanges, and industry conference collaborations, thereby improving the life quality and nutritional health of diabetes patients.



In 2024, Yili's Jinlingguan brand launched the Happy Pregnancy Love Protection Station public welfare activity, providing more professional dietary guidance and infant care knowledge popularization for pregnant women from multiple dimensions such as science education, nutritional support, and scientific feeding.



On August 8, 2024, the Chinese National Fitness Day, Yili held a national health theme activity in the North Bund area of Shanghai, attracting more than a hundred sports enthusiasts to gather on-site and participate in a radio calisthenics competition in a team battle format. This event delivered healthy and joyful experience of sports to the public, and inspired people's enthusiasm for sports.



» Responsible Marketing

Yili pays attention to the rights and interests of consumers. Yili has issued the *Responsible Marketing Management Policy of Yili Group* to ensure the delivery of accurate, true, and objective product information to consumers, helping them make informed decisions.

Yili has established a comprehensive marketing management framework and undertaken several initiatives to ensure that its marketing activities are legal, compliant, and ethical. These initiatives include establishing an audit and supervision mechanism, enhancing the management of promotional terms, building a platform for technical regulations, and providing clear and reasonable guidelines.



Yili regularly carries out responsible marketing audits, self-inspects and corrects non-standard marketing issues, and resolves marketing issues found during the audit process in a timely manner. At the same time, we actively strengthen employees' awareness through regular training on marketing promotion, intellectual property protection, industry standards, and regulations through internal courses and system-wide communications. In 2024, Yili organized a total of 10 training sessions on brand marketing and legal knowledge of the food industry, 11 training sessions on intellectual property protection in relation to the *Trademark Law*, *Patent Law* and other laws and regulations, and 8 training sessions on domestic and international food standards and labeling regulations, covering more than 2,000 participants.

» Information Security and Privacy Protection

Yili values the privacy and security of consumers, and is committed to comprehensively protecting the personal information rights of consumers. In the *Data Management Measures of Yili Group*, we have clearly defined a data security organizational structure that includes five levels: decision-making, management, execution, technical support, and audit, along with the data security responsibilities at each level. According to the national standard *Data Management Capability Maturity Assessment Model (GB/T 36073-2018)*, Yili's data management capability maturity has reached the robust level (Level 3) upon evaluation. In 2024, we released the *Digital Security Management Specifications of Yili Group*, which regulated the security behaviors of all employees in system application, network security, data usage, software copyright, and daily office work, enhancing employees' security awareness. Additionally, the Company periodically reviews and revises the security management system. In conjunction with the requirements of the *ISO 27001* Information Security Management System, Yili has continuously carried out optimization work on existing systems and processes to enhance information security management capabilities.

In terms of information system security maintenance, Yili enhances its information security protection capabilities by strengthening system security defenses, reinforcing data access permission controls, and conducting emergency drills and training. Through the data security inspection mechanism, Yili promptly identifies management and technical deficiencies, and issues monthly data security inspection reports, forming a data security risk management closed loop of identification-response-optimization-prevention, thereby enhancing data security risk prevention capabilities. In 2024, Yili did not experience any data security incidents, nor did it have any incidents of customer privacy leakage.

System Security Protection

Yili has upgraded its technology to accurately protect against spam, phishing emails, and brute-force attacks, enhancing the email system's filtering capabilities against virus emails, phishing emails, and spam, thus improving business security and user experience, with a phishing email interception rate of 98%. At the same time, we have upgraded mainstream security protocols such as SSL (Secure Socket Layer) and DKIM (Domain Keys Identified Mail) at the application service layer, and updated and deployed Web Application Firewalls (WAF) and Intrusion Prevention Systems (IPS) at critical nodes to enhance the protection and monitoring capabilities against Websites attacks, ensuring security in internet business interactions.

Data Access Control

For external access, Yili has introduced a fortress machine as the core security control measure, authenticating and authorizing remote users, monitoring and recording data operation behaviors, and thereby achieving refined access control for backend data. In addition, Yili uses passwords and tokens for cooperative third parties to ensure the reliability of data transmission and access, thereby preventing unauthorized access and data leakage risks. For internal employee access, it has established system-level permission management standards, requiring all systems to regularly inventory personnel account permissions and conduct monthly inspections to review permission changes such as account request approvals and personnel changes, so as to standardize data access management.

Information Security Emergency Drills

Yili classifies and grades various security incidents at the group level, clearly defining the identification, handling, and review processes for each level of security incidents. At the business unit level, each application system develops an information security emergency plan based on business needs. The Group conducts emergency drills on the restoration and fault manufacturing of each application database on a monthly basis, and organizes business units to improve their emergency plans, to ensure the timely recovery of application systems and the effectiveness and availability of backup data in case of failure.

Information Security Training

Yili regularly conducts security propaganda and training to enhance employees' information security precautions. In 2024, Yili launched a comprehensive data security literacy training program, covering 100% of employees with data security training. In addition, throughout the year, Yili regularly formulates training plans based on the characteristics and needs of each business unit and adopts various methods such as theme activity month live broadcasts, online platform learning, and offline education, to carry out multi-theme and wide-ranging data security training. In doing so, Yili ensures that data security awareness has been integrated into all aspects of its work. The annual data security sharing sessions and data security propaganda activities involved more than 80,000 participants.

In 2024

0 data security incidents occurred 0 customer privacy breach incidents occurred



Consumer Privacy Protection

In 2024, Yili revised the *Data Management Measures of Yili Group*, the *Digital Security Management Specifications of Yili Group* and the *Personal Data Security Management Specifications of Yili Group*. These policies have classified and graded consumer personal information data, and clearly defined the appropriate encryption, desensitization, and security protection requirements for different types of personal information data and sensitive personal information data at each stage of the entire data lifecycle and in specific processing scenarios. To safeguard consumer privacy, we inform consumers of the ways in which the Company collects, processes, uses, stores, and protects their personal information through privacy policies and privacy agreements in accordance with relevant legal requirements. Moreover, we publicly disclose the ways in which consumers can legally exercise their rights and interests with respect to personal information and establish a coordinated mechanism at the group level to respond to consumer personal requests for information rights, setting up a dedicated personal information protection organization to actively respond to these requests and effectively safeguard the data rights and interests of information subjects.

In 2024

Conducted **33** information security emergency drills Over **80,000** personnel participated in information security and data security training Data security training covered **100%** of employees



All Thrive Together

Key performance

- RMB **26.318** billion for industry chain finance support
- A total of **100%** of partner suppliers signed the *Sunshine Agreement*
- Procured **350** tons of IP Model palm oil traceable to plantations and upgraded to the highest RSPO certification level compared to 2023
- For soybeans used in Plant Selected products, **100%** were certified as non-GMO IP
- A total of **65%** of primary packaging paper achieved FSC certification, **100%** of product packaging paper for low-temperature yogurt products obtained FSC/PEFC certification and **100%** of the cartons of secondary packaging were made from recycled paper
- A total of **100%** of raw milk can be traced back to the ranch, and **10.11%** of the purchased raw milk has obtained organic certification
- **63,414** employees in total
- Female senior managers accounted for **14.47%**
- A total of **10.96** million person-times were trained
- Yili Ark impacted more than **600** schools nationwide, benefiting over **380,000** children
- Yili Nutrition 2030 covered **28** provinces (autonomous regions, municipalities directly under the Central Government), with a total sponsorship fund of over RMB **110** million, benefiting nearly **820,000** children
- Yili's One Universe, One Childhood project covered **60** primary schools in **6** regions across the country, benefiting over **7,300** children

Contribution to SDGs



Responsible Supply Chain

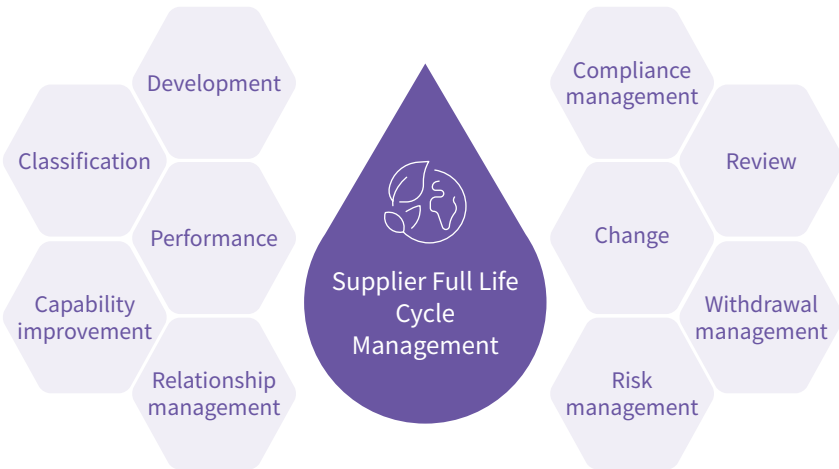
Yili harnesses industrial synergy to build a responsible supply chain, continuously optimizing its supplier management mechanisms and procurement processes to mitigate supply chain risks. By fostering close, stable, equitable, and mutually beneficial relationships with suppliers, Yili collaborates with supply chain partners to generate diverse value, building a sustainable industrial ecosystem.

» Supplier Management

Full Lifecycle Management of Suppliers

Yili formulates and continuously improves a series of management systems such as the *Supplier Development Management Process*, *Supplier Classification Management Process*, *Supplier Review Management Specifications*, and *Supplier Withdrawal Management Process*. It implements a full lifecycle supplier management model, and establishes a comprehensive management system including supplier development, classification, performance, capability improvement, relationship management, risk management, and withdrawal management, to promote effective management of suppliers. By using the Supplier Management System (SRM) to systematize and digitalize supplier management, we continuously improve supply chain management efficiency and risk control capabilities.

In 2024, we optimized the processes and requirements for supplier development and withdrawal. We newly formulated the *Management Requirements for Checking the Relationship between Suppliers and Subcontractors*, the *Irrevocable Commitment Letter*, and the *Supplier Compliance Review Guidelines* and other compliance management systems, further standardizing supplier management. To integrate Yili's sustainable development requirements into supplier management, we have added social responsibility requirements into the publicity and review processes for supplier development, access and evaluation management, performance management, and capability improvement modules. We strengthen suppliers' awareness and actions on social responsibility through methods such as completing self-assessment and audit on the Sedex platform and on-site audit, and manage the withdrawal of suppliers with continuous poor performance.



In 2024

A total of
100% of raw and auxiliary material cooperation suppliers reduced VOC emissions by installing RTO facilities

A total of
100% of raw and auxiliary material cooperation suppliers passed quality management system certification

A total of
100% of raw and auxiliary material cooperation suppliers passed the food safety management system certification

A total of
100% of cooperation suppliers signed the *Sunshine Agreement*

Supplier Quality Management

Based on the current industry situation, Yili has established differentiated quality improvement projects. The Company organizes suppliers to carry out cross-industry benchmarking exchanges, expert two-way empowerment, Six Sigma certifications, and hardware upgrades, continuously improving the quality of supplies. Yili pioneered the QWM (Quality Win-Win Model), under which certain key suppliers were taken as pilots. Through on-site diagnosis, professional guidance and other actions, suppliers have been guided to independently achieve systematic, visualized and standardized quality management systems. In 2024, we collaborated with cocoa and fruit and vegetable product suppliers to carry out Change Management, inspection, and verification. We revised and improved the management systems, procedural documents, and standard operating procedures involved in the process based on the diagnosed issues, with a completion rate of over 95%, assisting upstream suppliers in product quality improvement.

Regarding the quality of raw milk supply, Yili has established supplier classification standards based on Good Agricultural Practices (GAP) and years of experience in managing milk source bases. The evaluation criteria focus on five dimensions: supplier admission clauses, hardware configuration, quality stability, maturity of ranch quality, and daily basic management. Special assessment and audit teams are formed for each major milk source region, and all cooperative raw milk suppliers are subject to quarterly or semi-annual standard audits based on the scale of their ranches. The quality of milk sources is linked to the incentive pricing of raw milk purchases to ensure the quality and safety of raw milk. In addition, Yili has formulated documents such as the *Quality Control Plan for Raw Milk Suppliers* and the *Compilation of Quality Standards for Raw Materials and Excipients in Raw Milk Business*. Besides, we have established a sampling inspection plan for ranch raw and auxiliary materials, and carried out risk monitoring. At the same time, we promote the establishment of a raw and auxiliary material arrival inspection and sample retention mechanism at the ranch end, and manage the inbound and outbound of raw and auxiliary materials through the "Yiqiniu" system to ensure the quality and safety and traceability of raw and auxiliary materials, and promote the quality inspection and control of inputs at the ranch.

Supplier Food Safety Audit

Yili has established an internal quality expert alliance to conduct on-site suppliers evaluations according to the *Yili Group Internal Expert Selection Criteria*. During the qualification process, we carry out stringent on-site audits for all suppliers of raw materials, food additives, and packaging materials that come into direct contact with our products. Utilizing the Supplier Management System (SRM), we ensure thorough audit records and traceability management for all suppliers. In terms of food safety risk management, we have established policies such as the *Management Specification for the Filing and Verification of Raw Material Upstream Information*, the *Application Specification for Supplier Risk Management Platforms*, and the *Management Specification for Supplier Risk Communication Meetings*. On such a basis, we guide suppliers to strengthen food safety risk management. Moreover, through quarterly risk communication meetings, quality analysis meetings, and risk management platforms, we improve and track identified issues to enhance food safety risk management capabilities.

In 2024

A total of
25 veterinary drug manufacturers

100% passed the GMP Good Manufacturing Practice certification

In 2024

The audit coverage rate of domestic raw and auxiliary material suppliers reached
100%



 Supplier Risk Management

Yili has established a comprehensive supplier risk management system to evaluate and verify the food safety risks, production safety risks, and operational risk management of suppliers. The system aims to promote suppliers' risk management capabilities and collaborates with them to identify and manage risks related to water resource, climate, and forests, thereby enhancing environmental risk management. Furthermore, Yili conducts market analysis to dynamically assess supply chain risks such as raw material prices and supply-demand relationships. Yili also implements targeted countermeasures based on the assessment results to enhance supply chain resilience.

 Supplier Integrity Management

Yili is committed to actively protecting the legitimate rights and interests of the Yili Group and its partners. It implements transparent procurement practices and communicates the *Sunshine Action Management Requirements* to suppliers at various stages of cooperation, including onboarding, pricing, and performance evaluation. Suppliers are required to sign a sunshine agreement to prevent commercial bribery. Additionally, we specify the Company's management requirements regarding interest relationships, bribery, capital transactions, bid collusion, and other fraudulent activities. It also conducts compliance reviews to identify and address potential risks. In addition, Yili applies the Yiqiying learning platform to conduct anti-fraud propaganda among procurement personnel and cooperative suppliers, covering 3,207 participants.

In 2024

Yili applied the Yiqiying learning platform to conduct anti-fraud propaganda among procurement personnel and cooperative suppliers, covering

3,207 participants

 Advocating Responsible Management

Yili advocates joint efforts with upstream and downstream partners to reduce supply chain risks, formulating the *Supplier Responsible Procurement Standard*, outlining specific requirements for suppliers concerning the environment, health and safety, labor management, and business ethics. All suppliers are required to sign commitments such as the *Letter of Commitment to Responsible Supply*, the *Low Water Footprint Initiative*. These commitments ensure that suppliers fully realize their social value in areas such as energy conservation, consumption reduction, water conservation, emissions reduction, and dual carbon goal management, and clarify the carbon reduction targets of suppliers through performance promotion.

We continue to strengthen the responsible supervision of suppliers, establishing the *Social Responsibility Audit Standard for Suppliers of Yili Group*, conducting graded social responsibility management for suppliers at different stages, and continuously improving the on-site audit standards for suppliers, covering key social responsibility indicators such as business ethics, environment, employee health and safety, and labor rights.

As a member of the Supplier Ethical Data Exchange (Sedex), Yili, strictly in alignment with Sedex standard (SMETA), conducts its sustainability assessments of raw and auxiliary material suppliers, and gradually expands the coverage of supply chain responsibility audits to build a sustainable ecological network. By organizing and implementing Sedex SMETA (Sedex Members Ethical Trade Audit) standard audits, Yili guides its partners to actively fulfill their social responsibilities.

By the end of 2024

29.6%

of core suppliers joined the Sedex platform

85%

passed the environmental management system certification



For core raw milk suppliers, Yili has implemented the *Service Review Plan for Major Suppliers* along with associated review guidelines to enhance their ability to ensure quality, safety, environmental protection, and animal welfare. The regular review of these suppliers encompasses several critical areas: production safety (including fire risks, hazardous operations, vehicle risks, etc.), environmental protection management (covering legal compliance, environmental management system operations, water pollution prevention, hazardous waste management, manure disposal, etc.), livestock management (addressing feed quality, raw milk quality, animal comfort, precision feeding, epidemic prevention, veterinary drug use, etc.), organic ranch compliance, and other related aspects. When issues are identified during these reviews, Yili requires suppliers to develop specific improvement plans and monitor the outcomes. Suppliers who achieve excellent review results are rewarded with incentives.

In 2024

The audits conducted by Yili for core raw milk suppliers covered over

50% of the ranches

» Supplier Empowerment

Yili has created a comprehensive supplier training and empowerment management system, which includes a Vanguard Camp, Practice Camp, and Leadership Camp, formulating differentiated improvement strategies and training programs for the needs of different supplier groups. At the same time, Yili comprehensively empowers suppliers through the Yiqiying learning platform, introducing external, high-quality course resources, providing training certification services, and inviting industry experts and scholars to give lectures. In 2024, Yili, based on the Yiqiying learning platform, launched Sedex empowerment training, palm oil traceability empowerment training, renewable agriculture special empowerment, and "dual carbon" related online training for suppliers. It also conducted food safety risk communication, quality case dissemination, and other exchange activities.

Vanguard camp

Yili provides training on system operations and anti-fraud measures for business personnel of all cooperative suppliers through on-site communication, online guidance, and other methods to increase the efficiency and quality of the supply chain.

Leadership camp

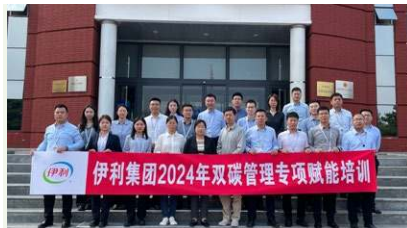
In 2024, the third Leadership Camp project had 24 suppliers to participate. Through this project, Yili provided suppliers with the latest industry knowledge and skill enhancement opportunities in a training-combat-competition mode, which promoted exchanges and cooperation among enterprises, and stimulated innovative thinking, so as to jointly address market challenges. By the end of 2024, Yili had held the "Renowned Schools + Famous Enterprises" empowerment training project for three consecutive years, benefiting more than 105 managers from over 71 suppliers.

Practice camp

To enhance the quality and safety control capabilities of its suppliers, Yili conducts training on "Food Quality and Safety" at least twice a year. This training encompasses 100% of its suppliers, reinforcing their quality management skills.



▲ Supplier Training and Communication



In 2024

Yili carried out supplier quality and safety training

5 times

With a coverage rate of

100%

» Sustainable Procurement

Yili is dedicated to offering consumers sustainable products. In 2024, Yili released the *No Deforestation Procurement Commitment*, promising to strive for a deforestation-free supply of palm oil, paper and pulp, soybeans, and soybean meal by 2030. Moreover, we actively promote supply chain traceability management and sustainable procurement of raw materials. In addition to the three key raw materials with deforestation risks, we have also strengthened the certification requirements for cocoa products. And thus, we successfully facilitated 5 cooperative cocoa product suppliers to pass the Rainforest Alliance certification in 2024. Furthermore, in our *Renewable Agriculture and Base Management Plan*, Yili regularly monitors information related to water sources, soil conditions, and the use of fertilizers and pesticides in upstream fruit and vegetable production bases. We also provide farmers with technical training in renewable agriculture to minimize the ecological impact of fertilizer, reduce the risk of deforestation within our supply chain, and enhance the overall environmental footprint of the supply chain.

Sustainable Palm Oil Procurement

Yili utilizes palm oil as a raw material in some of its products. As a member of the Roundtable on Sustainable Palm Oil (RSPO), Yili is dedicated to sustainable palm oil procurement. The Company promotes responsible production among its suppliers, aiming to mitigate deforestation and ecological damage associated with palm oil production, so as to manage the sustainable development of its supply chain from the origin. Yili has integrated sustainable agricultural certification into the development and selection criteria for new suppliers, prioritizing those with RSPO certification. And the Company is committed to increasing the proportion of RSPO-certified palm oil in its procurement. To enhance traceability, Yili has established a comprehensive system to track palm oil procurement and has defined clear methods for tracing the oil's origins. Besides, it has formulated an implementation plan for palm oil traceability projects. In 2024, Yili collaborated with the Earthworm Foundation to carry out a palm oil traceability project with its palm oil suppliers. Jointly, they identify the traceability of the palm oil supply chain, and develop palm oil traceability enhancement actions which are designed to improve the transparency of palm oil procurement activities. This will help the Group achieve its "zero deforestation" commitment. In 2024, the proportions of palm oil purchased by Yili that is traceable to refineries, palm oil mills, and plantations were 100%, 94%, and 84% respectively, and 46% of the data traceable to plantations was verified according to stricter standards*.

In 2024, all of Yili's palm oil suppliers achieved 100% RSPO certification. The palm oil purchased by Yili is traceable to its country of origin, with 350 tons of palm oil certified under the highest RSPO Identity Preserved (IP) Model. Yili has announced its intention to purchase palm oil certified under the RSPO IP Model, with a target increase of 50 tons annually, commencing in 2024. By 2030, the Company aims to procure 650 tons of RSPO IP-certified palm oil.

Note: *Stricter standards require the following conditions to be met: 1) Providing the names of the plantations, estates, or smallholders from which the procurement originated; 2) Providing their geographical locations; 3) Polygon maps must be provided for plantations larger than 4 hectares, and GPS coordinates must be provided for plantations of 4 hectares or less.

In 2024

100%

of Yili's palm oil suppliers achieved RSPO certification

100%

palm oil purchased was traceable to country of origin

Yili has announced its intention to purchase palm oil certified under the RSPO IP Model, with a target increase of

50 tons annually

Yili aims to procure

650 tons of RSPO IP - certified palm oil by 2030



Case

Yili Joins Hands with Partners to Promote the Sustainable Palm Oil Development in China

In November 2024, during the Annual Global Roundtable Conference on Sustainable Palm Oil (RT2024), Yili signed the *Sustainable Palm Oil Procurement Strategic Agreement* with three major international suppliers, namely Yihai Kerry, Bunge, and Cargill, respectively. The objectives are to promote China's first RSPO certified IP Model palm oil procurement, and to initiate a palm oil traceability project. The ultimate aim is to encourage more global palm oil producers to adopt more sustainable production models. In the same month, China's first order of IP Model palm oil successfully arrived at Shanghai Port and was unloaded.



Sustainable Soybean Procurement

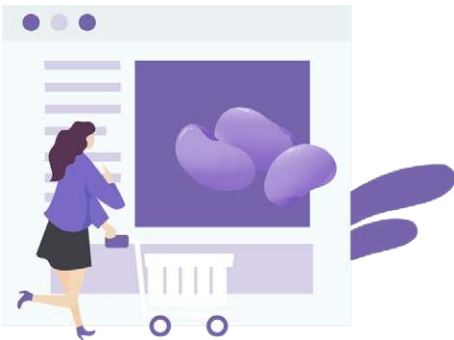
The soybeans purchased by Yili are mainly used for the Plant Selected series of milk products, and are all sourced from Northeast China with 100% certified as non-GMO Identity Preservation (IP) and organic. During the procurement process, we require all soybean suppliers to sign a commitment to avoid deforestation and strictly comply with relevant regulations such as the *Forest Law*, to protect the ecological redline and eliminate deforestation. To enhance soybean traceability management, Yili has implemented a soybean traceability system based on IP certification, enabling tracking back to the production source. This system monitors suppliers' management of the production process, including irrigation water, pesticide use, and deforestation risks, to reduce environmental pollution and ecological damage, as well as to trace back and supervise human rights issues, and safeguard the rights and interests of indigenous peoples and communities.

Additionally, soybean meal, a by-product of soybeans, is widely used in dairy cow farming of Yili's supply chain. Yili actively communicates with upstream ranches, requiring suppliers to prioritize the purchase of soybean meal that does not pose a deforestation risk and explore feasible measures for tracing the origin of soybean meal. We also actively promote alternative feeds to soybean meal to suppliers, further reducing the deforestation risk in the supply chain. With our efforts, in 2024, Yili's core raw milk supplier, Youran Dairy, committed to using "zero deforestation" soybean meal in all its Chilechuan Ecological Smart Ranches in the future.

In 2024

100%

of soybean suppliers were required to sign a commitment to avoid deforestation



Sustainable Paper Procurement

Yili prioritizes collaboration with Forest Stewardship Council (FSC)/ Programme for the Endorsement of Forest Certification (PEFC) certified suppliers, actively promotes the procurement of sustainably certified timber products, and enhances the recycling of paper packaging. Driven by Yili, by the end of 2024, a total of 4 suppliers had completed the FSC/PEFC certification, aiding Yili in achieving its deforestation-free commitment. In 2024, 65% of Yili's primary packaging paper achieved FSC certification, 100% of the packaging paper for low-temperature yogurt products obtained FSC/ PEFC certification, and 100% of the cartons of secondary packaging were made from recycled paper.

In 2024

4 suppliers have completed the FSC/PEFC certification

 Sustainable Raw Milk Procurement

Yili is committed to sustainable raw milk procurement by continually increasing the proportion of organic products, supporting core suppliers in establishing organic ranches, and reducing the risk of deforestation. We conduct comprehensive and full-process supervision from cow breeding, disease treatment, milk storage, and logistics transportation at the pasture end. This includes on-site empowerment services at pastures, remote supervision, GPS monitoring, and other methods. As a result, we can ensure that the source of every cup of milk is 100% traceable. Additionally, Yili rigorously monitors and traces the performance of raw milk suppliers in areas such as cow nutrition formula adjustment, animal welfare, environmental impact, and carbon emissions management. We conduct carbon emissions data inventory at the pasture level and collaborate with pastures on methane emissions reduction projects to support sustainable development.

In 2024

A total of

100%

of Yili's raw milk could be traced from its ranches to its consumption end

A total of

43

certification partner ranches achieved Good Agricultural Practices (GAP) certification

A total of

20

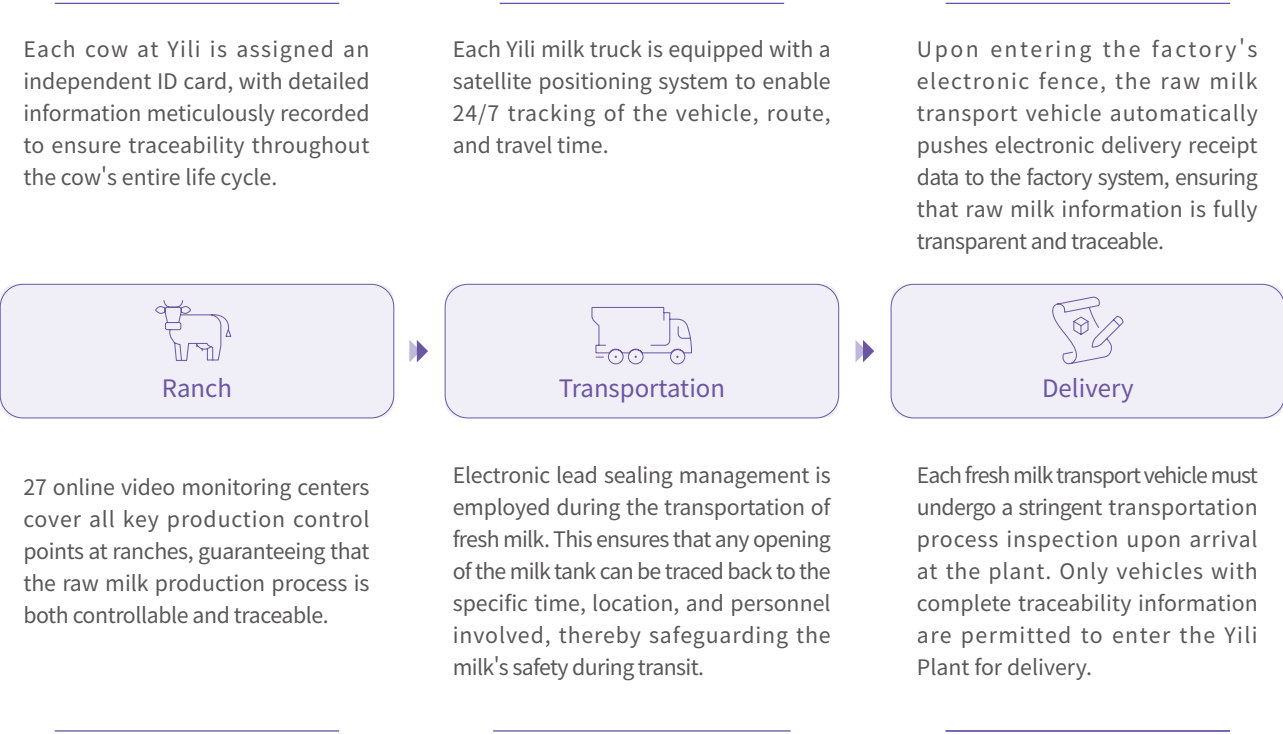
ranches and their raw milk products achieved organic certification

A total of

10.11%

of the purchased raw milk possessed organic certification

Raw Milk Traceability Mechanism



Note: All ranches include those in which Yili holds majority or partial ownership and Yili's socially cooperative ranches.

» Safeguarding Animal Welfare

Yili champions partner ranches to uphold the sustainable development principles of animal husbandry under the philosophy of "Better Production, Better Nutrition, Better Environment, Better Life". In collaboration with these ranches, Yili practices the animal welfare doctrine of "One Health, One Welfare" and continuously explores innovative approaches to animal welfare and scientific breeding, aiming to ensure the well-being of dairy cows and provide consumers with healthy milk.

Yili has actively contributed to the advancement of animal welfare technologies and the establishment of standards. Yili participated in the drafting of the group standard *Ranch Animal Welfare Requirements – Dairy Cows*, offering a reference for scientific breeding practices. In addition, Yili has published more than 20 professional books around dairy cow health management, such as the *Practical Manual of Dairy Ranch Management*, the *Selected Management Technologies of High Yield Dairy Ranches*, the *Technical Guidelines for Welfare Breeding of Dairy Cows*, and *The Road to the Future - Lean Dairy Farming*. Meanwhile, Yili has issued a series of technical tools such as guidelines for dairy cow disease investigation, standards for dairy cow disease treatment, and standard operating procedures for ranch health care. By training and guiding farmers, Yili promotes the implementation of technical standards for dairy cow health management. Moreover, Yili is committed to improving the management of the dairy industry, building an empowerment platform, and conducting empowerment training for the entire industry. To this end, Yili has published more than 120 practical technical articles on dairy cow health management, and integrated domestic and international expert resources to conduct 134 live training sessions on dairy cow health management, covering 50,000 participants, which have effectively helped ranch practitioners enhance their professional skills and improve dairy cow health management on ranches.

In 2024

Published more than

120 practical technical articles on dairy cow health management

Conducted

134 live training sessions on dairy cow health management

Covering

50,000 participants

Yili's Commitment to Animal Welfare Assurance

 **Physiological welfare**

We select high-quality forage materials to produce total mixed ration (TMR) feed, thoroughly mixing roughage, concentrate, minerals, vitamins, etc., to provide the cattle with high-quality, healthy, and nutritionally balanced feed for free grazing.

 **Environmental welfare**

We regularly loosen and maintain the cowshed bedding and exercise areas, supplement the bedding materials, and ensure cows have ample space for feeding and resting; use fans, sprinklers and other heatstroke prevention measures to reduce heat stress in cows during summer; install temporary windbreak walls to manage cold ventilation in the cow activity areas, avoiding the impact of cold climates and extreme weather in winter, as well as stress levels on cow health.

 **Sanitary welfare**

We monitor the health conditions of cows, select high-quality vaccines to prevent disease occurrence; and promptly treat sick cows. Meanwhile, promote the healthy growth of cows through feed optimization and timely cowshed cleaning.

 **Behavioral welfare**

We ensure the freedom of cows to express their natural instincts, reduce stress reactions in cows through stress-free herding and standardized milking operations.

 **Psychological welfare**

We provide sufficient space and facilities and natural living conditions with fellow companions, to ensure cows are free from fear and anxiety.

 Veterinary Drug Control

Yili actively promotes resistance reduction and bacterial resistance control through participating in the compilation of professional books such as the *Technical Guide for Resistance Reduction in Dairy Cow Farming*, and driving partner ranches to carry out pilot projects for "resistance reduction" actions. By establishing standard treatment prescriptions for common dairy cow diseases, Yili guides ranch veterinarians in the scientific use of medications, and during the treatment of dairy cow inflammation, Yili precisely selects antibiotic drugs based on pathogen types and drug sensitivity test results. As a result, Yili has shortened the treatment cycle and supported the sustainable and healthy development of the industry. Furthermore, Yili fully implements antibiotic management practices and significantly reduces the risk of veterinary drug residues by enhancing awareness of antibiotic reduction and residue control.

Yili has formulated the *Guidance Manual for Quality Control of Ranch Inputs* and distributed it to ranches. Yili has also trained personnel in key positions on the veterinary drug control process and conducted educational sessions on proper medication management in ranches. Moreover, Yili encourages all ranch owners, veterinarians, and breeding and inspection personnel to sign the *Commitment Letter for Veterinary Drug Control*, which clarifies the legal responsibilities associated with improper medication use. Yili has introduced the *Guidance Standards on Veterinary Drug Risk Control*, and publicized it in ranches. In addition, Yili promotes a self-checking and self-correcting approach, enabling ranches to independently manage the risk of veterinary drug residues. Moreover, Yili utilizes ranch information systems and video surveillance systems to ensure comprehensive traceability throughout the entire process.

Industry Chain Prosperity

As an industry leader, Yili adheres to the development philosophy of "Depth over speed, industry prosperity over individual success, and social value over commercial wealth". While seeking its own high-quality development, Yili also drives its industrial chain partners toward mutual growth and shared benefits in the upstream and downstream across the entire industrial chain.

» Symbiotic Prosperity of the Industrial Chain

To foster healthy industry development, Yili explores an integrated industry-finance model characterized by core enterprises bearing substantive risks and responsibilities. It aligns financial support schemes with the varying development stages of its industry chain partners, effectively resolving the financing challenges faced by small and medium-sized enterprises (SMEs) within the supply chain. In addition, Yili actively responds to national requirements, protects the legitimate rights and interests of SMEs, and pays their bills promptly, so as to provide a better business environment for their development. By the end of 2024, Yili's accounts payable (including notes payable) balance was RMB 13.282 billion, accounting for 8.64% of the total assets for the year.



By the end of 2024

Yili's accounts payable
(including notes payable)
balance was RMB

132.82 billion

Accounting for

8.64% of the
year's total assets



Agricultural finance
Facilitating the sound
operation of cooperative ranch

Against the industry backdrop of excess milk supply and falling milk prices, Yili addressed the business needs of partner ranches by providing comprehensive financial support services. For ranches with operational willingness and repayment capacity, financial support measures such as extending repayment periods and adjusting repayment plans are used to alleviate the financial pressure on the ranches, helping them operate stably. In 2024, Yili provided financing support RMB 1.724 billion to 154 cooperative ranches.



Supply chain finance
Promoting stable production
and supply of suppliers

Yili continues to expand its support for suppliers, working together with them to create and develop more customer-demand-oriented financing service plans, streamlining financing procedures and increasing support for planting suppliers to reduce financial pressure on growers. In 2024, Yili provided financing support RMB 15.671 billion to 878 upstream partners (excluding cooperative ranches).



Inclusive finance
Helping dealers to generate
revenue continuously

Yili adopts classified strategies based on the types of dealers, providing customized and personalized financing solutions for dealers at different levels and with different needs, meeting their capital requirements, helping those in difficulty to overcome challenges, and enhancing their business capabilities. In 2024, Yili provided financing support RMB 8.923 billion to 5,019 downstream partners.

In 2024

We supported

6,051 customers

We financed

RMB **26.318** billion for industry chain finance



Case

Supply Chain Finance Supports Organic Silage Planting

Yili supports the sustainable development of the dairy industry chain with green financial products. It precisely supports organic silage planting to promote the green transformation of agriculture, and the high-quality development of the dairy industry. Yili's innovative financial product design ensures that financial support is not limited to a specific stage of organic silage planting but throughout the entire planting cycle. Growers can receive timely financial support at various stages such as renting land, sowing, and harvesting. To facilitate growers in handling business, Yili has upgraded its business system, allowing them to complete financing via a mobile app. As of December 2024, Yili cumulatively provided about RMB 980 million of financing to 151 growers, supporting approximately 540,000 mu of organic silage planting, thereby driving the production of about 1.1 million tons of organic silage.

» Benefiting Farmers and Herdsmen

Focusing on the challenges faced by farmers and herdsmen, such as inadequate technology, financing difficulties, and weak risk management, Yili has established a seven benefits linkage mechanism. This includes technical services, financial support, industry leadership, risk sharing, high-quality forage, superior cattle, and talent development. By doing so, Yili has fostered a community that shares both benefits and risks with farmers and herdsmen, propelling the industry chain toward common prosperity.

Seven Benefits Linkage



Technical services

Yili has brought onboard experts with authoritative and practical experience from both domestic and international backgrounds to create the Yili Dairy Science Research Institute. This institute is dedicated to specialized technology research, technical services, and the application of advanced dairy cow breeding techniques. With a focus on three core service principles —cost reduction and efficiency enhancement, precision feeding, and streamlined operations— it offers comprehensive technical services to ranches, helping cooperative ranches elevate their technical standards.



Financial support

Yili has innovated the financial model within the industry chain and introduced various financial products like the Instant Insurance, Order Loan, and Silage Planting Loan. These products are designed with the needs of farmers and herdsmen in mind, addressing financing amount, repayment methods, and financing periods to resolve development funding issues. In 2024, Yili issued approximately RMB 0.98 billion in financing for 151 growers, promoting the large-scale planting of organic silage.



Industry drive

Yili has made significant investments in developing large-scale dairy industry clusters in Hohhot, Hulunbuir, Bayannur, Hinggan League and other locations in Inner Mongolia. These initiatives aim to advance the industrialization of modern agriculture and animal husbandry in the dairy sector. Yili has been consistently enhancing and optimizing its industry chain functions, achieving efficiencies through industrial clustering. This approach drives the entire dairy industry chain toward increased intelligence, premium quality, distinctiveness, and ecological sustainability, contributing to the revitalization of the dairy industry and rural communities while promoting common prosperity.



Risk sharing

Yili has signed a long-term contract with farmers to purchase all qualified raw milk, thereby safeguarding them against market uncertainties and adverse conditions. To support cooperative farmers, Yili addresses the challenge of raw milk surplus by producing milk powder.



High-quality forage

Adhering to the principle of driving planting with "breeding and promoting breeding with planting", Yili has conducted extensive research on forage grass, addressing key challenges in cultivating high-quality forage varieties. The Company has promoted the adoption of superior silage and localized roughage. In 2024, by providing financing for growers, Yili supported the planting of approximately 540,000 mu of organic silage, driving the production of about 1.1 million tons of organic silage.



Superior cow

Yili has initiated the comprehensive Breeding Cattle Quality Upgrading Project to enhance ranch productivity and production. This initiative includes germplasm research, technology transformation and application, professional training, on-site services, and policy guidance.



Empowerment enhancement

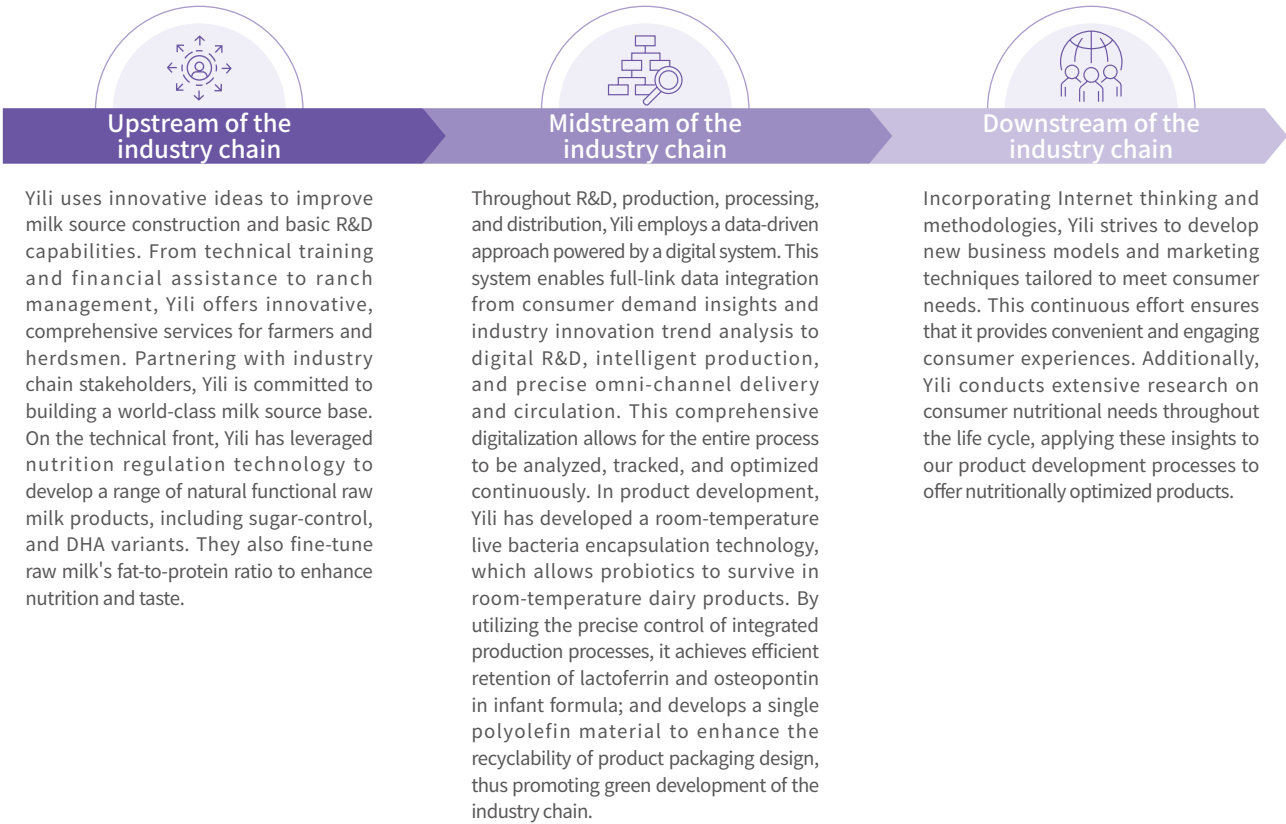
By establishing the Yili Dairy Science Research Institute, a comprehensive industry-academia-research empowerment platform has been constructed to carry out new technology research and promotion, industry personnel empowerment training, enhance the professional capabilities of ranch staff, and improve the efficiency of breeding technology and ranch management. In 2024, Yili, through the Yi Class live broadcast platform, invited practical experts to conduct live training, accumulating over 590 online live training sessions, and a total coverage of 519,000 person-times. Additionally, focusing on areas such as ranches operation, nutrition, breeding, health care, milk quality, and roughage planting, Yili delivered specialized training programs for farmers free of charge. These programs included Ranch Breeding Class, Ranch Health Care Class, Ranch Nutrition Class and Yili Class, continuously empowering the ranches.

» Digitalization Empowers Dairy Industry

Digitalization is the trend and an important driving force for the development of the global industry chain. Firmly believing that only evolution can adapt to change, Yili continuously optimizes the full-chain digital layout across the upstream, midstream, and downstream of the industry chain, thus providing digital support and empowerment for the upgrading. Driven by the digitalization and intelligence, Yili creates a smart dairy industry, empowering the construction of a global healthy ecosystem and providing consumers with high-quality products and services.

 Innovation System Covering the Entire Industry Chain

Yili promotes innovation throughout the entire industry chain. Guided by consumer demand, Yili deepens management innovation, and creates a more efficient, sustainable, and intelligent dairy industry chain. By doing so, Yili aims to share the value of innovation with industry chain partners.



 Digital Empowerment

Yili closely follows the new trend of social digital intelligence by accelerating the digital intelligence upgrade of the dairy industry. It has established a digital technology center, and continues to build a digital platform characterized by "full cycle, full process, full channel, full chain, and full-domain operation". Besides, it has created an advanced digital technology platform, a high-quality digital resource system, and a professional digital talent team, forming a new driving force for business growth. Furthermore, it focuses on key areas such as large supply chain, large marketing, core functions, digital technology, data intelligence, and digital leadership, strengthening the digital capabilities of the entire industry chain and the construction of digital resource network ecosystem, thus achieving quality and efficiency improvement in research and development, production, circulation, and service.

Smart ranch



Yili has covered the "diet, clothing, shelter, and transport" of dairy cows through digital smart management. Fully intelligent milking robots, feeding robots, and feed pushing robots perform their respective duties to ensure that cows receive balanced nutrition. By utilizing the Internet of Things technology, Yili automatically adjusts the temperature, humidity, and lighting of the cowshed, greatly improving the operation efficiency of the ranch. Yili has also developed the Yili Smart Ranch Big Data Analysis Application Platform 3.0, which is freely available to many cooperative ranches. Yili also utilizes this platform to integrate expert theories and big data analysis to provide the industry experts consultation and visual dynamic management for ranches. With these efforts, Yili empowers the industry with smart ranches, lowers technical barriers, improves the data application capabilities of industry practitioners, and guides digital management of ranches to lean and green operations.

Intelligent manufacturing



Yili has built smart factories to achieve full automation, process transparency, and production efficiency. The Global Intelligent Manufacturing Industrial Park located in Yili Modern Intelligent Health Valley can be regarded as a typical sample of Yili's digital and Intelligent development. The smart factories in this park have all introduced automated production lines, intelligent logistics systems, and industrial internet technology. Through intelligent sensors and machine learning algorithms, they optimize the production parameters at each stage of the production line; through robotic arms and intelligent robots, they achieve precise execution of each production step, ultimately realizing automated and intelligent management of the production process. Additionally, at Inner Mongolia Jinhai Yili Dairy Co., Ltd., the key equipment numerical control rate reaches 100%, and the key equipment networking rate reaches 95%, achieving cost reduction in multiple links, such as production scheduling, production control, and warehouse logistics. By applying intelligent energy-saving technology, it also reduces energy consumption during the production process, setting a benchmark for green development in the industry.

Artificial intelligence



Yili has accelerated the construction and application of AI technology, established a dedicated AI professional team, and built an independently controllable AI platform. On one hand, it continuously deepens the implementation of decision-making AI in product innovation, consumer insights, omni-channel, and supply chain, helping reduce costs and improve efficiency. On the other hand, it speeds up the deployment of generative AI cutting-edge technology capabilities. Following the creation of the dairy industry's first large model product YILI-GPT, it completes the construction of the YILI-Agent platform, accelerating applications in content generation, data intelligence, corporate knowledge brain, and digital employee. In addition, Yili collaborates with Fudan University's School of Data Science to develop a nutrition and health large model, establishing a closed-loop service capability for children's healthy growth assessment and building a risk assessment capability for cognitive impairment in the middle-aged and elderly populations, thereby providing consumers with more health services.

In 2024

Yili was selected as an exemplary case in the Artificial Intelligence Empowering New Industrialization initiative by the Ministry of Industry and Information Technology of China

Inner Mongolia Jinze Yili Dairy Co., Ltd. was honored with the title of Intelligent Manufacturing Benchmark Enterprise by the same ministry

Yili was selected as 2024 Digital Transformation "Pioneer" in China's Light Industry case by the China National Light Industry Information Center Association



Yili was selected as 2024 Best Digital Transformation Practice of China's Listed Companies case by the China Association for Public Companies

Employee Well-Being

Yili continuously embeds its employer brand, centred on the core value of "Vibrant and Upward, Powering the World", into the corporate DNA. By focusing on outstanding value creators, Yili is dedicated to becoming a top tier employer that not only thrives continuously but also fosters excellence, builds trust, and ensures mutual success with its employees. We prioritize the rights and interests of our workforce, safeguard their health, support their growth, and cultivate a diverse, inclusive, open, and trustworthy working environment.

» Maintaining Employee Rights

Yili strictly adheres to national and local laws and regulations, including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. The Company revises and enforces a series of policies, such as the *Management Regulation on Labor Contract* and the *Management Regulation on Rest, Vacation and Attendance*, to ensure compliance in employment management. During the recruitment process, Yili is committed to equal employment practices, consistently strengthening democratic management and expanding communication channels for employees. Yili fosters an open, innovative and respectful work environment, strictly enforces collective contracts, and thoroughly protects the legitimate rights and interests of its employees.



Case Yili Upgraded Its Employer Brand Building, Winning Multiple Employer Brand Awards

In 2024, Yili continued to drive the dual-brand promotion system of the Vitality Initiative and the Spring Drizzle Initiative, promoting the simultaneous enhancement of organizational vitality and organizational warmth. Additionally, it upgraded and launched the communication plan to strengthen employee perception, continuously attract and retain outstanding value creators, and become the best employer. Through long-term employer brand building, Yili's employer brand has been recognized by international authoritative human resources institutions, winning the top awards of China Outstanding Employer 2024 from the Global Outstanding Employer Research Institute and China Best Employer 2024 by Forbes, along with two highly valuable sub-awards. It also obtained continuous recognition by multiple domestic authoritative human resources institutions.



China Outstanding Employer 2024
Top Employers Institute



China Best Employer 2024
Forbes China



TOP20 China Best Employers 2024
Zhaopin.com and Center for
Social Research, Peking University



DEI Employer Award 2024 and
TOP50 DEI Employers (China Region)
Employer Branding Institute



TOP Graduate Employers in
China 2024
51job.com



Mercer China Top Healthiest
Workplace 2024-2025
Mercer China



Employer Branding Creativity Awards 2024: Best Employer
Brand Technology, Best Innovative Employee Experience
Program, Best On-Boarding Program, Best Campus Program,
Best Sustainable Development Program

Indicator name	Unit	2024
Total number of employees	/	63,414
Proportion of female senior managers (deputy general manager and above)	%	14.47%
Total number of ethnic minority employees	/	5,692
Proportion of local management personnel in overseas enterprises to overall overseas management personnel	%	82%
Employees social insurance coverage rate	%	100%
Labor contract signing rate	%	100%
Collective contracts signing rate	%	100%
Employee union membership enrollment rate	%	100%

 Adhering to Equal Employment

Yili takes practical actions to protect employees' rights and interests in areas such as salary, benefits, leave, promotion, anti-discrimination, and equal opportunities. Yili adheres to an equal and non-discriminatory employment policy, eliminating discrimination based on gender, age, nationality, religion, disability and other factors. Yili ensures equal pay for equal work between male and female employees through a fair process of salary determination, adjustment, and various benefits. We respect employees' reasonable preferences regarding their work and strictly prohibits forced and child labor, with stringent checks on ID information during recruitment. We pay wages to employees in accordance with relevant regulations and timely pay social insurance premiums.

Yili adheres to the principles of openness, fairness, and justice in employment. In 2024, with Diversity, Equity and Inclusion indicators tracking as a support point in recruitment and selection, Yili innovatively constructed industry-leading digital recruitment products. By deeply integrating AI technology into the entire recruitment chain, Yili further enhanced the fairness and justice of talent selection through digital means, achieved a dual improvement in recruitment efficiency and the quality of talent selection, and created a favorable employment environment. Besides, Yili also conducts interviewer empowerment and certification, building a talent team with a diversified structure, multi-generational integration, and a wide geographical and ethnic span that aligns with industry characteristics and business development. In addition, Yili actively responds to national calls, adjusts its employment model, and sets up flexible job positions to ensure that flexibly employed staff enjoy the same treatment as formal employees in terms of benefits, participation in company activities, and access to learning resources, so as to attract more outstanding talents.

 Optimize Compensation and Incentives

Yili provides competitive compensation to its employees to continuously stimulate talent vitality. Yili also continues to optimize the *Compensation Management System* and the *Welfare Management System*, strengthening the value creation orientation, and solidifying a comprehensive compensation management system that combines position-based pay with ability-based pay, to encourage employees to create more fruits, thereby achieving a win-win situation for both the enterprise and the employees.

In terms of talent incentives, Yili has established a performance management system that focuses on five key dimensions: growth, excellence, innovation, enhanced collaboration, and long-term capacity building. This system consistently prioritizes the creation of outstanding value to ensure fair compensation for hard work, while encouraging employees to take charge of their personal growth. Additionally, Yili has implemented a diversified incentive model that includes short-term, medium-term, and long-term rewards. This model incorporates various incentives like equity incentives, organizational performance bonuses, the President's Special Award, along with a range of non-monetary incentives such as expert workshops and formal recognitions. These incentives are designed to inspire employees to pursue high quality and efficient work patterns. In response to the contributions of product and technological innovation, Yili has introduced a three-stage incentive system. This system spans from "real-time recognition during the process", through "recognition of product or technological innovation achievements", to "recognition for co-creation and sharing of commercial value increments". The goal is to establish a comprehensive incentive and recognition chain that stimulates the vitality and creativity of talents.



Perfect Welfare and Vacation

In terms of welfare, Yili has continuously enhanced its employee welfare system to meet the diverse and varied needs of its workforce. We offer over 40 distinct benefits, including Festival benefits, birthday bonus, and spousal childbirth support. Additionally, Yili has updated welfare platform, integrating more than 15 welfare resource, such as internal purchase discount, external group purchase, E-enterprise health services. Through these initiatives, Yili aims to provide employees with a more convenient and responsive welfare experience, thereby enhancing their sense of belonging.

In terms of vacation, Yili ensures that employees benefit from statutory holidays and paid annual leave. Additionally, Yili offers various other types of leave, including sick leave, home leave, marriage leave, bereavement leave, prenatal care leave, maternity leave, paid nursing leave, breastfeeding leave, parental leave, and personal leave. To help employees achieve a balance between work and rest, Yili has implemented measures such as strengthening rotation management, fragmented time management, and flexible attendance, tailored to the unique demands of production and operations.



Protecting Rights and Interests of Female Employees

Yili adheres strictly to the *Law of the People's Republic of China on the Protection of Rights and the Interests of Women* and the *Provisions on the Scope of Prohibited Labor for Female Employees*, strictly prohibits female employees from performing labor activities restricted by the state, provides leave for pregnancy check-ups, maternity leave, and legally mandated breastfeeding breaks of two hours per day, and reduces their workload accordingly. We have set up well-equipped loving mommy cabins for pregnant and breastfeeding female employees, providing a comfortable environment for them to rest during pregnancy, breastfeed after childbirth, and communicate about childcare.



Strengthening Democratic Management

Yili actively promotes democratic management by involving employees in important decision-making processes. Each year, representatives convene the Congress of Workers and Staff to hear, deliberate, and vote on rules, regulations, and major issues that affect the interests of employees. In 2024, Yili convened the fourth session of the 13th Congress of Workers and Staff. During the meeting, Yili signed the *Collective Contract*, the *Special Collective Contract on the Protection of Rights and Interests of Female Employees*, and the *Special Collective Contract for Wages*. At the same time, Yili listened to and reviewed the work reports of worker directors and worker supervisors, to safeguard employees' rights and strengthen democratic management.



Broadening Communication Channels

Committed to the principle of doing practical things for employees, Yili has established a comprehensive and diversified communication channel known as zero distance communication to ensure the timely resolution of employee concerns. Additionally, the Company has enhanced its intelligent voice and customer service capabilities, providing 24/7 human resources self-service consultation services and ensuring zero waiting for employee inquiries.

In 2024

Over **40** distinct benefits were offered, including festival benefits, birthday bonus, and spousal childbirth support

More than **15** welfare resources were developed, including internal purchase discount, external group purchase, E-enterprise health services

By the end of 2024

84 loving mommy cabins were built



Strengthening Employee Care

Yili, focusing on employee life, is committed to creating a healthy, comfortable, and enjoyable working and living environment for employees. It also continuously carries out diversified employee care initiatives to enrich employee lives and enhance their sense of well-being.



Important festival activities

- ◆ In 2024, the event of Happy Family Day was held on Children's Day, with nearly 6,000 employees and their families participating.



Care for female employees

- ◆ The event of Women's Day was held, distributing festival gifts and bouquets to female employees.
- ◆ Infant formula milk powder benefits were provided to employees on maternity leave, to male employees whose spouses are not employees of Yili, and as part of childbirth congratulations offerings.



Care for dispatched employees

- ◆ Yili establishes a special care implementation management mechanism for domestic and overseas dispatched employees, setting up overseas assignment allowances, living subsidies, hardship subsidies, children's education subsidies, and commercial insurance for dispatched employees and their families.
- ◆ Yili deeply cares for dispatched employees' families. In 2024, the Group conducted home visit activities for 4,158 dispatched employees, distributing gifts worth RMB 4.465 million.



Assist employees in difficulty

- ◆ Prior to the Spring Festival in 2024, the Group distributed RMB 359,100 as Spring Festival funds to 282 employees in difficulty.



Care in key point

- ◆ In 2024, the Group sent graduation congratulations and cards to the children of 366 employees nationwide with RMB 366,000.
- ◆ In 2024, Yili customized retirement trophies for multiple retired employees, and held retirement ceremonies with retirement souvenirs presented.



▲ Employee Spring Festival Exclusive Sale



▲ Spring Festival Funds for Employees in Difficulty



▲ Employee Children's Educational Advancement Celebration Ceremony with Congratulatory Grants Distribution



▲ Family Day Activities

» Achieving Employee Development

Yili Global Talent Development Center has established the Leadership Development Center, Professional Development Center and Digital Learning Center to create a sustainable career development platform for employees. This initiative focuses on the three core values of knowledge, talents, and industrial chain, aiming to foster outstanding value creation.

Career Development

Yili has established a scientific and systematic job system, forming development pathways across five sequences, offering dual promotion engines for both management and professional roles, and providing talents with horizontal diversified experiences and vertical growth opportunities, thereby ensuring they become outstanding value creators.

Management position promotions

Yili has refined its appointment mechanism for management personnel. This involves conducting comprehensive evaluations to accurately identify talented individuals and implementing a competitive employment system. Yili is committed to the dynamic promotion and demotion of cadres, offering ample growth opportunities and platforms for outstanding value creators. In recent years, Yili has been accelerating its digital transformation in human resources. By upgrading foundational platforms like digital talents and Yiqixue, Yili aims to facilitate the parallel growth of both employees and the organization with greater efficiency and intelligence.

Professional position promotions

Yili conducts annual professional reviews aligned with organizational needs, evaluating employees on their knowledge, skills, professional contributions, and other relevant criteria. Exceptional employees are identified for advancement and provided with opportunities for promotion.

Yili highly values the construction and cultivation of management and expert talents, always driven by business development needs to nurture talents. According to the characteristics of talent growth, we have launched special programs such as the Strategic Elite, Taihang Class, Digital Leadership Enhancement Project, Mentor Coaching and Expert Studio, providing platforms for various talents to develop themselves and make achievements.

Employee Training

Yili always attaches importance to the continuous growth and development of its employees and is dedicated to nurturing and achieving outstanding value creators. In 2024, supported by a digital platform, Yili established the Yiqixue and the Yiqiying learning platforms for all employees and industry chain partners, respectively, inspiring company-wide and value-sharing partners' enthusiasm for learning. For employees, Yili, guided by the qualification management system, focuses on building a systematic and visual talent development learning map, and opens up all key elements of talent development, thus driving employees' full career growth, and achieving the win-win development of employees and the Company.

Standing as the first dairy enterprise in China to complete the certification for both chief technician and special-grade technician roles in 2023, Yili further completed the certification of the first chief technician and the first batch of special grade technicians in the animal husbandry sector in 2024, representing Yili's leading professional position in the field of animal husbandry and setting a benchmark for skilled talents in the industry.

In 2024, Yili continuously improved the training system. Adhering to the ADDIE learning design theory, and based on the empowerment model of training, practice, and competition, Yili conducted diverse talent cultivation and empowerment activities, such as trainee programs, reserve talent programs and digital talent, and innovative tools.

In December 2024



Yili took the lead in completing the certification of the first chief technician and the first batch of special-grade technicians in the domestic animal husbandry field, and established high-skilled talent standards in the field to cultivate a team of highly skilled animal husbandry talents, leading the healthy and rapid development of the industry.



Case

Yili Was Awarded the ATD BEST Awards Global Best Learning Enterprise, the Highest Honor in the Field of Talent Development

In May 2024, Yili was honored with the ATD BEST Awards Global Best Learning Enterprise award. This award is the highest honor in the field of talent development. This is another breakthrough for Yili in talent cultivation and organizational learning after winning the ATD EIP Excellence Practice Award issued by the organization in 2019. Yili has thus become the only Asian dairy company to win both the ATD EIP Excellence Practice Award and the ATD BEST Awards Global Best Learning Enterprise.



2024

A total of

10.96 million employees received training

A total of

97.78% of employees were covered in training



» Occupational Health and Safety

Yili prioritizes food safety and production safety in all aspects of its operations. We have established an EHS Committee and set clear goals of zero accidents and zero injuries, continually enhancing the production safety management system and fostering a healthier and safer working environment for its employees and other stakeholders.

By the end of 2024

A total of

47 Yili factories had achieved ISO 45001 certification for occupational health and safety management systems

A total of

1 factory had been recognized as a national-level safety culture demonstration enterprise

A total of

13 factories had been recognized as provincial and municipal safety culture demonstration enterprises

A total of

7 factories had been awarded the title of Provincial (Municipal) Model Enterprises for Occupational Health

Indicator	2022	2023	2024
Number of fatalities	0	0	0
Number of serious injury	0	0	0
Number of occupational disease	0	0	0
Lost time incident rate per million workhours (%)	0.17	0.14	0.08
Recordable incident rate per million workhours (%)	0.76	0.62	0.52

▲ 2022-2024 Safety Performance Data

Risk Classification and Control

In 2024, Yili categorized the core risks of its factories into four levels –major, significant, general, and low–using the risk matrix method under the national dual prevention mechanism for risk classification management and hidden hazard investigation. This framework aligns risk controls hierarchically across corporate, departmental, team, and position levels, following rigorous inspections and evaluations. Following the priorities of elimination, substitution, engineering measures, management, and personal protection, Yili has formulated systematic, reasonable, and feasible management and control measures. To further strengthen risk management and control, Yili realizes effective risk classification and control through measures such as post risk notification, clear regional responsibility maps, improvement of safety operation procedures, and safety training and education.

Perfecting Hidden Danger Investigation

Yili has established and refined a potential hazard assessment mechanism based on a risk classification control list. This mechanism is continuously updated and optimized to improve the potential hazards assessment standards. The Company conducts thorough checks and verifies the implementation of risk control measures through a combination of daily, regular, holiday, and special safety inspections. For general hazards, measures are taken to either rectify them immediately or within a specified timeframe. For major hazards, Yili formulates special treatment plans, assigns a person in charge, and allocates necessary resources to ensure that potential safety hazards are addressed swiftly and thoroughly.

In 2024, Yili focused on core risk management and control, identifying the top ten core risk points such as fire, ammonia-related issues, and hazardous operations, and thus formulating targeted risk control standards and countermeasures. Meanwhile, Yili and its subordinate business units carried out core risk inspections and maturity assessments to ensure effective implementation of risk control measures in each unit, safeguarding that core risks were within a controllable range. Additionally, we continuously optimize the EHSQ system. In terms of occupational health management, the EHSQ system enables services such as health hazard monitoring, physical examination reminders, and configuration of labor protection supplies for positions, enhancing the early warning capabilities and protection levels for employee health risks.

Safety Management

Yili places great importance on the occupational health and safety of its employees. In compliance with laws and regulations such as the *Law of the People's Republic of China on Work Safety* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, Yili has established a comprehensive safety management system that encompasses all employees. To better guide its safety management efforts, Yili has developed a *Safety Management Manual*, and established an EHSQ information system. This system facilitates comprehensive monitoring of the safety management process, ensuring that safety protocols are continuously and effectively implemented.

Management and control of occupational hazard

Operation safety

Management of third parties

Improvement of accident investigation

- Yili regularly monitors occupational hazard factors in the workplace. The Company conducts annual occupational health examinations for employees exposed to noise, dust, and high temperatures, establishes and maintains employee occupational health records, and strives to eliminate occupational hazards.
- Yili implements measures to effectively control these hazards, including sound insulation, noise reduction, temperature control in work areas, and improvements to the man-machine environment. The Company focuses on upgrading hardware in workplaces with significant occupational hazards such as noise, high temperature and dust.
- Yili has developed the *Technical Specifications for Fire Safety Management*, the *Technical Specifications for Safety Management of Related Parties*, and the *Ten Provisions for Lithium Battery Safety Management*, and has refined the *Technical Specification for Boiler Safety Management*. These improvements clarify safety management standards throughout the entire lifecycle –including introduction, installation, operation, maintenance, and scrapping– thus ensuring the safety of all operators.
- Yili has established the *Technical Specifications for Safety Management of Third Parties*, providing clear safety management standards and guidance for the management of third parties, and clarifying the access and exit mechanisms for them, so as to ensure the safety of their operations.
- Yili conducts regular inspections on core third parties to verify the implementation of safety measures, effectively ensuring their production safety.
- Yili enforces primary safety accountability by cascading responsibilities through annual work safety responsibility agreements, which are integrated into managerial annual performance evaluations.
- Yili continuously improves the accident investigation mechanism and has developed the *Regulations on EHS Incident Management*. Yili leverages the EHSQ information system as a platform to facilitate online incident reporting, data transfer, and business approvals. An accident case sharing process has also been established, allowing for comprehensive dissemination of typical accident cases, and enabling benchmarking and self-assessment to prevent similar future incidents.

Strengthen Emergency Response

Yili has compiled and continuously improved the *Guidelines for Emergency Response to Natural Disasters*. Based on the natural climate characteristics within the scope of operation management, Yili focuses on five types of disasters, including earthquakes, floods, rainstorms, typhoons, and blizzards, and has established a comprehensive risk control model for heavy rain and blizzards, built an efficient disaster early warning platform, promptly obtained and pushed out early warning information, strengthened prevention and emergency measures, and achieved rapid response. Additionally, Yili conducts quarterly emergency capability verification and random checks, and ensures the feasibility of the plans. We also organize emergency drills for various sudden accidents to enhance the emergency response capabilities of all employees.



Fire Emergency Drill

Occupational Health and Safety Training

Yili consistently enhances its three-tier safety education program for all employees, ensuring that new hires quickly understand the hazards and risk control measures associated with their roles. Meanwhile, Yili established an advanced training curriculum for the management, which includes safety excellence seminars and expert-led lectures by internal professionals to bolster the management's safety awareness. Furthermore, Yili improves the safety awareness and skills of all employees by identifying and creating safety skill matrices, formulates annual safety training plan and carries out diverse safety education and trainings. In 2024, Yili organized approximately 49,000 safety training sessions, engaging 1.08 million participants and covering 167 topics. These sessions encompassed all employees as well as major stakeholders.



CPR Hands-On Training

In 2024

Yili organized approximately

49,000

safety training sessions

Engaging

1.08

million participants

Covering

167

topics



Safety Training

 Focus on Physical and Mental Health

Yili Group always prioritizes the physical and mental health of its employees, enhancing their health management awareness through a series of comprehensive health management services. In collaboration with external organizations, Yili has established an employee health management platform, integrating physical examination resources from thousands of public and private institutions across the country, and introducing professional medical examination institutions to provide convenient online cross-regional physical examination appointment services to employees. In addition, Yili also offers a full range of services from physical examination appointment, through report analysis and post-examination guidance, to health consultations, based on the E-Enterprise Health corporate health service management platform.

In terms of mental health, Yili has bolstered mental health care and prevention measures for its employees by introducing third-party Employee Assistance Programs. These programs offer mental health lectures and counseling to help employees maintain a positive attitude. The Company has also set up Soul Harbor stress relief room for employees, implemented EAP programs, and established the Yixin Care Hotline to further help employees build a positive mindset.

In 2024, Yili carried out various free medical clinics for employees, conducted first aid skills training, and issued red cross first aid certificates to 1,762 volunteers nationwide, protecting the life and health of its employees.

Yili is committed to building a comprehensive and systematic occupational health and safety management system. By adopting advanced management concepts and innovative technical means, it aims to enhance the health and safety protection level of all employees. The Company not only regards occupational health and safety as an important strategic goal, but also conducts targeted preventive measures such as monitoring of occupational hazard factors and health check-ups through continuous risk assessment and analysis, to ensure the safety of the working environment and the physical and mental health of the employees. At the same time, Yili Group advocates a safety culture, with a focus on humanistic care, to promote safety education and training, aiming to achieve the goal of zero-accident, and highlighting high attention to employee welfare and social responsibility.



In 2024

Issued red cross first aid certificates to

1,762

volunteers nationwide

Public Charity

Yili is committed to keeping pace with social development by leveraging its strengths and actively participating in public welfare initiatives to contribute positively to society. Yili continues to lead with iconic public welfare programs such as Yili Ark, Yili Nutrition 2030, and One Universe, One Childhood. Yili also collaborates with the Yixin Xiangyang Volunteer Service Federation to conduct a variety of public welfare activities, providing long-term support for children's safety and nutritional health, all in an effort to foster a harmonious and compassionate society.

» Safeguarding the Growth of Teenagers

 Yili Ark

Launched in 2012, the Yili Ark Project is co-sponsored by Yili and the China Western Talent Development Foundation, and the project advocates that "the best protection is to teach children self-protection". Tailored to the specific needs of local schools, Yili Ark focuses on building safe, ecological schools and is dedicated to enhancing children's safety education in central and western China. Over the past 12 years, Yili Ark has brought children's safety education to more than 600 schools nationwide, safeguarding the growth of over 380,000 children.

In 2024, Yili Ark launched various activities such as the Happy Education Carnival, the Joyful Experience Smile Guardian Initiative, and the Happy Back-to-School Primer. Through edutainment activities, these activities delivered engaging learning experiences to children, supporting their safe and holistic development.

By the end of 2024

Yili Ark initiative reached over

600

schools nationwide

Safeguarded the safe growth of more than

380,000

children



▲ Happy Education Carnival of Yili Ark



▲ A Lesson Delivered by the School Psychologists in Happy Back-to-School Primer Activity

Yili Nutrition 2030

In 2017, Yili, in partnership with the Chinese Red Cross Foundation, launched the Yili Nutrition 2020 targeted poverty alleviation project. In 2021, this initiative was upgraded to the Yili Nutrition 2030 public welfare program. Yili Nutrition 2030 focuses on three major actions: donating nutritional supplies, promoting health knowledge, and supporting children's dreams through nutrition. By the end of 2024, the Yili Nutrition 2030 program had reached 28 provinces (autonomous regions, municipalities directly under the Central Government) across China, with a total sponsorship fund of over RMB 110 million, benefiting nearly 820,000 children.

In 2024, the Yili Nutrition 2030 program built the Love Football Fields, conducted the Dream Study Camp, and carried out the "Nutrition Guardians, Chasing A Star Future" public welfare activities, continuously protecting children's dreams.



Helping to rebuild a standard football field for schools in Rongjiang County

Organizing Dream Study Camp for rural students in Inner Mongolia, Guizhou, and Yunnan, where children visit the National Olympic Sports Center and receive guidance from professional basketball coaches



Providing children with nutritional supplies and astronomical knowledge through the "Nutrition Protection, Chasing A Star Future" public welfare activity

By the end of 2024

Yili Nutrition 2030 program had reached

28 provinces (autonomous regions, municipalities directly under the Central Government) across China

Invested a total sponsorship fund of over RMB

110 million

Benefited nearly

820,000 children

One Universe, One Childhood

To provide astronomical science popularization education support to children in remote areas and cultivate reserve talents for the nation, Yili launched the One Universe, One Childhood Astronomy Public Welfare Project in October 2022. By the end of 2024, with the support of professional institutions such as the National Astronomical Observatories, the project had successively reached 6 provinces and autonomous regions, including Qinghai, Gansu, Guizhou, and Inner Mongolia, covering 60 primary schools. The project has donated astronomical science popularization teaching aids to more than 7,300 children to help them explore the mysteries of the universe through online courses.

In 2024, Yili initiated the One Universe, One Childhood - Stargazing Together Initiative, collaborating with the National Astronomical Observatories to design and supervise China's first enterprise-funded wide-field survey telescope with dual-purpose scientific research and public education capabilities. This pioneering facility aims to nurture children's curiosity and thirst for knowledge about the cosmos, inspiring the next generation of astronomy enthusiasts. In addition, Yili, in partnership with the China Population Welfare Foundation, launched the "Care for the Stars - Astronomy Outreach Initiative", a public welfare program that brought 87 primary and secondary school students from Siziwang Banner, Inner Mongolia to visit planetariums, attend astronomy lectures, and participate in observation sessions, safeguarding their dreams of exploring the cosmos.

By the end of 2024

One Universe, One Childhood successively reached

6 provinces and autonomous regions, including Qinghai, Gansu, Guizhou, and Inner Mongolia

Covered

60 primary schools

Donated astronomical science popularization teaching aids to more than

7,300 children to help them explore the mysteries of the universe through online courses



▲ One Universe, One Childhood - Stargazing Together Initiative officially launched



▲ A Dream Scroll drawn by the children and Ms. Wang Yi, an expert in China's manned space engineering and an aerospace instructor

» Participation in Social Welfare

Yili is enthusiastic about social public welfare activities, actively supports disaster relief efforts, participates in community development, organizes various employee volunteer activities, and aligns its corporate values with social values to spread goodwill throughout society.

Yili has established the Yixin Xiangyang Volunteer Service Federation to encourage young people to engage in social services. Aiming at fostering the harmonious development of communities, volunteers participate in blood donation drives, visit nursing homes and orphanages, support isolated elderly individuals, donate to schools, and contribute to urban development efforts. In 2024, Yili launched the "Yixin Xiangyang +" integrated collaboration project, successively carrying out the "Yixin Xiangyang" + "Yili Ark" integrated project as well as the "Yixin Xiangyang" + "Red Balloon Challenge" integrated project. These projects attracted nearly a thousand employees to participate, encouraging them to fully understand and practice Yili's public welfare philosophy and co-create a better future.

Volunteer service performance in 2024

Yixin xiangyang volunteer service federation

Organized **377** public welfare events
Provided **1,328** hours of service

Yixin xiangyang volunteers

A total of **2,731** volunteers participated
Provided **55,985.5** hours of service
A total of **84,930** people were impacted



 Natural Disaster Relief

With years of experience in disaster relief, Yili consistently demonstrates rapid mobilization to deliver critical aid to disaster-stricken areas, while pioneering and refining a systematic disaster relief model to codify effective operational models.

 Case Yili Released the Yili Natural Disaster Relief Model

To build a professional, multi-dimensional, coordinated and efficient disaster management system, in May 2024, Yili, in partnership with the Chinese Red Cross Foundation and the Risk Governance Innovation Research Center of Beijing Normal University, released the Yili Natural Disaster Relief Model and the report *Case Study on the Working Mechanism of Enterprise Participation in the Chinese Red Cross Foundation's Natural Disaster Emergency Response* at the New Era Innovation Disaster Prevention and Mitigation Capacity Seminar. This marked the first time that Yili's practical achievements in the field of natural disaster relief were delivered to the public in a systematic and replicable form, and Yili was used as a case study to explore enterprise operation model in natural disaster emergency response, setting a typical example for enterprises to participate in natural disaster emergency response. At the event, Yili donated an emergency cooking vehicle to the Chinese Red Cross Foundation, equipped with microwave ovens, water purifiers, and steam cabinets, capable of meeting the supply needs of about 200 people, bringing warmth to the affected people.



▲ Release of Yili Natural Disaster Relief Model



▲ Yili donated an Emergency Cooking Vehicle to the Chinese Red Cross Foundation



▲ In June, Yili assisted Pingyuan County of Meizhou, which was severely affected by heavy rainfall, by allocating nutritional supplies to provide nutritional protection to the affected people



▲ In July, Yili jointly launched a natural disaster emergency plan with the Chinese Red Cross Foundation to provide nutritional supplies to the people of Nanyang City affected by severe rainstorm

 Supporting Rural Revitalization

Yili actively responds to the national strategy of rural revitalization by supporting local industries and carrying out public welfare activities, thus injecting new momentum into rural revitalization.

 Case Ambrosial "Farmer Livelihood" Rural Support Program

Since 2022, Ambrosial has launched the "Farmer Livelihood" rural support program, a long-term public welfare project derived from the regional fruit yogurt series. By boosting the regional industry, the program helps enhance the self-improvement capacity of rural areas, providing a more sustainable path for rural revitalization.

On one hand, in response to the current issues of insufficient entrepreneurial skills and marketing management abilities among rural industry leaders, Ambrosial has partnered with the China Social Entrepreneur Foundation to create a model of "online and offline entrepreneurship empowerment training + companion entrepreneurship incubation + entrepreneurship resource network connection". This is designed to empower local new-generation farmers and drive income growth for industry practitioners. On the other hand, Ambrosial focuses on the brand upgrade of fruit origins, selecting high-quality fruit raw materials with regional characteristics. They include pineapples from Xuwen in Guangdong, strawberries from Dandong in Liaoning, melons from Hami in Xinjiang, mangoes from Panzhihua in Sichuan, kiwis from Xiuwen in Guizhou, blueberries from Changbai Mountain in Jilin, and avocados from Menglian in Yunnan. With these efforts, Ambrosial aims to create a series of regional fruit yogurt products, so as to enhance the reputation of the place of origin, and revitalize local advantageous industries.



 Case Jinlingguan 50° Extraordinary Guardianship Public Welfare Action

In 2024, Jinlingguan joined hands with the China Population Welfare Foundation to launch the "50° Extraordinary Guardianship Public Welfare Action". This action focused on rural mothers and babies to safeguard their health, reaching Qinghai Province, Hainan Province, Yunnan Province, and Inner Mongolia Autonomous Region, and collaborating with local governments and health commissions to carry out donation activities. Through this action, Jinlingguan donated infant milk powder and maternity powder products worth over RMB 5 million to mothers and babies. Taking the responsibility of safeguarding the health of mothers and babies, Jinlingguan is committed to protecting the healthy growth of Chinese babies in a better way.



▲ "Jinlingguan 50° Extraordinary Guardianship Public Welfare Action" reaches Zaduo County, Yushu Tibetan Autonomous Prefecture, Qinghai Province

Responsible Operations

Key performance

- A total of **55,400** employees signed the *Letter of Commitment on Anti-fraud Work*
- **9,797** anti-fraud and business ethics training sessions were conducted for all employees, suppliers, and other external partners, where **100%** of employees and partners were covered
- More than **260** investor exchange activities were carried out, and participated in **11** ESG-related communication meetings
- **13** law popularization training sessions were organized, with **5,458** employees participating in
- External law popularization trainings were provided for a total of **1,370** suppliers and distributors

Contribution to SDGs

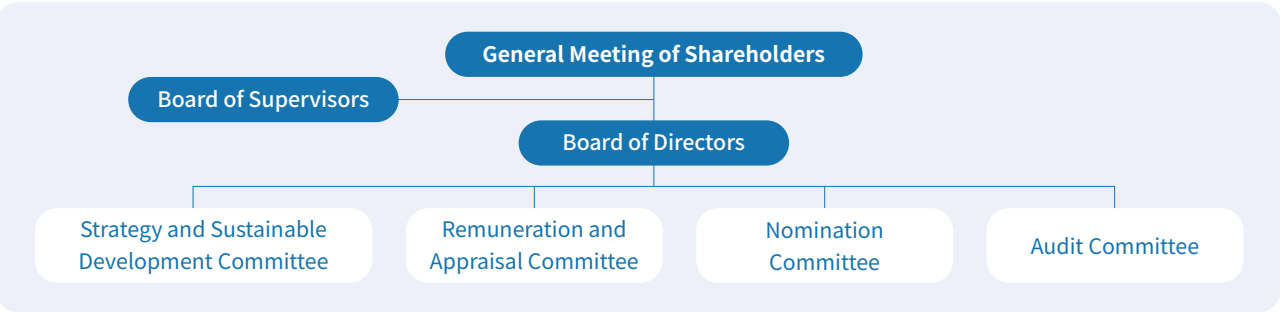


Corporate Governance

Rational corporate governance is the foundation for an enterprise to maintain sound operations. Yili has established a comprehensive corporate governance structure, clarified the governance responsibilities at all levels, and established a smooth information communication mechanism and continuously strengthened the comprehensive risk management system. These efforts promote compliant operations, and facilitate the sustainable and healthy development of the Company in an all-round way.

» Governance Structure

Yili has set up a top-down governance structure with clear rights and responsibilities covering the General Meeting of Shareholders, the Board of Supervisors, the Board of Directors, and the management to continuously promote the orderly implementation of corporate governance. Meanwhile, in strict accordance with the requirements of the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, and relevant national laws and regulations, Yili has optimized its corporate governance structure and continuously improved its corporate governance level based on its actual development.



▲ Corporate Governance Structure

General Meeting of Shareholders

The responsibilities of the General Meeting of Shareholders are clear, and well-established procedural rules are in place to ensure their effective implementation. The Company has recruited lawyers with securities practice qualifications to attend the General Meeting of Shareholders, acting as on-site witnesses. The convening, holding, and proposal procedures of the General Meeting of Shareholders comply with the relevant provisions of the *Company Law*, the *Articles of Association*, and the *Rules of Procedure for the General Meeting of Shareholders*, ensuring that all shareholders, especially minority shareholders, enjoy equal status and that all shareholders can fully exercise their rights.

Board of Supervisors

The Board of Supervisors of the Company consists of 5 supervisors. The selection, recruitment, and composition of supervisors comply with relevant laws and regulations and the *Articles of Association*. The responsibilities of the Board of Supervisors are clear, and all supervisors can earnestly and responsibly perform their duties. The convening and holding procedures of meetings of the Board of Supervisors comply with relevant provisions of the *Company Law*, the *Articles of Association*, and the *Rules of Procedure for Meetings of the Board of Supervisors*.

All supervisors are diligent and dedicated, actively participate in the Board of Supervisors meetings and faithfully perform their duties. Acting with a sense of responsibility towards the Company and its shareholders, all supervisors oversee the financial status of the Company as well as the legality and compliance of directors and senior management personnel in performing their duties, thereby safeguarding the legitimate rights and interests of the Company and all shareholders.

In 2024

The Board of Supervisors of the Company consisted of

5 supervisors

Board of Directors

The Board of Directors of the Company consists of 11 directors. The selection, recruitment, and composition of directors comply with relevant laws and regulations and the *Articles of Association*. The responsibilities of the Board of Directors are clear, and all directors can earnestly and responsibly perform their duties. The convening and holding procedures of the meetings of the Board of Directors comply with the relevant provisions of the *Company Law*, the *Articles of Association*, and the *Rules of Procedure*.

The board has four specialized committees, including the Strategy and Sustainable Development Committee, Audit Committee, Nomination Committee, and Compensation and Evaluation Committee. Each specialized committee performs its respective duties, providing more accurate and professional decision-making advice to the Board, enhancing the decision-making efficiency and effectiveness of the Board.

Independence and Diversity of the Board

The Company has formulated the *Independent Director Regulation* and selected 4 qualified experts and authoritative persons as independent directors in strict accordance with the qualifications and selection procedures stipulated in the *Independent Director Regulation*, accounting for more than one-third of the board members. The independent directors of the Company fully participate in the work of the 4 committees under the Board of Directors. Except for the Strategy and Sustainable Development Committee, all other committees are chaired by independent directors. All members of the Remuneration and Appraisal Committee and the Audit Committee are independent directors, and the chairman of the Audit Committee has a rich professional background in accounting.

Additionally, the Company attaches great importance to the diversification of the Board of Directors. In combination with the Company's development model and business needs, it comprehensively considers the composition of board members from various aspects such as gender, educational background, age, and major, so as to ensure the diversity of the Board. The current Board members possess professional capabilities in various fields including business management, corporate governance, marketing, finance, and information management. In order to ensure that the directors' capabilities can maintain professionalism and foresight in a complex and changing market environment, the Company in 2024 organized internal and external experts to provide sustainable disclosure policy themed training for the Board members, and organized independent directors to participate in the online special course "Key Points and Suggestions for Independent Directors of Listed Companies to Combat Fraud and Perform Their Duties" hosted by the Shanghai Stock Exchange. All these measures are to ensure the effective performance of the Board's functions.

Compensation Linked to ESG

To ensure the realization of Yili's commitment to sustainable development goals, Yili's strategic goals for sustainable development and those for business operations of equal importance have become one of the appraisal indicators for senior managers (heads of departments responsible for issues related to sustainable development). The performance in sustainable development is linked with the performance-related pay of senior managers, to promote the implementation of the sustainable development strategy. Yili has incorporated the supervision of strategic goals for sustainable development (including greenhouse gas emissions reduction and water resource management) into the appraisal plan for senior managers as an important part of performance appraisal to make them take responsibility for the progress of sustainable development work and drive the achievement of high-quality development goals.

In 2024

The Board of Directors of the Company consisted of

11 directors

In 2024

4 Independent directors

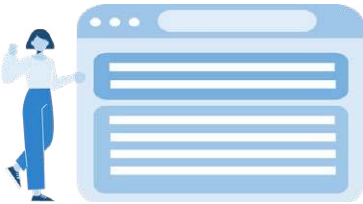
Independent directors on the board accounted for over

1/3

5 Female directors

Female directors on the board accounted for

45.45%



» Information Disclosure

In strict accordance with the requirements of relevant laws and regulations, Yili has formulated and strictly implemented the *Management Regulation on Corporate Information Disclosure* and the *Management Regulation on Information Disclosure of Debt Financing Instruments in the Inter-bank Bond Market* to ensure true, accurate, complete, timely, and fair information disclosure. It has designated *China Securities Journal*, *Shanghai Securities News*, and the website of the Shanghai Stock Exchange as the media for corporate information disclosure to ensure that all shareholders have equal access to information.

In 2024, Yili disclosed 4 regular reports, 1 sustainability report, 148 temporary announcements, and relevant online materials. Based on meeting mandatory information disclosure requirements, Yili attaches great importance to investors' needs, actively discloses information about the environment, social responsibility, corporate governance, and operations, and continuously improves the effectiveness of its information disclosure.

To enable investors to better understand the Company's development trends, Yili carried out more than 260 investor exchange activities in 2024, including on-site investor surveys, teleconferences for investors, strategy meetings of securities companies, and domestic and foreign roadshows, among others. The Company also communicated with investors on issues related to sustainable development through more than 11 ESG-related communication meetings and presented relevant ESG strategies and achievements to investors.

In 2024

Yili disclosed

4 regular reports

1 sustainability report

148 temporary announcements and relevant online materials

Organized

11 ESG-related communication meetings



▲ In 2024, Yili was selected as the Best Practice Case for Sustainable Development of Listed Companies by China Association for Public Companies

Shanghai Stock Exchange

A

Yili was rated A for its information disclosure performance in 2023-2024 by the Shanghai Stock Exchange

MSCI

AA

In 2024, Yili's MSCI ESG rating was upgraded to AA

CDP

Forest

B

Climate

B

Water

B

Yili has responded to CDP's questionnaires for 5 consecutive years and has been rated B in three fields including climate change, forest, and water safety

» Internal Control and Risk Management

Internal control and risk management are important guarantees for Yili's robust operation. Adhering to the risk management concept of "strengthening internal control, preventing risks, promoting compliance, and creating value", Yili has established a six-in-one internal control and risk management system that takes risks and values as the orientation, control as the means, digital technology as the support, regulations as the platform, performance management as the guarantee, and processes as the target. Yili has built an organizational structure that covers the governance, management, and internal audit of the Company, and established a three-line defense with business units as the front line, professional functional departments as the second line, and the audit department as the third line. And thus, Yili has formed an effective value outflow insulation mechanism to safeguard the Company's strategic goals and sustainable development.

Yili continuously optimizes and improves its internal control and risk management system, implementing a closed-loop management mechanism for risk identification, analysis, assessment, and response. It further strengthens internal control management and enhances the risk prevention awareness of all employees through methods such as business internal control self-assessment, specialized internal control evaluations, and independent internal control audits. In 2024, Yili focused on core value businesses for internal control and risk management, ensuring systematic construction and effective implementation through strategies like annual goal guidance, process review drive, professional empowerment support, emphasis on quantitative results, and orderly milestone advancement.

Goal setting

In 2024, the Company established a two-dimensional matrix for the systematic construction goals of internal control and risk management, clearly defining key work items and objectives for business units and functional departments, focusing on critical areas, promoting construction and improvement through evaluation, and enhancing the level of internal control and risk management.

Institutional improvement

In 2024, in terms of the construction of normative document systems such as institutional processes and approval authorities, the Company added 301 new documents, optimized 1,091 documents, abolished 467 documents and compiled 781 key control matrices for high-value business operations, identified incompatible positions involved in key business processes, and implemented separation measures, further enhancing the design effectiveness of the internal control and risk management system.

Method optimization

In 2024, the Company optimized its risk assessment methods and procedures, deeply integrating them with strategic business objectives and operations, categorizing risks into four types: daily dynamic identification, routine management and control, key prevention and control by units, and optimal control at the group level, adopting a unified management and hierarchical responsibility principle for control, clarifying the control responsibilities and methods of business units and the Group's Audit Department, so as to allow risk management to better integrate into operations and enhance the value of risk prevention and control.

Internal empowerment

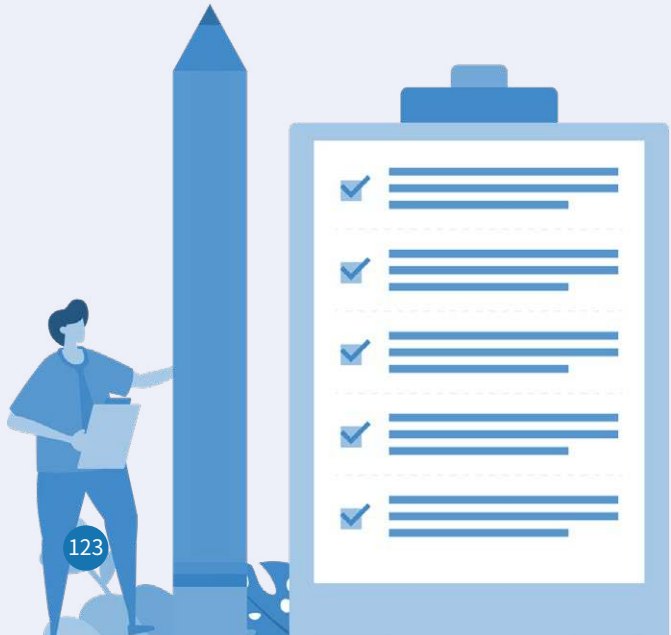
In 2024, the Group's Audit Department and various business units organized 34 professional empowerment training sessions and 12 benchmarking learning exchanges for internal control and risk management personnel, effectively improving the professional level of the risk control team.

Business Ethics

Yili attaches great importance to the development of business ethics and adheres to the principle of aligning oneself with Yili before working for it. The Company has formulated and released the *Yili Code of Business Conduct*, continuously improving its business ethics management. Yili has also set up an anti-fraud management system to continuously strengthen the development of the anti-fraud work system. Adhering to both punishment and prevention, it has established an anti-fraud supervision, prevention, and control governance system with the core concept of ensuring that employees do not dare to be, are not able to be, and do not want to be corrupt.

» Anti-Fraud and Business Ethics

Yili continuously improves its fraud prevention and control mechanisms based on actual business needs, formulating a series of anti-fraud systems such as the *Yili Anti-corruption Policy*, the *Management Standards for Audit Problem Handling Basis and Recommendations*, the *Incentives for Anti-fraud Case Reporting*, and the *Management Standards for Complaint and Reporting Information Confidentiality*. In 2024, we revised the *Measures for Anti-fraud Work Management of Yili Group*, refining the definitions of fraudulent acts and related management requirements. Yili has also released codes of conduct related to anti-fraud work on the official website, assisting the Company in forming a closed-loop anti-fraud work management mechanism integrating the Plan-Do-Check-Act (PDCA) process and further standardizing and routinizing anti-fraud work.



Anti-fraud Supervision and Prevention and Control Governance System

In 2024, Yili upgraded and optimized its collaborative anti-fraud prevention and control system with the core concept of ensuring that employees do not dare to be, are not able to be, and do not want to be corrupt. Efforts are being made to emphasize mechanism construction and ideological education in order to enhance awareness of resisting corruption. The governance of anti-corruption is being strengthened through internal control and supervision, and measures as well as penalties are being implemented to prevent corruption. Furthermore, it formulated and released the *2024 Work Promotion Plan for the Collaborative Governance System on Fraud of Yili Group at the Group level and business unit level* fully implementing effective prevention, control and disposal management of corporate fraud issues to help build a clean business ecosystem.

Yili has established an organizational structure of business ethics and anti-fraud work with clear responsibilities, set up an anti-fraud work promotion team, and formed an anti-fraud work management mechanism led by the Human Resources Department, the Audit Office of Business Units, and the General Manager's Office with effective coordination among various business systems and departments. The Group's Audit Department is responsible for following up on the investigation of business ethics and corruption issues and reporting to the Group's Audit Committee to shape a collaborative management structure and further improve anti-fraud work management.



Whistleblowing and Complaints

Yili encourages fraud reporting and complaints and has specified the anti-fraud reporting management process and reward mechanism in the *Measures for Anti-fraud Work Management of Yili Group* (hereinafter referred to as the "Management Measures"). In 2024, the *Complaint and Report Information Disposal and Risk Control Management Specifications* were released, which clearly defined the requirements for complaint information management and carried out the processes of referral, investigation and follow-up. The investigation of complaints and reports follows the principles of timeliness, urgency and confidentiality. For real name reporting information, it is necessary to reply to the informant within 24 hours. Yili's Commission for Discipline Inspection shall take charge of the registration and transfer, and the Audit Department shall initiate the investigation procedure promptly, and investigate the fraud complaint information. Yili maintains zero tolerance for fraud and seriously addresses irregularities and fraudulent acts. If necessary, it will promote judicial procedures and expose fraudulent acts to make its employees not dare to be corrupt. In addition, Yili has announced a [sunshine reporting platform](#) on its official website, providing open and smooth reporting channels for stakeholders and offering different rewards to informants according to the value and effectiveness of the clues provided.

To better protect the interests of informants, Yili has formulated the *Management Standards for Complaint and Reporting Information Confidentiality*, and established and implemented an informant protection mechanism, requiring all relevant parties with access to informants and reporting information to strictly keep the information confidential in strict accordance with the *Management Measures*, and strengthening the confidentiality management of information related to informants, reporting content, and audit investigators during the investigation of complaint and reporting information. Yili shall hide the complainant's name, contact information, and other characteristic information during the transfer and desensitize the private information in the complaint content. Moreover, complaint investigators are required to perform approval procedures and assume the corresponding confidentiality responsibilities when accessing confidential information to effectively protect the rights and interests of informants.

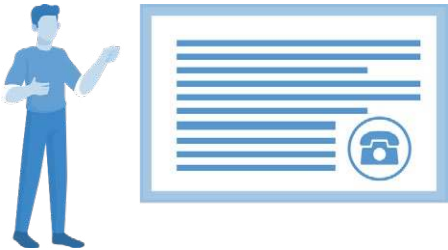


Anti-fraud Supervision and Prevention and Control Governance System

Regarding anti-fraud and business ethics, Yili has established a self-inspection and self-correction system and a special inspection mechanism to ensure that business ethics inspections can cover all operating links of the Company every three years. For self-inspection and self-correction, the business departments have enabled self-inspection to cover all the front-line business units and functional departments through regular self-inspection and effective rectification validation. For special audits, the Audit Department systematically plans audit priorities through risk maps, business analysis, and other methods annually and focuses on audit supervision to promote issue rectification of high-risk businesses, new businesses, businesses with innovative changes, and weak links in audit coverage. In 2024, the Audit Department conducted 235 anti-fraud audit projects, covering marketing, procurement, production, milk sources, animal husbandry, engineering, logistics, and other business fields. For significant and systemic issues identified during the audit process, the Company drive timely rectifications by business departments, forming a closed-loop management of audit supervision to effectively safeguard the Company's rights and interests.

In 2024

The Audit Department conducted
235 anti-fraud audit projects



Anti-Fraud and Business Ethics Training

Yili attaches great importance to the development of its incorruptible culture. It requires its internal employees to sign the *Letter of Commitment on Anti-fraud Work*. In this way, Yili makes its employees understand and strictly implement regulations related to anti-fraud work, personal commitment goals, and requirements for the implementation of anti-fraud work, thereby ensuring that all employees are clear about their anti-fraud responsibilities. Yili signs the *Sunshine Agreement* with all external partners, informing them of anti-fraud compliance management policies, encouraging them to complain and report fraudulent acts, and jointly enabling personnel including employees to foster a sense of integrity and self-discipline.

Yili has established an anti-fraud training team to intensify anti-fraud education and publicity efforts. Yili provided the integrity trainings to all employees, partners, and third-party service providers through various methods such as thematic training, warning education, themed activities, live broadcasts, information pushes, fraud issue announcements, anti-fraud micro-videos, posters, and audio e-brochures. In 2024, a total of 3,286 anti-fraud training sessions were carried out for 137,000 employees within the Yili Group. A total of 288 education activities were implemented for 18,200 employees at the anti-fraud warning base. Besides, 15 announcements were released on the exposure platform, viewed and learned 809,200 times. In addition, we included third-party service personnel as a target group of the Company's anti-fraud education, conducting a total of 2,025 anti-fraud training sessions and covering 61,100 contractors; and conducted 4,198 anti-fraud training sessions for partners, covering 24,900 partners with a total of 54,100 persons.

In 2024

A total of
3,286 anti-fraud training sessions were carried out for
137,000 employees within the Yili Group

A total of
288 education activities were implemented for
18,200 employees at the anti-fraud warning base

15 announcements were released on the exposure platform, viewed and learned
809,200 times

Included third-party service personnel as a target group of the Company's anti-fraud education, conducting a total of
2,025 anti-fraud training sessions and covering
61,100 contractors

Conducted
4,198 anti-fraud training sessions for partners, covering
24,900 partners with a total of **54,100** persons



In 2024

A total of
55,400 employees signed the *Letter of Commitment on Antifraud Work*

Conducted
9,797 anti-fraud and business ethics training sessions for all employees, suppliers, and other external partners

Covered
100% of employees and partners

Anti-commercial bribery and anti-corruption training situation

Indicator	Unit	2024
Percentage of management covered by anti-commercial bribery and anti-corruption training	%	100%
Percentage of junior employees covered by anti-commercial bribery and anti-corruption training	%	100%

Note: Junior employees are those below the manager level, and management personnel are those at or above the manager level.

External Exchange Activities

Yili is committed to building a business ethics and anti-fraud ecosystem. As the vice president unit of the Enterprise Anti-Fraud Alliance and a member unit of the Decision-making Committee of the Trust and Integrity Enterprise Alliance, Yili actively participates in various business ethics and anti-fraud exchange activities to foster a clean and upright industry ecology. In 2024, Yili was invited to participate in 6 summits and forums related to anti-fraud work to share its experience in anti-fraud practices, and conducted 8 corporate benchmarking exchange activities to share its experience in anti-fraud work, jointly maintaining a good market order.

In 2024

Participated in
6 summits and forums related to anti-fraud work to share its experience in anti-fraud practices

Conducted
8 corporate benchmarking exchange activities to share its experience in anti-fraud work



Yili won the Integrity Vitality Award in the 2023 Integrity Theme Month by the Enterprise Anti-Fraud Alliance



Yili won the Special Contribution Award at the 7th Enterprise Integrity Risk Control Summit 2024



» Anti-Unfair Competition

Yili understands that a healthy business environment contributes to the benign development of the industry, and always participates in market competition in a fair and proper manner. Yili strictly abides by relevant laws and regulations such as the *Anti-Unfair Competition Law* in the operating areas, adheres to honest business operations, enhances employees' legal awareness, and promotes business compliance management, so as to facilitate the healthy development of the industry.

Promoting fair competition

We adhere to the principle of fair competition. The Company released the *Yili Code of Business Conduct*, stating that employees shall not engage in activities that harm competing enterprises and should not obtain temporary competitive advantages through unfair competition means. To strengthen employees' legal awareness, the Company invited a professional legal institution to conduct one thematic training session on anti-unfair competition in 2024, with over 100 participants.

Protecting commercial secrets

Commercial secrets are the driving force for continuous innovation in enterprises. The Company actively enhances information security management and the protection of intellectual property rights such as trademarks, patents, and copyrights, providing strong support for the high-quality development of the enterprise. For specific work on information security and intellectual property protection, please refer to the Information Security and Privacy Protection and the Intellectual Property Protection.

Promoting responsible marketing

We pay attention to consumer perceptions and adhere to the principle of responsible marketing to protect the legitimate rights and interests of consumers. The *Yili Code of Business Conduct* released by the Company states that false or misleading advertising and promotions are not allowed. For specific work on responsible marketing, please refer to the Responsible Marketing.

In 2024

Yili published

24 legal literacy stories on topics such as marketing compliance and legal risks of e-commerce live streaming

Organized

13 legal literacy training sessions for employees

Conducted external legal literacy training for suppliers and distributors, with a total of

1,370 partners participating in

with

5,458 participants

Party Building

Yili adheres to the Party building concept of "staying true to the original aspiration, following the Party's lead, and pioneering economic development ". It has established the "1234 Pyramid Party Building Model" featuring "one center, two promotions, three initiatives, and four integrations" to effectively play the leading role of Party building in the development of the enterprise, and achieve synchronous resonance between Party building and enterprise development. Furthermore, Yili profoundly recognizes that the practice of Chinese modernization in the dairy industry must prioritize common unity and progress as well as shared prosperity and development as the greatest common denominator and the strongest concentric circles. The Company has built a new development pattern encompassing "ideological guidance, industrial demonstration, common prosperity, and social service".

Yili positions the strengthening of the Chinese national community consciousness as the overarching theme across all operations, places ideological education of employees as the primary task, and deeply ingrains the craftsman spirit into the development of its industrial workforce. To this end, Yili provides a multi-category skill enhancement platform and a multi-level career advancement channel for industrial workers, having cumulatively established over 1,600 training projects that have reached 1 million people. This effort has brought forth a batch of model workers who have tackled a series of technical bottlenecks on the production line, collectively winning honors such as the National Model Worker and the National Labor Medal at various levels, thereby fortifying the main ideological position and injecting strong momentum into the Company's high-quality development. Meanwhile, Yili considers the robust development of the dairy industry as a concrete practice for solidifying the Chinese national community consciousness, and actively responds to dairy industry revitalization policies. By going deep into rural areas, Yili has given full play to the role of dairy enterprises as a bridge connecting the primary, secondary, and tertiary industries, thereby establishing an interest linkage mechanism with farmers and herdsmen. This has formed a "1+1+1+N industry chain Party building and agriculture development" consortium model of "leading enterprises + Party and government organs + industry chain partners + rural areas", effectively promoting the concept transformation and management improvement of various rural economic entities through the coordination of Party building, thus infusing industrial vitality into rural revitalization.

Outlook

The year 2025 marks the final year of the 14th Five-Year Plan. Yili remains committed to the inspiring vision of WISH 2030. From four dimensions: "Road to Zero-Carbon", "Quality for Health", "All Thrive Together" and "Responsible Operations", Yili will deeply practice sustainable development, accelerate the development of new quality productive forces in the dairy industry, and solidify the cornerstone of a healthy China through enhancing national health literacy.

Road to Zero-Carbon

We bear in mind that green development is a constant and enduring theme. We implement the *Zero-Carbon Future Plan of Yili Group* to accelerate carbon reduction actions throughout the industry chain and explore scientific approaches to environmental conservation from carbon footprint to water footprint, and from the circular economy to the protection of biodiversity, hence facilitating green and low-carbon development in an all-round way, and fostering harmonious coexistence of human beings and nature.

Quality for Health

We prioritize the quality of products and the corporate creed that "Yili means the best quality", and remain committed to providing 100% dedicated, 100% safe, and 100% healthy products. Adhering to the principle of "No Innovation, No Future", we pursue research on nutrition and health, and put more efforts in product innovation and improving services, aiming to deliver more high-quality and healthy products to consumers.

All Thrive Together

We embrace the concept of harmony and coexistence, continuously exploring paths for collaborative win-win in the industrial chain while ensuring our own development. We actively build a responsible supply chain, promote "zero deforestation" procurement, and construct multi-win mechanisms, so as to facilitate the green development of the industry chain. Besides, we always regard talents as incredible valuable resources, and engage in mutual growth and achievement with our employees by providing them a stage to fulfill their values; we also seek to benefit society, shoulder social responsibilities, and share development achievements, in order to propel society into a high-quality virtuous cycle.

Responsible Operations

We adhere to business ethics, and solidify the governance foundation, striving to create a fair and clean business environment. Moreover, we continuously integrate global high-quality resources, gather global innovative wisdom, and deepen international cooperation, so as to steadily advance Yili's global layout, thus continuously leading the dairy industry towards high-quality development.

Rooted in green initiatives, thriving through win-win partnerships, and culminating in shared well-being – this encapsulates Yili's approach to sustainable development. Moving forward, we will continue to deepen our roots in sustainable development and collaborate with partners across the entire industrial chain and stakeholders from all sectors of society to continuously unleash innovative vitality, embrace changes, pursue a better life and embark on a new journey toward high-quality development.

Key Performance

» Environmental Dimension

Quantitative disclosure items	Unit	2024
Issue: Environment – E1 Climate change tackling		
Total carbon emissions	10,000 tCO ₂ e	151
Among which: classified by scope		
Scope 1 total carbon emissions	10,000 tCO ₂ e	49
Scope 2 total carbon emissions	10,000 tCO ₂ e	102
Reduction of greenhouse gas emissions	10,000 tCO ₂ e	24
Among which: classified by scope		
Scope 1	10,000 tCO ₂ e	8
Scope 2	10,000 tCO ₂ e	16
Total amount of greenhouse gas emissions directly reduced by emission reduction measures (classified by measures)		
Redesign of production process	10,000 tCO ₂ e	/
Equipment transformation	10,000 tCO ₂ e	0.3
Process improvement	10,000 tCO ₂ e	/
Fuel replacement	10,000 tCO ₂ e	1.9
Other emission reduction measures	10,000 tCO ₂ e	6.3
Issue: Environment -E2 Pollutant discharge		
Air pollutants		
Waste gas emissions		
SO ₂	tons	19.44
NO _x	tons	104.88
PM	tons	4.54
Water pollutants		
Industrial wastewater discharge	tons	3,779.50*10 ⁴
COD	tons	1,654.80
NH ₃ -N	tons	249.89
TN	tons	806.53
TP	tons	134.80
Issue: Environment -E3 Waste disposal		
Total waste generated		
Including: Classified by waste type		
Total hazardous waste generated	tons	508.51
Total non-hazardous waste generated	tons	65,857.75

Quantitative disclosure items	Unit	2024
Intensity of hazardous waste generated	tons/ton of products	0.55*10 ⁻⁴
Intensity of non-hazardous waste generated	tons/ton of products	0.0071
Issue: Environment -E5 Environmental compliance management		
Number of significant administrative penalties imposed by ecological environment and other relevant departments due to environmental incidents during the Reporting Period	/	0
Issue: Environment -E6 Energy usage		
Basic situation of energy use		
Total energy consumption	tce	372,923.37
Including: Classified by energy type		
Coal	tons	44,364.95
Gasoline	liters	189,131.31
Diesel	liters	350,572.97
Natural gas	10,000 standard cubic meters	8,904.12
Purchased electricity	kWh	1,084,859,873
Purchased steam	tons	1,108,811.62
Direct energy consumption	tce	134,534.19
Indirect energy consumption	tce	238,389.18
Energy consumption intensity	tce/ton of products	0.0404
Clean energy usage		
Clean energy usage percentage		
Where: Classified by energy type		
Natural gas proportion	%	78%
Solar energy proportion	%	17%
Biomass energy (biogas) proportion	%	5%
Issue: Environment -E7 Usage of water resource		
Total water consumption	100,000 tons	3,419
Total water consumption intensity	tons/ton of products	3.7
Issue: Environment -E8 Circular economy		
Solid waste recycling rate	%	83.94%

» Social Dimension

Quantitative disclosure items	Unit	2024
Issue: Society -S2 Contributions to the society		
Total number of volunteers	/	2,731
Duration of public welfare activities	hours	1,328
Issue: Society -S3 Innovation-driven		
R&D investment amount	RMB 10,000	86,998
Proportion of R&D investment in main business income	%	0.75%
Proportion of R&D personnel	%	0.96%

Quantitative disclosure items	Unit	2024
Number of invention patents applied to main business	/	925
Total number of patents for inventions granted	/	973
Total number of patents granted in China and overseas	/	5,124
Issue: Society -S6 Equal treatment to small and medium-sized enterprises		
Accounts payable (including notes payable) balance at the end of the Reporting Period	RMB 100 million	132.82
Proportion of accounts payable (including notes payable) balance at the end of the Reporting Period to total assets	%	8.64%
Issue: Society -S7 Safety and quality of products and services		
Number of major safety and quality liability incidents related to products and services occurred during the Reporting Period	/	0
Issue: Society -S8 Data security and customer privacy protection		
Data Security		
Number of data security incidents during the Reporting Period	/	0
Customer Privacy Protection		
Number of customer privacy breaches during the Reporting Period	/	0
Issue: Society -S9 Employees		
Total number of employees	/	63,414
Employee training coverage rate	%	97.78%

Note: In Yili's employment forms, 100% are full-time employees, and the number of part-time employees is 0.

» Sustainable Development Related Governance Dimension

Quantitative disclosure items	Unit	2024
Issue: Governance related to sustainable development -G3 Anti-bribery and anti-corruption		
Percentage of management covered by anti-commercial bribery and anti-corruption training	%	100%
Percentage of junior employees covered by anti-commercial bribery and anti-corruption training	%	100%

» Economic Dimension

Quantitative disclosure items	Unit	2024
Gross revenue	RMB 10,000	11,577,955
Net profit	RMB 10,000	846,371
Taxes and dues	RMB 10,000	672,951
Weighted average ROE	%	15.81%
Ratio of liabilities to assets	%	62.91%
External donations	RMB 10,000	2,277
Social contribution value	RMB 10,000	3,088,626
Per Share Social Contribution Value	RMB/Share	4.85

Indicator Index

» Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

Topic dimension	Topic	Corresponding chapter
	Climate change tackling	Climate Change Adaptation P25-30 Full-Chain Carbon Reduction P30-43
	Pollutant discharge	Green Operations Promotion P55-58
	Waste disposal	Green Operations Promotion P55-58
	Ecosystem and biodiversity protection	Biodiversity Protection P59-60
	Environmental compliance management	Green Operations Promotion P43-44
	Energy usage	Full-Chain Carbon Reduction P34-36 Green Operations Promotion P45
	Usage of water resource	Green Operations Promotion P46-50
	Circular economy	Green Operations Promotion P50-56
	Rural revitalization	Industry Chain Prosperity P97-99 Public Charity P112-116
	Contributions to the society	Public Charity P112-116
	Innovation-driven	Diverse Products P70-73 Nutrition and Health P75-79
	Ethics of science and technology	The Company does not belong to ethics of science and technology sensitive industries such as life sciences, artificial intelligence, etc.
	Supply chain security	Responsible Supply Chain P89-95
	Equal treatment to small and medium-sized enterprises	Industry Chain Prosperity P97-99
	Safety and quality of products and services	Quality First P63-69 Better Service P80-83
	Data security and customer privacy protection	Better Service P85-86
	Employees	Employee Well-being P102-111
	Due diligence	The Company did not have any significant transactions during the Reporting Period, therefore, the Company did not need to carry out sustainable-related due diligence work
	Communications with stakeholders	Materiality Analysis P16-20
	Anti-commercial bribery and anti-corruption	Business Ethics P123-126
	Anti-unfair competition	Better Service P74, 84-86 Business Ethics P127

» *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* Issued by the Chinese Academy of Social Sciences

Contents		Disclosure indicators
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About Yili		P4.1, P4.2, P4.3, P4.4
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Road to Zero-Carbon	Climate Change Adaptation	E5.1, E5.2, E5.3, E5.4, E5.5, E5.6, E5.7, V1.1, V1.4, V4.1, V4.2, V4.3
	Full-Chain Carbon Reduction	G3.4, V4.3, S5.6, S5.7, V1.3
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	Biodiversity Protection	E4.1, E4.2, E4.3, V4.4, V4.5
Quality for Health	Quality First	S4.1, S4.2, S4.9, V2.7
	Diverse Products	S4.3
	Nutrition and Health	V2.1, V2.2, V2.3, V2.4
	Better Service	S4.3, S4.5, S4.6, S4.7, S4.8
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» Reader Feedback

Dear Readers:

Thank you for reading the *Inner Mongolia Yili Industrial Group Co., Ltd. Sustainability Report 2024*. If you have any comments or suggestions, please feel free to let us know for our continuous improvement in sustainable development management.

On a scale of 1 to 5 (1 being the lowest and 5 the highest), please provide ratings as answers to the following questions.

1. Your overall evaluation of the Yili Group's sustainability Report

○ 1 ○ 2 ○ 3 ○ 4 ○ 5

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