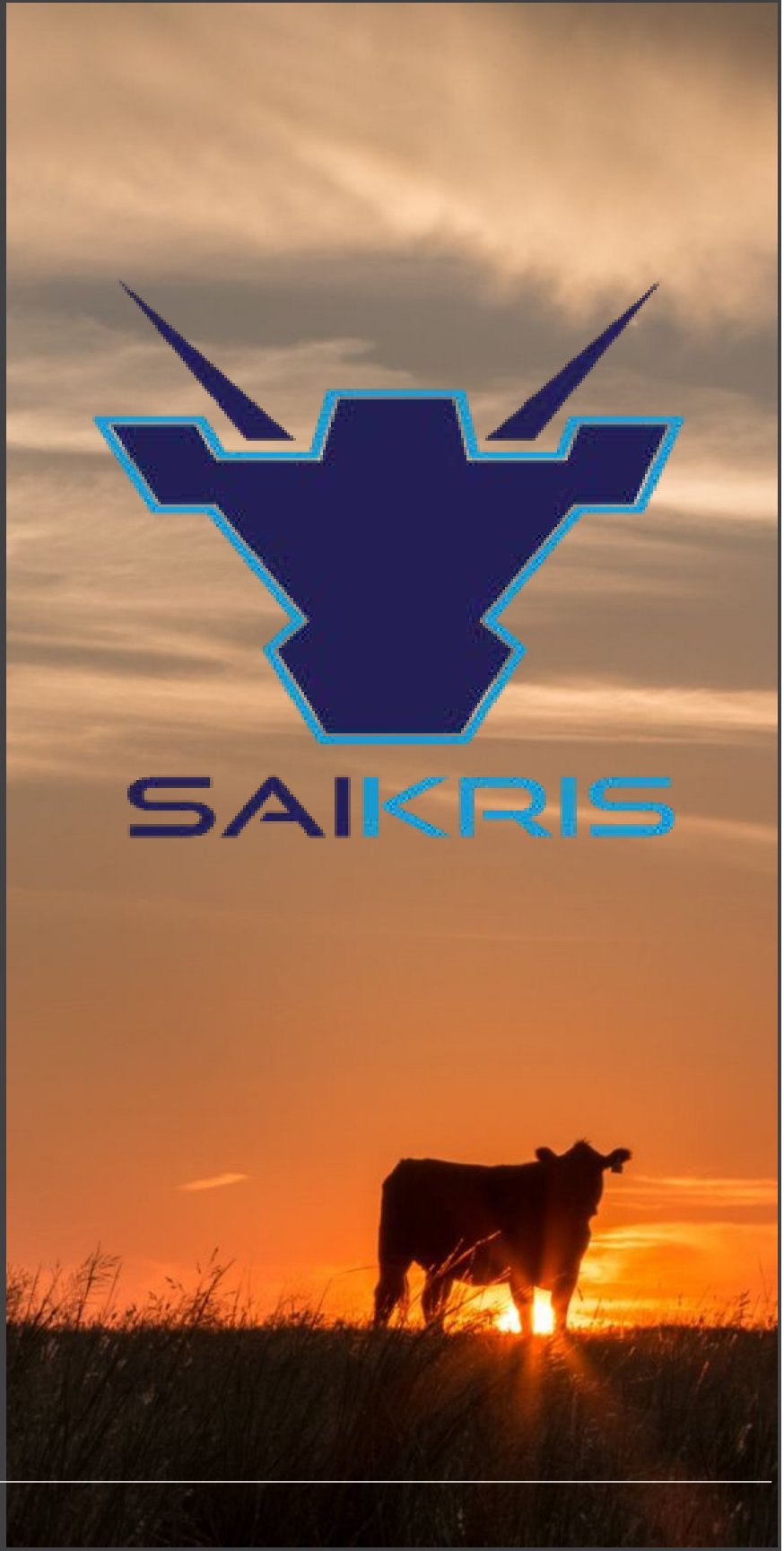
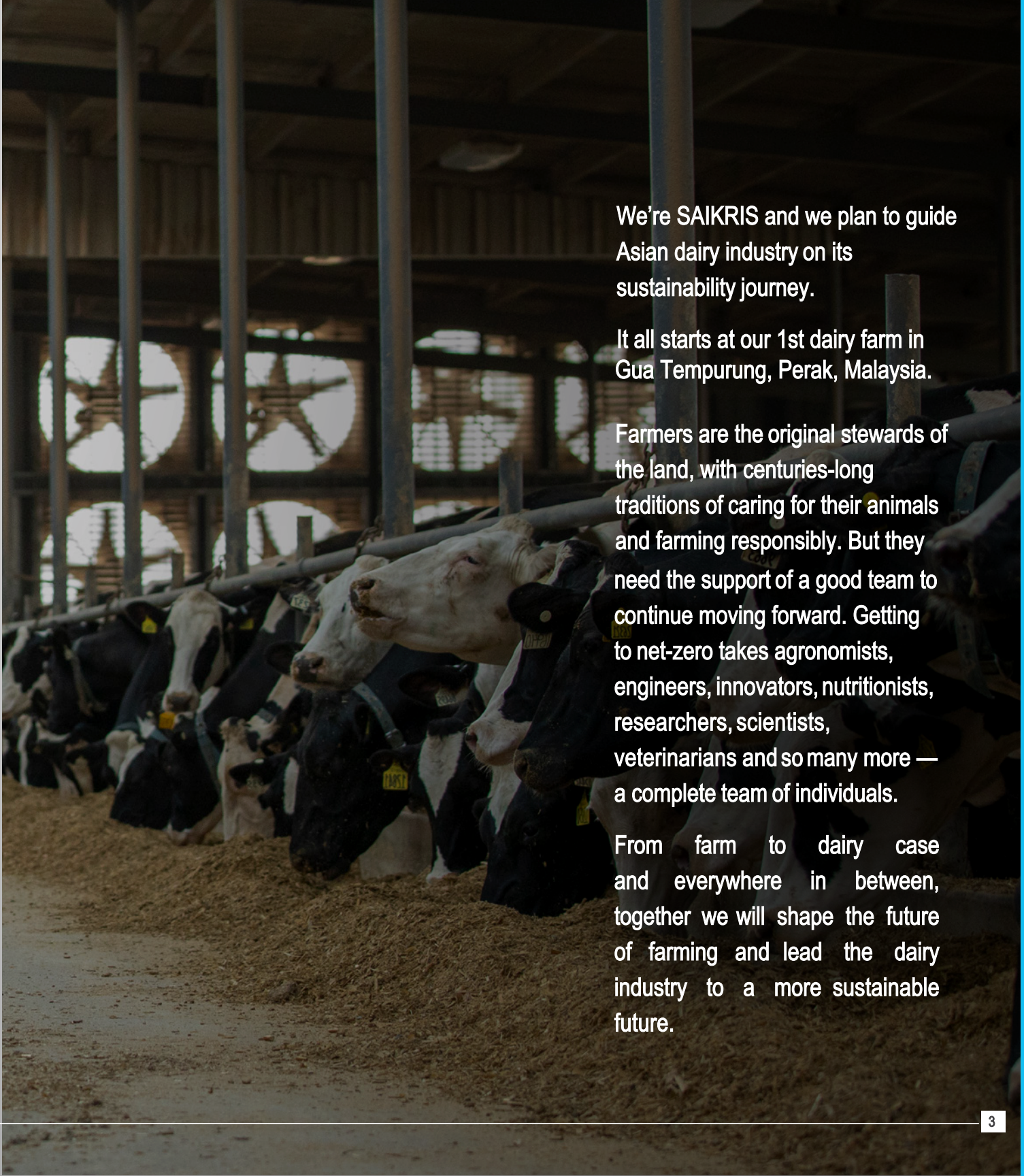
# SAIKRIS ESG PLEDGE



# THE FARMER

Dairy farmers commit their lives to feeding the world. They care for their herd 365 days a year and produce real, fresh, high-quality dairy for families around the world to enjoy. They also take pride in caring for the land. From regenerative agriculture practices to implementing new technologies, they continue to innovate to help their farms run more sustainably and efficiently.



We're SAIKRIS and we plan to guide Asian dairy industry on its sustainability journey.

It all starts at our 1st dairy farm in Gua Tempurung, Perak, Malaysia.

Farmers are the original stewards of the land, with centuries-long traditions of caring for their animals and farming responsibly. But they need the support of a good team to continue moving forward. Getting to net-zero takes agronomists, engineers, innovators, nutritionists, researchers, scientists, veterinarians and so many more — a complete team of individuals.

From farm to dairy case and everywhere in between, together we will shape the future of farming and lead the dairy industry to a more sustainable future.

# IT TAKES A TEAM

There is no doubt that 2020 was an unprecedented and challenging year. Like business operations in all industries, we too felt the effects of the COVID-19 pandemic as we had to postpone all our plans.

But through it all, our commitment to producing dairy responsibly, ethically and sustainably never wavered.

Despite the challenges we faced to bring this dream to fruition, our dedicated essential employees ensured we continued our responsibility to plan a new dawn of dairy farming in Malaysia.

Our mission, and our purpose, is to deliver value to our Malaysian community as an ESG responsible company. We intend do that in numerous ways — every day. Beyond our core business of our farm, we will access valuable resources and services from around the world to learn about sustainable farming, invest in automation capabilities that allow us to respect the needs of the cows and connect our farm with consumers by sharing via a community owned Cooperative. This is our purpose.

This past year was also a year of opportunities to learn about the growing importance of ESG responsibility in our business. So we are now proud to introduce our ESG Responsibility Pledge, which details our commitment to sustainable practices on the farm, as well as our three sustainability pillars: our planet, our people and our communities.

**Nash Viknesh**

*Founder, Managing Director and Chief Executive Officer*

# OUR SUSTAINABILITY JOURNEY

## Sustainability strategy

To enrich the world through continuous improvement and innovation in the lives we touch, the planet we protect and the communities we reach.

## Sustainability pillars

**OUR PLANET**

**OUR PEOPLE**

**OUR COMMUNITIES**

We know the success of our business — today and for future generations — relies on the health and well-being of our planet. We strive to focus on our people by helping all of our employees succeed in life. And finally, we enrich the communities we touch through all the possibilities of dairy.

On our farms, in our facilities and on the road, our journey to continuously improve our social responsibility efforts takes a holistic approach. We are committed to developing solutions that reduce or eliminate carbon emissions, feed people around South East Asia and help communities thrive.

> **We work to preserve the ability to pass down the farm to the next generation — *the best definition of sustainability.***
>
> **Nash Viknesh**
> *Founder of SaiKris*

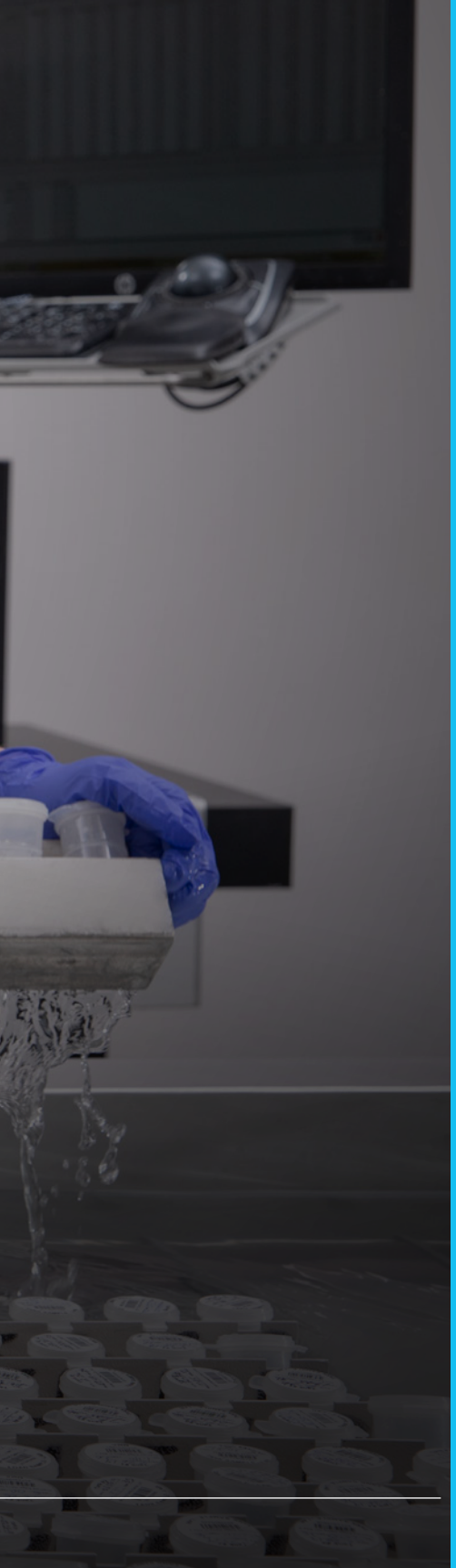
# SUSTAINABLE DEVELOPMENT GOALS

We intend to support the U.N.'s 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries — developed and developing — in a global partnership.

# THE SCIENTIST

Scientists and agricultural researchers support farmers in their work to produce safe, quality food to feed the nation and the world. From crop field to lab to processing plant, they conduct research and look for ways to improve the quality and productivity of food and farm animals, while ensuring healthy and sustainable conditions for our planet, people and communities.

**Dr Shanmuganathan | SaiKris Laboratory in Gua Tempurung, Perak**



# OUR PLANET

To be leaders in sustainability, we are committed to nurturing our planet through the goodness of dairy — and will take steps to do so.

We are determined to do our part to help the industry achieve net-zero by 2050 through our initiatives and collaboration with key partners. We are in a strategic position to ensure long-term opportunities for sustainability, and are committed to reducing emissions across our business by 30% by 2030 through setting and achieving science-based targets.

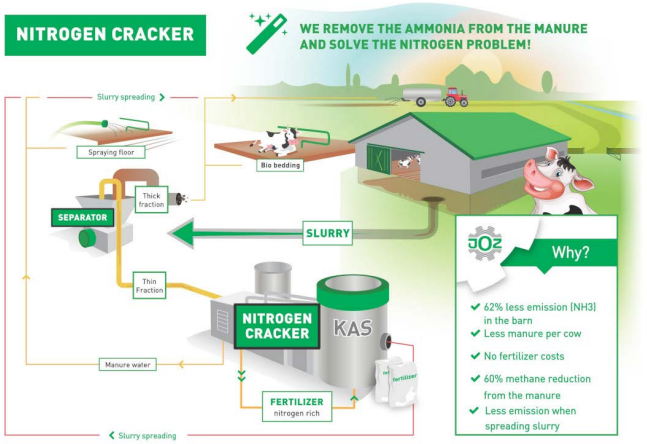
Our efforts to improve sustainability are part of a collective drive within dairy, agriculture and the sustainability community at large. Leading up to 2022, global food sustainability efforts were beginning to converge toward a set of values surrounding themes of implementation, transparency, collaboration and accountability. As stewards for our planet, we have committed to reporting and validating our progress on the sustainability goals we set. We will partner with multiple third-party organizations to monitor our progress.

Taking care of our planet isn't just an initiative, it is a responsibility that's taken to heart — and one we are committed to sharing through transparency, accountability and progress.

# WORKING TOWARDS OUR SCIENCE-BASED TARGET

We will remain diligent about our responsibility to continue to meet the needs of the present without compromising the needs of future generations.

We made a big step forward in our commitment to sustainability, becoming the first Malaysian dairy company to set a science-based target to reduce greenhouse gas (GHG) emissions by working together with Malaysia's Universiti Tenaga Nasional on a biogas initiative and also with JOZ NV on the Nitrogen cracking Gazoo. As a company invested in the dairy supply chain from farm-to-table, we are taking a strong position by setting a science-based target to reduce GHG emissions, both on the farm and throughout the supply chain, by 30% by 2030.




**Nitrogen cracker Gazoo from JOZ is a circular solution that allows you to process manure and reduce nitrogen by up to 80%. And the great thing is: you not only reduce nitrogen but also methane!**

We believe in the goodness of dairy. While the entire dairy industry, from farm to manufacturer, only contributes roughly 2% of total U.S. GHG emissions, we know that the dairy industry is actively leading the way for environmental solutions for our communities. This must be the target for Asian dairy industry as well.

Taking action to reduce our carbon footprint and prioritize the environment for generations to come is a commitment we take to heart. Working across the dairy supply chain to reduce GHG emissions will require action guided by these key strategies:

- Mitigating methane emissions from cows by supporting advances in feed efficiency, herd nutrition and feed additives designed to reduce emissions
- Using renewable energy methods, such as solar panels, on our farms
- Utilizing anaerobic digesters, which convert manure to energy, on farms
- Capturing emissions through healthy soil and crops
- Creating transportation and hauling efficiencies to reduce emissions
- Exploring innovative technologies and solutions to reduce emissions and promote environmental stewardship

For the next decade, we will do all we can to support and advance sustainability and stewardship of the land — setting a science-based target is our first step. As leaders in the dairy industry, it is our utmost priority to deliver value to our customers and take care of our planet, people and communities along the way.

# ON OUR FARMS

By implementing innovative conservation practices and investing in renewable technologies like solar panels and anaerobic digesters, our farms reduce their environmental impact and bring additional value to the business.

# CURRENT AREAS OF ENGAGEMENT:

- Energy efficiency
- Greenhouse gas reduction
- Soil health
- Sustainable packaging
- Enteric feed additives
- Anaerobic digesters
- Reporting and communications
- Manure management
- Renewable energy
- Workforce development
- Biodiversity
- Deforestation risk assessment
- Social compliance audits
- Animal care

# COWS ARE THE ULTIMATE RECYCLERS

## From what they eat ...

Dairy cows produce delicious, high-quality milk, and they do it while being sustainable, too.

It begins with what they eat. Thanks to their special stomachs that allow them to digest tough plant matter that would normally be indigestible, cows are the ultimate recyclers.

Part of a cow's diet includes food processing byproducts that humans can't digest, such as sugar beet pulp, almond hulls, canola seed pulp, citrus pulp, potato peels, culled vegetables, bakery waste, corn stalks, tomato pulp, grape skins, cottonseed, soy hulls and more.

They turn products we'd throw away into delicious dairy that everyone can enjoy.

RESPONSIBLE CONSUMPTION AND PRODUCTION

## Ensure sustainable consumption and production patterns

### What SaiKris will be doing:

Through improving efficiency and reducing waste, our farm will be doing their part to ensure responsible consumption and production including increasingly utilizing manure for compost, fertilizer and energy production. Additional practices such as no-till or low-till cropping and cover cropping have helped to reduce nutrient runoff, allow for more efficient water usage and reduce the need for further land use expansion. By doing more with less and wasting less, SaiKris will lead the Asian dairy industry by setting the bar for the regions agriculture to continue to do better.

## To where it goes ...

The byproduct of a cow's daily diet — manure — gets put to use on the farm, too, ensuring the entire journey is sustainable.

Recent innovations have allowed dairy farmers to make farming more sustainable and productive, including the use of anaerobic digesters to transform waste from their dairies and communities into energy for use on the dairy and in the towns and cities around them.

## How a digester works

### 1. It starts with manure

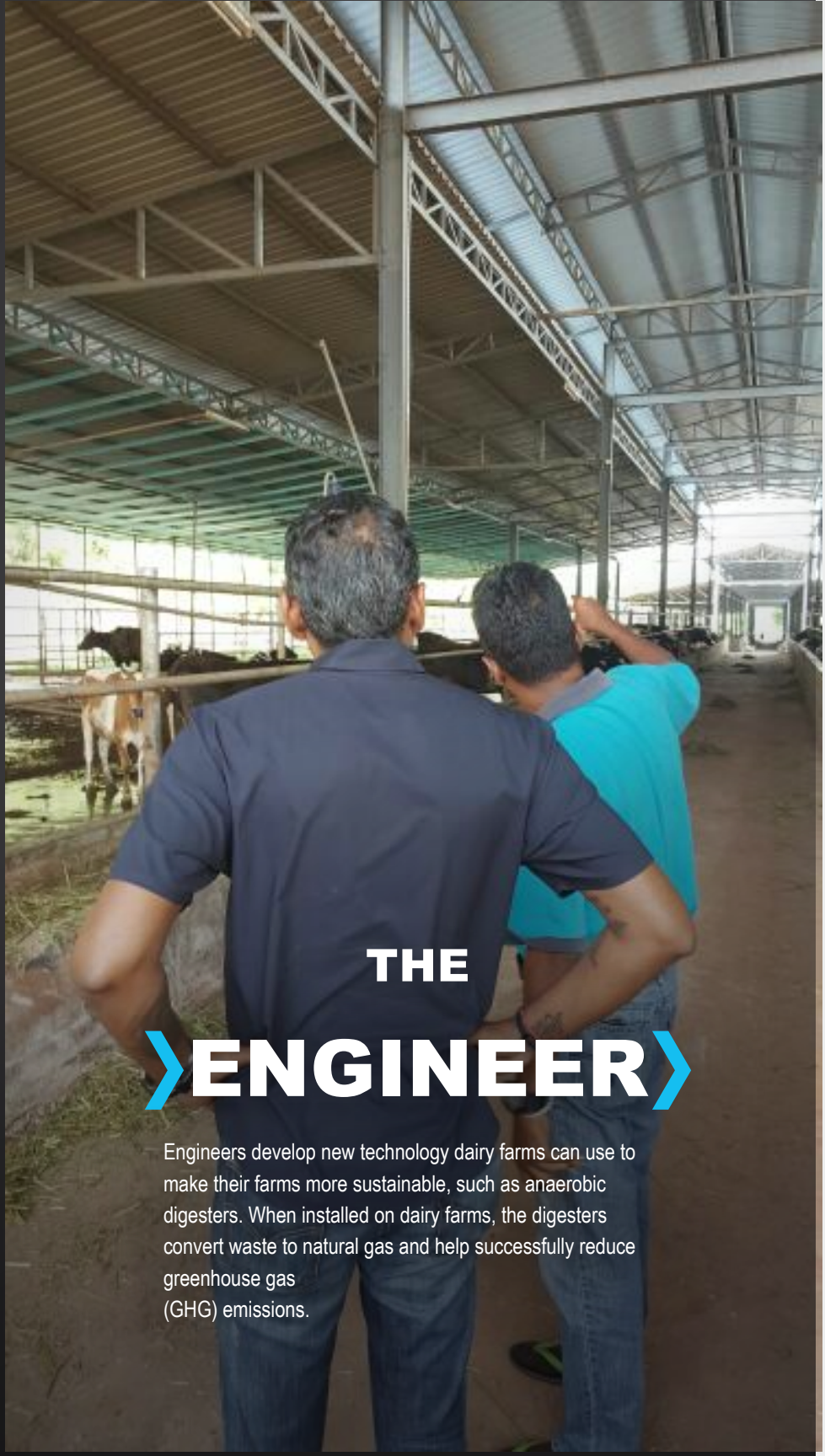
Cow manure from dairy farms is used as fuel for the biodigester, and can also be combined with food waste from local businesses, such as restaurants and stores.

### 2. Converts to green energy

Energy produced from the biodigester powers the farm's needs and can go back to the grid for the local community.

### 3. Organic fertilizers enrich the fields

Fertilizers from the biodigester complete the sustainability circle. Liquid fertilizer produced from the biodigester fertilizes dairy farms' fields, while the solids can also be used as fertilizers.



# THE ENGINEER

Engineers develop new technology dairy farms can use to make their farms more sustainable, such as anaerobic digesters. When installed on dairy farms, the digesters convert waste to natural gas and help successfully reduce greenhouse gas (GHG) emissions.

CLIMATE ACTION

## Take urgent action to combat climate change and its impacts

**What SaiKris is planning on doing: The** U.S. dairy operations are some of the most efficient and productive in the world, generating fewer GHG emissions per unit of milk than just about anywhere else.* By furthering the use of renewable energy, decreasing waste, better managing manure, further implementing regenerative agriculture practices and exploring the potential for reducing enteric methane, SaiKris will learn and try to adapt the way as the U.S. dairy industry strives to emit net-zero carbon emissions by 2050.

**Source: FAO and GDP. 2018. Climate change and the global dairy cattle sector – The role of the dairy sector in a low-carbon future. Rome. 36 pp. Licence: CC BY-NC-SA- 3.0 IGO*

# RENEWABLE ENERGY

SaiKris's farms continue to advance their commitment to a sustainable future.

### Progress on renewable energy:

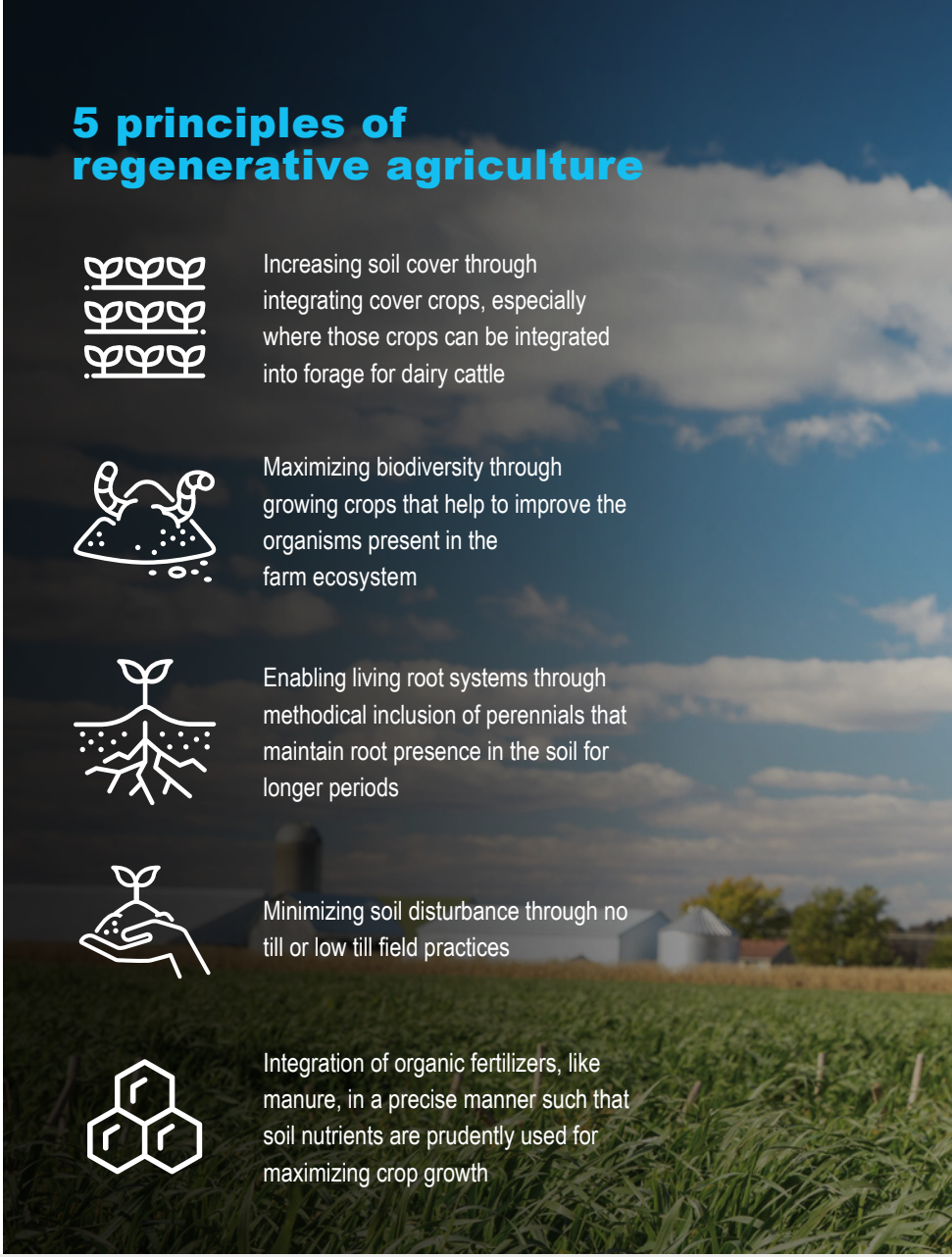
- Partnerships with key allies such as Universiti Tenaga Nasional (UNITEN) will help to increase solar panels and anaerobic digester adoption
- Our projects will produce so much energy that farms will be contributing clean energy back to the grid
- By moving into mixed waste digesters (manure and local food waste), smaller farms may be able to invest in digesters in the future by learning from our farm.

# SOIL HEALTH

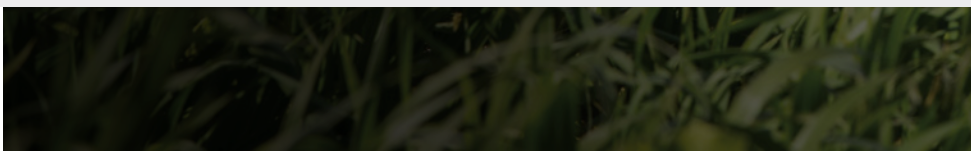
The humble dirt at our feet and in our farmers' fields sustains life on our planet — and it's important we all care for it. An exciting area within agricultural sustainability, regenerative agriculture does just that. These farming and grazing practices maintain and enhance soil health now and for the years to come. It includes timeless concepts that our farm will use for decades coupled with new technology and practices.

These practices help to replenish soil nutrients, reduce runoff, increase the longevity of the soil's quality and maintain soil carbon stocks. In fact, there is a lot of evidence in recent studies that these practices can even increase the amount of carbon sequestered in soil.

## 5 principles of regenerative agriculture



- Increasing soil cover through integrating cover crops, especially where those crops can be integrated into forage for dairy cattle
- Maximizing biodiversity through growing crops that help to improve the organisms present in the farm ecosystem
- Enabling living root systems through methodical inclusion of perennials that maintain root presence in the soil for longer periods
- Minimizing soil disturbance through no till or low till field practices
- Integration of organic fertilizers, like manure, in a precise manner such that soil nutrients are prudently used for maximizing crop growth




## Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

### What SaiKris will be doing:

Farmers have long been stewards of farmland, and SaiKris intends to both continue and amplify that work. Through continued land management improvements and gains in production efficiency, our dairy farms will continue to improve soil health, decrease runoff, promote biodiversity and decrease the demand for increased land use. In finding a healthy balance between agricultural production and protecting important ecosystems, we hope to be able to foster practices that help to ensure that life on land is protected for many more generations.

# ANIMAL CARE

SaiKris will try to start a  Gold Standard Dairy Program, our on-farm evaluation program, demonstrating our farm's commitment to animal care, milk quality, land and environmental stewardship and workforce development. Through this program, farms are evaluated every three years and critical information is collected related to animal care and wellness, water use and conservation, soil management, workforce development practices, wildlife and natural habitat conservation and energy efficiency, to name a few.

As part of this program, we will try to incorporate National Milk Producer Federation’s (NMPF) Farmers Assuring Responsible Management (FARM) program as the animal care module.

The USA has this programm and we will try to follow the same standards and get recognition.

# EXTERNAL REPORTING

We are committed to transparency, collaboration and accountability to monitor and validate the progress of our sustainability efforts.

SaiKris will be trying to benchmark our progress through shared industry metrics that are reported every five years. We will try to align with the U.S. dairy industry's goals to:

1. Become carbon neutral or better
2. Optimize water use while maximizing recycling
3. Improve water quality by optimizing utilization of manure and nutrients by 2050

Through this effort, we are keeping ourselves accountable for our progress.

Our role in the dairy value chain is wide-reaching and complex. Fortunately, our customers share our desire to create a more sustainable food system that's inclusive of high-quality dairy products. To ensure that our values align in this space, we will work our way towards the Sustainable Dairy Partnership (SDP).

SDP was created by a working group of members of the Sustainable Agriculture Initiative (SAI) Platform, which brings together more than 120 member companies and organizations leading the way in sustainable agriculture worldwide. SDP is a business-to-business alliance that provides a results-oriented approach to hold affiliates accountable. Instead of creating new guidelines, SDP builds off the 11 criteria for impact established by the Dairy Sustainability Framework (DSF), which provides overarching goals and alignment of the dairy industry's actions globally on the path to sustainability. SDP also incorporates national and company programs already in place based on each participant's specific priorities.

SDP helps map progress by defining five distinct stages. By helping to drive unity and candidness on sustainability throughout the dairy value chain, SDP will allow SaiKris to maintain transparency in an industry-wide push to be better.

# OUR PEOPLE

This year looked unlike any other for the people at the heart of what we do — our employees.

The COVID-19 pandemic changed how we worked — but it did not change what we do. Through the resiliency of our people, we continued to plan on how to nourish Malaysian consumers with all the possibilities of dairy down the road.

We committed — and remain committed to — implementing best practices to ensure we maintained safe, healthy work environments while remaining in operation for our family farm-owners, customers and consumers. As well, we continued to invest in our people and provide benefits to support them and ensure their success.

Throughout 2020, our people continued to deliver on our mission, execute our vision and live our values even during challenging times. We found new ways to stay connected and ensure our high-quality dairy products will be available to all Malaysians soon.

# OUR COMMUNITIES

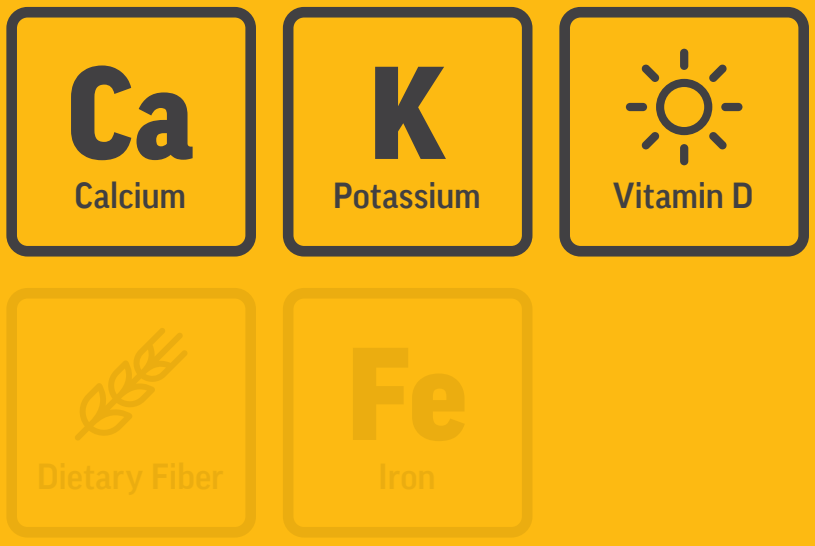
SaiKris has paved the way for all Malaysians to own a part of our farms by incorporating the SaiKris Community Development Cooperative. This Co-op can own up to 25% of each farm and instill a sense of ownership for each and everyone who joins in the Co-op.

Everytime they purchase a product which is produced at a SaiKris farm, they are benefiting not only from the product itself but also as a shareholder of the farm.

In time, the Co-op will have enough cash reserves to be able to give back to the community via :

- Farmers Feeding Families Fund
- Dairy donations
- Dairy Nutrient advocacy
- Disaster response

# DAIRY IS A RICH SOURCE OF 3 OF THE 5 NUTRIENTS OF PUBLIC HEALTH CONCERN




**Source:** *2020-2025 dietary guidelines for Americans*

## Ensure healthy lives and promote well-being for all at all ages

**What SaiKris will be doing:**

While our health care system is comprised of doctors, public health measures and state-of-the-art medication and vaccines, oftentimes the best line of defense against the unknown is a healthy, nutritious diet. Sadly, many Malaysians still find themselves deficient in vital nutrients. Dairy is packed with nutrition including protein, phosphorous and B vitamins, potassium, calcium and vitamin B & D.