

RISK MANAGEMENT REPORT 2022

“**Vinamilk’s risk management system has been effective in assisting the Company in increasing its resilience to fluctuations, adapting flexibly, overcoming crises, and maintaining sustainable operations throughout the year.**”

The year 2022 ended with unpredictability and uncertainty in the economy, politics, and ecology, which weighed on the global growth outlook. Inflation has reached its highest level in decades, forcing governments to tighten monetary policy and households to cut back on spending as the Covid-19 pandemic is now under control. Many low-income countries are struggling financially. Meanwhile, the Russia-Ukraine war has triggered a potential global geopolitical crisis, and China’s Zero Covid policy has

disrupted the global supply chain, impeding trade, investment, and restructuring of businesses all over the world. As we approach 2023, it becomes more and more obvious that the world is transitioning into a new era with “new anomalies”.

These factors have had an impact on production and business activities, as well as the implementation of business plans and strategies, posing a challenge for companies in terms of how to adapt to market changes, keep up with competition, and maintain sustainable operations not only

during this difficult period, but also in the uncertain future. That question has only one answer: corporate governance. Effective corporate governance helps businesses stay strong in the face of large waves of crisis, maintain smooth operations, get ready to respond to potential risks and seize opportunities for long-term growth.

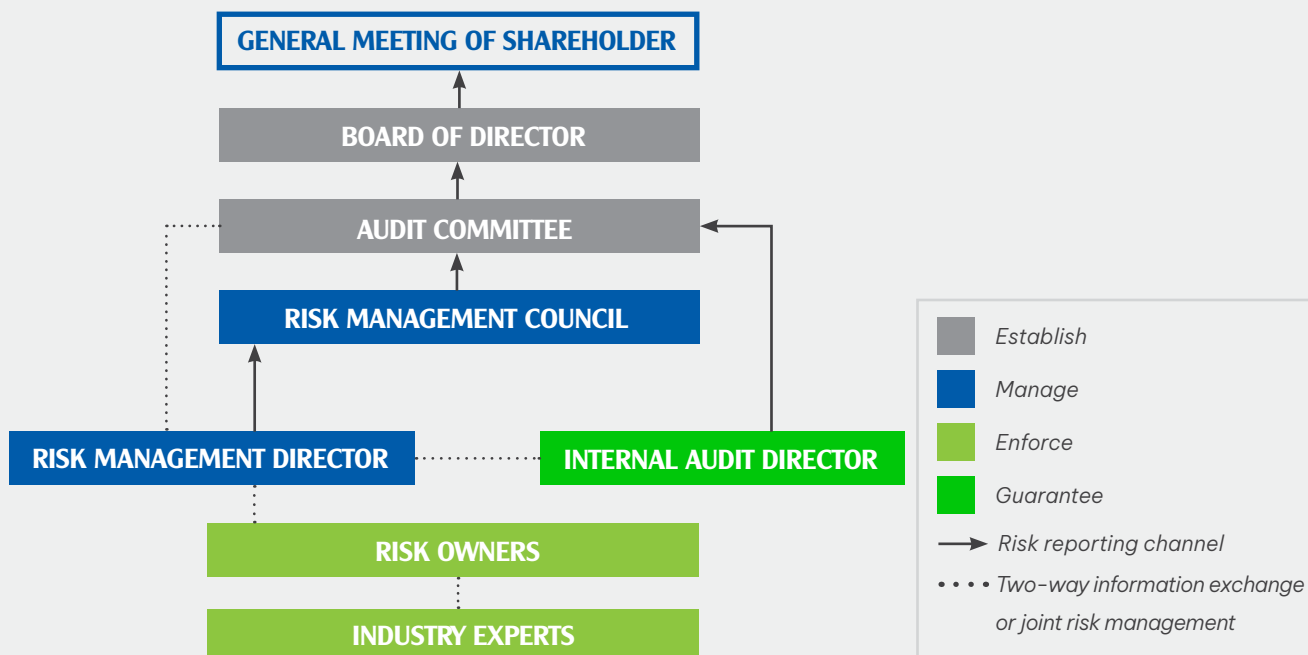
Throughout this challenging period, Vinamilk has timely responded to achieve the dual goals of maintaining operations and ensuring long-term development. Vinamilk’s risk management system has been effective in assisting the Company in increasing its resilience to fluctuations, adapting flexibly, overcoming crises, and maintaining sustainable operations throughout the year.

Vinamilk’s current risk management system:

The Company’s risk management structure consists of four elements

- Establishment
- Management
- Execution
- Assurance

The structure is consistent and reasonable, defining roles and responsibilities of different levels.



“ Vinamilk’s Risk Management Framework is designed according to the corporate risk management framework to ensure the system’s establishment, operation, integration and continuous improvement. ”

Corresponding to the above risk management framework, the risk management system at Vinamilk is based on three layers of protection:

PREVENTION

This layer places an emphasis on minimizing the likelihood of a risk occurring through risk assessment and the establishment of preventive control methods.

DETECTION

This layer has two main objectives:

- (i) to reduce the probability of the occurrence of risks through early detection by key risk indicators;
- (ii) to minimize the level of impact or damage.

SOLUTION/ EXECUTION

This layer aims at minimizing the impact/damage when the actual risk occurs.

RISK MANAGEMENT ACTIVITIES IN 2022

2022 is the first year of implementing the 5-year strategy for 2022-2026 period. Therefore, Vinamilk’s risk management activities have completed the relevant tasks in order to best support the Company’s realization of strategic goals, with the focus being on integrating Intensive Risk Management into key activities to increase effective control of risks and maintain sustainable growth. Major activities are as follows:

I Updating and upgrading the Risk Management System:

In 2022, Vinamilk’s Risk Management System was maintained, thoroughly reviewed, updated, and upgraded in order to manage risks in the risk portfolio, mainly through the following activities:

1. Update and issue the Company-wide risk portfolio 2022 to monitor, assess, and report regularly throughout the year.
2. Monitor and assess emerging risks that may impede Vinamilk’s implementation and achievement of strategic goals.

3. Update and disseminate essential risk management documents including the Risk Management Policy, Risk Management Procedures, and related implementation templates.
4. Regularly performing control self assessment to ensure that risks are detected, mitigated, and even prevented in a timely manner.
5. Basically complete the survey to identify Vinamilk’s available resources for implementing the risk management system’s digital transformation plan.

II Implementing a comprehensive risk management training program:

Vinamilk has prepared its workforce with risk management knowledge in order to achieve strategic goals of the 5-year period 2022-2026 through the following activities:

1. Train all management levels on risk management awareness and specialized techniques in risk identification, assessment, monitoring, and control during risk management work.
2. Manage risks in IT systems, improve specialized knowledge and techniques for IT system security, assess IT risks, and ensure IT system uptime.
3. Manage the Company’s business continuity, business impact analysis, and risk assessment, as well as integrating Risk Management and Business Continuity.

III Promoting a risk-management culture among the entire staff:

Vinamilk has been promoting a risk management culture among all employees in accordance with the risk management orientation, through issuing periodic, ad hoc, and thematic risk newsletters to raise risk awareness, establishing a risk management culture in each activity, and identifying emerging risks, thereby helping employees identify and assess potential risks in each of the Company's production, business, management, and investment activities.

IV Regularly and effectively maintaining the risk management system:

Vinamilk's risk management activities have been consistently and effectively maintained and deployed from the Board of Directors to all executives and employees. This is to manage risks in the portfolio using the risk identification - assessment - monitoring - reporting process, with a focus on integrating Advanced Risk Management into key activities to increase effective risk control:

1. Organize quarterly risk assessment and reporting for all risks in the Company's risk portfolio in order to monitor and evaluate risk levels on a regular basis, forecast risks for the coming quarters, and implement effective control point timely to prevent or minimize damage if risks occur.

1. Use key risk indicators (KRIs) to monitor risks and take timely action in response to external and internal fluctuations.

1. The Risk Management Council reports on a quarterly basis to the Audit Committee on risk assessment results and risk response actions.

Risk management activities to be implemented in 2023:

With the world's changing economic-political-social situation in 2023, Vinamilk's growth goals will face numerous potential risks and challenges. Also, as this is the second year of implementing the 5-year strategy (2022-2026), risk management activities must best support the Company's realization of strategic goals. In addition to the aforementioned usual risk management activities, the Company's risk management system will focus on the following activities in 2023:

1. Review and update the 2023 risk portfolio based on Vinamilk's strategic goals as well as the ongoing changes in Vietnam's and the world's social-economic-political situation.
2. Implement digital transformation by selecting appropriate software for risk management activities and proceeding to the actual operation of the system for effective risk control, in order to improve the management system's effectiveness and efficiency.

3. Continue to evaluate the relevant control points on a regular basis in order to prevent and mitigate the impact of risks in order to meet the strategic goals.
4. Improve the Company's risk management culture.

With the aforementioned orientations, risk management activities will be intensively embedded in daily work at Vinamilk and become an indispensable part of Vinamilk's operations, assisting the Company in achieving its goals while also maturing the risk management system itself.