



VINAMILK



GO GREEN - GO HEALTHY

## Table of Content Sustainable Development Report 2020

CONTENT	PAGE
CEO's message	04
Highlights in 2020	06
Response to Covid-19 pandemic	08
<b>CHAPTER 1 VINAMILK AT A GLANCE</b>	<b>12</b>
General Information	14
Vinamilk's Green Journey	16
Scale and operation	20
Core values	22
Business model	24
Circular economy and value chain of Vinamilk	28
<b>CHAPTER 2 SUSTAINABILITY MANAGEMENT</b>	<b>30</b>
Sustainable development in the new normal context	32
Performance of 17 Sustainable development goals of The United Nations	34
Objectives and evaluation of social – economic – environmental impacts in 2020	36
Materiality areas	38
Development strategy to 2021	44
Risk management related to Sustainable Development	46
Sustainable Development Report	50
<b>CHAPTER 3 PEOPLE</b>	<b>56</b>
Employees	58
Shareholders and Investors	84
Government	98
Community	114
Partners	126
Customers	134
<b>CHAPTER 4 PRODUCTS</b>	<b>138</b>
<b>Vinamilk – Building Community health foundation</b>	<b>140</b>
• An Essential Nutrition Source	142
• Creativity	152
• Quality	154
• Transparency	158
<b>Vinamilk – A Proud Vietnamese Brand</b>	<b>160</b>
• Proud To Be A Pioneer In The White Revolution	160
• Proud For A Raising Vietnam	161
• Proud To Be At The Forefront Of Technology	162
• Product Responsibility Indicators In 2020	164
<b>CHAPTER 5 NATURE</b>	<b>166</b>
Resources - energy consumption & emissions in 2020	168
Sustainable land management and biodiversity protection	180
Water consumption efficiency and responsible mining	186
Sustainable energy	188
Circular economy	192
Waste management	196
Good cow welfare	198
<b>GRI Standard checklist</b>	<b>200</b>
<b>Subordinate units</b>	<b>208</b>

CEO's message

We have been through 2020, a year full of turbulence caused by the global Covid-19 pandemic. However, “Covid-19” is not all in the picture of global problems. Climate change, environmental pollution, food safety and hygiene, health of employees and communities, social security or right to be cared and protected of children, etc... are sustainable development issues happening day by day - hour by hour, requiring the continuous efforts of governments, organizations and individuals and also businesses. It is in today's challenging period that we even see the truthfulness of the statement:

Sustainable development is no longer a choice, but a compulsory way for all businesses to survive and develop.

With such orientation, Vinamilk has been through 2020, which can be considered as a firm year against the challenge of ensuring growth and stabilizing production and business activities while strictly observing new regulatory guidance on pandemic relief and prevention. Thanks to great efforts and determination, Vinamilk maintains the continuity of the supply chain; ensures to bring essential and quality nutritional products to the community and customers; cares for life, stabilizes income and health safety for nearly 10,000 employees. The company also ensures dividend payment policy for shareholders and purchasing price policy for livestock households.

The impact of Covid-19 is cannot be denied, but the more important thing is that this epidemic has not slowed down Vinamilk's investment in promoting green energy, solar energy and at the same time implementing many circular economy solutions in the value chain, or delayed the fulfillment of the Company's goals of planting 1 million green trees for Vietnam in the past year.

Challenges bring difficulties but also create opportunities for businesses to have a good governance foundation, maintain social responsibility and sustainable core values.



Facing the challenge, Vinamilk has not “wavered” in the journey of sustainable development thanks to a clearer awareness of the values that the Company can create together.

That are, children with less fortunate circumstances are still able to drink milk adequately even during the pandemic; The milk cartons and the hearts of thousands of Vinamilk employees were sent to the frontline anti-epidemic force and Vinamilk never stood out from the fight against the Covid -19 pandemic of the country from the early days of Covid-19. It is thanks to the companionship and sharing of financial and non-financial values with stakeholders, even in the challenging context of the times. Vinamilk is approaching the 45-year milestone of establishment and development with the dairy industry in Vietnam.

With the motto of leapfrog and innovation, Vinamilk has had miraculous development steps, asserting the position of “Vietnamese Milk” in the worldwide.

Therefore, we believe that Vinamilk will make great strides in the journey towards sustainable development and, we will definitely go further together on such path.

Vinamilk commits to continue maintaining growth momentum for a good future - growth and sustainable development going hand-in-hand, creating more economic, social and environmental values. To achieve this goal, the Company will further promote the engagement with stakeholders, improve the efficiency of sustainable governance structure, and orient sustainable development according to advanced models of the world dairy industry. Then, the Company will conduct specific action plans and initiatives in the value chain from research and development, farm systems, factories to supply.

We believe that with the companionship of our partners, stakeholders and the continuous efforts of all employees, Vinamilk will go further on the journey of creating and sharing common values , positively contributing to a sustainable and rising future.

Wish you health and prosperity.

Mai Kieu Lien  
Chief Executive Officer



INTEGRITY

Integrity and transparency in actions and transactions.



RESPECT

To have self-respect, to respect colleagues. To respect the Company and partners. To cooperate with respect.



FAIRNESS

To be fair with employees, customers, suppliers and other parties.



ETHICS

To respect the established ethical standards and act accordingly.



COMPLIANCE

To comply with legal regulations, the Company's Code of Conduct, and the Company's procedures and policies.



# HIGHLIGHTS IN

# 2020

**59,723** VND BILLION  
TOTAL REVENUE (CONSOLIDATED)

**11,236** VND BILLION  
PROFIT AFTER TAX (CONSOLIDATED)

**229,443** VND BILLION  
MARKET CAPITALIZATION  
at December 31<sup>st</sup>, 2020)

CONTRIBUTE TO THE STATE BUDGET **5,273** VND BILLION



**132,000**  
TOTAL HERD OF COWS

**55** EXPORTED COUNTRIES

**12** GLOBAL G.A.P DAIRY FARMS

THE BEST ENTERPRISE FOR COMMUNITY IN VIETNAM



RANKING FIRST **TOP 10** VIETNAM SUSTAINABLE DEVELOPMENT ENTERPRISES IN MANUFACTURING SECTOR (CSI100)

RANKING FIRST **TOP 10** VIETNAM'S STRONGEST LOCAL BRANDS 2020

**NO.1** VIETNAM'S 100 BEST PLACE TO WORK IN 2020

## INNOVATION INITIATIVES – CIRCULAR ECONOMY APPLICATION

SAVING **6.5** VND BILLION



REDUCING **100,979** kgs of oil /year



REDUCING **214,885** kgs of plastic



REDUCING **58,116** m<sup>3</sup> of consumed water/year



REDUCING **1,445,592** kWh of electricity /year



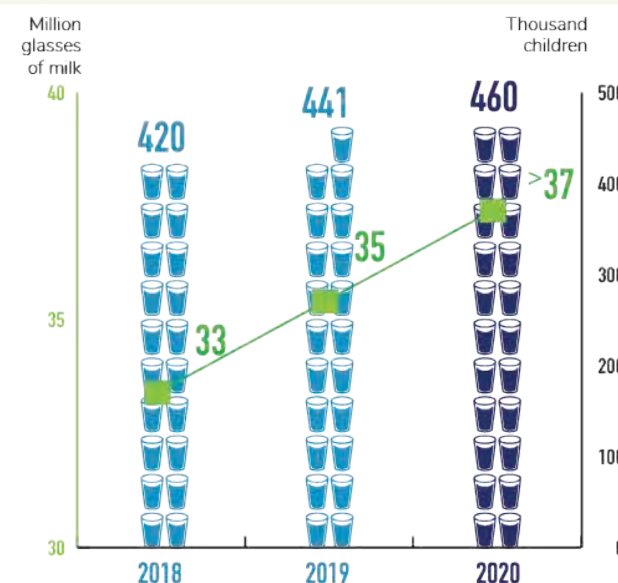
### PRODUCT IMPROVEMENT AND DIVERSIFICATION

**10** NEW PRODUCTS **09** RELAUNCHED PRODUCTS **9** EXPORT PRODUCTS

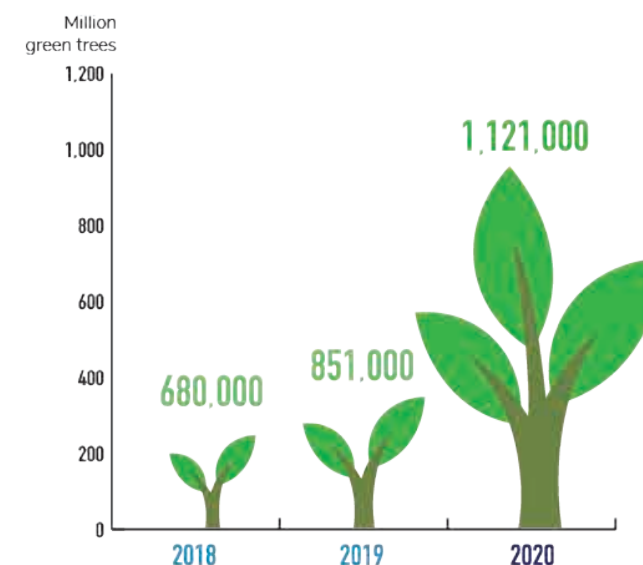


USING SOLAR ENERGY TO REDUCE CO<sub>2</sub> EMISSIONS

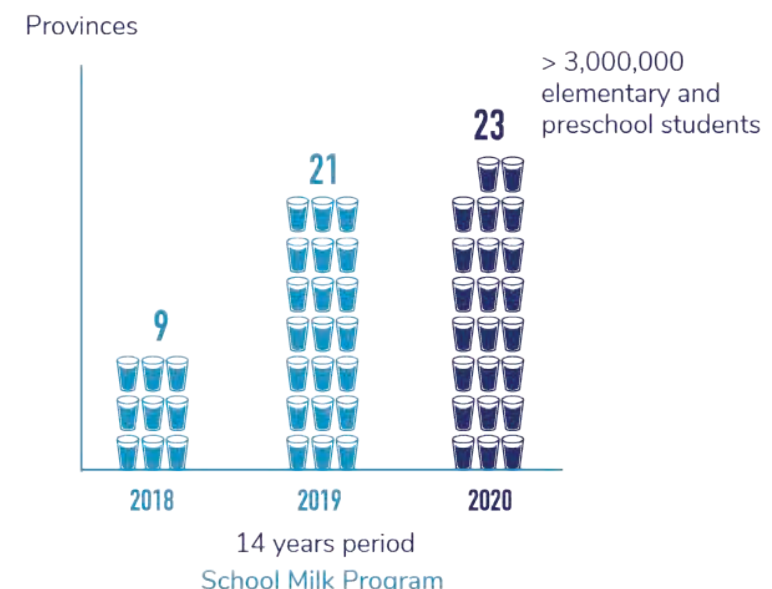
EQUIVALENT **17.3** MILLION kgs/year



13 years period  
"Stand Tall Vietnam" Milk Fund  
covering 63 provinces and cities



09 years period  
"A Million Trees For Vietnam" Fund



14 years period  
School Milk Program

## ACTIVITIES TO SUPPORT COVID-19 PREVENTION AND CONTROL

CONTRIBUTION TO ANTI-PANDEMIC FRONTLINE FORCES **MORE THAN 40** VND BILLION

SUPPORT FOR CARING CHILDREN AFFECTED BY COVID-19 **MORE THAN 12.5** VND BILLION

DONATION TO FOOD BANK IN LOS ANGELES **23,000** LITERS OF MILK





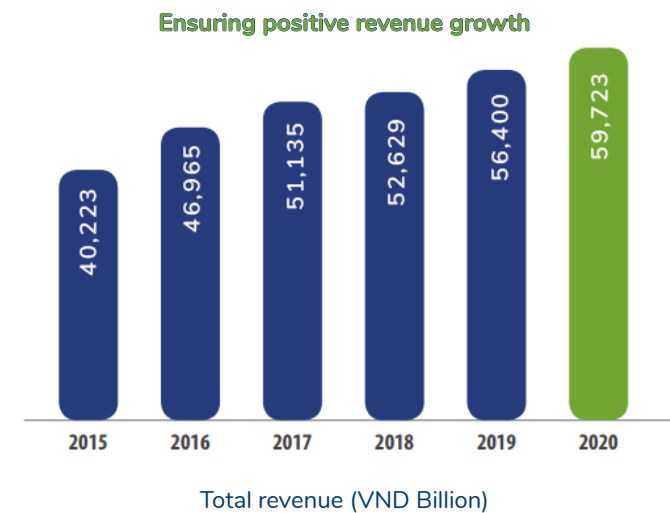
# RESPONSE TO COVID-19 PANDEMIC

## SUSTAINING PRODUCTION AND BUSINESS CONTINUITY

Amid the context of Covid-19 pandemic, performing the Government's dual goals of “**pandemic control and economic development**”.



**Applying technology** throughout the value chain, maintaining stability in production and business activities in the new normal period.



**Developing dairy raw material zones** to ensure raw milk supply for production.  
**Maintaining a diversified and multinational supplier network** at the same time focusing on local suppliers.



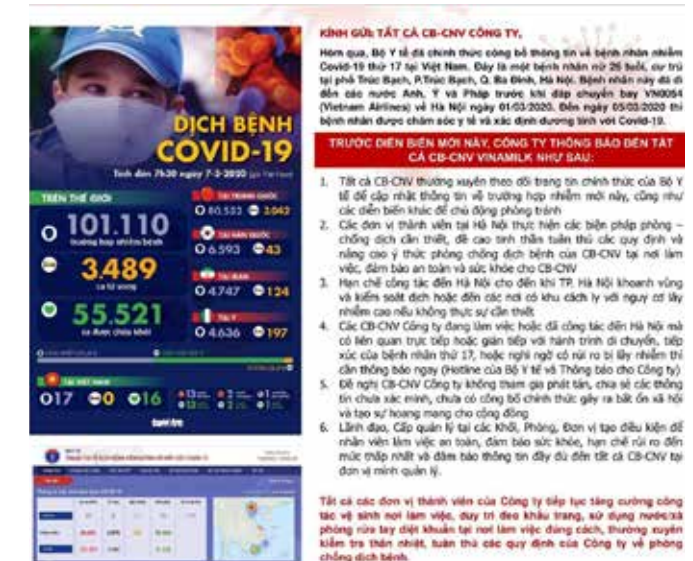
Stabilizing product price.  
 Ensuring the quick and adequate product delivery during social distancing.  
**Promoting online shopping** via Vinamilk E-shop and Giac Mo Sua Viet shopping app.

## ENSURING HEALTH AND WELLBEING OF EMPLOYEES

**Building the safe work environment** that is free from diseases.  
 Providing free medical masks and Vinamilk's Probi products to enhance employees' resistance and health.



**Ensuring income and benefits** for employees, not reducing wages and working hours.  
 Facilitating and maintaining adequate regimes even when employees work from home during social distancing.



**Propagating and guiding** employees to comply with and apply the regulations on pandemic prevention and control.  
**Establishing a Professional Support Team** for Covid-19 Prevention, available 24/7. online to consult and support employees in term of pandemic-associated problems.



# RESPONSE TO COVID-19 PANDEMIC

## ACCOMPANYING GOVERNMENT AND COMMUNITY IN PANDEMIC CONTROL



Accompanying and supporting the Government's Covid-19 control with the total budget of nearly VND 40 billion.

Supporting the community, especially children in disadvantaged conditions and affected by the Covid-19 pandemic, with “Stand Tall Vietnam Milk Fund” conveying the message “For the health and safety of children, join hand to repel Covid”.



Donating free nutritional products, medical equipment, and rapid test kits.

Boosting the spirit of anti-pandemic frontline forces.



## PROMOTING NUTRITION PRODUCTS

Maintaining the food safety and quality management systems, including FSSC 22000, GMP, BRC, Halal, etc...

Promoting nutritional products, supporting the immune system, strengthening human body resistance during the pandemic period.



Nutritional counseling via professional hotlines, updating with question-and-answer sets at all times to satisfy 100% of nutritional enquiries.





## *Chapter 1*

### VINAMILK AT A GLANCE

General information	14
Vinamilk's green journey	16
Scale & operation	20
Core values	22
Business model	24
Circular economy and value chain of Vinamilk	28

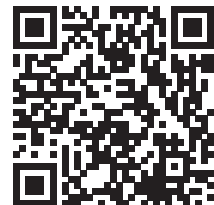


## General information

### Vietnam Dairy Products Joint Stock Company

Stock code	VNM
Name of Vietnamese	Công ty Cổ phần Sữa Việt Nam
Abbreviated name	Vinamilk
Charter capital	VND 20,899,554,450,000
Headquarter	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City
Phone number	(84-28) 54 155 555
Fax	(84-28) 54 161 226
Email	<a href="mailto:vinamilk@vinamilk.com.vn">vinamilk@vinamilk.com.vn</a>
Website	<a href="http://www.vinamilk.com.vn">www.vinamilk.com.vn</a> <a href="https://www.youtube.com/user/Vinamilk">www.youtube.com/user/Vinamilk</a>

Business Registration Certificate and Tax Code: 0300588569



Yêu thiên nhiên  
Yêu Organic





## Vinamilk's green growth journey

### 1976

Vinamilk was established on 20th August 1976 with 3 Dairy factories: Thong Nhat, Truong Tho, Dielac.



### 1988-1989

Launched children's powdered milk and cereal powder for the first time in Vietnam.



### 1990-1991

Initiated the "White Revolution" and pioneered the building of dairy material areas.



Introduced UHT Sterilized milk and yogurt for the first time in Vietnam market.



### 2002

Established the "Vinamilk - Nurturing young Vietnamese talent" scholarship fund.



### 2003

Successfully equitized and officially renamed to Vietnam Dairy Products Joint Stock Company.



### 2006

- Tuyen Quang Dairy farm - the first dairy farm came into operation.
- The factories obtained the Environmental Management System Certificate in accordance with ISO 14001 standard.



### 2012

- The factories obtained the Energy Management System Certificate according to ISO 50001 standard.
- Officially applied and published the Sustainable Development Program according to GRI standards.



### 2010

- Used Biomass energy in production.
- Promulgated Code of Conduct, established and communicated the Core Values.
- Promulgated Corporate Governance Regulations, set up and maintained operational structure and corporate governance principles according to advanced practices.



### 2013

Used energy from CNG compressed air in production.



### 2008

Established "Stand Tall Vietnam Milk Fund".

### 2007

Accompanied with the National School Milk program.





## Vinamilk's green growth journey

### 2014

- Nghe An Dairy Farm was the first farm in Southeast Asia as well as one of three farms in Asia to qualify the GlobalG.A.P standard.
- Obtained the Food Safety System Certificate according to FSSC 22000 standard.



### 2015

Obtained the Occupational Health and Safety Management Certification according to OHSAS 18001 / ISO 45001 standards

### 2016

Da Lat Dairy Farm was the first farm in Vietnam certified by Control Union to meet European organic standards.



### 2016

- Officially launched Vinamilk's Six Cultural Principals.
- Launched the first Organic Fresh Milk product in Vietnam.
- Vinamilk started a series of 5 consecutive years being honored with Top 10 Sustainable Enterprises in Vietnam in manufacturing segment.



**SMETA** Applied SMETA standards on social responsibility and business ethics at Factories.

**pwc** Started to assure Sustainability Report's Indicators by independent third parties.

### 2020

Reached the goal of planting over 1.1 million trees for Vietnam



### 2019

Launched the first Organic Powdered Milk and Cereal Powder in Vietnam.



### 2018-2019

Promulgated the Regulation on anti-fraud and anti-corruption and established Compliance Committee.



### 2017

Vinamilk entered the Vietnam Sustainability Index (VNSI) basket of the Ho Chi Minh Stock Exchange for the first time with a score of 91%.

### 2016

Started installing and using the solar energy system for the dairy farms.



### 2020

Topped for the 2nd continuous time at the Top 10 Sustainable Enterprises in Vietnam in the manufacturing segment.

Be honored as the Best Overall CSR Excellence (by the Global CSR Awards 2020).

Topped for the 3rd continuous time at Top 100 Vietnam Best Places to Work.

Achieved the 1st place in the category of Best Corporate Governance company (large cap group).





## Scale & Operation

### DAIRY FARMING PRODUCTION OF RAW MATERIALS

**01**  
Vinamilk Lao-Jagro  
dairy farm complex

**13**  
Dairy farms

**01**  
Cu Chi Raw Milk Center

**83**  
Raw milk collection stations

**01**  
Raw material production  
and supply factory (Sugar)

### HEALTH CARE, NUTRITION

**01**  
Polyclinic

**01**  
Nutrition center

Exported to **5**  
continents  
**55**  
countries and  
territories

### MANUFACTURING AND PROCESSING BEVERAGES AND DAIRY PRODUCTS

**01**  
Driftwood Factory - USA

**01**  
Angkor Milk - Cambodia

**13**  
Factories

**01**  
Moc Chau  
Factory

### DISTRIBUTION

**03**  
Sales branches

**02**  
Logistics  
enterprises

**Nearly  
200**  
distributors

**240,000**  
Points of sale -  
Conventional channels

**465**  
"Giac Mo Sua Viet" stores

**2,400**  
Points of sale -  
Convenience stores

**5,400**  
Points of sale -  
Supermarkets

**08**  
E-Commerce partners

Vinamilk E-Shop  
giacmosuaviet.com

Online shopping app -  
"Giac Mo Sua Viet"

Internal operation  
International operation



## Core values

### VISION

To become a world-class brand in the food and beverage industry with nutritional and health products that are trusted by everyone.

### MISSION

To deliver valuable nutrition to the community with our respect, love and responsibility.

### BUSINESS PHILOSOPHY

Constantly developing production, trade and service activities in the areas of business activities to:

- Maximize the benefits and enhance the Company's value in harmony with the interests of Shareholders.
- Continuously improve the life, income and working environment of workers.
- Ensure the interests of other stakeholders towards sustainable and responsible development.

PRODUCTS

ENVIRONMENT

PEOPLE



## Business model

### MAIN RESOURCES



Corporate governance system



Financial resources



Human resources



Natural resources



Infrastructure



Partnerships with stakeholders



Supply chain

### BUSINESS

### ACTIVITIES




Producing raw materials



Dairy farming



Producing dairy products




Producing beverage products, bottled water and coffee-containing beverages.




Nutrition health care


### VALUE CREATING



Revenue and profit




Contribution to the national budget



Responsibility to employees



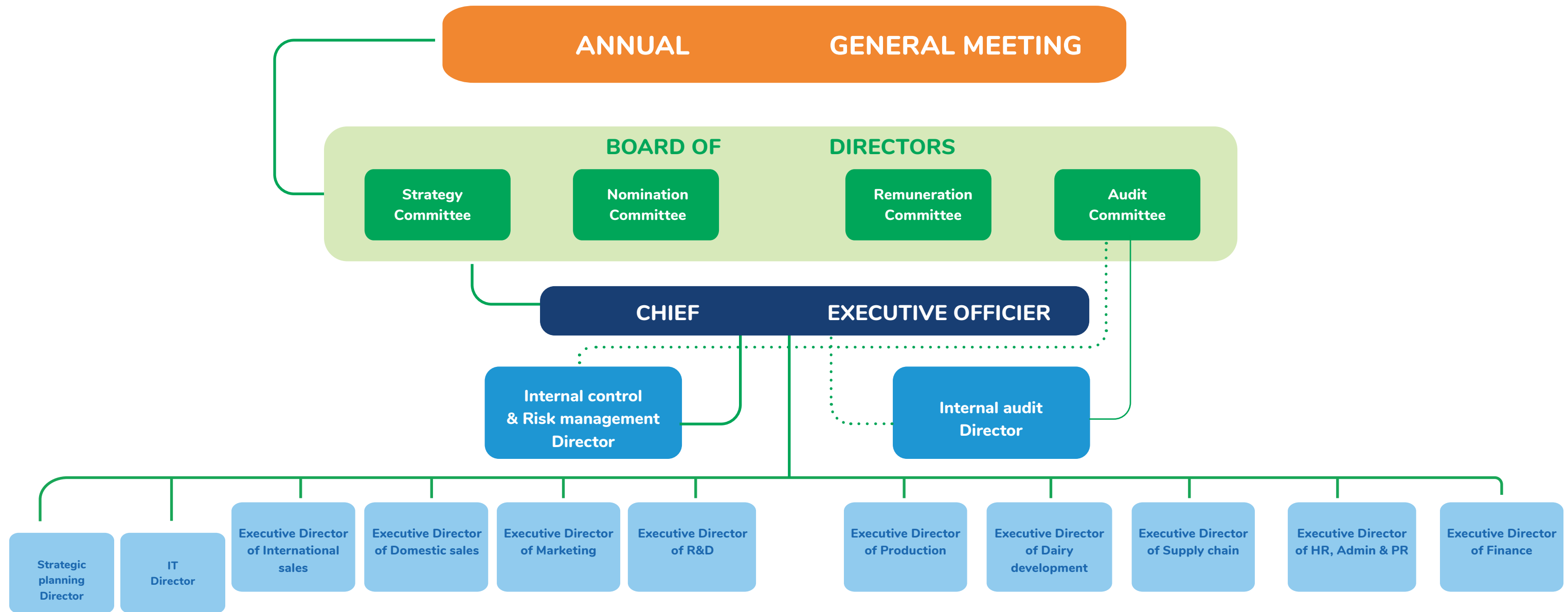
Value for consumers



Contribution to the community



## ORGANIZATIONAL CHART



Details on the activities of the Board of Directors are included in the Annual report of Vinamilk 2020 (pages 52-59).

— Directly report  
 - - - Report by department function





## Circular economy and value chain of Vinamilk

### Resources

- Investing in environmentally friendly technology
- Minimizing the amount of plastic used
- Engaging and harmonizing interests with stakeholders
- Workforce with high knowledge and skills
- Strongly investing in research and development

### Farming

- Organic and sustainable farming
- Transparency and compliance in the methods of using pesticides and antibiotics
- Sustainable land management
- Solar energy
- Animal welfare

### Production

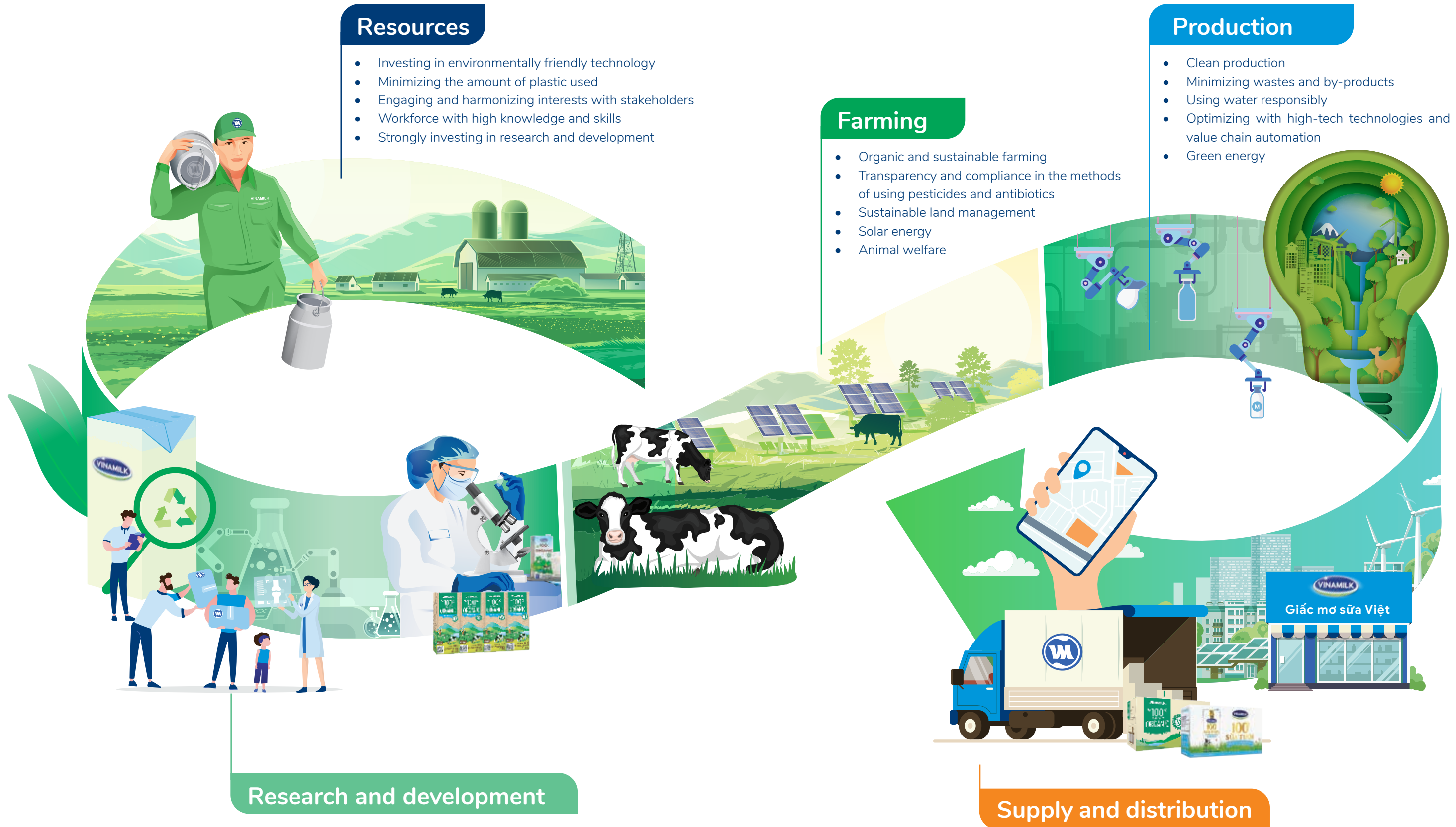
- Clean production
- Minimizing wastes and by-products
- Using water responsibly
- Optimizing with high-tech technologies and value chain automation
- Green energy

### Research and development

- Evaluating products life cycle
- Evaluating product nutrition from research and development phase
- 3R approach - Reduce, Reuse and Recycle
- Nutrition consultation and community support

### Supply and distribution

- Applying high technology and optimizing transport routes
- Gradually shifting fuel sources and vehicle types, reducing emissions







## Chapter 02

### SUSTAINABILITY MANAGEMENT

Sustainable development in the new normal context	32
Performance of 17 Sustainable development goals of The United Nations	34
Objectives and evaluation of social – economic – environmental impacts in 2020	36
Materiality areas	38
Development strategy to 2021	44
Risk management related to Sustainable Development	46
Sustainable Development Report	50



## Sustainable development in the new normal context

The Covid-19 pandemic has caused serious global impacts in term of economy, society and environment, including declining employment, job and social security and economic downturn. The potential cost of environment, health and poverty was estimated at USD 12 trillion while the annual market value of global food system was estimated about USD 10 trillion.

### ECONOMY AND SOCIETY

#### Economic slowdown

##### In the world:

- Increase in unemployment rate: A decline in the world gross product could lead to the increase by 25 million unemployed people worldwide.
- Increase in poverty: Globally, the number of the poor was estimated to rise to 100 million, and the number of people facing severe food insecurity doubled to around 265 million.
- Increase in world political instability: The US-China trade war has not cooled down and continued to climb in the context of the pandemic.

In Vietnam, the economy is also affected by the pandemic, and the impacts of climate change, natural disasters, storms and floods in provinces at Central of Vietnam areas also caused certain difficulties. This situation has the negative impact on the overall economy, which also hinder the growth of the dairy sector in 2020.



##### In Vietnam:

- According to the General Statistics Office, the GDP growth rate of Vietnam in 2020 was 2.91%, the lowest in the period 2011-2020.
- 32.1 million people were adversely affected by the pandemic and the average income of workers decreased by 2.3% (GSO).
- In term of value, FMCG industry recorded the decrease of 7% while the dairy sector alone recorded the decrease of 6%.

Source: AC Nielsen.

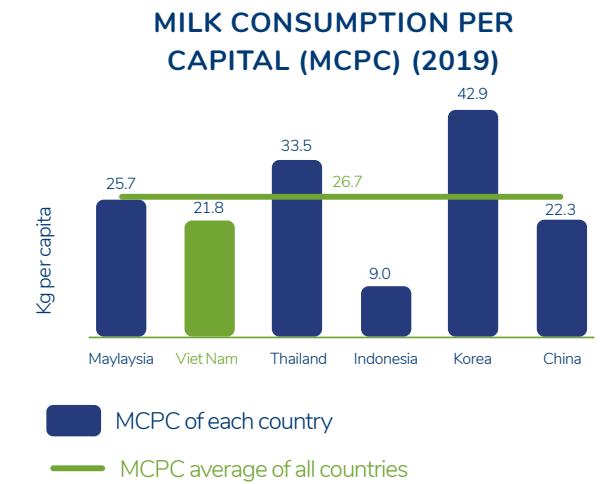
#### Challenges and opportunities from EVFTA

- Milk imported from Europe will benefit from Vietnam's reduction of the import duty to 3.5% - 0% for the subsequent 3-5 years, lower than the rate of 5-15% at the present.
- The fact that company imports raw milk powder from Europe at the reduced tariff will improve margins.
- The competitiveness with international dairy companies in the domestic market will be enhanced when Vietnam enters into the Agreement.

### PRODUCTS

#### Change in consumption habits and positive signs of increasing the scale of the dairy industry

- Social distancing measures, in the positive aspects, facilitated the effective control over the spread of the pandemic, but reduce the local consumption demand.
- Products which are derived from nature, support digestive system, plant-based, eco-friendly,... continue to grow as consumers become more aware of the health benefits.
- According to the latest Euromonitor data, at the end of 2019, milk consumption per capita in Vietnam is 18%, lower than the average level of some neighboring countries.
- According to forecast with a vision to 2030 (World Bank), Vietnam's economy will reach the growth rate of 6.5-7.5%/year, along with the growing consumer awareness of the importance of healthy food, which will be an important foundation for the dairy sector to further expand its scale in the medium and long term.



### ENVIRONMENT

#### Positive sign of environmental indicators

Covid-19 had has the negative impact on the prosperity-related SDGs but positive impact on the deployment of environment-associated SDGs due to social isolation.

- Reduced by 36% in global emissions from ground vehicles and is the significant contribution to changes in total emission.
- Reduced the emissions by 7.4% in electricity sector and 19% in industrial sector.

Source: Nature Climate Change





## Performance of 17 sustainable development goals of The United Nations

### 1. NO POVERTY

- The poverty rate was estimated at 8.8% (an increase of 0.6%).
- The biohazards as Covid-19 pandemic, along with other hazards such as storms, floods, earthquakes and wildfires cause disasters and exacerbate poverty, particularly in the least developed countries.

### 4. QUALITY EDUCATION

- More than 190 countries have implemented nationwide school closures.
- At least 500 million children and teenagers are currently have no access to education due to unavailability of remote training.

### 7. AFFORDABLE AND CLEAN ENERGY

- The share of renewables in total final energy consumption reached 17.3% in 2017.

### 2. ZERO HUNGER

- 144 million children under the age of 5 suffered from stunting in 2019.
- 6.9% of (or 47 million) children under the age of 5 suffered from wasting or acute malnutrition.
- 5.6% of, equivalent to 38 million children under the age of 5 worldwide were overweight as of 2019.
- Covid-19 posed further threats to the food system, indirectly reducing the purchasing power and capacity of food production and distribution.
- The coronavirus pandemic could push up to 132 million people into hunger

### 5. GENDER EQUALITY

- Women represent 39% of the world's working population and a half of the world's working age population.
- 28% of women held management positions, rising by 25% in comparison with 2000.

### 8. DECENT WORK AND ECONOMIC GROWTH

- Global unemployment rate was at 5% (in 2019).
- Real GDP per capita was estimated to decline by 4.2% in 2020.

### 3. GOOD HEALTH AND WELLBEING

- The pandemic outbreak has raised the alarm on the availability of health care and immunization services in emergencies.
- Essential medical services are being interrupted.

### 6. CLEAN WATER AND SANITATION

- About 700 million people could be displaced by intense water scarcity by 2030.
- 4.2 billion people in the world could not access the well-managed sanitation, of which 2 billion people failed to meet the basic sanitation.
- Access to clean water is critical to providing effective health care and preventing the spread of Covid-19.

### 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Global productivity growth fell sharply by 6.0% in the first quarter of 2020.

### 10. REDUCED INEQUALITIES

- Income inequality is decreasing in some countries, but overall, remains high.

### 13. CLIMATE ACTION

- Global temperature is on the rise to 3.2°C by the end of this century.
- Greenhouse gas emissions must start to fall by 7.6% per year from 2020.
- Climate change affected more than 39 million people in 2018, leading to deaths, disrupted livelihoods and economic loss.

### 17. PARTNERSHIP FOR THE GOALS

- The Covid-19 pandemic currently threatens the past achievements in terms of trade, foreign direct investment and remittances.
- The pandemic also appears to drive the existing trends to break up the global value chain.
- Covid-19 prevention requires the participation of the Governments, private sector, organizations and every citizen around the world. Strengthening multilateralism and global partnerships is more important than ever.

### 11. SUSTAINABLE CITIES AND COMMUNITIES

- More than 90% of Covid-19 cases occurred in urban areas.
- 9 out of 10 people living in urban areas around the world faced the increasingly severe air pollution.
- The lockdown in response to Covid-19 has significantly reduced some of the air pollutants due to shutdowns of factories and decrease in the number of automobiles in traffic, but is only a temporary measure.

### 14. LIFE BELOW WATER

- Absorbed CO<sub>2</sub> has made seawater more acidic, accordingly, the pH has decreased by 26% since pre-industrial times.

### 16. PEACE, JUSTICE AND STRONG INSTITUTIONS

- Conflicts, insecurity, institutional weaknesses and restricted access to justice remain as the threats to sustainable development.
- Children are frequently subject to many forms of violence, including forced labor.

### 12. RESPONSIBLE CONSUMPTION AND PRODUCTION

- Global material-footprint is growing faster than population growth and economic output.
- Waste, including additional medical waste generated during the pandemic, is on the rise.
- The rate of food loss after harvest and during transportation, storage and processing was 13.8%, equivalent to more than USD 400 billion per year.
- More and more companies are releasing Sustainable Development Reports to demonstrate their commitment to the 2030 Agenda for Sustainable Development.

### 15. LIFE ON LAND

- Forest area continues to decline at an alarming rate, species are still threatened with extinction, affecting biodiversity.
- One-fifth of the Earth's land area is being degraded, adversely affecting the life of about 3.2 billion people, making species gradually extinct and escalating climate change.



**THE GLOBAL GOALS**  
For Sustainable Development

Source: <https://unstats.un.org/sdgs/report/2020/>



Objectives and evaluation of environmental, social and economic impacts in 2020

ASPECTS	KEY AREAS		SUSTAINOGRAM	RESULTS 2020	SDGS
ECONOMY					
Economic performance	Sustainable growth	\$ Total consolidated revenue (VND billion)	59,723	<div><div>1 NO POVERTY</div><div>2 ZERO HUNGER</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	
		\$ Consolidated profit before tax (VND billion)	11,236		
	Value brought to shareholders and investors	\$ Value paid to shareholders and investors (VND billion)	6,095		
	Value brought to the government	\$ Contribution to the state budget through taxes (VND billion)	5,273		
	Salary and welfare	\$ Employee welfares (VND billion)	Over VND 1,000 billion		
Indirect economic impact	Value traded with suppliers	\$ Transaction value with supplier (VND billion)	30,270		
	Create sustainable jobs	# Jobs created at VNM	7,792		
		# Amount of milk purchased from farmer (liter)	187,410		
SOCIETY					
Labor and employment	Salary and welfare	% Employees satisfy with the working environment	89.3%	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div></div>	
	Cohesion and loyalty	% Rate of resignation	4.95%		
	Occupational safety and health	Rate of work-related injuries (IR)	0.09		
		Rate of work-related ill health (ODR)	0.11		
		"Workers covered by an occupational health and safety management system"	7,792		
	Training and development	Number of training courses held	647		
		Number of participants in training courses	27,396		
	Diversity, equality and open communication	% Percentage of women in management	27.9%		
	Labor relations	% Employees participating in collective bargaining agreements	100%		
Product responsibility	Safe and quality products	% Products that rated for safety and quality	100%	<div><div>2 ZERO HUNGER</div><div>3 GOOD HEALTH AND WELL-BEING</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	
		# Number of product recalls	0		
		% Products manufactured under the FSSC 22000 certified system	100%		
	Transparent labeling	% Product labels controlled for information	100%		
	Responsible communication and marketing	# Number of misconduct incidents related to Responsible marketing and communications	0		
	Satisfy customers	% satisfy domestic customers	99.3%		
			100%		

ASPECTS	KEY AREAS	SUSTAINOGRAM	RESULTS 2020	SDGS
ENVIRONMENT				
Raw Materials	Sustainable raw material source and circular economy	# Initiatives on 3R (Reduce - Reuse - Recycle)	93	<div><div>6 CLEAN WATER AND SANITATION</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div><div>14 LIFE BELOW WATER</div></div>
		\$ Value of savings from initiatives (VND billion)	6.5	
Energy	Efficient energy usage	# Energy consumed / ton of product (KJun / ton of product)	Page 174-175,178	
	Modern technology 4.0 and green energy	% CNG/ total energy use ratio	23.59%	
		% Biomass/ total energy use ratio	65.58%	
Soil	Sustainable soil management	\$ Value of trees planting to creat green patched and prevent erosion (VND billion)	> 3.2	
Water	Responsible, efficient and recirculated water usage	% Percentage of water recovered	5.15%	
		% Water used / ton of product	Page 174-175	
Waste and effluents	Waste and effluent control and circular economy	# Total amount of wastewater by source (m³)	3,535,194	
		# Total amount of waste by type and disposal method	Page 176-177	
		# Total amount of water consumption (m³)	2,763,468	
		# Incidents related to the environment	0	
Emissions	Reduce CO2 emissions	# CO2 emission / ton of product	Page 176-177	
	Climate change resist			
INDUSTRY STANDARDS				
Animal welfare	Cow welfare	# Number of Organic EU certified farms	3	<div><div>2 ZERO HUNGER</div><div>3 GOOD HEALTH AND WELL-BEING</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>
		# Number of Organic China certified farms	2	
		# Number of farms certified to Global GAP standards	12	
Health and nutrition	Appropriate and quality nutrition source	% Percentage of fat reduced products	0.21%	
		% Percentage of sugar reduced products	4.80%	
		% Percentage of products without added sugar	11.54%	
		% Percentage of plant-based products in the product structure	1.33%	
		% Percentage of vitamin and minerals supplement products	79.67%	
		% Percentage of soluble fiber supplement products	11.55%	
		% Percentage of probiotic supplement products	4.52%	
		% Percentage of naturally fermented products	16.21%	
	Green, clean and organic products	Percentage (%) of organic products	0.28%	
Diversify products	Products meet diverse needs	# Product launching and re-launching in the year	10 new products 09 innovative products 09 exported products	



## Materiality areas



Vinamilk realizes that in order to achieve success, in addition to well implementing business strategies, respecting business ethics, it is important to take actions that bring sustainable values to society and community. Vinamilk believes that social responsibility is not responding to external pressure but is an existing part of business principles, in operational mission and integrated into Vinamilk's value chain.



Vinamilk positions the sustainable development targets at the strategic and management level. We are committed to doing business with sense of responsibility and ensuring sustainable development in line with the development orientation of the world in general, Vietnam in particular and the markets in which Vinamilk's operations take place.



Vinamilk has recognized and continuously researched to become more comprehensively aware of the significant negative impacts and consequences from production and business activities on the society, the environment and the economy, especially communities in which Vinamilk's operations take place. Vinamilk believes in and always looking for opportunities and actions serving development of these communities, minimizing negative consequences, creating a more sustainable future and better sharing. Vinamilk aims to become a reliable partner to contribute to social, economic and environmental progress through ethical and responsible business operation.

## METHOD FOR DEFINING MATERIALITY AREAS

1



Recognizing context related to sustainable development in the world and the dairy industry

2



Material considerations based on strategy for developing and engaging stakeholders

3



Developing goals and strategies related to Sustainable Development

4

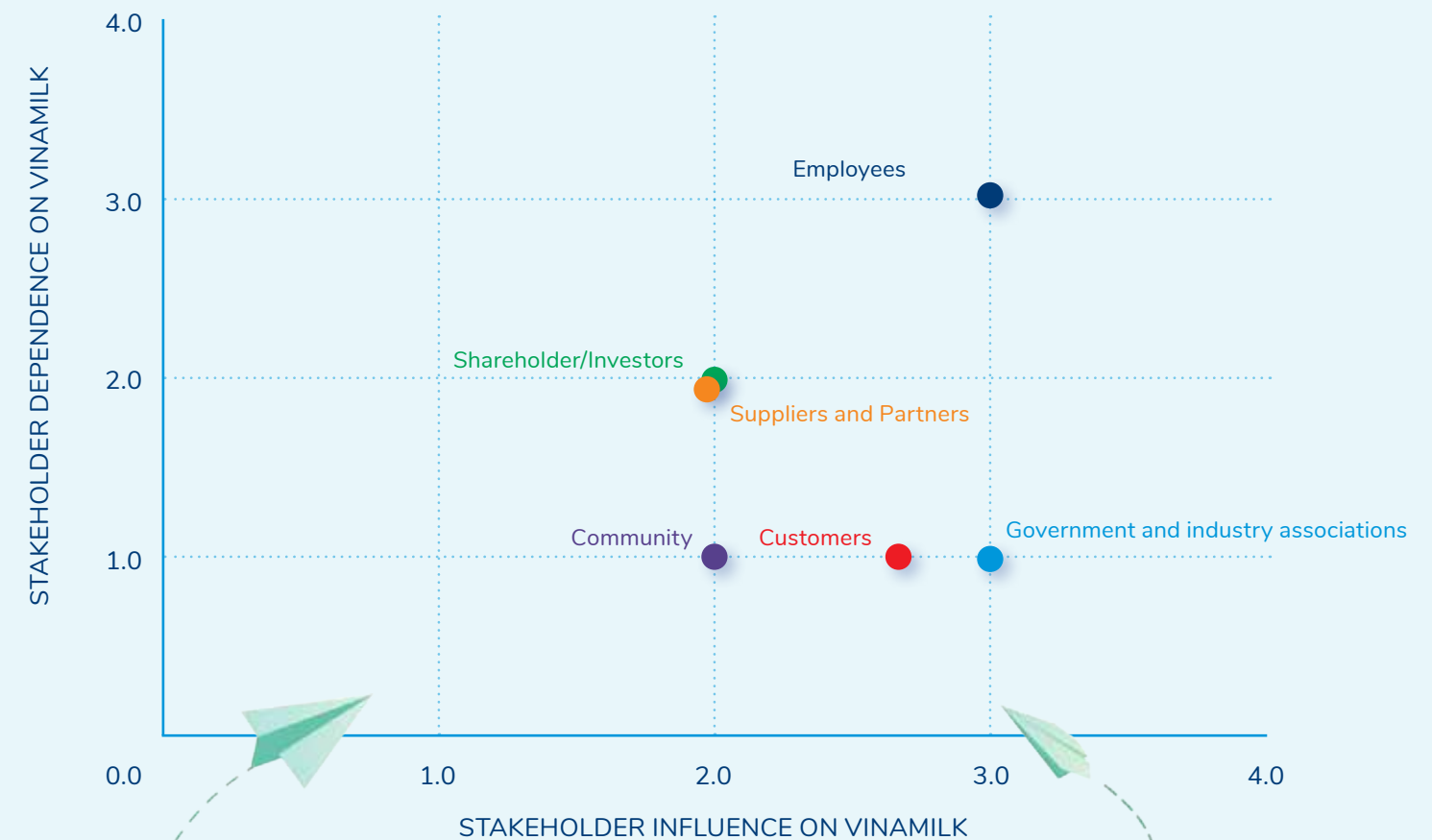


Implementing and deploying according to PDCA principles

## ENGAGEMENT WITH THE STAKEHOLDERS

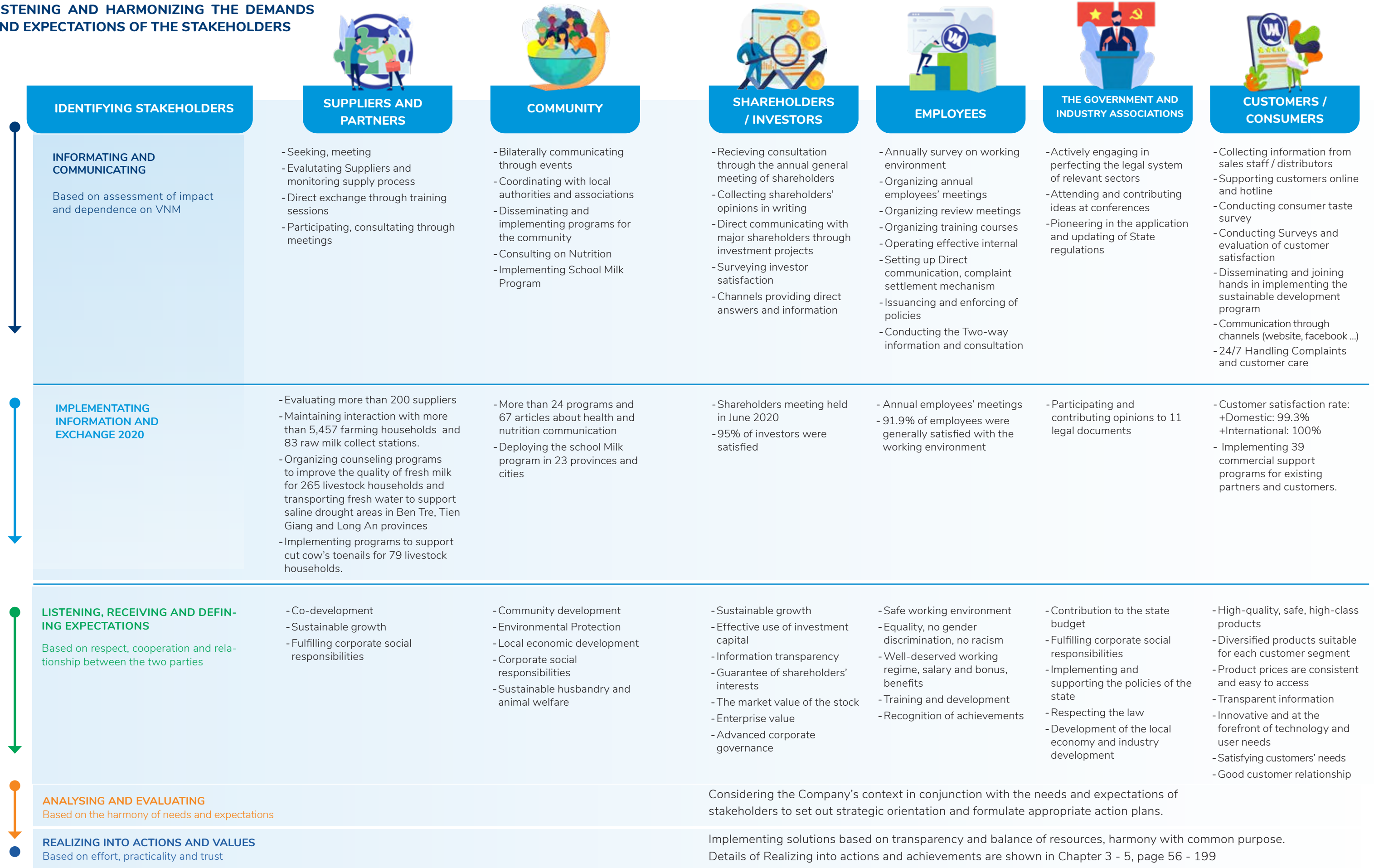
In order to well fulfill our social responsibilities through the operation and application of sustainability initiatives, Vinamilk understands that the sustainable development goals can only be achieved through companionship with stakeholders. Vinamilk respects and considers the needs, expectations, and feedbacks of stakeholders as the driving force and the basis for our orientation.

Vinamilk wishes to have the support, respect and companionship of stakeholders, especially Customers, Investors, Suppliers and Partners, Employees, Community, Government, non-government organizations, and non-government organizations and all other stakeholders.





## LISTENING AND HARMONIZING THE DEMANDS AND EXPECTATIONS OF THE STAKEHOLDERS



## MATERIAL TOPICS

Material topics means topics which are considered important, reflecting the economic, environmental and social impacts of Vinamilk or influencing the assessment and decisions of Vinamilk's stakeholders.

### Economy

#### ECONOMIC OPERATION EFFICIENCY

- Sustainable growth
- Economic value brought to stakeholders

#### INDIRECT ECONOMIC IMPACT

- Create sustainable jobs
- Develop local economy

### Industry standards

#### ANIMAL WELFARE

- Cow welfare

#### HEALTH AND NUTRITION

- Green, clean and organic products

#### PRODUCT DIVERSIFICATION

- Products meet diverse needs with reasonable prices

#### MATERIALS

- Sustainable raw material source and circular economy

#### WASTE AND WASTEWATER

- Waste and effluent control and circular economy
- Compliance with environmental laws

#### ENERGY

- Efficient energy usage
- Modern technology 4.0 and green energy

#### WATER

- Responsible, efficient and recirculated water usage

#### EMISSIONS

- Reduce CO<sub>2</sub> emissions

#### LABOR AND EMPLOYMENT

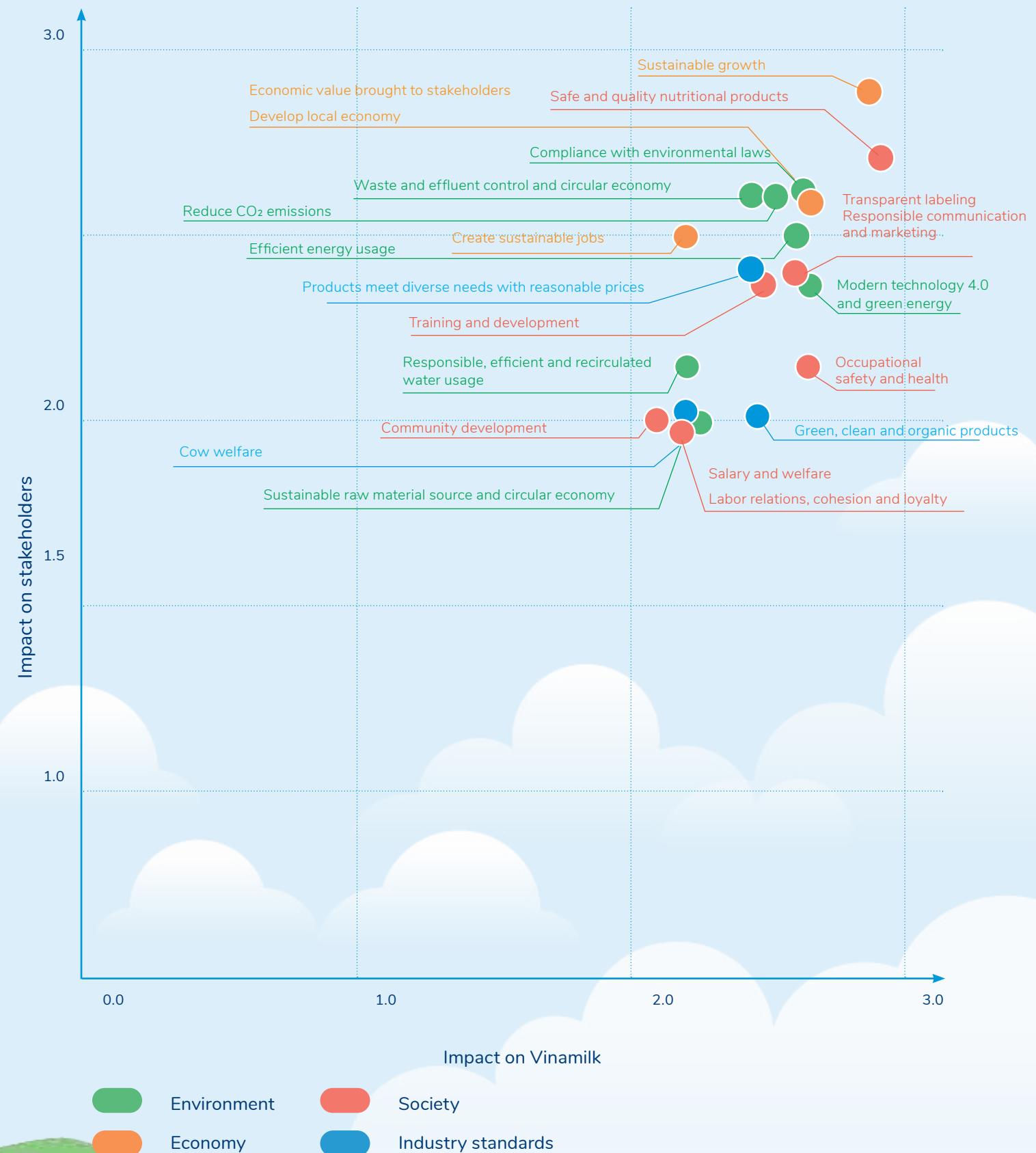
- Salary and welfare
- Labor relations, cohesion and loyalty
- Occupational safety and health
- Training and development
- Community development

#### PRODUCT RESPONSIBILITIES

- Safe and quality nutritional products
- Transparent labeling
- Responsible communication and marketing

### Society

### Environment





## DEVELOPMENT STRATEGY TO 2021



Maintaining the No.1 position in Vietnam market and aiming to join the Top 30 largest global dairy companies in terms of revenue, Vinamilk has formulated a comprehensive development strategy focusing on 3 key aspects, including:



### LEADING IN HIGHLY APPLICABLE INNOVATIONS

- Focus on dairy industry and dairy related-products, which is the core business that has established the Vinamilk brands.
- Continue to promote product R&D with the focal points of innovating, expanding and diversifying the product portfolio to match with the ever-changing tastes and demands of consumers, as well as offering a variety of convenient and rich experiences.



### CONSOLIDATING THE LEADING POSITION IN THE VIETNAM'S DAIRY INDUSTRY

- Prioritize to exploit the domestic market which still has great growth potential.
- Promote more on higher segments with value-added products, especially in urban areas.
- Expand market penetration and coverage in nonurban areas, where growth potential is still immense, with mainstream product lines.
- Continue to build a capable domestic distribution system, increase market share and maintain Vinamilk's leading position in the market.



### REACHING OUT TO THE WORLD

- Stay prepared for M&A activities and expand business relationship with partners in all three directions of horizontal, vertical and combined integration.
- Prioritize M&A opportunities with dairy companies in other countries with the aim of expanding markets and increasing sales.
- Continue to penetrate new export markets with the strategy of transforming the traditional export model into forms of extensive cooperation with distribution partners in new key markets.



## Risk management related to sustainable development

### RISK MANAGEMENT IN COVID-19 PANDEMIC AND NEW NORMAL CONTEXT

The year 2020 ended with concerns about fluctuations in terms of politics, economy, society and environment. The threat from the Covid-19 pandemic is still escalating and spreading to every corner of the world. It can be seen that the Covid-19 pandemic, which is a globally prominent event, poses a lot of risks and problems need to face with in corporate operations: proliferation of cyberattacks, information confidentiality issues, adaptation and resilience of the supply chain, delays of projects, especially human health issues ... have a direct or indirect impact on maintaining production and business continuity.

Facing the complicated movements of the pandemic and the volatile domestic and international context, Vinamilk strictly manages the existing risk portfolio while responding positively, proactively and flexibly to emerging risks through timely, effective and suitable control measures for the Company. Especially, Covid-19 epidemic risk in 2020 is the key emerging risk of Vinamilk.



- Plan the implementation of risk assessment
- Assign the personnel for risk management
- Record the events arising in the period



- Implement the risk assessment by Risk owners
- Implement the control measures to manage risks
- Implement Control self-assessment

- Monitor KRIs – Key risk indicators
- Cross-check the risk assessment report and control report

- Improve the risk assessment and Control self-assessment procedures
- Comment to develop and improve Risk parameters

### RISK MANAGEMENT IN TERM OF STRATEGY - FINANCE - OPERATION

In the new normal context, the Board of Directors and each employee of Vinamilk are constantly improving the control and adaptation system, especially ensuring health, infrastructure and information security for working from home, ensuring Business Continuity and Strategic-Financial-Operational goals.



100% of top risks are assessed and controlled to ensure the achievement of the Company's objectives, especially risks related to raw materials, health and safety, communication, interruption in production and business activities, and implementation of business plans in domestic and international.

Developing a mechanism to promptly update and report information about the risks facing the Company as well as the effectiveness of the measures taken for making timely and effective decisions.



As a prominent element in the new normal context, Vinamilk is one of the first Vietnamese enterprises to deploy online working solutions for its employees and partners:

- Establishing and upgrading the online approval systems, which are applicable to all domestic subsidiaries
- Going-live of online bidding system: from June 2020



## Risk management related to sustainable development (next)

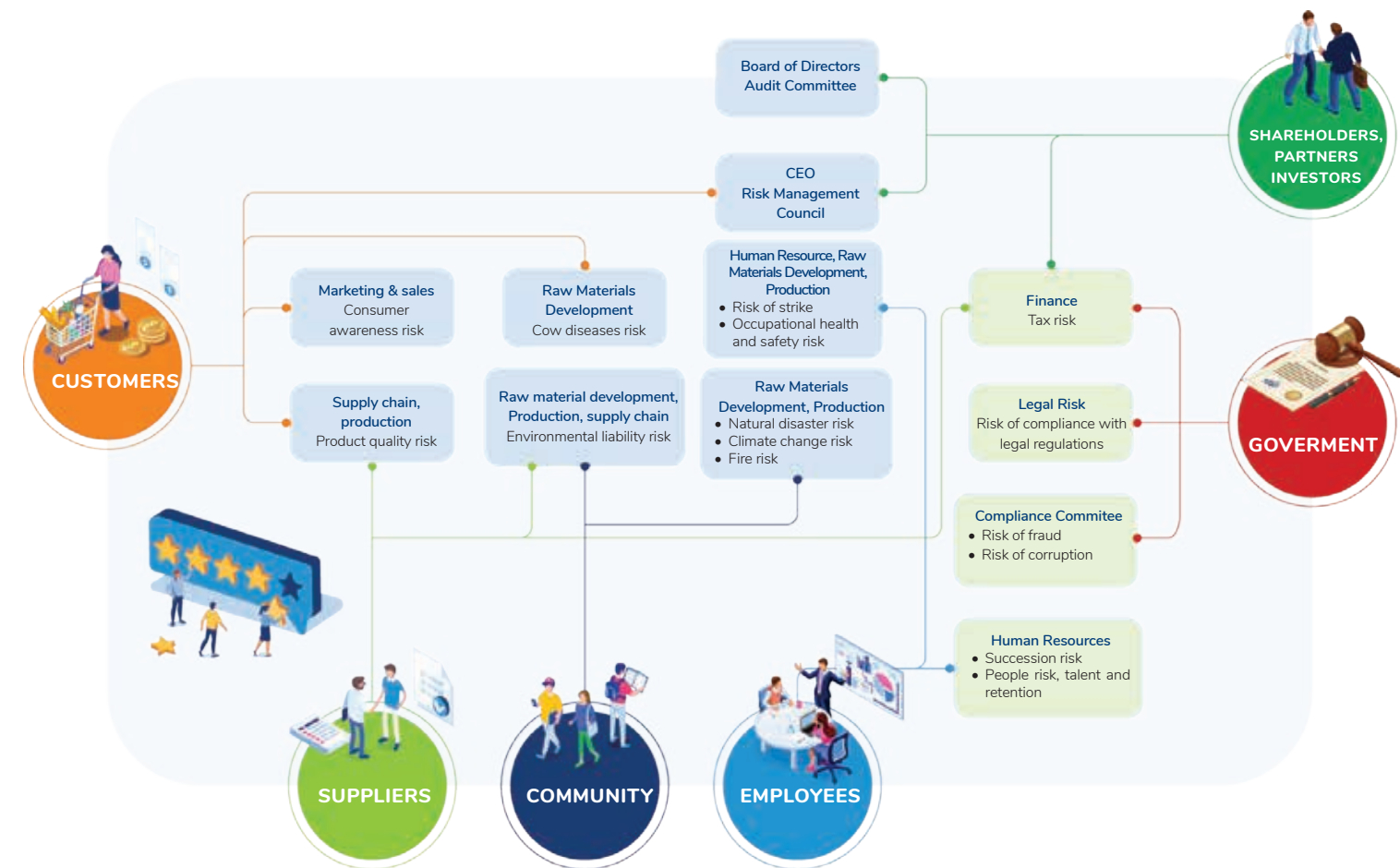
### RISK MANAGEMENT RELATED TO SUSTAINABLE DEVELOPMENT

In the context of the global Covid-19 pandemic and the “new normal” period with many changes in politics, society, people, consumer demand and sentiment, Vinamilk realised the importance of risks related to Sustainable development.

In 2020, Vinamilk continues its green steps in establishing and managing a portfolio of Sustainable Development related risks. The prominent event is the setting of specific goals and indicators related to Sustainable Development at company level.

NO	CATEGORY	RISKS
1	Strategic risks	Consumer awareness risk
2		Succession risk
3	Operational risks	Product quality risk
4		Fire risk
5		Natural disaster risk
6		Climate change risk
7		Cow diseases risk
8		Occupational health and safety risk
9		People risk, talent and retention
10		Risk of strike
11		Risk of fraud
12		Risk of corruption
13	Financial risks	Tax risk
14	Compliance risks	Risk of compliance with legal regulations
15		Environmental liability risk

The list of risks under the Sustainable Development program is established and monitored as follows:



Risk management related to Sustainable development in relation to stakeholders

### SUSTAINABLE DEVELOPMENT RELATED RISK MANAGEMENT ACTIVITIES IN 2020:

In 2020, Vinamilk continued to maintain Sustainable development related risk management through outstanding activities:



- Implementing the assessment of Sustainable development related risks and monitoring Key risk indicators (KRIs) on a quarterly basis for Departments of the Company.
  - 100% of Sustainable development related risks are assessed during the year (15/15 risks)
  - 100% of Sustainable development related risks are monitored by KRIs (15/15 risks)
- Issuing 4 periodic newsletters, thematic newsletter with topics on Climate change, Covid-19 epidemic, Bankruptcy and Information security.
- Implementing the project “Reviewing and upgrading the Enterprise risk management system” with the independent consulting company with the aim of improving the risk management system in compliance with advanced practices, as well as applying technology in Company’s risk management activities.
- Conducting periodic control self-assessment (CSAs) for a number of top risks, especially CSA for Risk of product quality were deployed at 13 factories, to assess and ensure the effectiveness of control measures for top risks of the Company.

# Sustainable Development Report

## SCOPE OF REPORT

### REPORT - MAKING PRINCIPLES



At Vinamilk, the Sustainable Development Report is prepared annually, aims to present and publish official information related to the goals, orientations and activities related to the Company's Sustainable development. In 2020, the Sustainable Development Report continued to be prepared separately from the Annual Report. All datas reported for the year ended on December 31st, 2020.



In this report, the materiality topics were identified based on a combined assessment of stakeholder interest and their impact on Vinamilk. The information presented including Vinamilk's management methods, objectives and orientations for Sustainable development in each period (including short term and long term); Vinamilk's commitments to stakeholders; current status, outstanding programs and activities in the year related to materiality areas; giving the assessments and achievements which the Company achieved during the year, the extent of satisfaction with Vinamilk's commitments and stakeholder's concerns, in order to outline the overall picture of the Company's activities during the year, and provide orientation for Sustainable development for the future.



The report was prepared according to the Global Report Initiative for Sustainable Reporting Standards (GRI Standards) published by the Global Sustainability Standards Board (GSSB) in 2016, reviewed in 2018 and 2020. This is the international standard and latest version of Sustainable Development Report preparation. In addition, the report also presented several additional published indicators according to GRI Food Processing.



Furthermore, as presented in this report, the strategic objectives and activities in Vinamilk orientation were also linked to the United Nations' 17 Sustainable Development Goals, Dairy Sustainability Framework (DSF) and the United Nations Global Compact (UNGC).



### UNITS INCLUDED IN THE REPORT

Scope of operation report of Vinamilk consists of its branches, affiliates and subsidiaries controlled by Vinamilk, including:

- The Headquarter, 13 Factories, 03 Branches, 02 Logistics factories and Cu Chi Raw Milk Center.
- Vietnam Dairy Cow One Member Company Limited excluding Quang Ngai farm
- Thong Nhat Thanh Hoa Dairy Cow Company Limited
- Angkor Dairy Products Co., Ltd. (Cambodia)  
(except for indicators related to nutritional and health quality - GRI FP6)
- An Khang Clinic (only including indicators related to human resources)

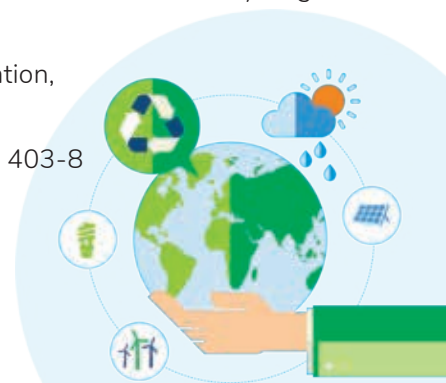


Any comments or questions related to the report, please contact directly on Vinamilk's Website, at Feedback information (<http://www.vinamilk.com.vn/?vnm=FAQ>) or email to the member in charge of the Sustainable Development Program.

### INDEPENDENT LIMITED ASSURANCE FOR SUSTAINABLE DEVELOPMENT REPORT

In order to provide accurate and reliable information about the sustainability performance to stakeholders, Vinamilk's Sustainable Development Report 2020 continues to be assured by PwC Vietnam. Vinamilk ensures that there is no conflict of interest in the designation of assurance services. The Sustainability Indicators are selected according to materiality areas covering economic, environmental and social fields, in particular:

- Amount of milk purchased from households (kg) - GRI 203-2
- Percentage (%) of sugar reduced products, percentage (%) of products without added sugar, percentage (%) of fat reduced products, percentage (%) of vitamin and minerals supplement products, percentage (%) of soluble fiber supplement products, percentage (%) of probiotic supplement products, percentage (%) of organic products, Percentage (%) of naturally fermented products and percentage (%) of plant-based products in the product structure (GRI Food processing sector) GRI FP6
- Amount of energy indirect (Scope 2) GHG emissions (kg CO<sub>2</sub>) GRI 305-2
- Amount of energy consumption (MJ) GRI 302-1
- Water withdrawal (m<sup>3</sup>) by the source GRI 303-3
- Water discharge (m<sup>3</sup>) by types of destination GRI 303-4
- Water consumption (m<sup>3</sup>) GRI 303-5
- Total weight of waste (kg) by type GRI 306-3
- Total weight of waste diverted from disposal (kg) using the recovery operations of preparation for reuse, recycling, and others - GRI 306-4
- Total weight of waste directed to disposal (kg) using the disposal operations of incineration, landfilling and others GRI 306-5.
- Total workers covered by an occupational health and safety management system GRI 403-8
- Rate of work-related injuries GRI 403-9
- Rate of work-related ill health GRI 403-10 Occupational disease rate - GRI 403-10.





## MEMBERS IN CHARGE OF SUSTAINABLE DEVELOPMENT PROGRAM

The CEO directly directs the program and assigns the participants in the program including:



### WORKING ENVIRONMENT

#### Mrs. Bui Thi Huong

Executive Director of Human Resources - Admin & Public Relation

Email: bthuong@vinamilk.com.vn

Take an overall responsibility

#### Mr. Nguyen Tuong Huy

Human Resources Director

Email: nthuy@vinamilk.com.vn

Responsible for human resources and work environment

#### Mr. Le My Ha

Head of Organizational Development Division

Email: lmha@vinamilk.com.vn

Responsible for recruitment, employment management, promotion and occupational health and safety issues

#### Mrs. Duong Thi Truc Ly

Head of Organizational Development Department

Email: dtty@vinamilk.com.vn

Responsible for team development and training programs of the Company

#### Mr. Do The Tuyen

Head of Salary & Welfare Division

Email: dtuyen@vinamilk.com.vn

Responsible for salary, bonus and welfare issues for employees



#### Mr. Trinh Quoc Dung

Executive Director of Raw Material Area Development

Email: tqdung@vinamilk.com.vn

Responsible for environmental and energy issues in the dairy farm operations

#### Mr. Nguyen Quoc Phong

Energy & Environment Management Manager

Email: nqphong@vinamilk.com.vn

Responsible for implementing environmental management and energy saving activities in production

#### Mr. Trinh Phuong Nam

Agriculture Director

Email: tpsnam@vinamilk.com.vn

Responsible for agricultural activities, animal husbandry and veterinary medicine

#### Mr. Nguyen Dang Khoa

Technical Director of Vietnam Dairy Cow One Member Limited Company

Email: ndkhoa@vinamilk.com.vn

Responsible for implementing environmental and energy management activities on dairy farms

#### Mr. Nguyen Trung

Supply and Transportation Director

Email: ntrung@vinamilk.com.vn

Responsible for implementing environmental and energy management activities in supply activities



### PRODUCT LIABILITY

#### Mr. Nguyen Quoc Khanh

Executive Director of Research and Development

Email: nqkhanh@vinamilk.com.vn

Generally responsible for the product issues

#### Mrs. Bui Thi Thu Hoai

Research and Development Director

Email: btthoai@vinamilk.com.vn

Responsible for product research and development

#### Mr. Hoang Thanh Van

Product Management Acting Manager

Email: htvan@vinamilk.com.vn

Responsible for product research and development



### ENVIRONMENT & ENERGY

#### Mr. Tran Minh Van

Executive Director of Production

Email: tmvan@vinamilk.com.vn

Responsible for environmental and energy issues in production activities



### COORDINATION AND REPORTING GROUP

Responsible for coordination, aggregation of programs and reporting with the following members:

#### Mrs. Tran Thai Thoai Tran

Internal Control and Risk Management Director

Email: ttttran@vinamilk.com.vn

#### Mrs. Le Hoang Anh

System Control & ISO Manager

Email: lhanh@vinamilk.com.vn

#### Mrs. Tran Nguyen Kim Phuong

Internal Control Specialist

Email: tnkphuong@vinamilk.com.vn

#### Mrs. Nguyen Thi Huong Lan

Quality Management System Specialist

Email: nthlan1@vinamilk.com.vn

#### Mr. Phan Hoang Huy

Risk Management Specialist

Email: phhuy@vinamilk.com.vn





## INDEPENDENT LIMITED ASSURANCE REPORT

### To The Board of Directors of Vietnam Dairy Products Joint Stock Company

We have been engaged by Vietnam Dairy Products Joint Stock Company (“Vinamilk”) to perform an independent limited assurance engagement on non-financial data for the year ended 31 December 2020 selected and reported in Vinamilk’s Sustainability Report 2020 (hereinafter referred to as “selected Sustainability Indicators”).

#### Responsibility of the Board of Directors

The Board of Directors of Vinamilk is responsible for the preparation of Vinamilk’s Sustainability Report 2020 pertaining to the reporting scope described in page 51 of the report, in which the Sustainability Indicators selected for our limited assurance engagement are presented. The responsibility includes the selection of the Sustainability Indicators for our limited assurance engagement and application of the appropriate method to Vinamilk’s Sustainability Report 2020 as well as the design, implementation and maintenance of internal controls relevant to the preparation of the selected Sustainability Indicators’ information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Vinamilk which are reasonable in the circumstances.

#### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Selected Sustainability Indicators’ Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the selected Sustainability Indicators’ information is free from material misstatement.

The accuracy and completeness of selected Sustainability Indicators are subject to inherent limitations given their nature and methods for

determining, calculating, and estimating such data. Our assurance report should therefore be read in connection with Vinamilk’s procedures on the reporting of its sustainability performance. In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

#### Subject Matter

The selected Sustainability Indicators, on which we provide limited assurance, consists of:

- Amount of milk purchased from households (kg) – GRI 203-2 (page 101);
- Percentage (%) of sugar reduced products, percentage (%) of products without added sugar, percentage (%) of fat reduced products, percentage (%) of vitamin and minerals supplement products, percentage (%) of soluble fiber supplement products, percentage (%) of probiotic supplement products, percentage (%) of organic products, percentage (%) of naturally fermented products and percentage (%) of plant-based products in the product structure (GRI Food processing sector) – GRI FP6 (pages 37, 142);
- Amount of energy indirect (Scope 2) GHG emissions (kg CO<sub>2</sub>) – GRI 305-2 (pages 176-177);
- Amount of energy consumption (MJ) – GRI 302-1 (pages 174-175);
- Water withdrawal (m<sup>3</sup>) by the source – GRI 303-3 (pages 174-175);
- Water discharge (m<sup>3</sup>) by types of destination – GRI 303-4 (pages 176-177);
- Water consumption (m<sup>3</sup>) – GRI 303-5 (pages 174-175);
- Total weight of waste (kg) by type – GRI 306-3 (pages 176-177);
- Total weight of waste diverted from disposal (kg) using the recovery operations of preparation for reuse, recycling, and others – GRI 306-4 (pages 176-177);
- Total weight of waste directed to disposal (kg) using the disposal operations of incineration, landfilling and others – GRI 306-5 (page 176-177);
- Total workers covered by an occupational health and safety management system – GRI 403-8 (page 36);
- Rate of work-related injuries – GRI 403-9 (pages 36, 70); and
- Rate of work-related ill health – GRI 403-10 (pages 36, 70).

Our limited assurance engagement has been undertaken in respect of the selected Sustainability Indicators for the year ended 31 December 2020 as reported in the Sustainability Report 2020 only. Our limited assurance has not been provided for information or data pertaining to earlier periods or any other elements included in the Sustainability Report 2020 and, therefore, do not express any conclusion thereon.

#### Criteria

The Subject Matter above has been assessed according to the criteria set forth in the defined procedures by which the environmental and social data are gathered, collated and aggregated internally as part of the data management of Vinamilk following the Global Reporting Initiative Standards and pertaining to the reporting scope described on page 51 of Vinamilk’s Sustainability Report 2020 for our limited assurance engagement.

#### Main Assurance Procedures

Our work, which involves no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for internal reporting and data collection at the corporate and as and when appropriate at business unit level for the selected Sustainability Indicators;
- Obtain an understanding of the procedures as to how the Sustainability Indicators are gathered, collated, and aggregated internally;
- Inspection on a sample basis of internal document, reports and invoices provided by Vinamilk and by external service providers.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company’s Selected Sustainability Indicators’ information has been prepared, in all material respects, in accordance with the Criteria.

#### Conclusion

Based on the work described above, in all material respects, nothing has come to our attention that causes us to believe that the selected Sustainability Indicators’ information for the year ended 31 December 2020 as presented in Vinamilk’s Sustainability Report 2020, is not prepared in accordance with its internal policies, reporting scope and principles on sustainability reporting as presented on pages 50 and page 51.

#### Use of Our Report

This report is addressed to the Board of Directors of Vinamilk in accordance with the scope of work as set out in the Letter of Engagement dated 11 December 2020 in connection with presentation of the Sustainability Indicators selected for our limited assurance engagement pertaining to the reporting scope described on page 51 of Vinamilk’s Sustainability Report 2020 and should not be used or relied upon for any other purposes. Our report is not to be shown or distributed to any third party in whole or in part. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

#### Other Matter

The independent limited assurance report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

#### For and on behalf of PwC (Vietnam) Limited



#### Nguyen Phi Lan

Deputy General Director  
Authorised signatory  
Ho Chi Minh city, Vietnam  
16 April 2021

Management is responsible for the accuracy of information on Vinamilk website. The work carried out by the limited assurance service provider does not involve consideration of these matters. The limited assurance service provider accepts no responsibility for any difference between the selected Sustainability Indicators and/or information for which the limited assurance report was issued on, and the selected Sustainability Indicators and/or information presented on the Vinamilk’s website.





## *Chapter 03*

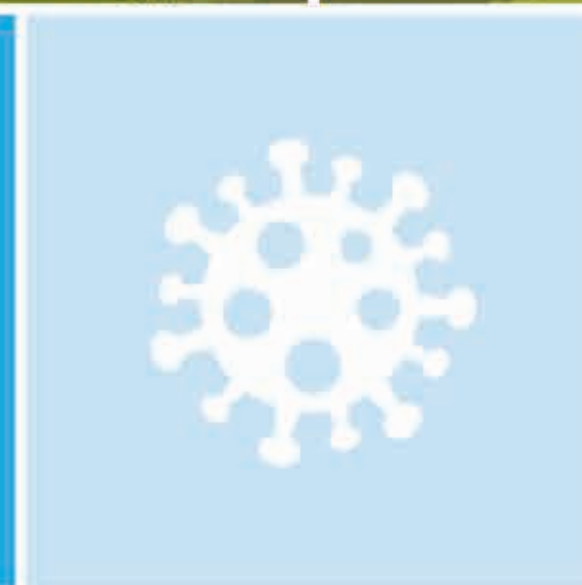
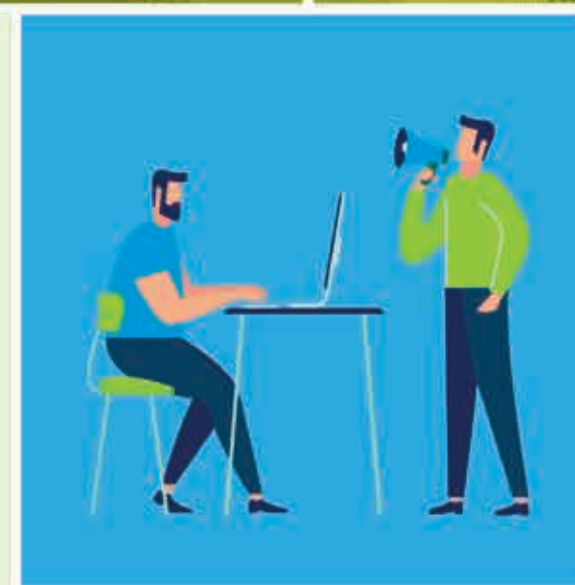
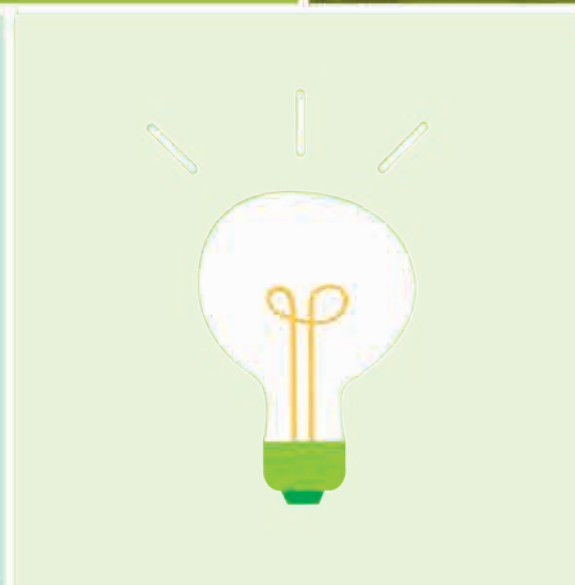
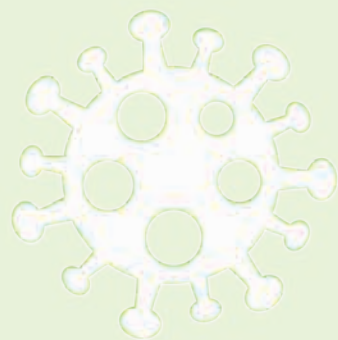
### PEOPLE

Employees	58
Government	84
Community	98
Partners	114
Customers	126
	134





# EMPLOYEES







In 2020, the Covid-19 pandemic caused serious impacts on the economy, enterprises and workers. According to the General Statistics Office of Vietnam, 32.1 million workers were adversely affected by Covid-19 pandemic, 1.6 million jobs were lost and the average income of workers decreased by 2.3% in 2020. In the challenging context due to Covid-19 pandemic, Vinamilk was recognized for its efforts to maintain stability in production and business activities, as well as ensuring employment and all welfares for its employees.



**TOP 100 VIETNAM'S  
BEST PLACES TO WORK 2020**



**MOST ATTRACTIVE  
EMPLOYER BRANDS**

**LEADING THE SURVEY "BEST PLACES  
TO WORK IN FMCG INDUSTRY" (\*)**

(\*) Announced by Anphabe - the professional networking community and Intage - the market research company



**EMPLOYERS WITH A MAJORITY  
OF VOTES BY EMPLOYEES IN 2019 (\*\*)**



**MOST ATTRACTIVE EMPLOYERS  
IN FMCG INDUSTRY (\*\*)**

(\*\*) Survey by Career Builder - the employment and recruitment network

## Workforce Recruitment

**548**  **NEWLY RECRUITED EMPLOYEES  
DURING THE YEAR**


**7.0%**  **RATE OF NEW RECRUITS**

**4.9%**  **RATE OF RESIGNATION**

## Career Development

**647**  **TRAINING COURSES  
ORGANIZED**

**27,396**  **URNS OF TRAINEE  
PARTICIPATING IN  
TRAINING COURSES**

 **AVERAGE TRAINING HOURS**

<b>MANAGEMENT LEVEL</b>	<b>35.1 HOURS</b>
<b>STAFF LEVEL</b>	<b>41.3 HOURS</b>
<b>MALE EMPLOYEES</b>	<b>42.2 HOURS</b>
<b>FEMALE EMPLOYEES</b>	<b>36.5 HOURS</b>

## Inclusion And Cohesion

**7,792**  
DIRECT EMPLOYEES



**FEMALE  
EMPLOYEES  
ACCOUNT FOR  
23.1%**

**100%** 

**OF TOTAL EMPLOYEES  
PARTICIPATE IN THE  
OCCUPATIONAL HEALTH  
AND SAFETY MANAGEMENT SYSTEM**

**100%**  **PARTICIPATE IN COLLECTIVE  
LABOR AGREEMENTS**

**100%**  **RETURN TO WORK  
AFTER MATERNITY LEAVE**

**18.46** VND BILLION **INVESTED IN  
OCCUPATIONAL SAFETY**

**10.17** VND BILLION **FOR PERIODIC  
HEALTH EXAMINATION**

**APPROPRIATE 10%** **OF PROFIT  
AFTER TAX**  
FOR EMPLOYEE BONUS AND WELFARE FUND

**8.4%** **OF TOTAL EMPLOYEES  
PARTICIPATES IN OCCUPATIONAL  
HEALTH AND SAFETY COMMITTEES**

## Performance Recognition

**100%** **EMPLOYEES ARE PERIODICALLY  
ASSESSED ON THEIR WORK PERFORMANCES** 

**7.0%**  
RATE OF MANAGEMENT LEVEL



**of which  
27.9% is  
female managers**

**8.3%**  
MANAGERS ARE PROMOTED IN 2020



**40%**

**OF THE EXECUTIVE BOARD  
ARE FEMALE LEADERS**





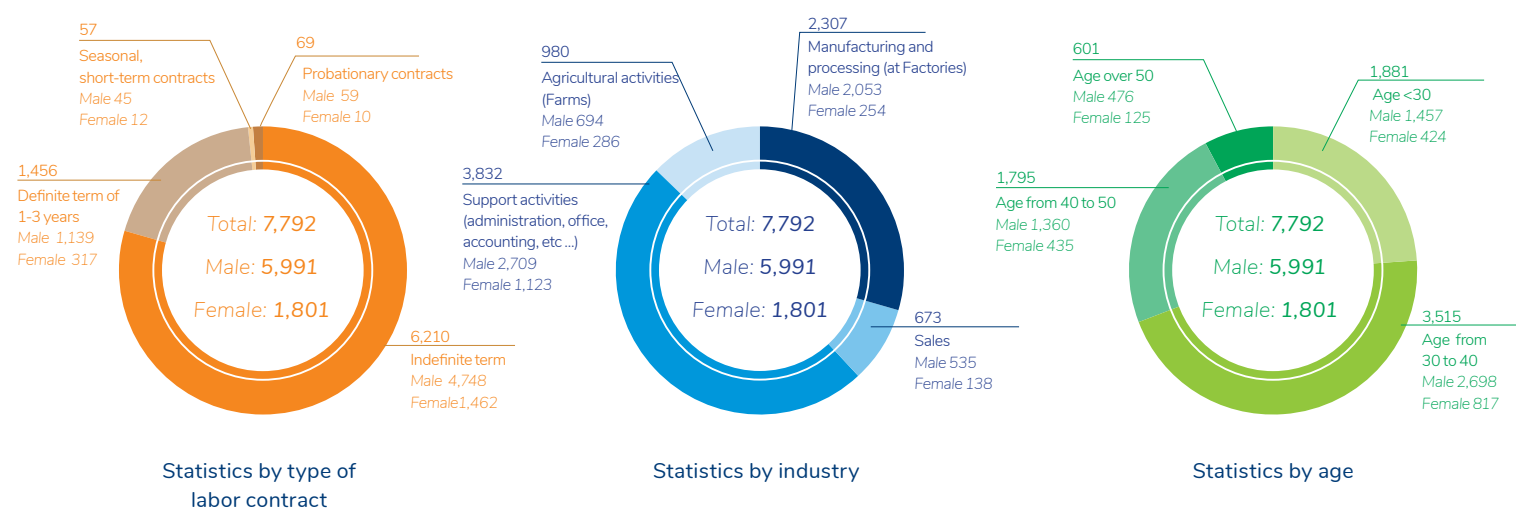
## WORKFORCE RECRUITMENT

### TALENT ATTRACTION

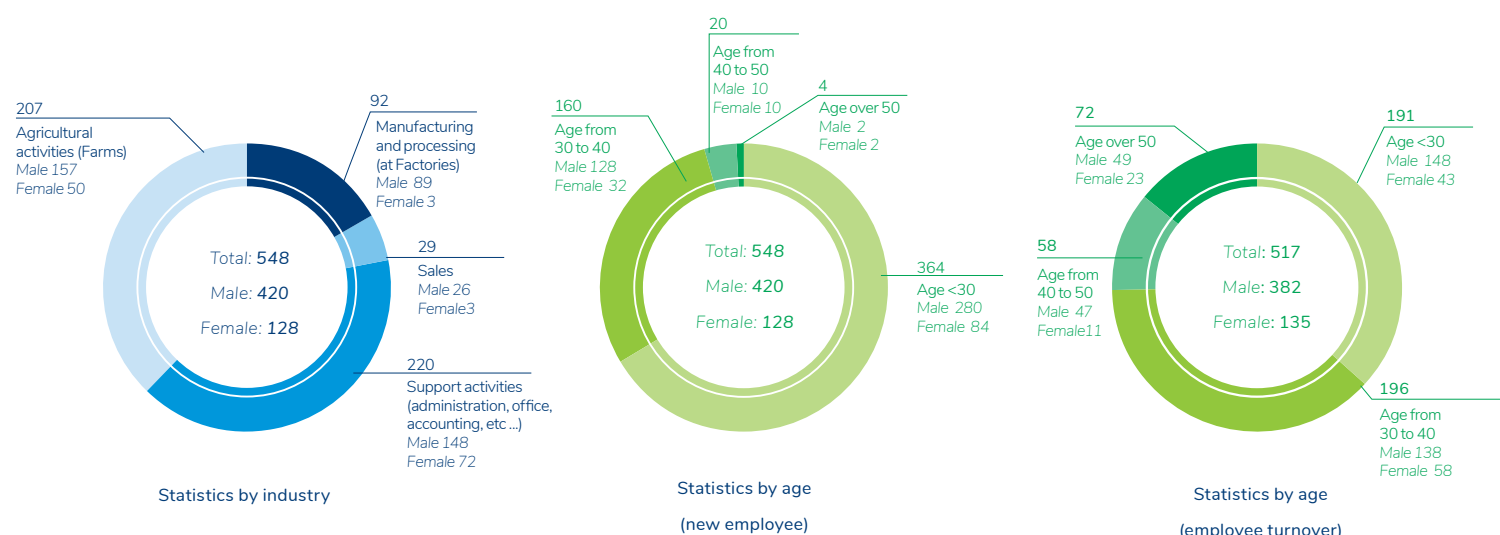
Vinamilk continues to maintain the strength of human resources through recruiting and attracting talents activities. From the need for human resources with professional knowledge and skills, mastering global advanced technologies in dairy industry, Vinamilk has consistently invested in building a force of young experts in diverse industries such as: Dairy products processing technology, Veterinary Inspection - Epidemiology, Technology and production line automation, Business, Finance, etc...

The rate of new recruits in 2020 accounted for 7%, of which young new recruits (<30 years old) was about 66.4%, contributing to development of a dynamic and potential workforce.

#### Statistics on the number of employees



#### Statistics on the number of new employee hires and employee turnover



### TALENT INCUBATION

Following the success of the Program in 2014 and 2016, Vinamilk continues to implement the Management Trainee program in 2020. The program served as a part of the Human Resource Development strategy, in order to seek and develop young talents who are eager to learn, have logical and creative thinking and work in consistency with the Company culture. This program introduced new factors creating a positive motivation for the working environment in the departments; satisfying work demand of departments with expansion plans and the Company's projects; at the same time, providing qualified input sources for the Management team of the Company.



"Appropriate and available human resources are essential in every stage of development. Therefore, at Vinamilk, human training and development is always focused and strongly invested. Vinamilk has organized the Management Trainee program as well as talent incubation and successor development programs for many years. These programs enabled Vinamilk to acquire a workforce of young talents who are ready for key management positions in order to implement the strategic goals of the Company."

Mrs. **Bui Thi Huong**  
Executive Director of Human Resources, Admin and Public Relation of Vinamilk.

The recruitment process started in August 2020, attracting more than 1,500 applications (increasing by 35% in comparison with the previous years)

The training and development process for a Management Trainee lasts for 18 months, in which Vinamilk will outline a clear rotation pathway with numerous challenges to facilitate and promote maximum potentials.

With the aim of becoming managers of the Company, they not only experience practical work but also have opportunities to join large projects.

**41%** of  
**Management Trainees**  
from previous programs have become **manager**  
of the Company.







## INCLUSION AND COHESION

### WELCOMING NEW MEMBERS

All new employees are welcomed to an Orientation training program so that they may quickly get acquainted and get on well with the new environment and job, and understand their rights and responsibilities. The induction training program comprises contents to provide general information about Vinamilk: Foundation and development process; Vision, Mission, Core Values; Regulations on confidentiality, Policies on personnel; Introduction of community and collective activities; Culture Principles, leadership behaviors of the Company, etc.

### CREATING A DEMOCRATIC, TRANSPARENT AND FAIR ENVIRONMENT

#### Respect for equality and diversity



The company is committed to implementing the gender equality principles in recruitment, employment, training, salary payment, remuneration, bonus, promotion, social insurance, health insurance, unemployment insurance, working conditions, occupational safety, working time, rest time and other benefits.

In addition, the Company cares and offers certain incentives for female employees through the Regulations on policies and benefits for female employees.

#### Respect for democracy and transparency

Vinamilk developed Labor Internal Regulations, Labor Disciplinary Procedure and Democracy Regulations to ensure the implementation of democracy and transparency principles at the workplace:

- Goodwill, cooperation, honesty, equality, openness and transparency
- Respect for the rights and legitimates interests of employers and employees.
- Not contrary to the law and social ethics

The company will notify employees in advance in case of any significant changes in its operations affecting employees. Public and transparent information from Vinamilk to employees comprise

- Production and business goals performance
- Internal rules, statutes and regulations with respect to the legal obligations, rights and interests of employees

- Collective labor agreement
- Resolution of Employees' Meeting
- Setting up bonus and welfare funds
- Deduction for payment of trade union fees and insurance premiums
- Emulation, commendation and settlement of complaints and denunciations

#### Anti-fraud and anti-corruption

At Vinamilk, the anti-corruption propaganda and training is carried out through the following activities:

- Induction training programs for new employees on the Company's rules and regulations, including the content of the Code of Conduct, prevention of conflict of interests, anti-corruption and anti-bribery.
- All employees entering into employment contracts with the Company are trained about prevention of conflict of interest, anti-corruption and anti-bribery and sign commitments to comply with the Employment Contract Appendix with the Company.

#### Protection of the voice of employees

##### Through the Trade Union

The Trade Union organizations were established and maintained to protect "the voice" on the interests of employees. In 2020, 30 Trade Union organizations in different Units actively operated and coordinated with competent authorities to carry out:

- Deduction for payment of trade union fees and expenses
- Cultural activities, physical training, sports, emulation and commendation
- Charity program.
- Regular dialogue.
- Employees' Meeting and implementation of Democracy Regulations at each Unit

##### Through the Compliance Committee:

In addition to the Trade Union, Vinamilk set up a Compliance Committee to organize prevention and investigation of fraud and corruption cases and carry out anti-fraud and anti-corruption awareness raising activities.

Channels to receive feedback and denunciation about signs and acts of fraud and corruption:



**Hotline: 0902 774 434**



**Email: [compliance@vinamilk.com.vn](mailto:compliance@vinamilk.com.vn)**



**Sending letters and documents directly to the head office of the Company.**



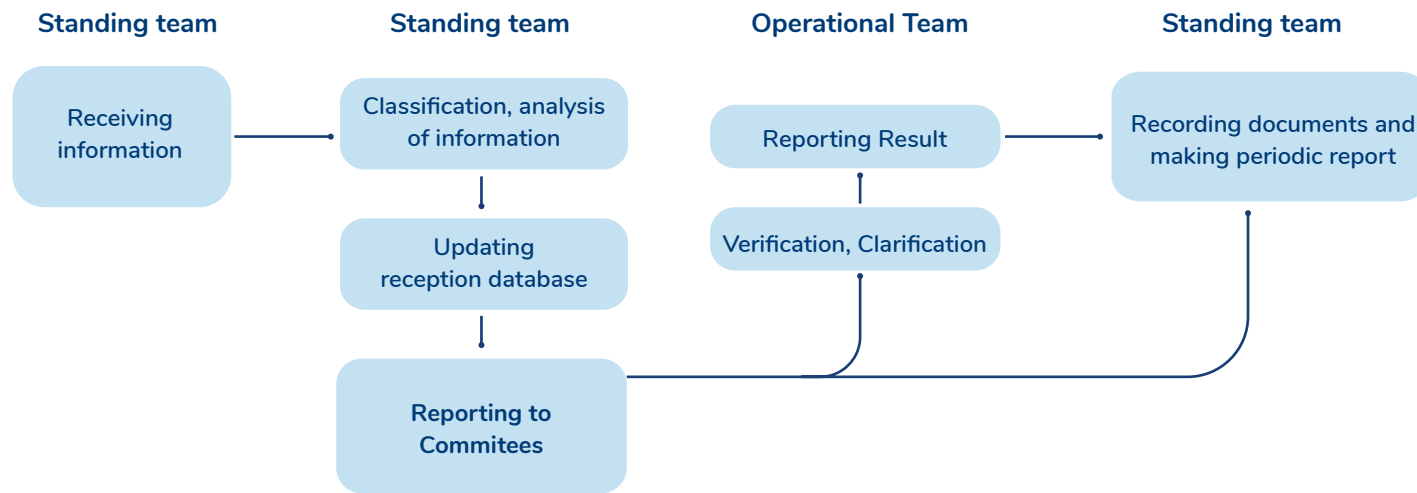
**Calling, sending letters to members of the Board of Directors, Executive Board, Compliance Committee, etc.**



**Internal audit**



The procedure for receiving and handling complaints and denunciations about fraud and corruption is built on the principles of objectivity, prudence, timeliness, confidentiality, thoroughness and transparency to protect the interests of employees. The main steps include:



#### Through internal complaints mechanism

The internal rules for handling internal complaints are designed to receive employee's complaints regarding concerns, displeasure, nonconformity or any dissatisfaction encountered by employees at the workplace. This mechanism maintains the transparency and the right to raise complaints of employees at all level, and protects employees' rights and reputation.

The Company ensures that complaints are handled in an appropriate sequence through the following steps: receiving, classifying, evaluating, verifying and making a resolution. The complaint settlement must comply with the general principles of Objectivity, Prudence, Timeliness, Problem Analysis, Cause Identification, Solution Determination, Confidential Information. Complaint mechanism:

- Through "Complaint Form".
- Through meeting directly with the Director of Unit or sending letters to the "Whistleblowing mailbox"

#### Internal communication activities

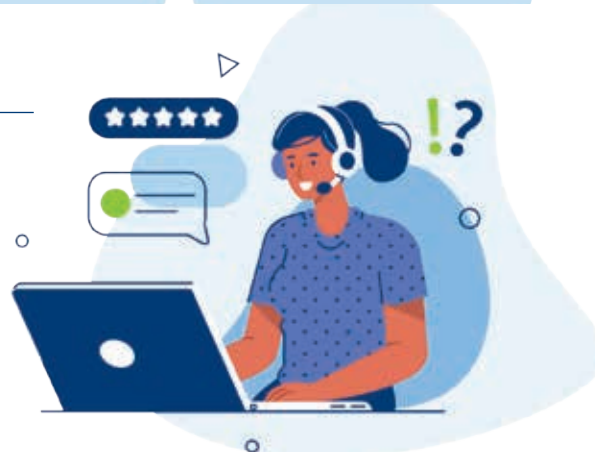
In 2020, Vinamilk maintained internal communication activities with the purpose of providing employees with timely, diverse and accurate information on such topics as company culture, production and business information, outstanding achievements and awards, internal cultural activities, product and e-commerce channel promotion, etc.



#### Internal communication channels



Email: [hophunoibo@vinamilk.com.vn](mailto:hophunoibo@vinamilk.com.vn)  
 Youtube: Kênh tin tức nội bộ Vinamilk  
 Website: [home.vinamilk.com.vn](http://home.vinamilk.com.vn)  
 Mobile app: myVinamilk



Especially during the Covid-19 pandemic period, Internal communication activities were enhanced by introducing more articles on Notices and information of Competent Authorities; Disease Latest News; Health and nutritional support for resistance increasing news, etc...







## ASSURANCE OF REMUNERATION AND WELFARE REGIME

### Remuneration regime

All employees of the Company (including top managers and senior leaders) enjoy remuneration according to the Company's Regulations on salary and bonus: 10% of profit after tax is deducted to the Bonus and Welfare Fund to reward employees based on performance evaluation; providing benefits as agreed upon under the Collective Labor Agreement and spending on social activities, charity, community.

Every year, Vinamilk participates in Mercer market salary survey, from which Vinamilk may develop salary increase policies in line with the company's business strategy. Salary scale system for each level of personnel and each specific job position is built and established by the Company from time to time, ensuring compliance with the provisions of the labor law, high consistency throughout the Company and market competitiveness.

The remuneration rate (salary, bonus) is determined for each individual based on:

Job position

Personal capacity/performance

Work performance

Business performance of the company.

At the beginning of 2020, Vinamilk adjusted its monthly income payment method by increasing the income from the Bonus and Welfare fund for motivating and encouraging employees in their work as well as ensuring income and maintaining life of employees in the turbulent period under impact of Covid-19 epidemic.

## EMPLOYEE WELFARE REGIME



### HEALTH CARE

- ✓ Social Insurance
- ✓ Health Insurance
- ✓ Unemployment Insurance
- ✓ Healthcare Insurance
- ✓ 24/24 Accident Insurance
- ✓ Periodic health examination



### LIFE WELFARE

- ✓ Cultural - arts
- ✓ - sport activities
- ✓ Annual vacations
- ✓ Birthday, marriage gifts
- ✓ Gifts for employees' children: Children Day, Mid-Autumn Festival, Excellent student, etc.



### BENEFITS FOR FEMALE EMPLOYEES

- ✓ Gifts for female employees: March 08, October 20
- ✓ Child care allowance
- ✓ Maternity allowance



### BENEFITS AND REWARDS

- ✓ Meal allowance
- ✓ Travel allowance
- ✓ Telephone allowance
- ✓ In-kind allowance for employees working in toxic environment
- ✓ Bonuses based on performance in the year
- ✓ Employee Stock Ownership Program (ESOP)

## ASSURANCE OF EMPLOYEES' HEALTH AND SAFETY

Vinamilk constantly aims to build and improve working environment, including facilities and cultural environment, in order to create favorable conditions for employees to maximize their capacity at work.

The occupational health and safety management system according to ISO 45001, which controls occupational safety hazards, minimizes risks of injury and illness at the workplace, and ensures employees' health, is being deployed in Factories of Vinamilk.

Risks and hazards are analyzed to integrate risk and hazard prevention measures into occupational health and safety management planning.



Eliminating and controlling occupational health and safety hazards to establish operational control measures.

Establishing an occupational health and safety system management structure, as well as assigning and training full-time personnel in occupational safety and health.



Raising awareness about occupational safety risks.

In 2020, Vinamilk continued to invest funds and human resources in the field of occupational safety and health, in particular:



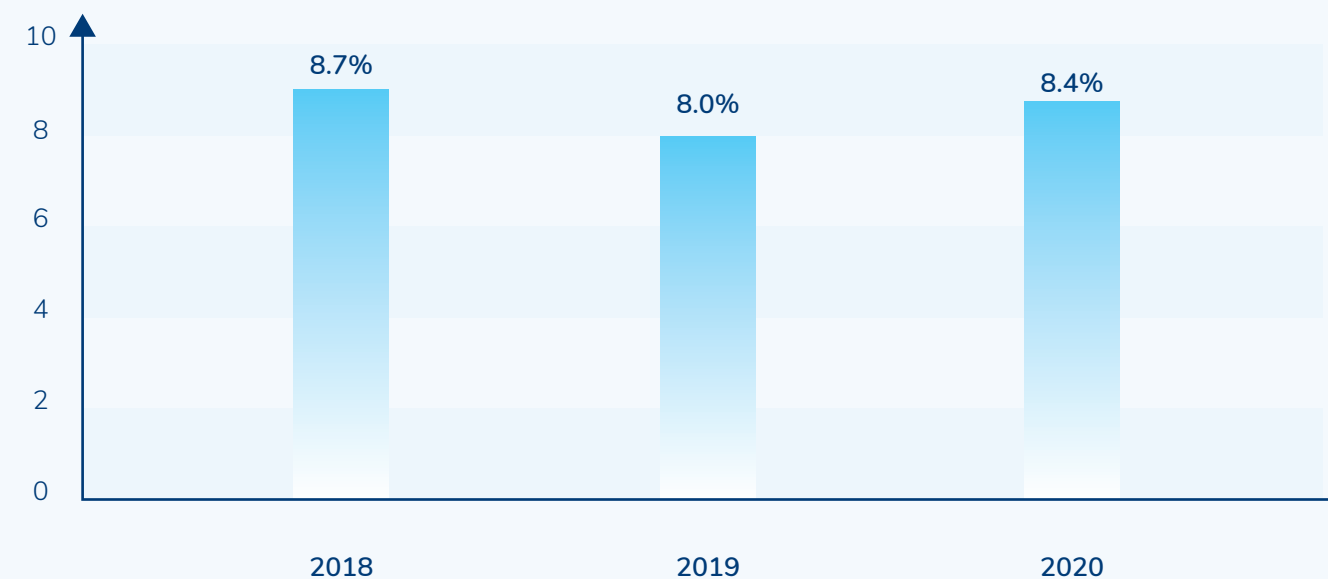
### Regarding financial aspect

VND 18.46 billion was invested to implement technical solutions for safety, technical solutions for hygiene, personal protective equipment, occupational safety and health training.



### Regarding human aspect

continue to ensure human resources in occupational safety inspection:



Percentage of total workforce on Occupational Safety and Health Committees



Occupational Safety and Health Indicators	2018	2019	2020
Occupational disease rate (ODR) (a)	0.12	0.13	0.11
Injury Rate (IR) (b)	-	0.01	0.09

#### Assessment of occupational safety and health situation in 2020:

The occupational safety and health situation in 2020 was positively improved and reflected in declining indicators compared to 2019. Such achievement was gained as Vinamilk has implemented innovative policies and focused on safety and health protection activities for employees:

- Creating a safe working environment for employees, providing protective equipment, equipment to minimize occupational diseases.
- Conducting periodic health examinations and appropriate job rotation for those suffering from occupational diseases
- Identifying occupational health & safety risks.
- Developing an effective occupational safety and health management system.
- Regarding the increase in Injury Rate in comparison with 2019: Due to the expansion of the reporting scope in 2020, Angkormilk was added with a high number of occupational accidents, so the rate in this year was higher than that in 2019.

In 2020, 2 case of serious occupational accident and 6 cases of minor injury occurred in the whole Company (in 2019: 1 serious case, 2018: 0 cases)

As of 31st December 2020, 10 cases of occupational diseases were recorded in the whole Company (2019: 10 cases, 2018: 9 cases). All of these employees have been assigned suitable jobs.

#### Note

1. These indicators are summarized throughout the Company.
2. Percentages are based on Occupational Safety and Health Administration's (OSHA) standard practice on Occupational Safety and Health. In particular, the factor 200,000 is calculated as 50 working weeks with 40 hours per week per 100 employees. The rates calculated from this factor are related to the number of employees, not to the number of hours.

#### (a) Occupational disease rate is calculated using the following formula:

Number of occupational disease case \* 200,000/Total actual working hours

#### In which:

The number of occupational disease cases is listed according to the occupational disease monitoring record provided by units

#### (b) Injury Rate is calculated using the following formula:

Number of injuries \* 200,000/Total actual working hours

#### In which:

The injury cases listed are the cases of injuries during the working time, including cases recorded as occupational accidents and minor injuries such as: skin abrasions/tears causing bleeding, mild soft tissue injuries, ... leading to days off and recognition in record of the medical departments.

#### Classification of injuries at Vinamilk:

- Minor injuries: injuries arising during working process/working time recorded in the records of the Health Department, such as skin abrasions/tears causing bleeding, mild soft tissue damage. ... leading to leave from work.
- Serious injuries: injuries arising during the working process/time recorded in the records of the Health Department, resulting in loss or impairment of working capacity.







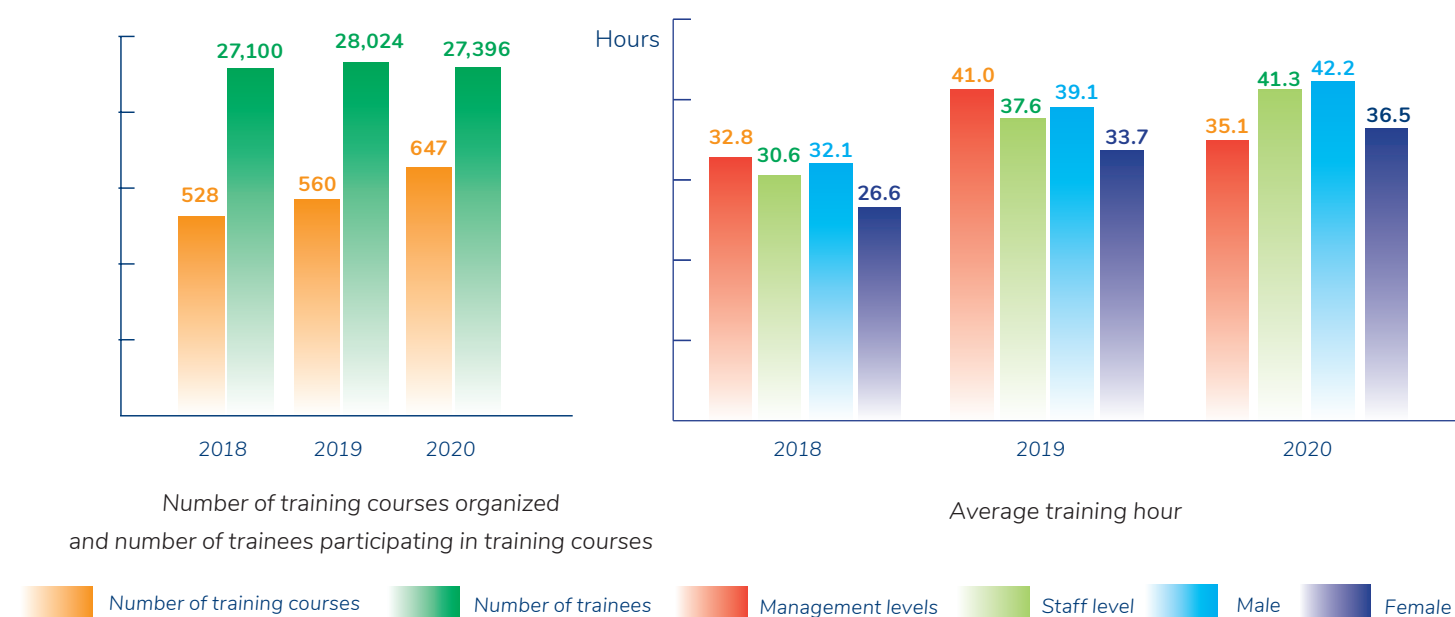
## CAREER DEVELOPMENT

### TALENT DEVELOPMENT

The Human factor serves as the key point in Vinamilk's development strategy to achieve impressive business performance in recent years. In addition to the employee-oriented personnel policy and the top remuneration policy, the development and nurturing of talents is the "trump card" for Vinamilk to ensure high-quality human resources and develop a team of successors in the new development phase towards the goal of the Top 30 largest dairy companies in the world.

Vinamilk always gives its employees opportunities to improve knowledge in all related fields to maximize their potential. In the context of the Covid epidemic, the Company flexibly implemented various forms of training such as external training, internal training, online courses ... and equipped with a variety of methods, facilities as well as conditions to ensure employees' health as well as maintain training and improve professional knowledge for the workforce.

#### Training and Development Indicators



In 2020, the organization of training was affected by the Covid-19 epidemic, the large-scale annual retraining courses (from 100-200 people/class) and courses at external units were limited. Vinamilk took a number of appropriate response measures in the training organization such as:

- Dividing courses into small classes with a maximum size of 30 people/class, complying with regulations on distancing and epidemics prevention such as checking temperature and hand disinfection before entering class, wearing masks during the course, arranging seats at a distance of 2 meters, etc.
- Online training form: searching external training units to organize online courses, developing and implementing online training courses within the Company.
- Providing additional training during the stable period of the year when the epidemic is controlled.

As a result, the training at the Company was maintained and there were not many changes compared to the previous years, employees were equipped with knowledge and skills in accordance with the provisions of law and the Company's applicable standards, satisfying the requirements of capacity building to meet job requirements.

#### Outstanding training courses during the year





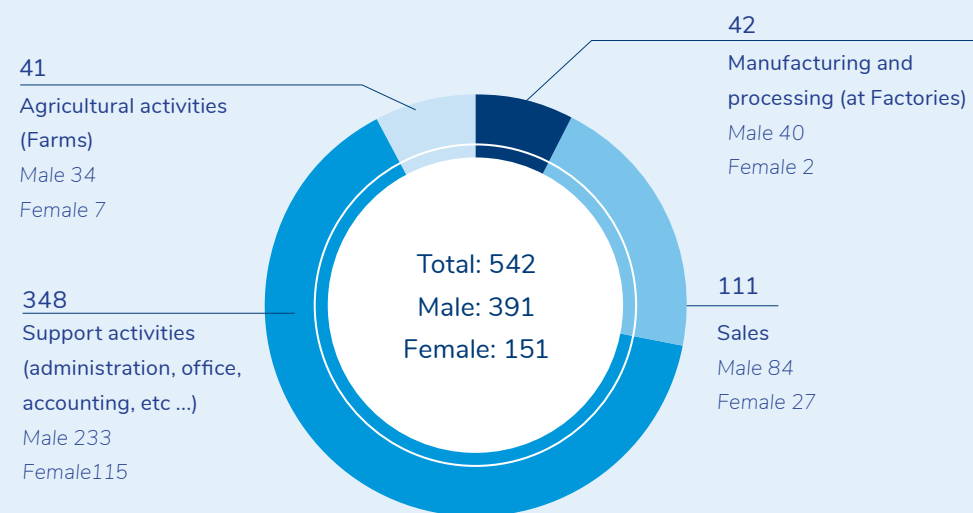
## FUTURE PLANNING

In order to create favorable conditions for employees to cultivate and develop their capabilities in many different fields of work, Vinamilk has developed a program to nurture and maximize the potential of skilled internal human resources through job rotation, satisfying the needs and aspirations of capacity development.

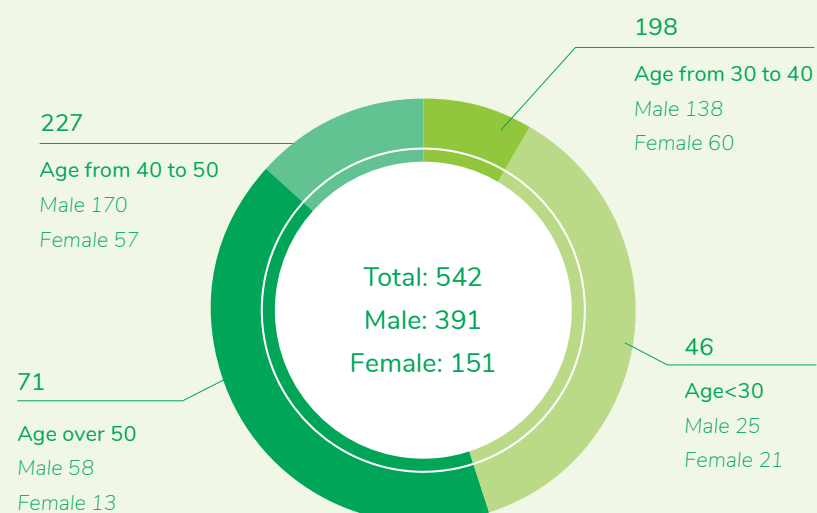
In 2020, the Company reviewed the list of key senior and middle-level positions to build a succession plan. Whereby:

- Developing and implementing key human resource development plans
- Adding a number of new positions according to the development direction of the Company
- Searching and adding candidates for key position
- Developing the next personal development plan for existing candidates

### Statistics on composition of managers at all levels



Statistics by industry



Statistics by age

## PERFORMANCE RECOGNITION

### WORK PERFORMANCE EVALUATION



With the goal of evaluating employees in a comprehensive, efficient, fair and transparent manner, the employee's performance is assessed on the basis of clear and measurable goals and indicators. In 2020, Vinamilk continued to maintain an employee evaluation system including many aspects: monthly evaluation of employees' performance, annual evaluation of Work Objectives and Management Capabilities.

In addition, the Assessment module has been integrated into the new Human Resource Management Software of the Human Resources Department to systematize the employee evaluation results, contributing to improving efficiency, quickness and accuracy to the Company's Employee Achievement Management System.

### CAREER ADVANCEMENTS

Vinamilk has established unified principles and methods in evaluating job positions to ensure that job positions are properly and fairly evaluated.

In 2020,  
the percentage of  
promoted managers was

**8.3%**







## IMPROVING SPIRITUAL LIFE

### BE HEALTHY IN THE NEW NORMAL CONTEXT WITH VINAMILK

There are currently 7,792 direct employees working for Vinamilk in Vietnam and Cambodia. Besides the employees working at offices, about 50% of the company's employees are working in factories, farms,... throughout the country. All Vinamilk farms and factories maintained normal operations during the epidemic period, ensuring the growth, contributing to the realization of the State's dual goal of "Covid epidemic control and economic growth". Therefore, the Company's Board of Directors of the company and other units deployed appropriate policies and benefit regimes for promptly caring and motivating the working spirit of the employees.

Being driven by the motto "Keeping health and safety of staff and employees as the top priority", Vinamilk has taken action plans in a timely manner and suitable for all the worst situations and developments of the epidemic from the very first days when the Covid-19 epidemic broke out. Vinamilk made every effort in communication activities, building awareness, supporting working conditions,... protecting the health and ensuring the interests of employees, aiming

to maintain a positive spirit and trust of employees in the company for overcoming difficulties, maintaining production – business operations, ensuring product supply to the market:

- Establishing Covid-19 Prevention Support Committee, which is available online 24/7 to consult and support employees with their problems related to epidemics.
- Propagating and guiding employees to comply with and practice epidemic prevention regulations.
- Building a working environment that is free from diseases
- Providing medical masks, Probiotic nutritional products of the company to strengthen resistance and health for employees.
- Ensuring income and benefits for employees, without reducing wages or reducing working hours.
- Facilitating and maintaining adequate regimes even when employees work at home during the period of distancing or isolation recommended by competent authorities.

#### Results of the survey on the employee satisfaction rate during Covid period

# 98.6%

Orientation of the Board of Directors

# 97.1%

Working condition support system

# 98.3%

Action plan to protect health of each employee

# 92.8%

Salary, Bonus and Welfares



### IMPROVE MENTAL HEALTH WITH VINAMILK

Vinamilk not only develops and fosters knowledge and skills at work but also focuses on the mental health of its employees, ensuring a balance between their work and life. The company regularly organizes team building activities to strengthen teamwork spirit, and create an atmosphere of harmony, friendliness and cooperation among members in the same division and department; among different departments, and units.



Internal cultural activities: Vinamilk's birthday celebration, Children's Day on June 01 for employees' children, Miss Ao Dai Program on the occasion of Vietnam Women's Day October 20th.



Physical health improvement activities: swimming pools, gyms, yoga, zumba ... Besides improving physical health, sport activities of Vinamilk employees also raise Covid prevention frund through the meaningful activity "Vinamilk - Million steps, Repelling Covid".







## ENHANCE SOCIAL RESPONSIBILITY WITH VINAMILK

Each Vinamilk member, in addition to fulfilling his/her work responsibility, is also diligent in volunteer activities for the community through activities: Contributing one day's salary to support the victims suffering from natural disasters, dangerous diseases, difficult circumstances; Mid-Autumn Festival program at Thu Duc orphanage village, Donating books for charity purpose, etc.



Building roof from recycling Vinamilk plastic bottles and organizing Mid-Autumn Festival program in Thu Duc orphanage village



Vinamilk's employees joined hands to "Giving blood, sharing love", sharing difficulties about the scarcity of blood for treatment in Vietnam, contributing to humanitarian activities for the community and continuing good traditions of the Company.



Contribute children's books and comics to renovate the library and computer room for Huỳnh Van Ngoi Primary School.





## CONNECTION FOR A GREEN PLANET WITH VINAMILK

Vinamilk engages each employee to accompany in its sustainable development journey. In 2020, Vinamilk engaged its employees more closely in the company's sustainable development planning process, marking the companionship through direct survey of the overall staff on aspects related to sustainable development. Thereby, each member raised awareness and contributed to building orientations for the most important economic, social and environmental activities related to Vinamilk's operations and orientations.

### 5 aspects voted by employees through the survey

#### Product safety & quality

#### Business Ethics

#### Green - Clean - Organic Products

#### Working conditions

#### Salary, bonus and welfare



Vinamilk's employees join hands for a green living environment through green activities such as: Contributing to "Million trees for the green Vietnam Fund", the internal program "Living green with Vinamilk", the contest "Green Project" for Units, etc.



'MILK CARTONS FOR GREEN TREES' Exchange Day is to spread the green message has received great response and support from Vinamilk's employees, contributing to propagating green lifestyles and reducing plastic waste.



### CÔNG BỐ KẾT QUẢ CUỘC THI TẬP THỂ Dự án Xanh

Góp sức cùng quỹ một triệu cây xanh cho Việt Nam

Năm 2020 là một năm đặc biệt khi Quỹ 1 triệu cây xanh cho Việt Nam của Vinamilk sẽ đạt đến cột mốc 1.000.000 cây sau 9 năm bền bỉ trồng cây trên mọi miền đất nước.

*Xin cảm ơn các đơn vị thành viên của Công ty đã tích cực tham gia hành trình ý nghĩa này với những Dự án xanh. Phong trào sống xanh để góp sức cùng Quỹ một triệu cây xanh cho Việt Nam.*

**XIN CHÚC MỪNG CÁC ĐƠN VỊ ĐÃ ĐẠT GIẢI**

The Green Project contest was held with environmental protection initiatives from the Vinamilk's factories, farms and associated entities, in order to join the journey of completing one million green trees for Vietnam





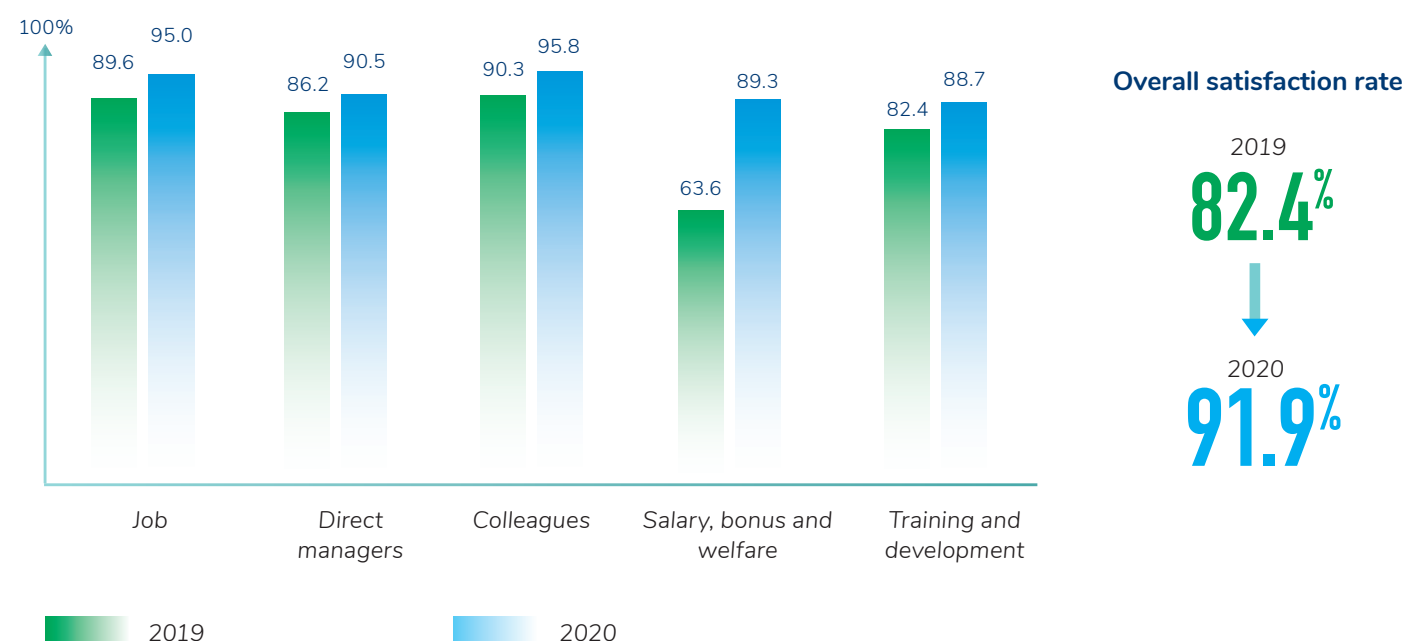
## ACHIEVEMENTS

Thanks to continuous efforts in creating a good, efficient and safe working environment, ensuring every aspect from works, employees' welfare and life, ... Vinamilk has gained recognition both internally and externally.

### INTERNAL SATISFACTION

Vinamilk continues to receive positive feedbacks from employees through annual surveys to measure and recognize employee satisfaction in many aspects such as job satisfaction, training and development policies, salary, bonus and welfare policy, satisfaction with superiors and cooperation from colleagues.

#### Employee satisfaction rates by aspect of survey in 2020



In early 2020, Vinamilk made adjustments to increase income for all employees, and renewed the remuneration policy. In addition, in 2020, the Company effectively implemented prevention of epidemics, ensuring jobs and stable income for employees, making full payment of salary and income for employees who were subject to isolation for epidemic prevention,... thereby increasing the employee satisfaction rate in 2020.

- In 2020, the average satisfaction rate of units at Vinamilk reached 91.9%. This is the highest rate among the years when survey is conducted. The average attachment rate reached the highest level in recent years, accounting for 68.3%.
- The survey results indicate that the attachment rate in 2020 tended to increase significantly in comparison with 2019 in almost units. In 2020, the engagement rate by grade marked an impressive increase in comparison with 2019, 34.1% at the management level and 27% at the specialist/employee level. This is also the highest growth rate between 2 consecutive years among the years of survey.

### EXTERNAL RECOGNITION

Not only receiving the satisfaction and trust of the Company's employees, also does Vinamilk gain recognition through Human Resources awards from prestigious external organizations.

2020 marked the third consecutive year that Vinamilk has maintained its No. 1 position in "Top 100 Best Places to Work in Vietnam 2020" announced by Anphabe, a career network of management professionals and Intage, a market research company. In addition, Vinamilk also scored a "hat-trick" when leading in two other rankings, namely "Top 50 Vietnamese Enterprises with attractive employer brands" and "The best workplace in FMCG industry".

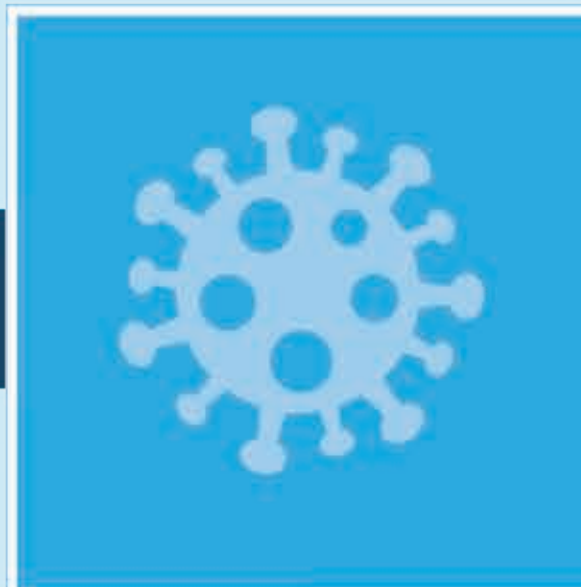


Vinamilk was also in Top 2 Employers with a majority of votes by employees in 2019 and Top 2 favorite employers in FMCG industry surveyed by Career Builder employment and recruitment network.





# SHAREHOLDERS AND INVESTORS



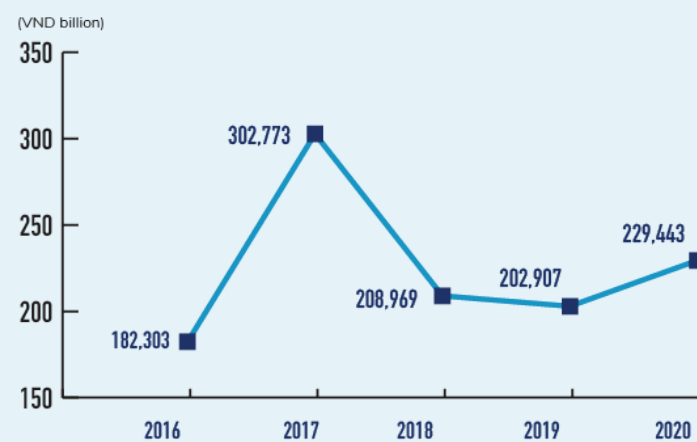


## VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY STOCK CODE: VNM

### Business operation efficiency



The largest F&B enterprise listed on the Ho Chi Minh City Stock Exchange – HOSE



Market capitalization of Vinamilk

Leading the dairy manufacturing industry in Vietnam

**13** DOMESTIC FACTORIES



**02** OVERSEAS FACTORIES



(USA and Cambodia)

System of 13 farms across Vietnam

**12** GLOBAL G.A.P DAIRY FARMS IN VIETNAM

including 3 European organic standard dairy farms

TOTAL HERD OF COWS (\*) **132,000**  
COW HEADS

BUILDING

A COMPLEX OF ORGANIC DAIRY FARM IN LAOS



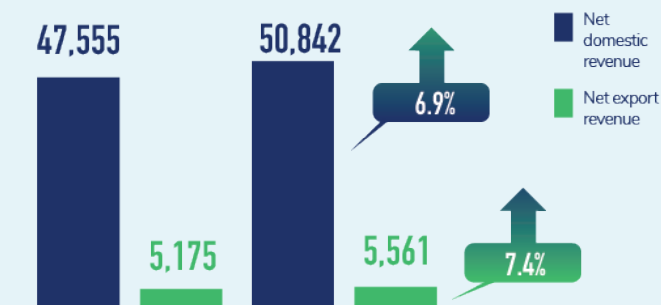
Phase 1

SCALE OF **5000 ha**

HERD OF COWS **24,000** HEADS

(\*) Including cow heads in Vinamilk's dairy farms and local dairy farmers who have signed fresh milk collection contracts.

Continuous revenue growth



Wide sale distribution system:

VIET NAM

VINAMILK E-SHOP  
GIAC MO SUA VIET

NEARLY **200**  
DISTRIBUTORS

**240,000**  
POINT OF SALE –  
CONVENTIONAL CHANNELS

**465**  
"GIAC MO SUA VIET"  
STORES

**2,400**  
POINT OF SALE –  
CONVENIENCE STORES

**5,400**  
POINT OF SALE –  
SUPERMARKETS

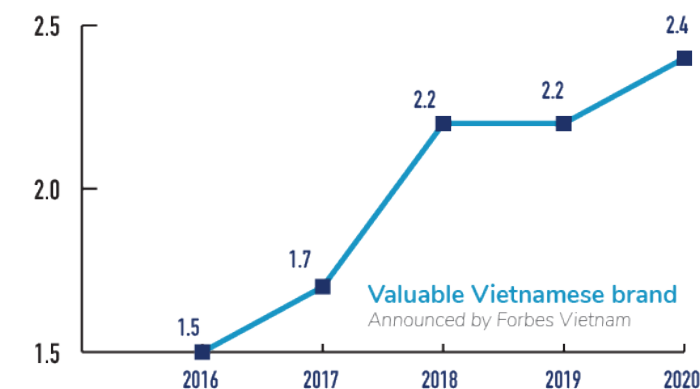
**08**  
E-COMMERCE PARTNERS

IN FOREIGN COUNTRIES

**55**  
EXPORTING COUNTRIES AND TERRITORIES

**02**  
NEWLY DEVELOPED MARKETS IN AUSTRALIA AND AFRICA

TOTAL EXPORT VALUE OF MORE THAN **2.4** USD BILLION



**TOP 50** LARGEST DAIRY COMPANIES IN THE WORLD BY REVENUE

**10** CONSECUTIVE YEARS  
NATIONAL BRAND (2010–2020)

**24** CONSECUTIVE YEARS  
HIGH QUALITY VIETNAMESE GOODS  
VOTED BY CONSUMERS (1996–2020)

BEST-SELLING BRAND FOR  
VIETNAMESE CONSUMERS (2013–2019) \*\*

**TOP 10** FOOD REPUTATION AWARD IN 2020 \*\*\*

**TOP 50** VIETNAM'S BEST – PERFORMING COMPANIES \*\*\*\*

\*\* In the dairy industry, according to Brand Footprint Report 2020, Worldpanel (Kantar)

\*\*\* surveyed and published by Vietnam Report

\*\*\*\* voted by Nhip cau dau tu Magazine



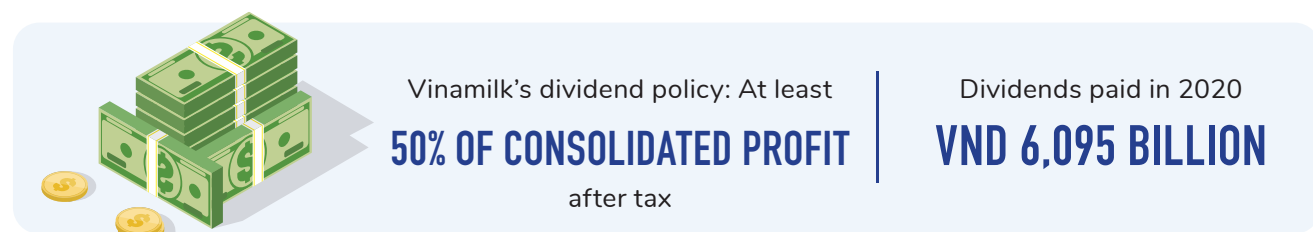


## TRUST AND COMPANION WITH VINAMILK

As a leading enterprise in the dairy industry in Vietnam, Vinamilk is also the typical enterprise for professionalism, information transparency and trust maintaining with shareholders and investors.

### ENSURING SHAREHOLDERS RIGHTS AND BENEFITS

#### Financial benefits



In the wave of enterprises that have to lay off employees, make huge losses in revenue or even on the verge of bankruptcy due to the Covid-19 pandemic, Vinamilk still went upstream and recorded positive revenue growth. Vinamilk's business results recorded growth in both revenue and profit, with total consolidated revenue and profit after tax reaching VND 59,723 billion and VND 11,236 billion, grow 5.9% and 6.5% compared to the same period in 2019, respectively. Compared to the set out plan, Vinamilk has exceeded both the revenue and profit targets.

In the domestic segment, the business operation continued to maintain and strengthen a strong distribution network in all sales channels. Net domestic revenue was recorded at VND 50,842 billions in 2020, an increase of 6.9% compared to 2019; contributed 85.1% to total revenue of Vinamilk.

In the export segment, although international trade faced many difficulties due to epidemic, export activities were still an important factor helping the Company maintain its growth momentum with revenue of VND 5,632 billions in 2020. Beside continuing to promote the exportation of key products to traditional markets, Vinamilk continuously recorded positive news about exporting to countries such as Korea, China, Singapore and many countries in the South East Asia as well as developing new markets in Africa.

Vinamilk shows its persistence and certainty amid the "turbulent storm" by Covid-19. The "giant boat" of Vietnam's dairy industry has quickly adapted, adjusted its machine to overcome waves, move forward and ensure financial benefits for shareholders and investors in 2020.



#### Non-financial rights and benefits

Vinamilk always treats fairly, appropriately, protects the rights and benefits of shareholders and owners of the Company. Shareholders' rights are clearly defined by the Company's Charter and protected by Vietnamese law.

#### Information transparency

- Compliance with declaring conflicts of interest for managers and suppliers.
- Compliance with regulations on information disclosure to stakeholders.
- Disclosure of company information, production and business activities,... accurately, transparently and promptly.
- Preparing and providing quality Financial statements, Corporate governance reports, Annual reports, Sustainability reports, with truthful and reasonable information, in compliance with relevant regulations and standards.
- Disclosure of information in bilingual (Vietnamese and English) so that shareholders and foreign investors can update information as quickly and conveniently as possible.



#### Contacting and speaking with Shareholders and Investors:

- Organizing the online meeting of the Annual General Meeting of Shareholders in June 2020.
- Quarterly meetings of Investors and Board of management
- Sending Press releases and presentation documents about quarterly business results.
- Organizing meeting to answer questions about production and business activities when investors request.
- Updating news on production and business activities via emails.
- Participating in domestic and abroad investment seminars.

Vinamilk has set up an Investor Relations Division, specializing in investor relations, ready to receive and response to Shareholders and Investors. Contact information of the Investor Relations Division is available on the Investor Relations section on the Company's website: <https://www.vinamilk.com.vn/en/investor-relations>



## ADVANCED ENTERPRISE GOVERNANCE

The advanced governance foundation proves the key role in leading - businesses, and even countries - to maintain a “new normal” state, to get ahead of change and to step firmly on the path of sustainable development.

Advanced governance model with committee under the Board of Directors, the Audit Committee is mainly responsible for reviewing financial statements, internal control, risk management, compliance control systems, supervise internal audit and independent audit of the Company and its subsidiaries.



### Activities of lines of defence in 2020:

#### Audit Committee

In 2020, Vinamilk's Board of Directors has organized, conducted and implemented activities according to the contents specified in the Internal Corporate Governance Regulation in a suitable manner. With the motto of focusing on efficiency and maximum exploitation of the practice methods, the Audit Committee has supported the Board of Directors to perform the monitoring function under quarterly plans and assignments of work with main activities in 2020 as below:

- Reviewed the financial situation and financial statements, prepared and disclosed in accordance with the accounting standards and the provisions of the current law.
- Completed the fraud control and prevention system and Internal audit activities during the year.
- Reviewed and improved risk management activities, risk portfolio, especially strategic risks, and risk assessment mechanism.
- Performed the function of risk management and monitored the effectiveness of the internal control system for the whole Company and report to the Board of Directors on a quarterly basis.
- Evaluated and selected an independent auditor for the fiscal year 2021.
- Enhanced the method of operating and presided over the review and recommendation of improvements to enhance advanced governance practices according to the Vietnamese corporate governance rules issued in 2019.

#### Internal control system:

Vinamilk continued to maintain an effective internal control system in 2020, with outstanding control activities:

- Updated, reviewed and streamlined the Company's management documents.
- Supported to develop control document system for subsidiaries such as Moc Chau Milk, GTN, Vilico.
- Deployed Online approval system to domestic subsidiaries.
- Updated Online bidding process, applicable to all bidding packages, throughout the Company.
- Build Digital signature system.

#### Quality standard management system

The Company's quality management system is continuously built and completed by a combining controls designed on the basis of risk analysis, while integrating modern management requirements, standards and tools.

The Company's quality management system is established and managed on the principles of ISO 9001: 2015 with the integration of other tools/ standards such as FSSC 22000, ISO 14001, ISO 17025, ISO 45001, ISO 50001, ISO 27001, etc... This integration ensures that specific areas are deployed and managed effectively while aiming to continuously improve the system in a comprehensive manner.

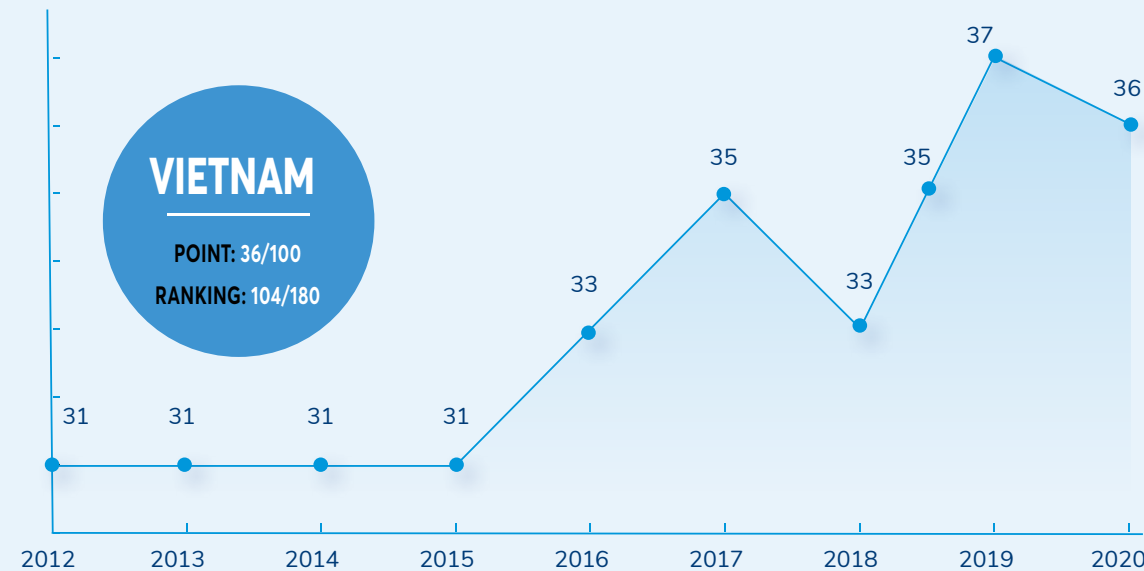
In 2020, Vinamilk continues to conduct internal and external audits and successfully maintain these certificates.





**ADVANCED ENTERPRISE GOVERNANCE (CONTINUE)****Compliance control system:**

In 2020, Vietnam reached 36/100 points of the Corruption Perceptions Index (CPI) announced by Transparency International, decrease 1 point compared to 2019, ranking 104/180 on the global ranking. In recent years, Vietnam's CPI has tended to improve quite positively, reflecting the results of Vietnam's efforts in promoting prevention and anti-corruption.



CPI point of Vietnam in recent years

Together with the government in the prevention of fraud and corruption, Vinamilk has developed the Regulations on anti-fraud and corruption as well as established the Compliance Committee, consist of members of the Board of Management and chair by the Chief Executive Officer.

The Compliance Committee is responsible for organizing the prevention, propaganda, investigation, detection and recommendation on handling cases of fraud, corruption, conflicts of interest and other acts contrary to Code of conduct and Core values of the Company, help to promote and enhance transparency, equality and fair competition for stakeholders in all production and business activities of the Company.

**Regarding functional structure**

- The Audit Committee monitors compliance issues
- The Compliance Committee manages information and deals with Fraud - Corruption issues
- The Legal Division maintains the value of compliance and the Code of conduct
- Internal audit performs regular checks

**Regarding the system of policies and regulations**

- Codes of Conduct
- Cultural Principles
- Regulations on Anti-fraud and corruption
- Process of receiving and processing information about Fraud - Corruption complaints and denunciations

**Internal audit activities**

Internal Audit is an independ division to support the Board of Directors through the Audit Committee by assessing and improving the efficiency of risk management, internal control and the governance process. Internal Audit reports directly to Audit Committee and directly under the Chief Executive Directors in terms of functions. This organizational structure and reporting relationships allow the Internal Audit to perform the tasks and responsibilities in an objective and independent manner. Internal Audit applies a risk-based audit method to develop an audit plan to ensure that auditing activities are consistent with Vinamilk's major risks. Based on the risk assessments carried out, Internal Audit will pay more attention and determine appropriate periodic reviews for higher risk activities and critical internal controls, including the compliance with Company policy, process and liability.

**Internal audit activities in 2020**

- The Internal audit function is operating effectively, prioritizing the transition from compliance auditing to assisting and consulting units in risk management and internal control.
- Internal Audit has completed 100% of the work under the Internal Audit plan for 2020 within the expected time and resources.
- Internal audit results show that compliance with processes in the audited units was well implemented and tends to be more positive than the previous year.
- The relevant units seriously and promptly received and implemented recommendations of the internal audit through specific implementation plans, monitored by the internal audit.
- The Audit Committee organized the evaluation of the Internal Audit function and also requested the Internal Audit division to self-evaluate the operation in 2020. The evaluation results show that Internal Audit is holding an important position, had sufficient capacity and resources to implement the approved plan, actively contributing to the improvement of the Company's internal control system.





## CREATING GREEN VALUE WITH VINAMILK

**Vinamilk commits to bring sustainable surplus value to Shareholders and Investors. Investing in Vinamilk is an investment in sustainable growth value. Vinamilk strongly hopes that Shareholders, as the owners of the Company, will support the business viewpoint and responsibilities that we have committed to the society. Vinamilk treasures and looks for improvement opportunities through sharing about advanced sustainable development trends and practices from investors to jointly build a more sustainable community.**

### SUSTAINABLE DEVELOPMENT CORPORATION

Accompany with Vietnam Business Council for Sustainable Development (VBCSD), Vinamilk is proud to be one of the leading flags in the team of leading enterprises in Sustainable Development in Vietnam, committed to the goal of promoting the domestic Sustainable development journey and contributing to the joint efforts of businesses around the world.

In 2020, Vinamilk firmly affirms its leading position in the Top 10 Sustainable Development Enterprises in Vietnam for manufacturing sector under the framework of the CSI 100 Program of the VBCSD Council. This is also the 5th consecutive year that Vinamilk has been honored by CSI 100 for its pioneering and creativity in implementing the sustainable development strategy.

Achieving high class in the ranking affirms the prestige, brand name, increases the trust of partners, investors and shareholders and contributes to sustainable business development. This is also the recognition of the Government, Ministries, agencies, business community, organizations and society on the activities of pioneering enterprises that have made excellent contributions to the sustainable development of the Vietnamese enterprise community.

In order to receive the highest rating in the list of Vietnamese sustainable enterprises, Vinamilk has constantly strived to meet rigorous screening criteria based on the Corporate Sustainability Index CSI and to lead in the deploying sustainable development initiatives. With a passport called CSI, the “capital of the business” do not stop at financial capital only, but will be strengthened more firmly by “social capital - belief in business”.



**SECOND TIME** in a row to be at the top of the **TOP 10**  
Sustainable Development Enterprises in Vietnam for manufacturing segment



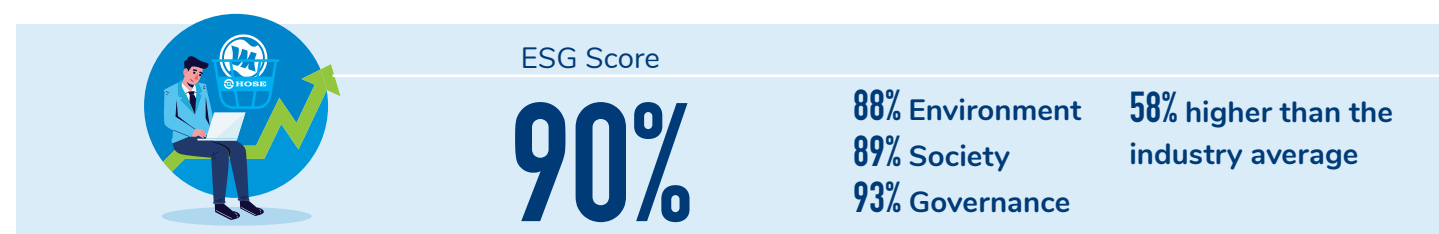


## GREEN STOCK BASKET - VIETNAM SUSTAINABILITY INDEX (VNSI-HOSE)

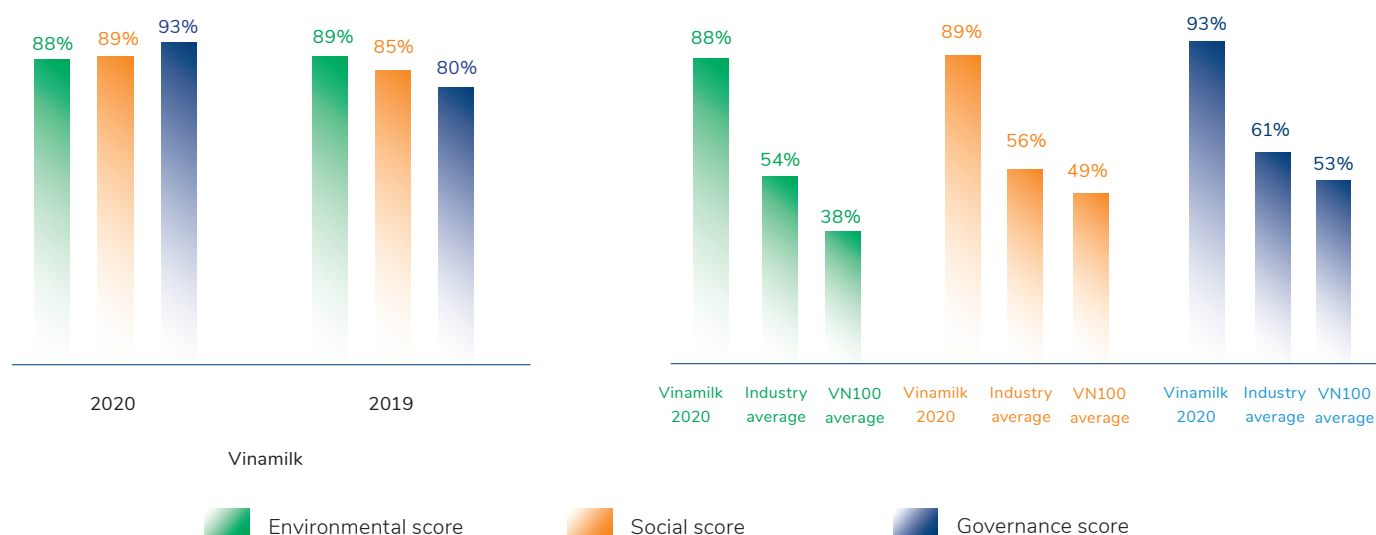
The trend of “responsible investment”, which considers corporate responsibilities with environment, society and corporate governance in the process of making investment decisions, has increasingly become the advanced investment trend of global investors. In the context of Vietnam’s increasingly open capital market, domestic and foreign investors are more and more demanding before each of their investments, forcing businesses cannot be indifferent to environmental and social factors and corporate governance.

Vinamilk clearly understands that every coin invested in Vinamilk has more or less impacts on the sustainable development of the society. Vinamilk is committed to sustainable development, as well as continuously making progress in the process of meeting the standards of responsible investment and at the same time joining hands to implement the United Nations Sustainable Development Goals (SDGs) in Vietnam.

In 2020, Vinamilk continues to maintain its position in the Top 20 VNSI green stocks (consecutively since 2017), with a total ESG score of 90%, proving the Company’s sustainable development orientation, reflecting serious efforts to help eliminate negative environmental and social impacts, promoting transition to an eco-friendly economy, reducing ecological footprints and combating climate change.



According to the published results of HOSE, the evaluation score of Vinamilk in 2020 on all aspects of Environment, Society and Governance are higher than the average score of the industry and the average score of VN100.



The Vietnamese Sustainability Index (VNSI) was officially introduced by Ho Chi Minh City Stock Exchange - HOSE in July 2017, with the constituent of 20 listed companies that have highest Governance - Social – Environment practicing index. The VNSI Index shows the investment efficiency of sustainable stocks, and at the same time attracts international institutional investment funds that operate according to responsible investment principles.

Sustainability score is assessed based on more than 100 indicators according to 3 criteria: Environment, Society and Corporate Governance. The VNSI Index targets:

- Defining sustainability standards for listed companies.
- Supporting institutional and individual investors to identify “green” businesses to invest in.
- Increasing the trend of sustainable development of the whole economy.
- Identifying criteria for environmental, social and governance best practices.
- Adding a new investment tool, contributing to promote the growth of the stock market and the economy.

## RECOGNITION FROM PRESTIGIOUS ORGANIZATIONS

Combining green value and financial value, Vinamilk has gained recognition from prestigious organizations in Vietnam and the world, reinforcing Vinamilk’s brand value, and deserving to be a sustainable investment of shareholders and Investors.

**In 2020, Vinamilk has surpassed other domestic and foreign brands to lead in Top 10 Vietnam’s Strongest Local Brands and is a part of Asia’s Top 1000 Brands.** The Top 10 ranking is co-operated by Campaign Asia-Pacific magazine and global research company Nielsen, ask respondents to choose the top brands operating in Vietnam, has the best reputation and huge impression to the Vietnamese.

The survey shows that consumers are choosing to support companies that have supported society in Covid-19 pandemic and especially in Vietnam. In the difficult context of Covid-19, the development and innovation of national brands, as well as the support and spread in the community create a good impression on the business.



First-ranked among Vietnam’s **TOP 10** Strongest Local Brands  
Part of Asia’s **TOP 1000** Brands in 2020

In December, at the Annual Forum 2020 of The Vietnam Institute of Directors (VIOD), Vinamilk was the only Vietnamese enterprise honored as ASEAN Asset Class. In addition to this award, Vinamilk is also rated in the Top 3 Vietnamese listed companies according to the results of the ASEAN Corporate Governance Scorecard 2019, under the ASEAN Corporate Governance Initiative of ASEAN Capital Market Forum - ACMF.



Tài sản Đầu tư Có giá trị ASEAN  
ASEAN Asset Class Publicly Listed Companies









Vinamilk accompanies with the Government in accomplishing national sustainable development goals by 2030 through Contribution to the budget revenue, Supply of Vietnamese brand products, Compliance with legal regulations, Giving advices to competent authorities, Development of the dairy cow farming industry, Economic development, Raising the National brand, Implementation of digital transformation and National sustainable development.

#### CONTRIBUTING TO THE STATE BUDGET

**5,273 BILLION VND**  
CONTRIBUTED TO THE STATE BUDGET



**MOST-PAYING CORPORATE  
INCOME TAX ENTERPRISE  
IN VIETNAM IN 2019**

\* According to the statistics published by the General Department of Taxation in October 2020

#### RESPECTING THE LAW



COMPLY WITH COMPETITION LAW,  
DO NOT COMMIT VIOLATIONS  
OF MONOPOLY, ANTITRUST AND  
COMPETITION OBSTRUCTION



NO CASES RELATED TO HEALTH  
AND SAFETY OF PRODUCTS  
AND SERVICES



NO FINES AGAINST TAX  
ADMINISTRATIVE VIOLATIONS



DO NOT TAKE ADVANTAGE  
OF ADVERTISING AND  
PROMOTION FOR UNFAIR  
COMPETITION



COMPLY WITH  
COMPETITION LAW IN  
M&A ACTIVITIES



NO CLAIMS ON THE RIGHT  
TO CONFIDENTIALITY OF  
CUSTOMER INFORMATION



NO LEGAL FINES IN THE  
ECONOMIC AND  
SOCIAL REALM



NO VIOLATIONS OF  
BRANDING OR PRODUCT  
INFORMATION.

#### CONSULTING WITH COMPETENT AUTHORITIES



**11 legal documents**  
in various aspects  
especially Economy, Products

#### DEVELOPING LOCAL ECONOMY



Creating  
**7,792 formal jobs**  
AND THOUSANDS OF INDIRECT JOBS

**62%** OF EMPLOYEES  
ARE LOCAL EMPLOYEES

#### ENHANCING NATIONAL BRAND

**55**

COUNTRIES AND  
TERRITORIES

Exporting Vietnamese products

#### SERVING MORE THAN

**20**

STATE CONFERENCES AND EVENTS  
IN THE YEAR THAT VIETNAM PLAYED  
THE ROLE AS THE ASEAN PRESIDENT

#### LIFTING UP THE DAIRY COW FARMING INDUSTRY

**13**  
Dairy  
Farms



Total herd of cows

**32,000 heads**

#### Moc Chau Milk

OWNS A DAIRY COW HERD  
OF MORE THAN

**2,000 heads**



TOTAL AMOUNT OF RAW MILK  
PRODUCTION MORE THAN

**148,831**

tons/year

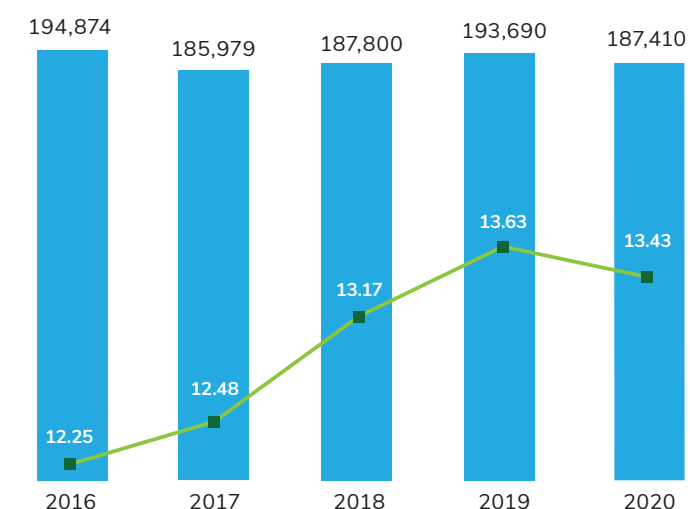
COOPERATING WITH LOCAL  
DAIRY FARMERS WITH

**23,000**  
cow heads



COOPERATING WITH 5,547  
LOCAL DAIRY FARMERS  
WITH A TOTAL OF COW  
HERD OF MORE THAN

**100,000 heads**



Amount of milk  
purchased from local  
dairy farmers (tons)

Average milk yield of dairy  
farmers (kg/head/day)



## DIGITAL TRANSFORMATION – KEY TO GROWTH

In the long-term socio-economic development policy plan of the Ministry of Planning and Investment, Vietnam is determined to implement the innovation, reform and development policies, proactively and actively restructure the economy towards improving productivity, quality, efficiency and competitiveness, considering innovation and creativity as an important driving force and key to rapid growth and sustainable development.

Recognizing the important role of innovation and digital transformation which contributes to improvement of productivity, quality and competitiveness of enterprises, Vinamilk accompanies the Government in digital transformation with respect to the Company's production and business chain from the first years of applying this growth key.

Over the years, Vinamilk has always been at the forefront in applying modern technology to the value chain. Vinamilk currently owns a diversified and extensive digital technology management system with an enterprise resource planning system (ERP) throughout the value chain, making technology a unique and key strength to succeed.

### COW HUSBANDRY

- Dairy farms with comprehensive 4.0 technology according to US, Japanese, and European technologies in the husbandry and management model
- Cloud storage system for cow herd data and farm management
- Herd management software, which stores information about productivity, milk yield, cow movement, health, breeding cycle and update 24/7 information to the phone
- Kaizala software for notifying the quality of milk and the price of milk

### PRODUCTION

- Tetra Master Plan production management system
- Modern smart warehouses
- Automated LGV transporting robot system



### SUPPLY CHAIN

- Transport routing software
- Realtime delivery management application
- Production planning system
- Inventory management reporting system

### SALES

- SaleOnline business management system
- Customer relationship management system (CRM)
- E-commerce website - [giacmosuaviet.com.vn](http://giacmosuaviet.com.vn)
- Online shopping application named Giacmosuaviet

- Enterprise resource planning system - ERP
- Human resource and salary management system
- Online approval system
- Online bidding system
- Business Intelligence (BI) Reporting system
- Electronic invoice system integrated with ERP
- Electronic contract system
- Internal communication application – MyVinamilk

### CORPORATE GOVERNANCE





## CONTRIBUTION TO THE STATE BUDGET

Vinamilk always respects and abides by the laws of Vietnam and the laws of the countries and regions in which Vinamilk's operations take place. Vinamilk guarantees to comply with reports according to regulations in many different legal areas. Compliance, including tax law compliance, is one of the top commitments in Vinamilk's Code of Conduct for guiding and planning production and business activities.

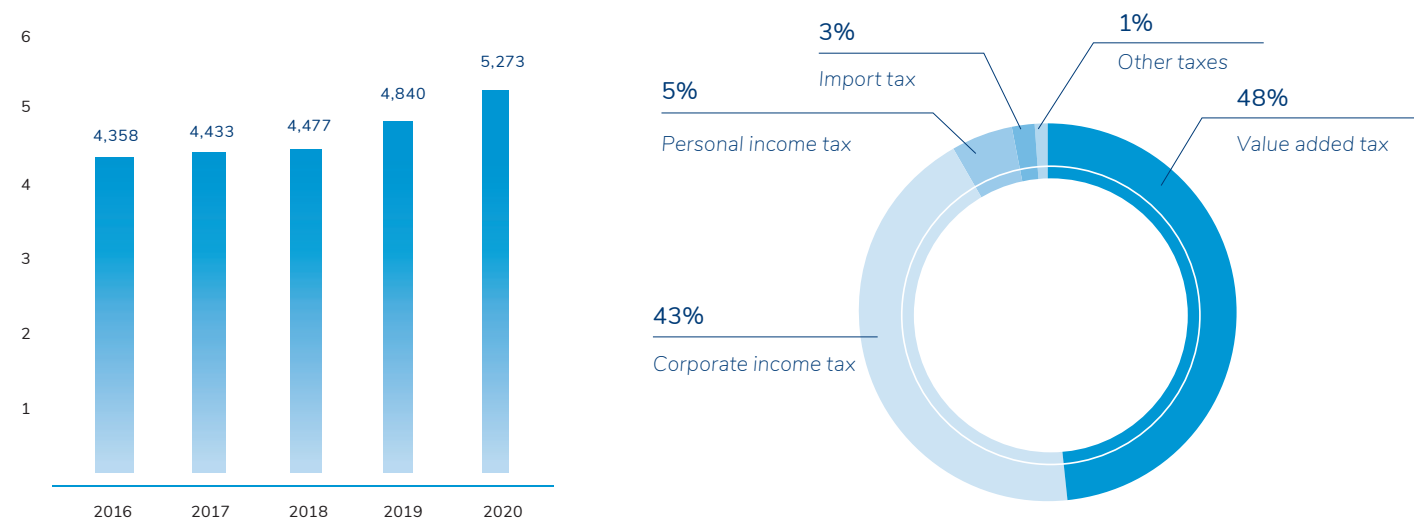
The Company is always aware of its corporate tax obligations in the development process. Therefore, during its operation, the Company always respects the regulations and management mechanisms of the state as well as is always ready to comply with tax at the highest level.

### RISK MANAGEMENT AND TAX COMPLIANCE MANAGEMENT MECHANISM AT VINAMILK

Vinamilk applies the compliance and risk management mechanism in tax administration to ensure compliance with tax laws, and take measures to prevent, detect and promptly address new problems arising, ensuring the development of business operation:

- Control tax compliance by applying systems, policies and separate operating procedures dedicated for the company's operating model.
- Manage tax risks through regularly and promptly updating change in the law.
- The Company's tax approach is also strengthened by its commitment on no unexpected risks arising, any potential risks on tax, upon detection, are reviewed and consulted early to ensure compliance of tax law at the highest level.
- With respect to shareholders and investors, Vinamilk always ensures that information and tax-related issues are disclosed transparently, honestly and with integrity in the Company's financial statements.
- With respect to competent authorities, the provision of information related to tax issues, in any form, reflects the true nature of the transactions that Vinamilk performs.

Vinamilk has been one of the enterprises contributing the most to the national budget for many consecutive years, contributing to the strong development of the country. According to the General Department of Taxation in October 2020, Vinamilk was one of the 10 largest corporate income tax payers in Vietnam in 2019.



Vinamilk's contribution to the national budget (VND billion)

Tax structure at Vinamilk in 2020

## LIFTING UP THE DAIRY FARMING INDUSTRY AND DEVELOPING LOCAL ECONOMY

Vinamilk's orientation is building dairy cow farms to become the "nuclear" for the development of the local dairy farming industry in particular and the whole country in general. In addition, Vinamilk continues to practice three-element farming mechanism, creating livelihoods for people in the vicinity of the farms and developing sustainable agriculture and husbandry to form a value chain.. More than 30 years since starting to develop the dairy farming in 1990s, so far, Vinamilk has owned 13 farms across the country with a total herd of 32,000 heads under management and exploitation. Vinamilk's dairy farm system is certified as the largest international standard dairy cow farm in Asia in terms of number of farms, a testament to Vinamilk's strong growth in raw milk material areas.

In addition to increasing in scale, Vinamilk's dairy farm system is continuously invested in high technology, farming techniques according to international standards, applying international standard management systems, improving the quality of output milk, positively contributing to bringing Vietnam's high-tech dairy cow farming industry closer to the development of the world.

With the extensive farming system nationwide, Vinamilk creates jobs for more than 1,500 direct employees, promotes the local economic development in the localities where Vinamilk operations, contributing to ensuring the social security and building sustainable local communities.

### Vinamilk's dairy farms system stretching throughout Vietnam

- Tuyen Quang Farm
- Thanh Hoa Farm
- Nhu Thanh Farm
- Thong Nhat Thanh Hoa Dairy Farm No.1 and No.2
- Nghe An Farm
- Ha Tinh Farm
- Binh Dinh Farm
- Quang Ngai Farm
- Tay Ninh Farm
- Vinamilk Da Lat Farm
- Vinamilk Da Lat Farm - Organic Da Lat
- Vinamilk Da Lat Farm - Organic Di Linh

### Ongoing projects:

- Lao-Jargo Organic Dairy Farm Complex
- Dairy farm in Can Tho
- Embryo Transfer Center

**TOTAL COWS OF VINAMILK FARMS**  
**32,000 heads**

Raw milk production  
**Over 148,831 tons per year**





## IMPROVEMENT OF BREED QUALITY AND OUTPUT QUALITY

Vinamilk gradually improves the quality of domestic raw materials, focus on investing in breeds, techniques, high-tech personnel and management system in order to produce the best raw milk.

Regarding the dairy industry in Vietnam, the hot and humid tropical climate issue has been considered a big problem. Determining problem as the vital element of the industry, Vinamilk has pioneered in researching farming techniques, selecting suitable breeds for investment and development. With all breeding cows imported from Australia, US, New Zealand,... nurtured with advanced techniques and diets, Vinamilk is proud to produce raw milk that not only satisfies domestic standards but also reaches the international quality, with an independently certified management system such as GlobalG.A.P, EU Organic standards and most recently China Organic standards.

At the same time, the farm system spreads across the country, connecting to the network of 13 factories, ensuring that raw milk from the farms to be transported to the factories quickly. As a result, the raw milk keeps its delicious taste and ensures the nutritional quality.



## APPLICATION OF HIGH-TECH AGRICULTURE

**Technology and knowledge serve as the key to systematic development of an industry and reaching large industrial scale**

Vinamilk makes breakthroughs in agriculture and dairy cow farming industry with the appearance of high-tech dairy farms, in which technology 4.0 is applied in all stages of management and dairy cow farming. Automation in animal husbandry and management is currently applied in Vinamilk's dairy cow farms such as automatic cooling system, food storage system, food processing system, product quality control system, herd management system, reproduction assistant system, automatic health monitoring system, which are controlled by computers and data is transmitted to Head office of the Company in purpose of management.







## EXPANSION OF HIGH-TECH DAIRY COW FARM SYSTEM WITH MOC CHAU MILK

Together with Vinamilk, Moc Chau Milk is one of the first enterprises which set up foundation and has high dedication to the dairy industry in Vietnam. Vinamilk has a large and stable consumption market, advanced farming technology and qualified technical personnel with solid management and financial resources while Moc Chau Milk has more than 60 years of successful experience in dairy cow farming. The combination of two enterprises will form a large-scale and diversified dairy cow farming area that meets the most stringent international standards, opening up a new development stage with great achievements for the dairy industry and dairy farming industry in Vietnam.

Vinamilk hopes to accompany Moc Chau Milk to fully exploit the potential of the Moc Chau “dairy cow paradise”, creating favorable conditions for farmers to access to the world’s advanced farming model and technology; thereby increasing the economic value of Moc Chau dairy products at home and abroad, and developing the Vietnamese dairy industry in a modern and sustainable direction. Vinamilk underwrites raw milk products from farming households, provides technical assistance, animal husbandry, and veterinary services to farmers ... thereby creating more jobs, increasing income, contributing to social and economic development of Moc Chau district and neighboring areas.

## INCREASING SCALE AND AVERAGE MILK YIELD

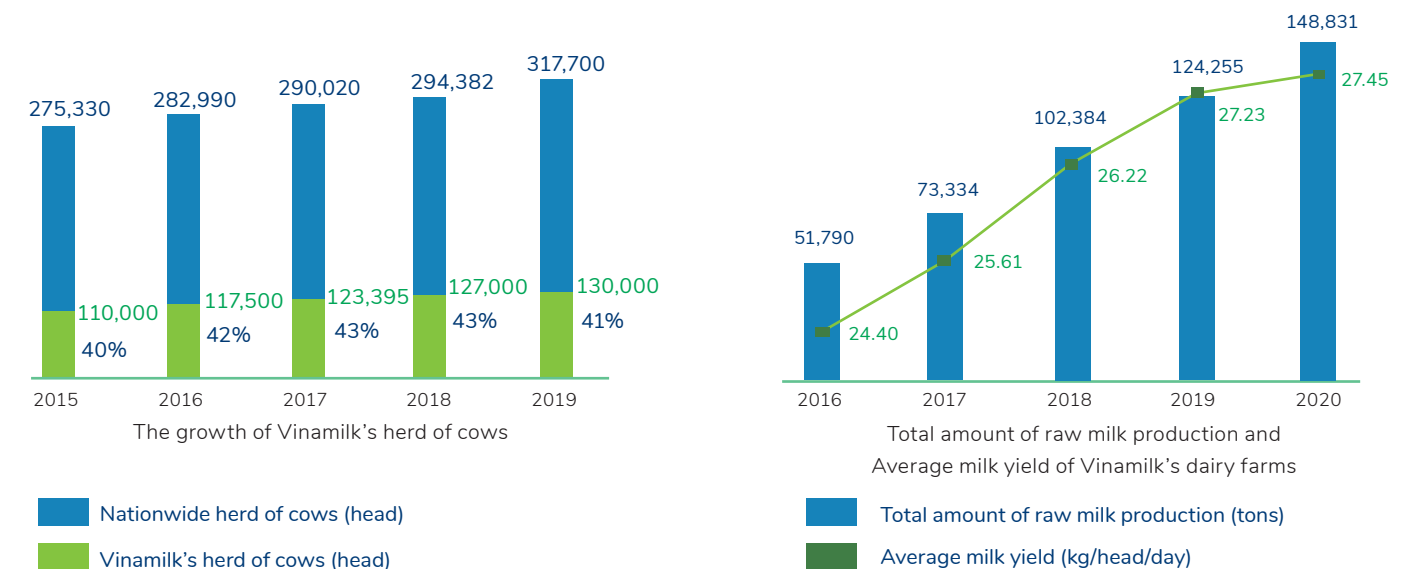
The total cow herd of Vinamilk’s dairy farms and local dairy farmers who have signed raw milk collection contracts accounts for 40% of the country’s total, according to the Department of Livestock Production in 2019. Vinamilk’s dairy farms system also recorded continuous growth in cow herd as well as average milk yield..

In  
**2020**

Total raw milk production  
**148,831 tons**

Increased  
**20%** compared  
to 2019

Average milk yield reached  
**27.45** kg/cow/day



Source: Vietnam Department of Livestock Production and Vinamilk

Determining the development of raw material areas as an important strategy for Vinamilk growth in the coming years, the Company has been implementing numerous plans to expand the scale of the domestic and foreign dairy cow farm system:

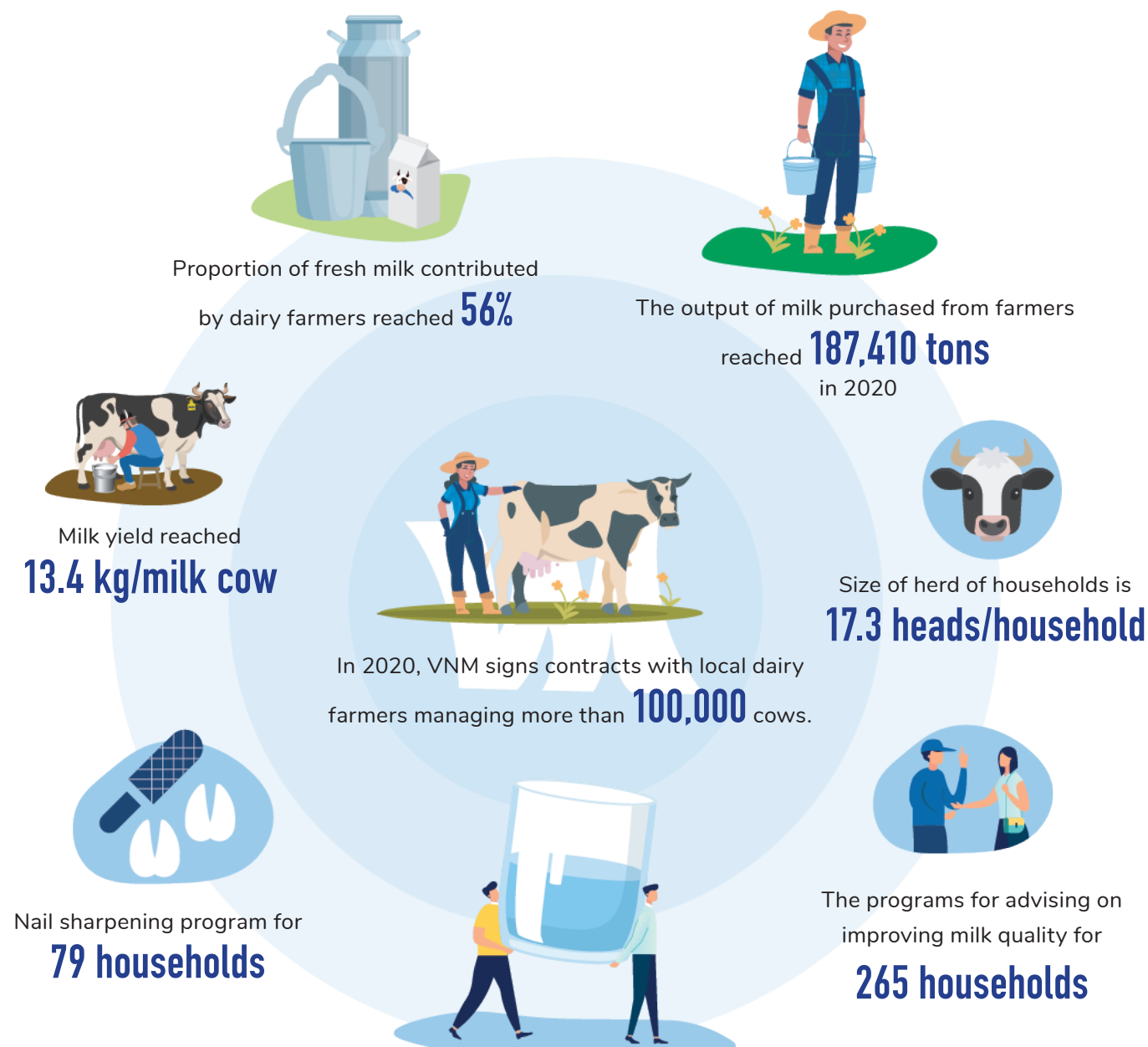
- By the end of 2019, Vinamilk completed the M&A deal to own 75% of the charter capital of GTNfoods, thereby officially engaging in operation of Moc Chau Milk from January 01, 2020 and setting out a high-tech cow capital development strategy in Son La province. Moc Chau Milk currently owns more than 2,000 dairy cows on the farm and 24,000 cows through close association with more than 600 dairy farmers and three large dairy breeding centers. The size of Moc Chau Milk's herd reaches an average growth rate of 14% per year and the average yield is 25 liters/head/day.
- In 2020, Quang Ngai Dairy cow farm with a total area of more than 90ha, scale of 4,000 heads officially came into operation. The farm has an initial investment of up to VND 700 billion, high technology is applied to animal husbandry and management and it is expected to supply about 20 million liters of raw milk per year to the market.
- Technical Center for Dairy Farming and Embryo Transfer was, when put into operation, will serve the needs of selecting excellent and outstanding genetic resources for building domestic dairy cow herd. The Center will apply the latest advances from Japan and the US in genetic and embryo transfer technology.
- Following the outlined roadmap, Vinamilk will continue to complete the first phase of the Organic dairy cow “resort” complex on Xieng Khoang Plateau (Laos), with a total of 24,000 cows. It is expected that in the second phase, Vinamilk will increase the cow herd size to 100,000 heads.
- Through implementing these plans, it is expected that by 2022-2023, the herd of cows at Vinamilk's farms will increase by 20,000 heads, increasing the supply of raw milk to meet the needs of producing products for consumption at home and abroad.



## ASSOCIATION WITH FARMERS

In parallel with the modern farm system, Vinamilk maintains connection with thousands of farming households throughout the country, creating a connection for sustainable development, in harmony with the goal of improving productivity, quality, and price reduction and increasing competitiveness with imported milk.

### VALUE CREATION IN FAVOR OF FARMERS



### The program for supporting drought and salinity intrusion area

by bringing fresh water from Can Tho and Ho Chi Minh City to Ba Tri District - Ben Tre, Go Cong Tay District, Go Cong Dong District - Tien Giang and Can Giuoc District - Long An

## MEETING AND CONNECTION WITH VINAMILK

Since the 1990s, when Vietnam started to develop dairy cow farming industry, Vinamilk has established a close connection with local dairy farmers and implemented the purchase of raw milk. The cooperation process between Vinamilk and dairy farmers is designed and implemented in a strict and responsible manner and in compliance with the provisions of law. Prior to conclusion of the purchase agreements, Vinamilk conducted practical survey and assessment of the conditions for breeding, sanitation, environment, and adequate vaccination of farming households.

### Process of purchasing fresh milk from households



## CO-DEVELOPMENT WITH VINAMILK

### Policy on reasonable purchase price

This policy is applicable to all dairy cow farming households in all regions of the country. With the timely updated purchase price and ensuring competition and accompanying services, Vinamilk aims to connect and accompany the units, farmer households for continuously improving the quality and quantity of fresh raw fresh cow milk, increasing income, improving quality of life, contributing to promoting the sustainable development of dairy cow farming and dairy industry in Vietnam.

### Advice on improvement of farming techniques

In addition its commitment to the output of raw fresh milk, Vinamilk also improves the farmers' skills through the programs for knowledge support, training and exchange of experiences for effective farming.

- Assigning technicians in animal husbandry, veterinary medicine, nutrition, farming techniques... to directly work with farmers.
- Advising and transferring scientific advances in dairy cow farming, disease control.
- Collaborating with foreign experts and major feed manufacturers in the world to produce animal feed products with optimal nutritional ingredients for dairy cow farming.
- Distributing animal feed, milking sanitary solution.
- Inspecting for ensuring quality of barns.
- Coordinating with local veterinary facilities for vaccination and epidemiological management.
- Supporting in cow ear tagging for monitoring.
- Controlling antibiotic residue in milk.
- Supporting in cutting nails of cows at households.





## Transparent, timely and accurate information



Besides exchanging and receiving information between Vinamilk and its raw milk suppliers including Farming Units/ Households and Raw milk collection stations via traditional channels, Vinamilk also invests in the modern information system for connecting and communicating with households in a quick, effective and professional manner. In 2020, Cu Chi Raw Milk Center completed the test and officially applied Kaizala software for notifying milk quality and price instead of paper notices. This innovation enable households to immediately receive notifications from Vinamilk, thereby, taking appropriate measures to adjust the farming method for improving the quality of milk, selling the milk to Vinamilk at a higher price, aiming towards sustainable development.

In addition to applying technology for transparent and accurate information, Vinamilk also has information-receiving channels for farmers to easily access and contact.

**Channel for receiving information: 028 37 350 001**



## Improvement of cohesion and service quality

### Loyalty program

In 2020, Vinamilk implemented the household support policy with the program “Vinamilk Loyalty Card”. The program is deployed to all farming households that have entered into contracts to sell raw fresh milk to Vinamilk, fully and properly engaged in the programs implemented by Vinamilk; farming households which continuously deliver milk to Vinamilk, without violating the provisions of the sale contract.

Accordingly, for each kg of milk sold to Vinamilk, a farming household accumulates 01 point, each point is equivalent to VND100 and will be paid by Vinamilk.

- Strengthening the long-term attachment of farming households to Vinamilk.
- Create a driving force for encouraging households' development.



### Listening to the needs and expectations

Also in 2020, Cu Chi Raw Milk Center conducted a survey among farming households on the procurement services. The results show that:

- Vinamilk's employees are always available when farmers deliver milk at the station: 100%.
- Satisfaction with the form of receiving milk notifications via the application: 64%.
- Providing timely recommendations and instructions to households: 100%.
- Enthusiastically and happily answering questions related to milk delivery at the station: 100%.
- Farmers are fully satisfied with the working spirit and attitude of Vinamilk's employees: 93%.

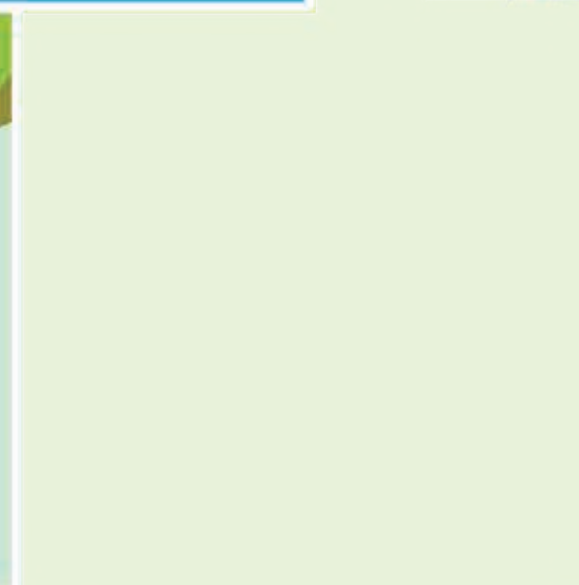
The survey results with a response rate of 96% show that Vinamilk has satisfied needs and expectations as well as the concerns of farming households about the innovation policies and service quality of Vinamilk. Vinamilk constantly makes more efforts to improve the cohesion and long-term companionship with farming households.







# COMMUNITY







## VINAMILK ACCOMPANIES THE COMMUNITY

### JOINING EFFORTS FOR SUSTAINABILITY IN THE COVID-19 PANDEMIC

Accompanying the Government and community in Covid-19 pandemic

MORE THAN VND **40** BILLION

MORE THAN **20** MILLION STEPS



The program of Million steps for repelling Covid of Vinamilk's employees



RAISING MORE THAN VND **2** BILLION

### COMMUNITY HEALTH CARE

School Milk Program

**14 YEARS** **23 PROVINCES**

MORE THAN **3 MILLION** BENEFICIARY CHILDREN



2020

Contributing more than

**300** VND BILLION

Stand Tall Vietnam Milk Fund

**13 YEARS** MORE THAN 37 MILLION GLASSES OF MILK

**460,000** BENEFICIARY CHILDREN **163** VND BILLION

**2020** **1.7 MILLION** GLASSES OF MILK

**19,000** BENEFICIARY CHILDREN **12.5** VND BILLION

## JOINING HANDS FOR A BEAUTIFUL VIETNAM

### SHARING THE LOVE

Pairs of loving leaves



**12** LOCALITIES

supporting **12 CHILDREN** in difficult circumstance to have the opportunity to go to school.

Our hearts to Central Vietnam

DONATING FOR THE PEOPLE IN THE CENTRAL REGION WHO SUFFERED FROM FLOODS

MORE THAN **4** VND BILLION

2020



Mutual love and affection

- VND 500 million for poor patients in Ho Chi Minh City for heart surgery.
- VND 700 million for Hanoi Heart Hospital and MD1World Organization for heart surgery for children in difficult circumstances

Financing a total value of **350 VND MILLION**



TO BUILD 6 CHARITABLE HOUSES

at Tay Thuan commune, Tay Son district, Binh Dinh province and a garage for Kim Dong primary school, Quang Nam

### FOR A GREEN VIETNAM

A Million Green Tree fund for Vietnam

**1,121,000 TREES**

**9** YEARS **56** LOCATIONS **20** PROVINCES

TOTAL VALUE OF VND 12.5 BILLION

**2020** **270,000** TREES



HONORING **TOP 10** best environmental activities in 2020



Received the certificate of merit from the Ministry of Natural Resources and Environment





## JOINING EFFORTS FOR SUSTAINABILITY IN THE COVID-19 PANDEMIC



“Recently, we have heard a lot about the motto “fighting against the pandemic like fighting against an enemy” and the goal of fighting and overcoming the pandemic. But it doesn't mean fighting infected, suspected people as enemies. Only the sympathy and mutual affection can enhance the strength of community solidarity - this is the strongest shield to help us overcome the pandemic. Covid-19 pandemic created a gloomy atmosphere in the early days of the decade. But whether it destroys human values and life or not lies in the actions of each person, in the way we deal with each aspect of social life”.

Mrs. **Mai Kieu Lien**,  
Vinamilk's Chief Executive Officer

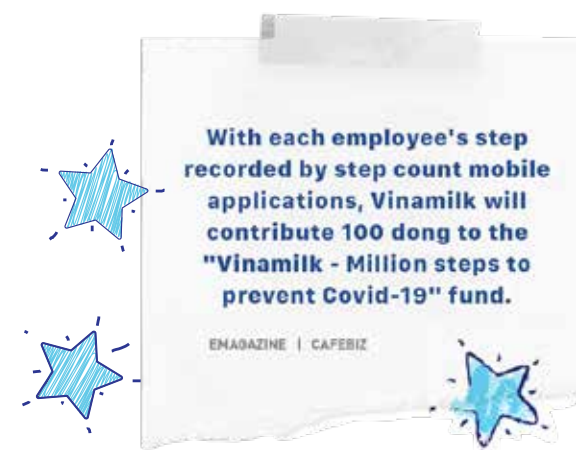
It is a paragraph in the letter of Vinamilk's Chief Executive Officer **Mai Kieu Lien** sent to all Vinamilk's employees during the days of fighting against Covid-19.

Joining Government's continuous efforts, sharing the community's concerns, as a leading nutrition company - Vinamilk always accompanies the government and the community for timely contribution and stability in the Covid 19 pandemic. So far, Vinamilk has donated a total budget up to VND 40 billion for epidemic prevention, supported the frontline forces in fighting against epidemics, and financed to purchase medical biological equipment or the rapid detection test of SARS-CoV-2 virus; donated specialized protective tools and face masks to assist frontline medical staff and doctors in preventing and fighting against epidemics; In addition, hundreds of thousands of Vinamilk's nutritional products such as Probi, 100% fresh milk, lcy water were sent by Vinamilk to physicians, people in isolated areas to strengthen their resistance and maintain them in good health for overcoming a difficult and challenging epidemic period.



Hundreds of thousands of nutritional products such as 100% Fresh Milk, Probi ... were donated by Vinamilk to support the frontline anti-epidemic forces across the country.

In addition to community support activities, Vinamilk also attaches great importance to the strict implementation of epidemic prevention to ensure the health and safety of the Company's employees. Thousands of Vinamilk employees, whether in social isolation or in a new normal state, always make every effort to ensure production and satisfy the needs of essential nutritional products against epidemics. Not only contributing efforts, Vinamilk's employees also participated in many meaningful activities such as voluntarily contributing one day's salary and participating in walking activities to raise more than VND 2 billion to support children in difficult circumstance during the pandemic.







## COMMUNITY HEALTH CARE

### SCHOOL MILK PROGRAM

#### “EVERY BOX OF MILK IS A COMMITMENT TO THE FUTURE”

Ms. Bui Thi Huong – Executive Director of Human Resources - Administration - External Relations (Vinamilk) shared: “Vinamilk has always been interested in promoting the School Milk Program for more than 10 years, considering this as one of the most important activities of company. Vinamilk’s products have been carefully researched on supplementary micronutrients necessary for school-age groups, in consultation with many domestic and foreign nutrition experts, to ensure that students are provided with all the necessary nutrients during their learning process at school. Vinamilk’s greatest desire is that all Vietnamese children can drink milk every day, thereby improving the Vietnamese’s physical stature and rising Vietnamese people.”

14  
years

23  
provinces

more than 3 million  
beneficiary  
children

2020 contributed more than  
300 VND BILLION  
to the program

Especially in 2020, a difficult economic year for the majority of families due to the Covid pandemic, **sharing economic concerns with families**, Vinamilk contributed more than VND 300 billion to the program. In the provinces and cities where Vinamilk conducts the program, preschool and primary students from difficult households have an opportunity to drink free school milk with support from the local budget and Vinamilk.



### STAND TALL VIETNAM MILK FUND

In the context of numerous natural events such as severe drought, saltwater intrusion in the Southwest, floods in the Central region and the Covid-19 pandemic, which significantly affected all subjects in society, especially children in difficult circumstances, the mission **“For every kid to drink milk every day”** of Stand tall Vietnam milk fund is the Vinamilk to be more determined to bring glasses of milk and precious nutrients to children who are the future generations of the country.

Continuously for 13 years, Vinamilk has been accompanying with the Milk Fund to be a source of nurturing and sharing more than 37 million glasses of milk, equivalent to VND 163 billion, helping more than 460,000 children in all provinces and cities across the country from Ha Giang to Ca Mau to pay better attention to and take care of nutrition, creating a premise for the comprehensive physical and intellectual development of the children in the future.

### “STAND TALL VIETNAM” MILK FUND JOURNEY



13  
Years

37  
million  
glasses of milk  
equivalent to  
163  
VND billion

460  
Thousands  
children  
in difficult circumstances  
enjoy milk from the program

63  
cities/ provinces  
across the country

In 2020, with the message **“For the health and safety of children - Joining hands to repel COVID-19”**, Stand tall Vietnam milk Fund awarded a total of 1.7 million glasses in 27 provinces and cities nationwide with a total value of more than VND 12.5 billion. With every glass of milk given away, the Milk Fund extends the journey of connecting hearts and enthusiasm to children, spreading love and encouraging them to constantly strive to overcome difficulties and strive to rise for creating a better life for yourself and the society.







## NUTRITION COUNSELLING

Besides donating products, counseling and raising awareness about nutrition is the key task to bring optimal health effects. Vinamilk continues to organize nutrition communication programs through articles on official newspapers and seminars on health and nutrition in each locality to improve people's knowledge about nutrition and health improvement.

During the pandemic, Vinamilk's direct health examination and nutritional counseling for children and the elderly encountered difficulties. However, 24 programs still took place in 12 provinces. Especially, an intensive training series with the topic "Prevention and control of Sars-Cov-2 infection, the role of nutrition in health promotion and disease prevention" took place in 3 major cities: Ha Noi, Ho Chi Minh City, Hue.



At the same time, Vinamilk shared 67 articles on official newspapers revolving around hot topics that were of interest to consumers such as: Covid 19 epidemic prevention; Nutrition for the elderly; Nutrition for malnourished, stunted, underweight children,...; How to select and process food suitable for the baby's digestive system; Common diseases in the elderly and how to prevent them; Benefits of nut-based foods, Organic foods; ... which help consumers obtain the right information and knowledge to protect their family.



## SHARING THE LOVE

### PAIRS OF LOVING LEAVES

With the mission of **"Giving the opportunity to go to school and change the life"**, the program Pairs of Loving Leaves has come from remote villages in high mountains to rivers or islands throughout Vietnam. In that enduring journey, Vinamilk is one of the first **"Good Leaves"** to accompany the program on the journey to plant seeds of happiness.



Ms. Tran Thi My Binh, Director of Da Nang Branch, representing Vinamilk to give a scholarship of VND 50 million to help Nguyen Van Phap, who is an orphaned child living with his grandmother, so that he could have a firm support for the learning path ahead and reduce the burden on his grandmother.

"Pairs of loving leaves" is a community project of Vietnam Television in which Vinamilk participates as a **"Good Leaf"**, the main companion unit of the program, during the past 3 years to help many children all over the country to go to school. So far, the Pairs of loving leaves program has contributed to bringing the schooling opportunities and change the life of more than 3,600 children; mobilized and connected nearly VND 51.7 billion from the support of 11,589 donors, and spread the beautiful message of "good leaves covers torn ones" to the community.



Mr. Tran Huu Phuong - Director of Vinamilk Branch in Can Tho shared with the family of Hoang Thi Hong Ngoc.

Through Pairs of loving leaves, after 3 years as a **"Good Leaf"**, Vinamilk and the Stand tall Vietnam milk fund have had 12 journeys to 12 localities from the North to the South for supporting 12 "unhealed leaves" to go to school. Each destination in the journey is a different story and circumstance, but one common thing is the love and care given to the children. The journey of making dreams come true will surely leave the joy, hope and energy on children, so that the dreams of children in all parts of the country can fly higher. And in the future, the unhealed leaves will spread the love to life and become useful citizens for society.



Mr. Ngo Cong Thang, Director of Vinamilk Nghe An Factory, representing the company and the Stand Tall Vietnam Milk Fund visited the family and awarded scholarships worth VND 50 million to support Nguyen Canh Dat and his sister.



Mr. Nguyen Chi Cuong, Director of Vinamilk Tien Son Factory, Bac Ninh (to the right) paid a visit and awarded gift to family of Vuong Van Dai, 8 years old, in Bac Ninh, a poor household in the province.





## OUR HEARTS TO CENTRAL VIETNAM

Continuing the spirit of mutual love, the employees of Vinamilk has deducting one day's salary donated nearly VND 4 billion to help people suffering from natural disasters in Central Vietnam overcome difficulties and consequences after floods and storms.

“This year, the lives of the people in the central region face many difficulties when they suffer from the double impact of the Covid-19 pandemic and natural disasters, continuous storms and floods. With the tradition of mutual love and affection, Vinamilk's officers and employees unanimously deducted a day's salary to share difficulties with the people, encourage everyone to face this difficult period. We hope that the difficulties pass soon, the people in the Central region will soon return to their normal life”.

**Mr. Nguyen Trung**

Chairman of the Trade Union of Vinamilk



The happiness of people in flooded areas when receiving the love and sharing of difficulties caused by natural disasters.



## FOR A GREEN VIETNAM

The highlight in Vinamilk's journey for a green Vietnam is that Vinamilk and “A million green tree for Vietnam” won The Global CSR Award 2020, honored in the Top 10 Best Environmental Activities in 2020 for outstanding contributions to the community and the environment with A million green trees for Vietnam Fund.



The program “A million green trees for Vietnam Fund” has been implemented by Vinamilk in cooperation with the Ministry of Natural Resources and Environment since 2012. During 9 years of persisting in planting trees for the country, the program “A million green trees for Vietnam Fund” focused on areas where trees bring practical benefits such as: greening vacant land, bare hills; increasing green spaces in public areas, schools and reducing air pollution in residential areas and large cities; contributed to minimizing and coping with phenomena caused by climate change such as desertification, saltwater intrusion, and soil erosion in many localities; and contributed to the embellishment of the landscape at memorial sites, historical relics of invaluable spiritual value to the people of the country...



In 2020, with 270,000 trees awarded to Tuyen Quang and Thai Nguyen provinces, A million green tree for Vietnam Fund and Vinamilk officially finished with 1,121,000 trees planted at 56 locations in 20 provinces and cities with a total value of VND 12.5 billion in Vietnam greening journey during the past 9 years.



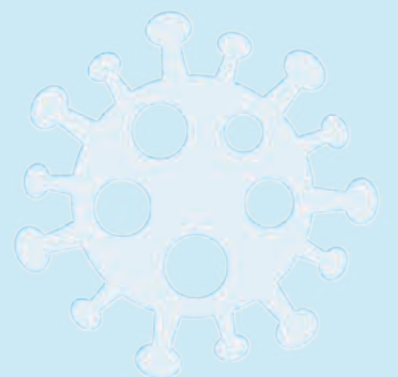
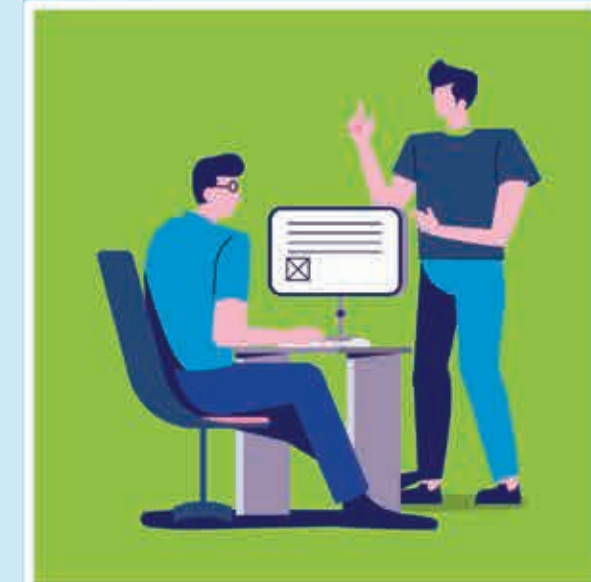
Green areas are gradually being formed from young mangroves planted by the 1 million green trees fund for Vietnam and Vinamilk in the riverside of Cha Va river, Ba Ria Vung Tau province.

The journey of planting “A million green trees for Vietnam” has been realized by the persistent efforts to fulfill Vinamilk's commitments and the cooperation and support of the community, the desire to spread love of nature and raise awareness about and responsibility for environmental protection of the community. A meaningful green journey has been completed, but the message “A million trees rise for a green Vietnam” will continue and spread to every citizen, everyone will join hands to protect the environment and keep the country green for today and for future generations.





# PARTNERS







In the context of global upheaval due to Covid-19, in addition to the intrinsic strength of the Company, the contribution from the comprehensive network of partners helped Vinamilk proactively and flexibly adapt to the new context, maintain the supply chain, ensure continuous production and business, overcome difficulties from epidemics and maintain Vinamilk's position with positive growth recognized in 2020.

#### SUPPLY CHAIN, FARMING AND PRODUCTION

**5,457** DAIRY FARMERS  
IN VIETNAM



MORE THAN **500** SUPPLIERS WORLDWIDE

#### VIETNAM DAIRY ASSOCIATION

#### PRODUCT RESEARCH AND DEVELOPMENT

CHR. HANSEN HOLDING  
A/S – DENMARK

DSM NUTRITIONAL PRODUCTS  
AG – SWITZERLAND



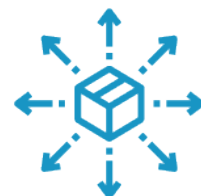
#### COMMUNICATION AND NUTRITION

NATIONAL INSTITUTE  
OF NUTRITION

VIETNAM CHIEF  
NURSING CLUB

#### OTHER PARTNERS

#### DISTRIBUTION



NEARLY **200**  
DISTRIBUTORS



**08**  
E-COMMERCE PARTNERS



**5,400**  
POINT OF SALE – SUPERMARKETS



**240,000**  
POINT OF SALE  
– CONVENTIONAL CHANNELS



**2,400**  
POINT OF SALE – CONVENIENCE STORES



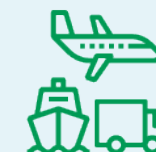
**21**  
TRANSPORTATION PARTNERS

#### VALUE CREATION

##### Building sustainable relationship



**99.3%** LOCAL DISTRIBUTORS  
ARE SATISFIED



**100%** INTERNATIONAL CUSTOMERS  
ARE SATISFIED

**30,270 VND BILLION** TOTAL TRANSACTION  
VALUE WITH SUPPLIERS

**84%** OF THE PROCUREMENT BUDGET FROM LOCAL SUPPLIERS  
WHERE VINAMILK'S OPERATION TAKES PLACE

##### Accompanying for sustainable development

**100%** OF SERVICE PROVIDERS IN LOGISTICS  
AND SUPPLY FIELD ARE ASSESSED  
FOR SUSTAINABLE DEVELOPMENT CRITERIAS



## ACCOMPANYING WITH VINAMILK

### SUPPLIERS

#### Selection of suppliers

Vinamilk's selection of suppliers is always based on defined criteria such as price competitiveness, quality of goods and services, food safety, occupational safety, sustainable development criterias and other appropriate standards and conditions. At the same time, Vinamilk always supports Suppliers which pursue workable and fair competition for common business goals and never accept illegal or unethical practices in competition.

Suppliers are required to respect the Code of Conduct as well as business ethics, comply with laws and ensure that the products and services provided to Vinamilk are qualified.

Vinamilk expects Suppliers and Partners to respect and accompany the Company in implementing social responsibilities, improving production capacity and orienting towards a sustainable supply chain. During its operation, Vinamilk will prioritize to accompany suppliers and partners who have the same opinion and have clear and transparent policies and commitments on social responsibility.



#### Assurance of sustainable relationship

Vinamilk always desires to ensure a stable and reliable supply of goods on the basis of sustainable relationships and harmonious benefits with suppliers at high standards. Therefore, Vinamilk strives to create an image of a reputable, respectful and honest company with Suppliers.

#### Strong financial capacity

- Vinamilk focuses on financial stability, timely ensures all business operations and cooperation, in the context of the economic upheaval due to Covid-19 epidemic.
- Consolidated net revenue reached VND 59,636 billion for in whole year 2020, increasing by 5.9% compared to 2019 and continuing to maintain the growth momentum.
- The Company maintains a high value of cash while managing cash flow efficiently, flexibly and safely, ensuring capital needs for production and business as well as project investment according to the plans.
- Payables turnover ratio is 9.3x (2019: 7.6x). The Company maintains a reasonable yet strict payment policy with suppliers, in consistency with the Company's operations.

#### Reputable brand

- Leading the Top 10 Sustainable Development Enterprises in Vietnam in 2020
- Leading the Top 10 Vietnam's Strongest local brands in 2020
- Vietnam's Top 10 Food Reputation Award in 2020
- Vietnam's 50 Best-performing Companies
- Vietnam's 50 Best Listed Companies in 2020

#### Fair and transparent relations

- Vinamilk commits to comply with the provisions of the Law relating to transactions with Suppliers.
- Vinamilk commits to transact with Suppliers on the principles of fairness, honesty, objectivity and benefits harmony.







## DISTRIBUTORS

### Connection

Distributors play an essential role in Vinamilk's widespread distribution system, which is an important connection between Vinamilk and consumers in product distribution, contacting and answering customers' usual questions.

### Selection criteria and evaluation

Each Distributor of Vinamilk is carefully evaluated and closely supervised, ensuring that it satisfies the Company's standards for:

- Business lines; legal records;
- Risk of conflict of interest;
- Financial capability; scale of infrastructure, transportation, warehouse;
- Management capacity and assurance of strict food safety and hygiene requirements;
- Building a working environment for employees at the Distributor.



### Partnership for co-development

Vinamilk always focuses on regularly communicating and interacting with the management team of the Distributors in order to promptly receive and correct shortcomings and grasp market changes. In team capacity development as well as improvement of Distributor's satisfaction with Vinamilk, in 2020, Vinamilk organized training courses for Sales staff:

- Designing sales training and communication content.
- Developing the capacity of sales staff.
- Customer care skills for and customer relationships development.
- Building a highly effective team.
- Improving customer service quality and providing general knowledge about logistics.
- Analytical and problem solving skills.

## INDUSTRY ASSOCIATIONS AND NUTRITION PARTNERS

### Creating a nutritional foundation for the community

Strategic cooperation with domestic health organizations and international nutrition groups is part of the Company's efforts for the development of children and improving the health of Vietnamese people. Vinamilk has always pioneered the application of achievements in nutritional science to introduce international quality dairy products, improve the health of the community, as well as mark a great progress of the Vietnamese nutrition industry.

### Vietnam Dairy Association

Vinamilk is a member of the Vietnam Dairy Association and give opinions to the legal documents and activities of the Association.

### Nutrition partners

Cooperating with many leading nutrition partners such as: Chr.Hansen (Denmark), DSM (Switzerland), updating advanced research, introducing international quality nutritional products to domestic and foreign consumers.

### National Institute of Nutrition

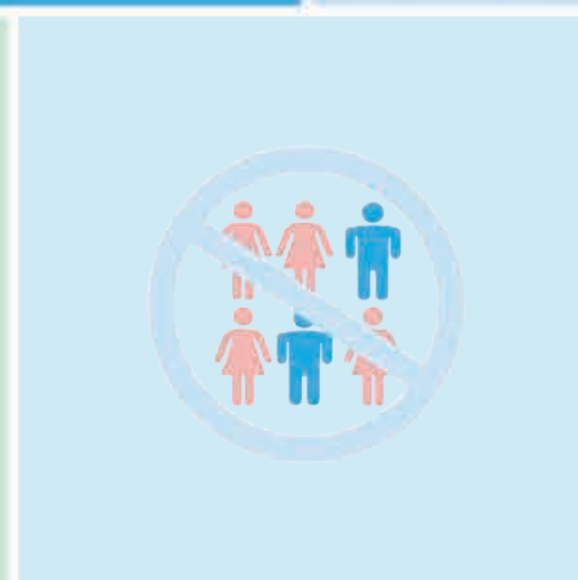
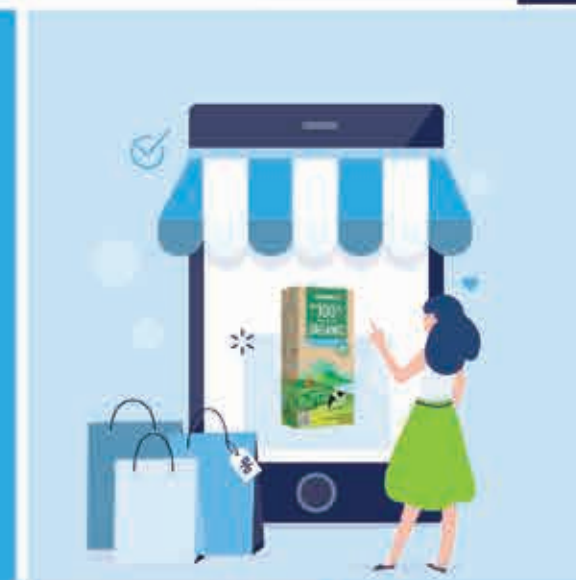
Cooperate in carrying out nutrition researches and clinical trials of Vinamilk's products.





# CUSTOMERS

In addition to quality products, Vinamilk always offers Customers a variety of shopping experiences. Especially in the situation of Covid-19 epidemic, besides other choices as shopping such as at stores or supermarkets, online shopping via Vinamilk E-shop website has become a convenient choice for Customers as it can satisfy the needs of buying nutritional products while ensuring health safety during the epidemic period.





**MEET VINAMILK EVERYWHERE**

- Television
- Website [vinamilk.com.vn](http://vinamilk.com.vn)
- Facebook, Youtube, Instagram,...
- Advertisement on Pano - Billboard
- Trade Promotion programs and events

- **EXPERIENCE AND SATISFY CUSTOMERS' UNIQUE PERSONALITY**

- More than **200** types of products
- **13** commodity sectors

**Meet Vinamilk**

- **VARIETY OF PROMOTIONAL PROGRAMS**

- Redeem GrabRewards points
- Redeem My Viettel points
- Pay/Preferential payment via Sacombank Pay
- Promotions on important days: Tan Suu New Year, Vietnamese Teacher's Day on November 20, Family Day on June 28, International Women's Day on March 8, Vinamilk Birthday, ...
- Attractive promotion products for all types of customers

**INTERNATIONAL MARKET APPROACHING**

- **21** new export customers
- **79** customers have new transactions
- **12** international trade promotion programs through traditional forms and e-commerce
- **39** trade support programs for international partners and customers

**VIETNAMESE PRODUCT – INTERNATIONAL QUALITY**

- Food Safety System Certification FSSC 22000
- Organic product following EU standard

**TRANSPARENT AND COMPETITIVE PRICING**

- Transparent pricing policy
- Competitive prices for each product segment
- Offer more opportunities for product approaching to consumers
- Many discount policies and promotions

**Trust Vinamilk****COMMITMENT TO PROTECT CUSTOMER DATA**

by Privacy Policy.

Process for handling complaints related to customers' personal information:

- Tel: 1900 636 979 (Press 1) or 028 54161271
- Email: [eshop@vinamilk.com.vn](mailto:eshop@vinamilk.com.vn)

- **STRONG BRAND OF VIETNAM**

- Vietnam high quality goods (1997-2020)
- The most-buying product in Vietnam by consumers (2013-2020)
- National brand for 10 consecutive years (2010-2020)
- The sustainable enterprise in production in 2020
- Top 50 largest dairy companies in the world
- Top 10 most powerful brands in Vietnam
- Top 10 prestigious companies in the Food and Beverage industry in 2020
- Prestigious exporter in 2020
- Cumulative exports to 55 countries and regions

**VARIETY OF PRODUCT EXPERIENCES**

- Shopping at stores:

**465**stores of  
Giac Mo  
Sua Viet**240,000**retail stores  
(traditional channel)**7,800**large and small  
supermarkets,  
convenience  
stores

- Online shopping:

- E-Shop website [giacmosuaviet.com.vn](http://giacmosuaviet.com.vn)

- Mobile app of Giac Mo Sua Viet

- 08 E-commerce partners

**FLEXIBILITY IN PAYMENT**

- Cash on delivery
- Online payment via card – International, Domestic cards (prepaid via online payment on the website)

**QUICK DELIVERY**

- Delivery within the day with orders placed before 10:00 am
- Free shipping with orders over VND 300,000

**Choose Vinamilk****LIVING GREEN WITH CUSTOMERS**

- Use cloth bags and eco-friendly biodegradable bags to minimize plastic waste.
- Change package towards environmental protection: remove label on bottle cap, reduce the amount of plastic scoops, reduce shrink wraps, ...
- Add the recycling icon on the Yogurt and Probi Yogurt packages.

**ENHANCE CUSTOMER EXPERIENCE**

- Launch and re-launch nearly 20 products in 2020
- New products focusing on consumers' health (supplements of swallow nest, organic products, etc.) and new flavors (Nuggets yoghurt, New flavored fruit juice as Pomegranate - apple, Kiwi - apple, ...)

**CUSTOMER LOYALTY PROGRAM WITH MANY ATTRACTIVE INCENTIVES****LISTEN AND SURVEY CUSTOMER TASTES****VARIETY OF CUSTOMER CARE CHANNELS**

Quickly provide the best support and satisfaction to customers' requirements in case of any questions, nutritional advices or complaints about product quality.

- Tel: 1900 636 979
- Website: <https://www.vinamilk.com.vn/vi/goc-khach-hang>
- Email: [vinamilk@vinamilk.com.vn](mailto:vinamilk@vinamilk.com.vn)
- Facebook:

- Giac Mo Sua Viet - Vinamilk eShop

- Vinamilk - Bí Quyết Ngon Khỏe Từ Thiên Nhiên

- Vinamilk Baby Care

Reception of questions, complaints from customers 24/7

Specialized switchboard for Nutrition care which is always updated with questions and answers to ensure 100% satisfaction of calls for nutrition consultation:

<https://www.vinamilk.com.vn/vi/tu-van-dinh-duong>**Love Vinamilk****CUSTOMER SATISFACTION SURVEYS**Domestic **99.3%** International **100%****100%** consultation calls, emails are replied effectively to customers.There are over **67 health articles** with topics on nutrition for children, the elderly, women, the sick and Covid-19 epidemic prevention on the Company's website and other newspapers.



## Chapter 04

### PRODUCTS

<b>Vinamilk – Building Community health foundation</b>	<b>140</b>
• An essential nutrition source	142
• Creativity	152
• Quality	154
• Transparency	158
<b>Vinamilk – A Proud Vietnamese Brand</b>	<b>160</b>
• Proud to be the pioneer in the white revolution	160
• Proud for a Rising Vietnam	161
• Proud to be at the forefront of technology	162
• Product responsibility indicators in 2020	164





## Building Community health foundation

Providing a sustainable nutrition source to a global population of 9.7 billion people by 2050 while satisfying the United Nations' Sustainable Development Goals (SDGs) is a major challenge for the entire global food chain as the food supply system is facing many problems related to depletion of natural resources.

Vinamilk realizes that the task of maintaining food security requires products to be of high quality, providing a healthy and essential nutrition source; the value chain must be flexible, efficient and sustainable while integrating initiatives in a variety of aspects from quality to nutrition, from finance to technology, from environmental protection to adaptation to and mitigation of climate change, especially the information connection and inheriting nutritional practices among leading nutrition groups.

Over the past 44 years, Vinamilk has always cared for its customers and led the trend with responsibility, passion for unceasing creativity and steadfastness with its vision and mission. So far, Vinamilk has developed more than 250 products with 13 categories.

More than **250** Products  
**13** Categories



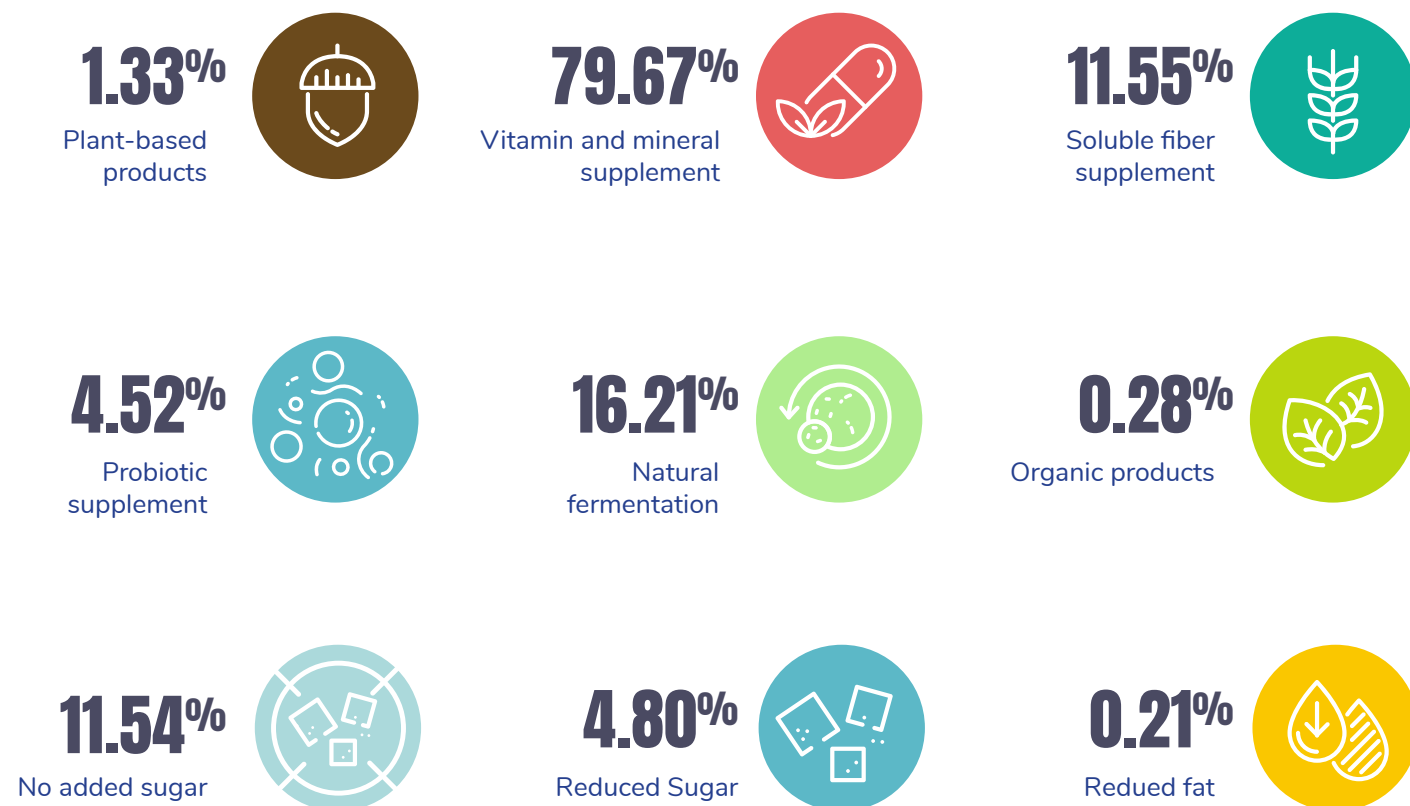
## AN ESSENTIAL NUTRITION SOURCE

### NUTRITION HOUSE

Nutrition is an essential source of for body growth and health. As time goes by, nutrition has always been focused and has become hotter than ever. In light of increasing food scandals, global obesity rate growth, stunting Vietnamese children and escalating health concerns, Vinamilk believes that Nutrition is not only limited to providing essential energy sources but also provides good values, suitable for the health and characteristics of each physical condition.

Therefore, Vinamilk is constantly striving to build a solid foundation for “**Nutrition House**” - where every consumer not only finds nutritional options which have been specifically researched and developed for the their needs, feel confident with products from a 44-year innovative enterprise, but also feel happy with the value and experience brought by Vinamilk's products and services.

Ratio of Vinamilk products in 2020







### VITAMIN AND MINERAL SUPPLEMENT

Vitamins and minerals are essential nutrients for our body, which play an important role in the structure of cells, metabolism, energy supply as well as all life activities of the body.



### NATURAL FERMENTATION

Vinamilk products are naturally fermented from pure milk based on European modern technology, without heat treatment after fermentation, keeping the essence of nature.



### REDUCED SUGAR

The tendency to tolerate less sugar is suitable for your needs and physical condition, replenishing your energy to be healthier.



### PLANT-BASED PRODUCTS

Made from natural nuts, providing essential nutrients for the body.



### PROBIOTIC SUPPLEMENT

Probiotics are supplemented to the daily diet to balance the intestinal microflora. Health is improved when the body has a healthy intestinal tract and a good digestive system.



### SOLUBLE FIBER SUPPLEMENT

Soluble fiber facilitates digestion.



### ORGANIC PRODUCTS

Vinamilk's organic products which satisfy EU Organic standards win the trust of the majority of consumers thanks to great health benefits.



### NO ADDED SUGAR

Keeping the natural flavor of the products.



### REDUCED FAT

Low-fat foods are considered suitable for those who need to control their weight and cholesterol levels to maintain a healthy heart.



## NUT MILK - PLANT-BASED NUTRITIONAL TRENDS

Urbanization, population explosion, increasing income ... are the main factors influencing consumer behaviors, thereby not only increasing the demand for protein in nutrition but also promoting concerns about human health and the environment, paving the way for the development of the alternative protein market. One of the most prominent alternatives is plant-based milk.

By studying and launching a range of nut-based milk products, Vinamilk contributes to food security assurance, shaping the new nutritional trends, and accompanies a healthy and natural-friendly lifestyle.

In Vietnam, Vinamilk nut milk products are positively welcomed by consumers. Products from nuts such as walnuts, almonds, soybeans, red beans ... are considered an indispensable source of nutrition for those who aim for a “**clean - green**” lifestyle. Products provide protein in a quick and convenient way, effectively replenishing your energy. In particular, low-fat, low-cholesterol nut-based dairy products are considered to be an excellent source of nutrients for the heart, containing vitamins and minerals, suitable for people with lactose intolerance, making them ideal for those who follow the trend of vegetarian diet and animal protein restriction.

Vinamilk nut milk products are undergone a closed production line in compliance with European standard technology with 100% non-GMO selected materials, high-class walnuts and almonds imported from the US. Products are invested in research and development to ensure “original taste” of nuts while satisfying the quality and nutritional requirements of consumers.

In addition to the domestic market, in June 2020, Vinamilk successfully entered into an export agreement valued at \$ 1.2 million for exporting soymilk to Korea. This is not a small number in the context that the world economy is still influenced by Covid-19 pandemic. As a developed country with high living standards, Korea has never been an easy market to conquer.



## PROBI - THE SECRET TO PREVENTING THE FLU

2020 was a year of turmoil when Covid-19 pandemic has changed the majority of people's awareness of health around the world. People believe that preventing influenza is better than treating the influenza and the motto of strengthening the immune system has been more concerned than ever. As a protective bracelet, the immune system keeps our body healthy and avoids numerous inflammatory diseases. A healthy immune system starts with a healthy intestinal tract since which is home to many lymph nodes, functioning in producing up to 70-80% of the body's immune cells. One of the most effective ways to boost your immune system is to get a probiotic supplement.



**Mechanism of probiotic supplementation, enhances the body's resistance.**



Vinamilk Probi drinking yogurt with modern fermentation technology from Europe, contains about **20 billion** probiotics / 100ml, supports intestinal immunity, enhances the body's resistance.



## VINAMILK - GREEN NUTRITION

## CERTIFICATION

**VINAMILK IS THE FIRST ENTERPRISE IN VIETNAM** satisfying the European ORGANIC standards. From the farm, the factory to the final flow of delicious milk, all satisfy the strict European Organic Standards.



China Organic Certification

02  
Farms01  
Factory

EU Organic Certification

03  
Farms03  
Factories01  
Raw Milk Center02  
Logistics enterprises

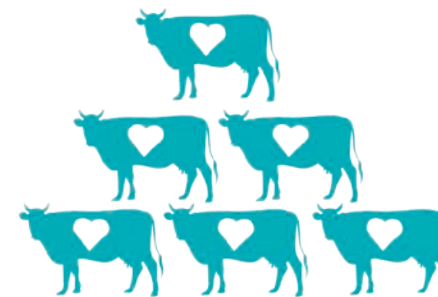
Certified by a reputable body authorized by the European Commission (EC)

## FARMS

**NON-GMO GRASSLAND**



**NO** pesticides and chemical fertilizers are used for cleaner air and water pollution reduction.



**COWS ARE FREE FROM GROWTH HORMONES**  
Good cow welfare



## PRODUCTION

Factories with strict, closed and automatic production line **SATISFYING EUROPEAN ORGANIC STANDARDS.**



MATERIALS SATISFY

**3-NO STANDARD**

No growth hormone

Non GMO

No antibiotic residue.

**IN 2019, VINAMILK WAS THE ONLY ASIA REPRESENTATIVE**

invited to share Organic at the 13th Global Dairy Conference held in Lisbon (Portugal) with the participation of companies in the Top 50 The largest dairy group in the world.



For more than 44 years of establishment and development, Vinamilk has always strived to bring optimal nutritional solutions suitable to the physical conditions of Vietnamese people, aiming to meet the increasing demand for both product types and quality. Especially, bringing international standard nutritional products closer to domestic consumers.

By marking the Vietnamese product on the world organic milk map, in line with the trend of using organic food that has developed for many years in Europe, America, Vinamilk has strongly spread the green and clean trend, directing people towards a healthy, natural lifestyle, without chemicals such as fertilizers, pesticides or genetic modification. The organic farming process also protects the natural environment from chemical changes, contribution to preservation of the Earth for future generations.

## PRODUCTS

2016

**VINAMILK WAS THE FIRST DAIRY COMPANY IN VIETNAM**

to produce premium 100% organic fresh milk in compliance with European organic standards. The launch of Vinamilk 100% Organic Fresh Milk also marks a turning point for Vinamilk on the integration journey:

2019

Launch of Vinamilk Organic Gold Powdered Milk and Baby Nutrition Powder, **THE FIRST ORGANIC EU-PRODUCED BRAND IN VIETNAM.**

2020

Successful production of low-sugar **ORGANIC YOGURT WITH EU ORGANIC CERTIFICATION**



## VINAMILK – A NUTRITIONAL FRIEND OF YOUR FAMILY

Vinamilk has always cared and focused its resources to develop and diversify product lines with good quality, high value and in line with the physical conditions of diverse customers. In addition to the main product lines, Vinamilk has developed many new product groups, continuously expanded the product portfolio, and specialized in products

for each user. Since then, Vinamilk has offered customers a variety of optimal nutritional solutions and interesting experiences, becoming a nutritional friend of all families, so that each family member finds the right choice for nutritional requirements.

### Nutrition solutions for special subjects:

- People with diabetes
- Elderly people and poor appetite
- Canxi supplement.



Essential nutrients for a supply body with full of energy.



Energy from Plant-based products helps the body healthy and full of energy.



Yogurt is not only the family's favorite friend, but also a friend of health and beauty.



Gourd milk is a complete source of nutrients to help supply essential vitamins and minerals for pregnant mothers, support health, improve resistance, and support a healthy pregnancy.



Weaning is a milestone in a child's development in the early years of life. Vinamilk nutrition powder fully supplements 4 essential groups of nutrients to help babies absorb nutrition, grow and being healthy.



Nutrition plays a very important role in the development of children both physically and intellectually. Milk is a complete nutritional solution, accompanying mothers to establish a foundation for children's health and comprehensive development in the first years of life.



Dairy products contain proteins, fats, vitamins and minerals, and high levels of calcium and well-balanced phosphorus, which are essential for all ages.



## CREATIVITY

**“For the top products in the market,  
it must be always be creative. Creativity is vital.”**

Mai Kieu Lien – Vinamilk’s Chief Executive Officer

In light of intensive and comprehensive international economic integration, innovation and creativity are the driving force and optimal solutions to improve market competitiveness. Grasping the trends of society, Vinamilk has constantly made breakthroughs and innovated through timely, decisive and urgent action in the creation and innovation in order to bring valuable and nutritious products which are suitable and satisfy the needs of each customer.

**2020**

Vinamilk has successfully studied  
and launched

**10**

New products

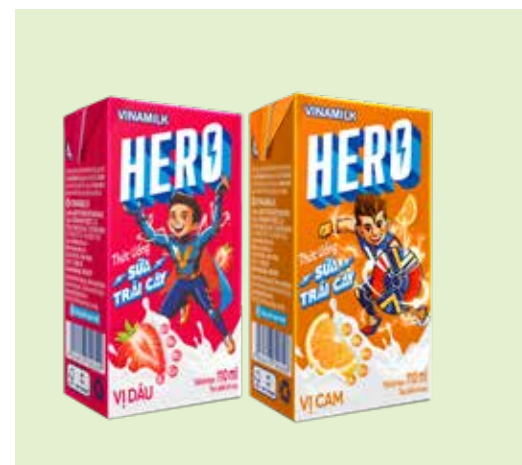
**09**

Innovative  
products

**09**

New products for  
export markets

In 2020, the whole world struggled with the Covid pandemic which has been negatively affecting all aspects of social life. Most enterprises were affected more or less because of this pandemic, and Vinamilk was not an exception. However, by grasping the social situation and consumer trends, Vinamilk has turned risks into opportunities for continuous innovation, research and introduction of new products, and improvement of existing products which are suitable with the constantly changing needs of consumers.





## QUALITY

### Quality determines our own success

Food safety issue has become a hot topic and deeply concerned by all consumers in the domestic and foreign markets, and also the “concern” of all enterprises.

At Vinamilk, “Quality” is the vital factor, and the first fundamental seed that is cherished to be incubated and cultivated to become a great tree. That is the lasting value over time, helping Vinamilk to firmly overcome various challenges. Quality is the key to the Sustainable Development

As quality always serves as the goal and guideline for all enterprises in all activities in order to constantly affirm its position in customers’ trust, Vinamilk always puts quality on top and constantly strives for reaching new heights with the aspiration to bring customers quality products that exceed expectations.

Vinamilk believes that consumers do not simply buy a product, but they buy the peace of mind in the “**quality**”, the “**brand**” reputation and the “**satisfaction**” of the services. Respecting customers’ “**confidence**” in Vinamilk, every product produced by Vinamilk is cared from the “pregnancy” moment until coming to the hands of each consumer. Vinamilk’s product quality is controlled according to a strict procedure from raw materials until delivery to consumers, providing absolute “reliability” for each customer.





## FROM FARMS

12  
FARMS

Farms certified with ISO 9001: 2015, GlobalG.A.P

03  
FARMS

EU Organic standards

02  
FARMS

China Organic standards

Quality products require a source of milk from happy, specially nourished cows. At Vinamilk, the cows are cared for in a “paradise” environment that creates a comfortable mentality to help the cows stay healthy and produce high quality and productivity milk. In addition, the feed for cows is also designed by international nutritionists and mixed by TMR method, Assure:

1. No chemicals in animal feed and drink.
2. No insecticides.
3. No chemical fertilizers on the forage field.
4. No antibiotics.
5. No weight gainers.

## MATERIAL SOURCES

100%

Of controlled materials before putting into production



- Raw materials are selected from reputable domestic and foreign suppliers.
- Technical requirements for input raw materials are established based on the requirements of applicable laws and international standards.
- Supplier risk classification and assessment.
- 100% of new suppliers are evaluated.
- 100% of existing suppliers are assessed annually by a program set up on the ERP system through the criteria of goods quality and service quality.
- The goods delivery process are monitored and unscheduled reviews are conducted.



## PRODUCTION

13  
FACTORIES

Certified with ISO 9001: 2015, FSSC 22000, GMP, ISO 17025, Halal, ISO 14001, ISO 50001, ISO45001

03  
FACTORIES

Certified with the EU Organic standards

01  
FACTORY

Certified with the China Organic standards

01  
FACTORY

Certified with BRC standards

PDCA cycle is applied in production in strict compliance with regulations on sanitary conditions of factories, environment, machinery and equipment and personal hygiene according to food processing industry standards. A strict and efficient management system, based on the integration and risk management according to ISO 31000, throughout the operation chain.

**1. Planning**

- Researching and developing products & establishing engineering processes.
- Setting up technical requirements for output products to satisfy international standards and regulations.
- Analyzing, assessing and controlling hazards at all stages.
- Setting up the production control system.
- Validation through appraisal and verification.

**2. Implementation**

- Production as planned.
- Implementation of production management on the ERP system.
- Establishing a mechanism for addressing nonconformity.
- Establishing and maintaining an effective system for emergency response and crisis management.

**3. Control**

- Strictly following control steps in the production process.
- Checking the effectiveness of the traceability system, assumption return on an annual basis.
- Internal and external evaluation.

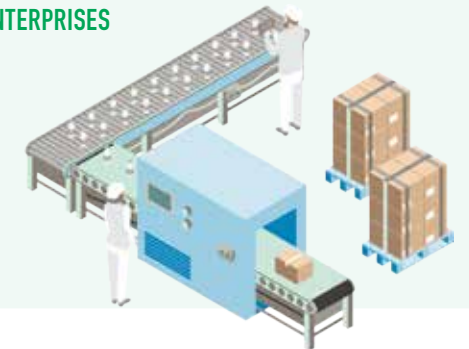
**4. Innovation**

- Developing a mechanism for recognition of employees' contributions and improvements.
- Continuous system innovation.

## TO PRESERVATION AND DISTRIBUTION

02  
LOGISTICS  
ENTERPRISES

Certified with ISO 9001:2015, EU Organic standards



The distribution system is not simply about bringing goods to consumers. In fact, the distribution system comes with strict factors such as: warehouse temperature, goods loading method, and shipping method which directly affect the safety and quality of products. Realizing such matters, Vinamilk focuses on building a system of storing, preserving and distributing food in compliance with safety standards to bring the freshest and most delicious products to each consumer.

**1.Storage and preservation**

- Developing technical requirements of products during storage in accordance with the characteristics of each product.
- Building specifications for loading and unloading goods in the storage process.
- Building modern infrastructure with control system on the basis of GMP and ISO 22000 to ensure that products are stored and preserved in accordance with technical requirements.

**2.Distribution**

- Conducting capacity assessment prior to conclusion of a contract.
- Ensuring that the distributors have obtained certificate of eligibility for food safety and hygiene.
- Ensuring that infrastructure satisfies requirements on area, environment, and temperature to suit each product's characteristics.
- Ensuring pest control and compliance with the Ministry of Health's requirements on the use of insecticidal and germicidal chemicals and preparations.
- Monitoring process and carrying out periodic and unscheduled reviews.



## TRANSPARENCY

“Taking creativity as the vital factor, Quality as the foundation,

### TRANSPARENCY IN GOODS LABELING

Goods label is a way for Vinamilk to **“communicate”** with consumers. The clear disclosure of the origin and product label information is an important factor contributing to increasing competitiveness in the context of economic integration. The clearer and more transparent information is presented on the label, the more piece of mind and trust the consumers will put in products. Accordingly, all product information of Vinamilk is:



Transparent



Sufficient, timely  
and effective



Effectively interact with  
customers and stakeholders



Consistent, synchronous  
across all communication  
channels



Comply with Vietnamese labeling  
laws and international practices  
such as Codex, FDA,...



Orienting towards smart  
consumption trends.

In 2020, no violations on trademark and product information disclosure were committed by Vinamilk.

**100%**  
Of Vinamilk  
products

- Information on label complies with Vietnamese law
- Products are published as required by law
- Product labels are controlled according to the label and packaging design process with the participation of Marketing, Research and Development, and legal departments to ensure that information is always truthful, accurate and transparent.



In addition, Vinamilk uses QR code traceability technology for product lines such as 100% Organic Fresh Milk, 100% Fresh Milk and Vinamilk Organic Gold Powdered Milk. Accordingly, each product has only one “Birth Certificate”, which is a unique QR code with information encrypted by Blockchain that cannot be replaced, modified or forged. By scanning the QR code at the bottom of the product box, consumers may easily access full information about the products.

Vinamilk also bases on transparency to spread the trust”

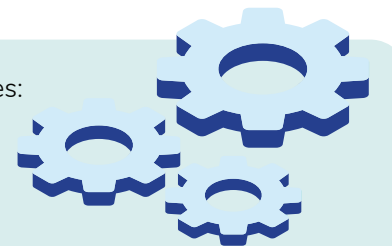
### HONESTY AND RESPONSIBILITY IN MARKETING

At Vinamilk, Honesty starts from internal affairs to marketing campaigns on the market. When customers expect sincerity and authenticity from the brand, this will inevitably become a more and more popular trend. Vinamilk ensures to provide consumers with complete and truthful information about the goods and services provided. Marketing activities are conducted legally, honestly, openly and transparently and ensure the legitimate rights and interests of consumers without infringing upon the legitimate rights and interests of other organizations and individuals. Marketing programs and activities must ensure compliance with relevant laws and regulations of the Company, in particular:



Marketing programs of Vinamilk are managed according to the following principles:

- Be Established by specialized department.
- Be Reviewed by legal division.
- Be Monitored by mechanism of implementation monitoring and continuous improvement.





## A Proud Vietnamese Brand

### VINAMILK – PROUD TO BE THE PIONEER IN THE WHITE REVOLUTION

Vietnam is not a country with milk production tradition. The vast majority of people do not have the habit of drinking Milk every day. Since the years when “keeping children warm and well fed” was a dream of many families, Vinamilk has cherished the mission titled **“For Vietnam to rise”** journey. Upon its foundation (1976), Vinamilk faced numerous difficulties such as lack of machines, equipment, and technical workers ... Raw materials for production must be completely imported while a strong foreign currency source was not ensured. At that time, the greatest concern of Vinamilk’s leaders was how to restore production, access cheap raw

materials, and actively control raw material sources, thereby reducing product costs, creating favorable conditions for every citizen to access and use dairy products. In order to overcome such difficulty and actively control raw material sources for milk production, Ms. Mai Kieu Lien and Vinamilk leaders concretized the goal by building domestic raw material areas, **starting the “white revolution” in 1991.**

Passing over 4 decades, Vinamilk has constantly improved policies, invested in modern technology and machines, purchased milk from farmers at reasonable prices; supported farmers with breeds, veterinary medicine, breeding techniques; milk storage equipment and did not hesitate to reduce interest for encouraging the development of domestic dairy herds....

Accompanying with the development of the country, Vinamilk is proud to have significantly contributed to the country’s economic reform as well as improving people’s nutrition.

Vinamilk will certainly continue its significant progress because in addition to its strategic vision and effective operating capability, consumers’ trust and pride are the driving force for Vinamilk’s sense of responsibility and continuous improvement, worthy of the pioneering role in building a strong dairy industry in Vietnam.

In parallel with the farmer associating model for expanding the breeding area, Vinamilk established dairy cow farms from the North to the South, increasing the total herd from **3,000** heads (in 1991) to **32,000** heads (2020), with milk productivity reaching **148,831 tons/year**, accounting for **44%** of milk materials for production.

**“The most important thing is that we have a dairy cow farming system. This will help us to achieve the autonomy of raw materials, the autonomy of everything, the autonomy of price. If there were no raw material areas, perhaps there would be no Vinamilk today”**

**Ms. Mai Kieu Lien**  
Vinamilk’s Chief Executive Officer shared

### VINAMILK - PROUD FOR A RISING VIETNAM

It can be said that throughout its journey, Vinamilk has accompanied Vietnamese enterprises for continuously establishing new miracles to elevate the Vietnamese brands and raising Vietnam to new heights.

Vinamilk is a national brand with more than 44 years of establishment, development and association with many generations of Vietnamese people. Not only being one of the leading brands in Vietnam, the position of Vinamilk’s brand in the world market is increasingly confirmed. Starting to export products in 1997, so far Vinamilk has been present in 55 countries and territorial regions, bringing the Vietnamese dairy brand closer to the world’s consumers.

Recently, Vinamilk brand has been honored by Forbes Vietnam in the ranking of the 50 leading brands, with a value of 2.4 billion USD, increasing by 200 million USD in comparison with 2019. Vinamilk is also the brand of milk which Vietnamese consumers choose to buy the most in 8 consecutive years (2012-2020) according to Kantar’s Worldpanel. Vinamilk has always maintained the name of “High Quality Vietnamese Goods” for 24 consecutive years (1996-2020). Leading Top 10 Vietnam’s most powerful brands, Top 1000 Asia’s leading Brands (Campaign Asia & Nielsen); Top 10 prestigious companies in Food and Beverage industry in 2020.

According to Campaign Asia-Pacific, surveys show that consumers are choosing to support companies that have supported society in Covid-19 epidemic and especially in Vietnam, the development of national brands had a strong connection with the innovations in the difficult times led by Covid-19.

Since the Covid-19 epidemic appeared in Vietnam till present, Vinamilk has always been an active company accompanying the Government and the community in disease prevention activities. Up to now, Vinamilk has donated a total of nearly 40 billion VND for disease prevention activities and supporting the community to overcome difficulties caused by Covid-19.

Moreover, Vinamilk is also the leading nutrition group in Vietnam bringing international quality nutritional solutions to millions of Vietnamese families. Vinamilk’s products are the combination based on the knowledge about the nutritional and physical needs of Vietnamese children in particular and Vietnamese people in general. Together with the National Institute of Nutrition of Vietnam and the world’s leading nutritionists, Vinamilk has been bringing to Vietnamese consumers international quality and high-value products.





## VINAMILK – PROUD TO BE AT THE FOREFRONT OF TECHNOLOGY



The automatic milking unit which can receive more than 200 cows/milking



Modern production line of Vietnam Dairy Factory



The smart LGV Robot application for optimizing performance at the factory



Modern smart warehouse system ensuring maximum safety and quality for products

“The current dairy market witnesses a fierce competition. There are many dairy producers in the world and almost famous brands have been present in the Vietnamese market. Therefore, in order to increase the competitiveness and dominate the market share, we must boldly invest in the latest production technology” - Ms. Mai Kieu Lien - Vinamilk’s Chief Executive Officer once shared. Vinamilk steadily pioneered the application of modern science and technology in production and business. Possessing an extensive system of factories and farms, state-of-the-art automatic production lines, Vinamilk is constantly searching for and applying modern science and technology to production with the aspiration of being paving the way to the pinnacle of technology. By digitizing the business management system and applying technology 4.0 in the value chain, from farming, production, business support to distribution, Vinamilk affirms that technology is the key to success.



## PRODUCT RESPONSIBILITY INDICATORS IN 2020:

INDICATORS	OUTCOME
Number of factories certified ISO 9001: 2015; FSSC 22000	13
Number of factories with laboratories certified according to ISO 17025	13
Number of factories registered US FDA	7
Number of factories certified that production meets the milk production method according to EU Organic standards	3
Number of factories certified that production meets the milk production method according to China Organic standards	1
Number of farms certified GlobalG.A.P standard	12
Number of farms certified EU Organic Standard	3
Number of farms certified China Organic Standard	2
Number of food safety and hygiene violations	0
Number of product recall cases due to quality failure	0
Total number of incidents of non-compliance with regulations and standards (voluntary participation) with respect to health and safety impacts of products and services over the life cycle	0
Total number of incidents of non-compliance with regulations and voluntary rules with respect to product and service information and labeling	0
Selling prohibited and disputed products	0
Total number of cases of non-compliance with communication and marketing laws and voluntary regulations, including advertising, promotion and sponsorship by result type	0
Total number of documented complaints about a breach of customer privacy and loss of customer data.	0
Monetary value of significant fines against non-compliance with laws and regulations governing the provision and use of products or services	0







## Chapter 05

### NATURE

Resources - energy consumption & emissions in 2020	168
Sustainable land management and biodiversity protection	180
Water consumption efficiency and responsible mining	186
Sustainable energy	188
Circular economy	192
Waste management	196
Good cow welfare	198





## Resources - energy consumption & emissions in 2020



### Soil and microclimate

Agricultural practice according to international standards:

**GLOBALG.A.P**  
**ORGANIC EU**  
**ORGANIC CHINA**

**432.51** hectares

of cultivated land by organic methods

**198.40** hectares

of land converted to organic



### Energy

Energy management system according to **ISO 50001**

Energy consumption  
**1,837** kJ/ton  
OF PRODUCT



### Animal welfare

Good animal welfare

Practice according to GlobalG.A.P International Standards and organic agriculture standards



### Water

Environmental management system according to **ISO 14001**

Use

**5.12** m<sup>3</sup>/ton  
PRODUCT

**237,309 m<sup>3</sup>**

of water circulated and reused  
(5.15% of water used in production)



### Plastic reduction

Application of

**CIRCULAR ECONOMY**

Reduce plastic material consumed

**↓ 214,885 kg**



### Emissions

**100%**

equivalent to 3,509,889 m<sup>3</sup> of wastewater from production activities is treated to meet standards before being discharged into the environment

Hazardous waste emissions

**0.14** kg/ton  
OF PRODUCT

Domestic waste emissions

**0.98** kg/ton  
OF PRODUCT

Scrap emission

**7.79** kg/ton  
OF PRODUCT

**100%**

OF CONTRACTORS INVOLVED IN WASTE DISPOSAL ARE LICENSED.



### Carbon Footprint

CO<sub>2</sub> emissions

**182.67** kg/ton  
OF PRODUCT

No law violation,  
no environmental problems in  
production activities



## NATURE IS THE FOUNDATION AND COMPANION OF ALL LIFE



The Covid-19 pandemic in combination with increasingly extreme weather events leading to habitat degradation is a warning that the health of nature is reflected in the health of humans and every creation on Earth. Human activities along with economic development have seriously affected the nature and the ecosystems. Addressing environmental problems is just as urgent as response to the Covid-19 pandemic and the current climate crisis.

Joining hands with the community, Vinamilk is always aware of environmental protection and accountability through climate, environmental protection actions and application of circular economy to jointly create a green foundation for a healthy and healthy.

At Vinamilk, all activities of using and exploiting natural resources must always be associated with sustainable development, minimizing environmental impacts and sustainable development orientation for investment projects.



### Soil

- Organic livestock farming.
- Good agricultural practices.
- Application of high-tech science and technology to land cultivation.
- Crop rotation, maximizing the organic fertilizers used in the soil to replace chemicals and inorganic fertilizers.



### Water

- Ensuring water resources are exploited, consumed economically, effectively and waste sources are well-controlled.



### Energy

- Exploiting sources of clean energy and renewable energy.
- Prioritizing the use of equipment with advanced technology to save energy.
- Applying technical criteria on energy consumption for new equipment and technology in activities of investment /upgrading/replacement of old equipment and technologies in order to save energy and reduce emissions and pollutants into the environment.
- Continuous innovation for improvement of the effectiveness and efficiency of the Energy Management System ISO 50001.



### Resources

- Maintaining and Continuously improving, always striving to find solutions to prevent pollution, increase efficiency in the use of resources and materials to prevent or minimize adverse impacts on the environment and life according to the criteria of environmental protection and climate change response.



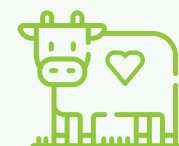
### Waste

- Minimizing waste: domestic waste and hazardous waste.
- 100% of waste is controlled and disposed of in according to regulations of the law.
- Constantly improving continuously to improve the effectiveness and efficiency of the ISO 14001 environmental management system.



### Carbon Footprint

- Minimizing carbon footprint on the green growth pathway.
- Environmental protection and climate change response.



### Cow welfare

- Cow herds are respected, cared for and best met with their living needs to be healthy, active and happy.



## GENERAL ASSESSMENT OF ENERGY – RESOURCE CONSUMPTION & EMISSIONS IN 2020

In 2020, Vinamilk will continue its efforts in effectively maintaining implemented projects and deploying numerous initiatives, maintaining stability and rationalization in production, investment in green technology, adjustment of planning and change in product structure along with application of circular economy. Accordingly, the total energy and greenhouse gas emission indicators did not significantly fluctuate in comparison with 2019.

### About energy

- The energy indicators are recorded with positive results in economical and efficient use of energy in domestic entities.
- However, in 2020, Vinamilk included Angkormilk Dairy Factory in the reporting scope, the energy indicators in this unit are quite large, leading to a slight increase in the overall energy indicators compared to 2019.



### About resources

- The increase in cow herd size and the challenge of climate change lead to increased demand for water on farms.
- In addition, the need to use water for cleaning, washing hands and sanitizing hands,... to prevent the risk of Covid-19 pandemic also contributes to increase in the amount of water used in the units, however they always control to limit and minimize the impact.



### About emissions

- The application of circular economy along with innovative activities has helped Vinamilk significantly reduce and reuse input sources and scrap by 5% compared to the amount used per ton of products in 2019.
- Major overhauls and maintenance of machinery and equipment and increased hygiene measures to prevent Covid-19 have contributed to the increase in domestic waste per ton of product.



## SUSTAINABILITY INITIATIVES: 93 SOLUTION INITIATIVES

RAW MATERIALS

PRODUCTION

LIVESTOCK FARMING

EMISSIONS



REDUCE



REUSE



RECYCLE



OPTIMIZE



Save more than of VND

6.5  
billion

Plastic consumption reduction

214,885  
kg plastic

Power consumption reduction

1,445,592  
kWh/year

Oil consumption reduction

100,979  
kg/year

Water consumption reduction

58,116  
m³/year



## RESOURCE – ENERGY CONSUMPTION – EMISSIONS PARAMETERS IN 2020



## LIVESTOCK FARMING

## PRODUCTION

## SELF-SUPPLY OF FINISHED PRODUCTS

## SUPPLY OF RAW FRESH MILK



## EMISSION

DO oil	Consumption (kg)	1,298,449	1,709,316	2,263,276
	Average (kg)/ton of product	8.72	1.39	9.29
FO oil	Consumption (kg)	-	1,485,684	-
	Average (kg)/ton of product	-	1.21	-
Gasoline	Gasoline (kg)	-	-	193,933
	Average (kg)/ton of product	-	-	0.80
Gas	Consumption (kg)	-	319,252	3,870
	Average (kg)/ton of product	-	0.25	0.02
Electricity	Consumption (kWh)	38,147,799	162,953,914	2,474,320
	Average (kWh)/ton of product	256.32	132.52	10.16
Biomass	Consumption (tons of steam)	-	249,417	-
	Average (tons of steam)/ton of product	-	0.20	-
CNG	Consumption (mmBTU)	-	254,097	-
	Average (mmBTU)/ton of product	-	0.21	-
	Total energy consumption (MJ)	193,188,083	1,926,352,743	115,973,513
	Average MJ/ton of product	1,298.04	1,566.58	476.05
	Groundwater consumption (m³)	1,577,815	1,478,095	-
	Surface water consumption (m³)	79,601	-	-
	Tap water consumption (m³)	-	3,131,519	-
	Average (m³)/ton of product	11.14	3.75	-
	Total water consumption (m³)	1,657,416	1,099,725	-



## TÀI NGUYÊN



## RESOURCE – ENERGY CONSUMPTION – EMISSIONS PARAMETERS IN 2020



		LIVESTOCK FARMING	PRODUCTION	SELF-SUPPLY OF FINISHED PRODUCTS	SUPPLY OF RAW FRESH MILK
	Hazardous waste (kg)	27,807	114,922	25,842	
	Average (kg) ton of product	0.19	0.09	0.11	-
	Scrap(kg)	237,407	9,311,871	28,667	-
	Average (kg) ton of product	1.60	7.57	0.10	-
	Domestic waste (kg)	294,863	746,420	96,324	63,800
	Average (kg) ton of product	1.98	0.61	0.40	0.59
	Total amount of waste reused, recycled and by other recovery methods (kg)	237,407	9,311,871	28,667	-
	Total amount of waste treated by methods such as incineration, landfill (kg)	322,670	861,342	122,166	63,800
	Total wastewater output (m <sup>3</sup> )	-	3,509,889	-	25,305
	Total emissions (kg)	77,496,002	135,785,720	9,518,803	1,820,545
	Average (kg) tons of products	520.70	110.43	39.07	16.90

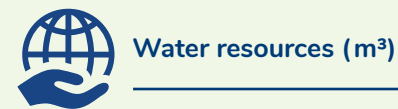
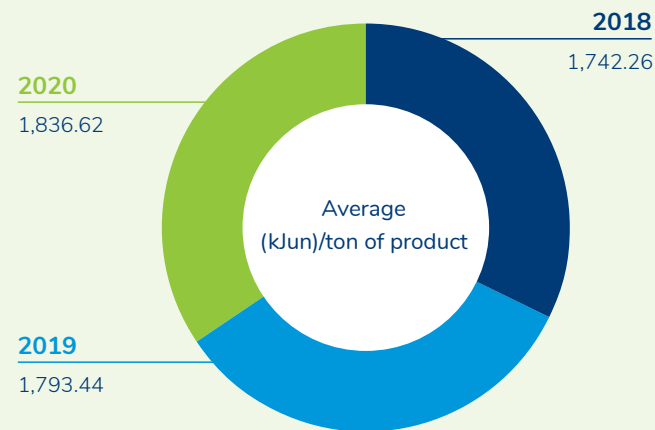
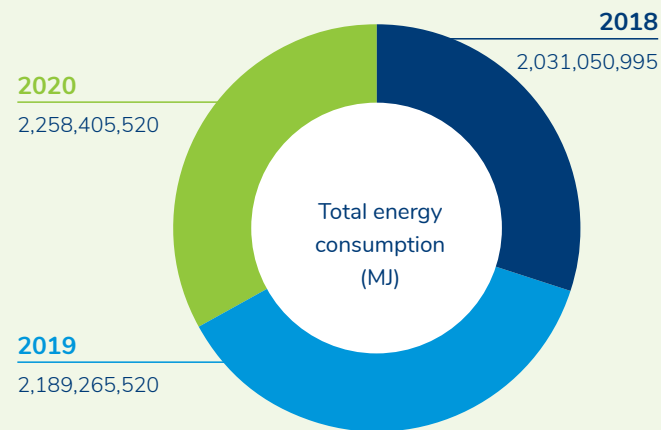




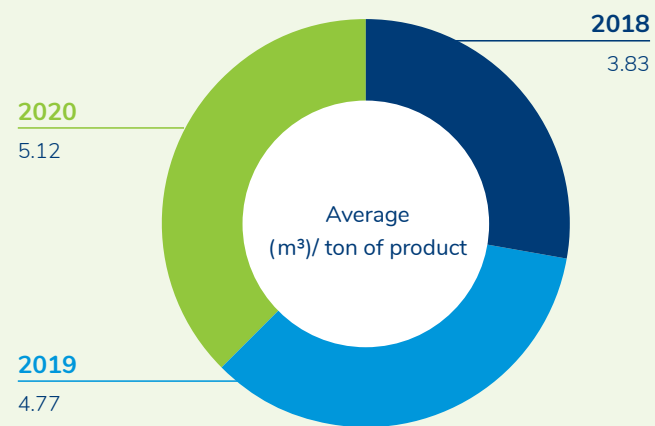
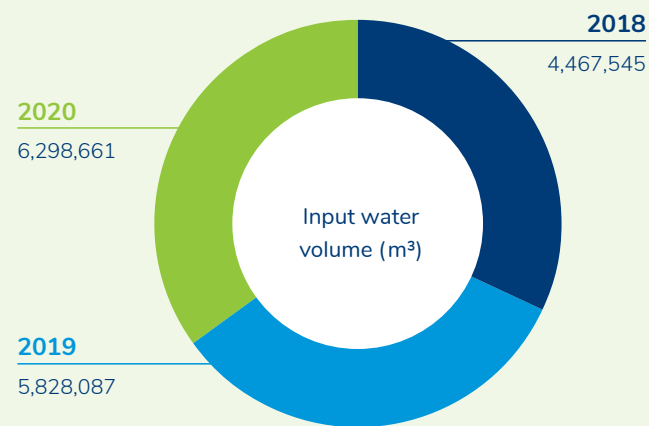
## RESOURCE – ENERGY CONSUMPTION & EMISSION PARAMETERS FOR 3 YEARS (2018-2020)



Energy (MJ)



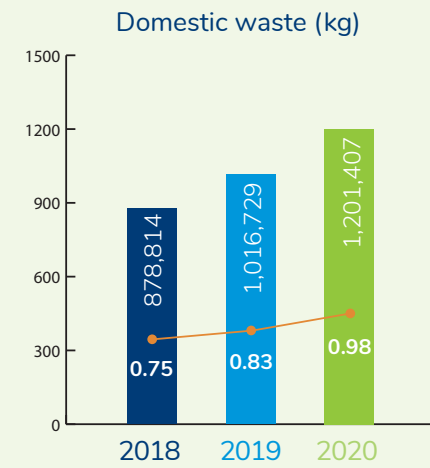
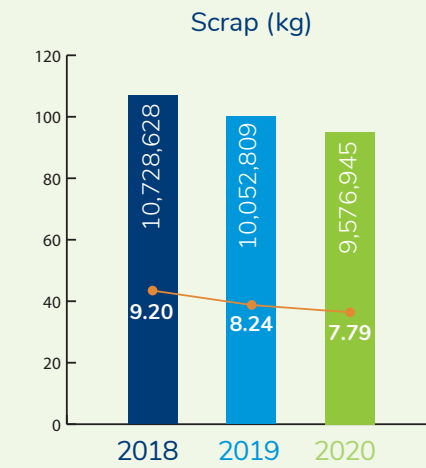
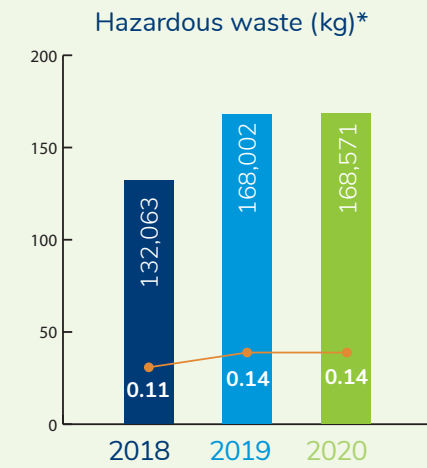
Water resources (m³)



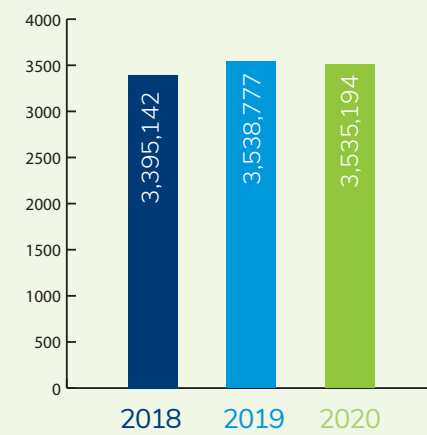
(\*): Data for 2018 and 2019 are adjusted compared to the Sustainable Development Report 2019 due to the change in the statistical method, eliminating reused waste (waste tires).



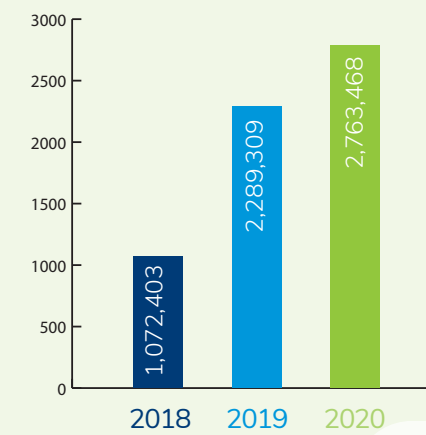
Emissions



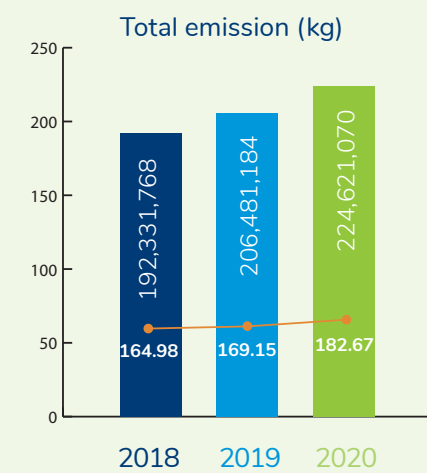
Total output waste water (m³)



Total consumed waste water (m³)



Carbon footprint



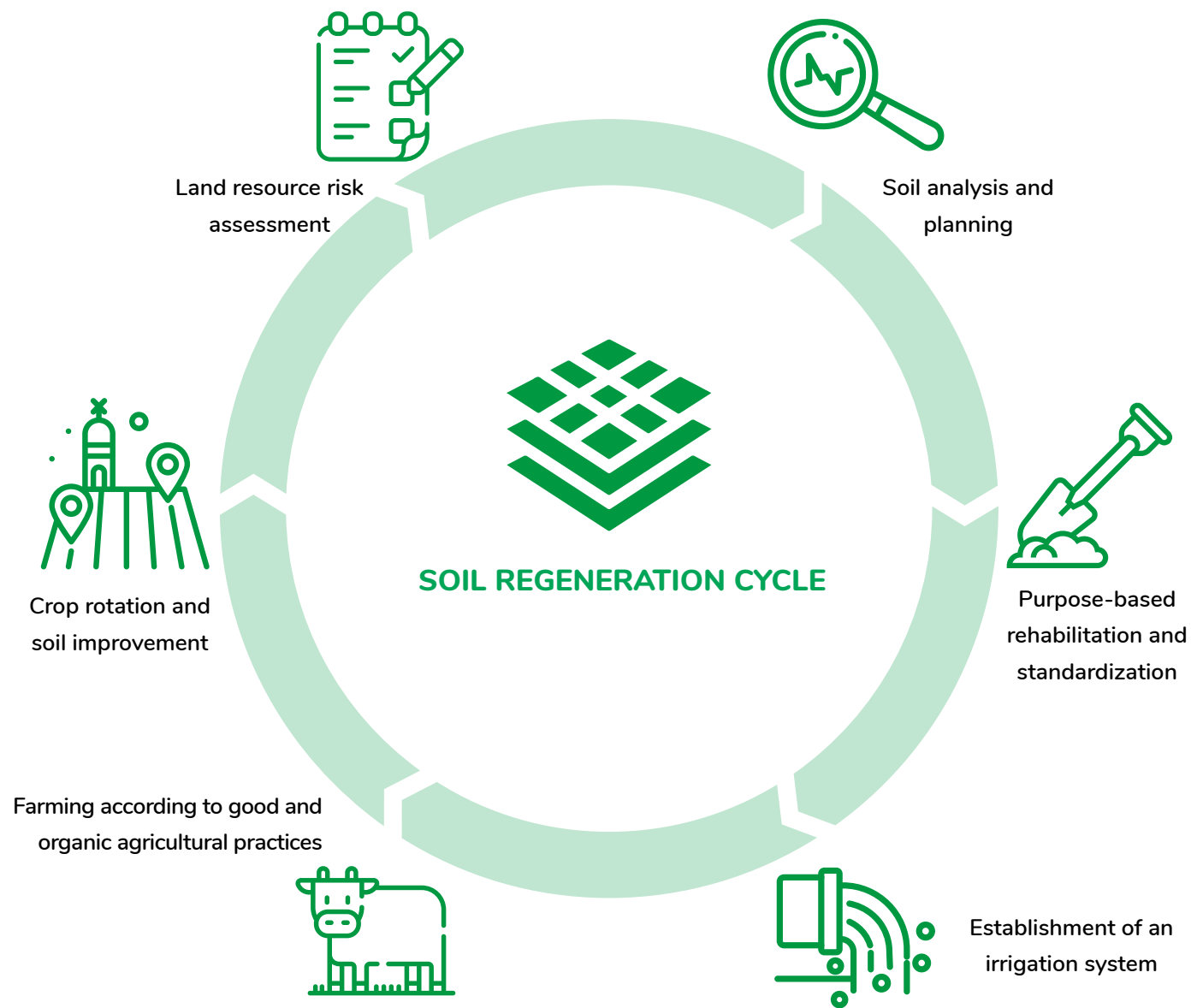
Average (kg)/ton of product



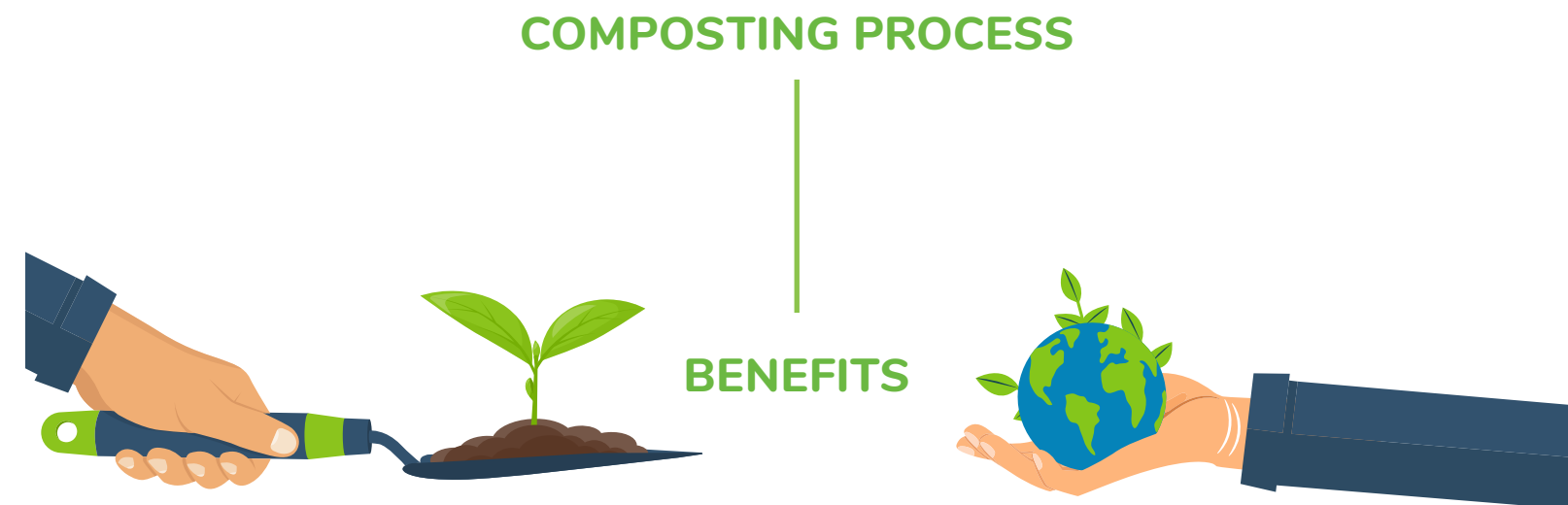
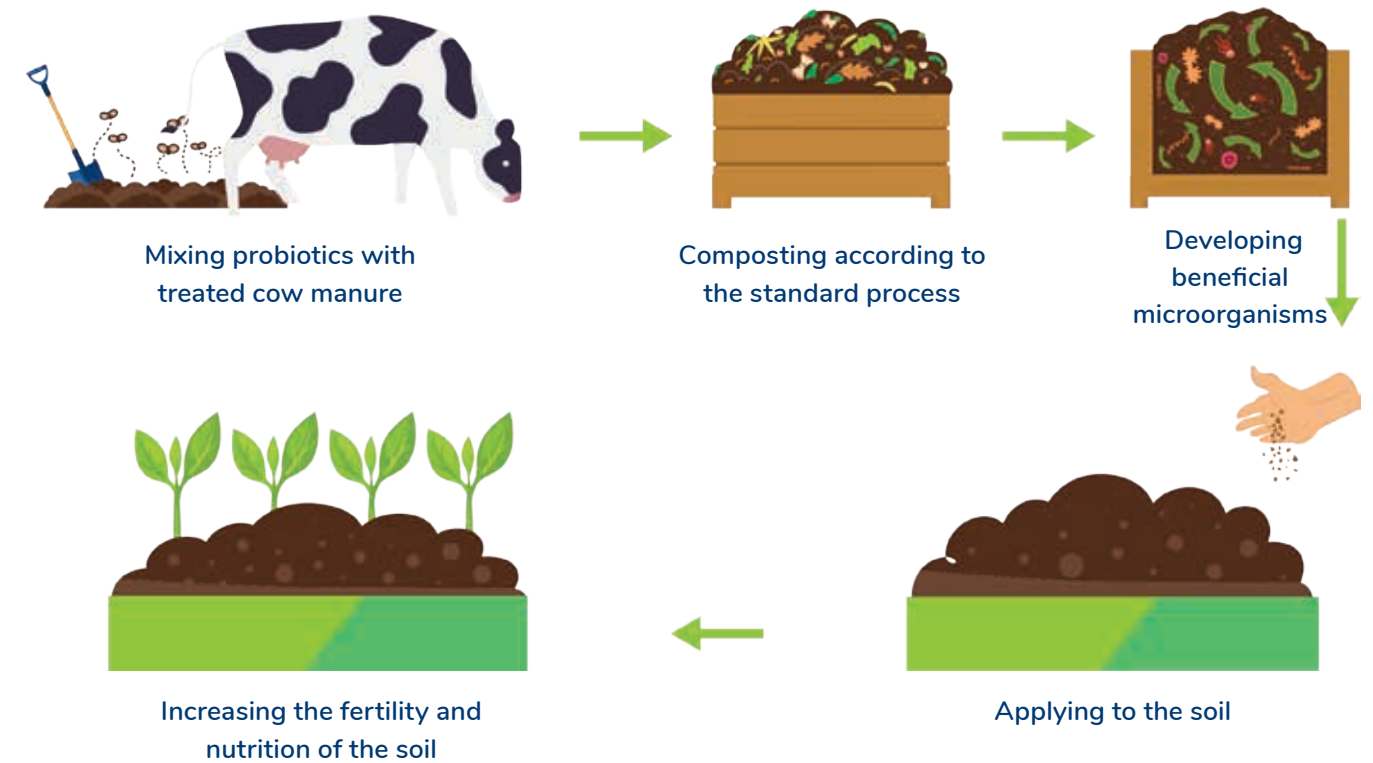
## Sustainable land management and biodiversity protection

Currently, one third of the world's topsoil is degraded due to acidification, pollution, and unsustainable land use and management practices. Vinamilk realizes that combating land degradation, addressing climate crisis and promoting integrated solutions to maintain the natural properties of the soil and protect biodiversity in the soil ecosystem is one of its top priorities.

At Vinamilk, the exploitation and use of land must always go hand in hand with nature-based solutions based in order to maintain soil nutrition, achieve the benefits of sustainable development, climate, ecosystem and biodiversity protection through such activities as organic livestock farming, good agricultural production practices, application of high-tech science and technology to soil cultivation, crop rotation, maximizing the use of organic fertilizers for soil in replacement of chemicals and inorganic fertilizers, minimizing waste to the environment.



## USE OF ORGANIC FERTILIZERS FOR SOIL IMPROVEMENT, REPLACEMENT OF CHEMICAL, AND INORGANIC FERTILIZER






## PLANTING TREES FOR IMPROVING AND SUPPLYING NUTRITION TO THE SOIL

In order to improve soil quality, supply bio-nitrogen, cover and reduce soil erosion, Vinamilk rotationally plants legume crops for soil improvement.

 Plants legume crops  
**400 ha**

 more than VND  
**3.2 billion/crop**

In addition, over the past years, Vinamilk has continuously introduced innovations with many different methods to expand the green area on farms, improve the general landscape and balance the ecosystem inside farms.

Year	Caribbean Trumpet	On 12
<b>2020</b>	<b>3,154</b> Trees	farms

landslide prevention and creation of green spaces and air purification.





## ORGANIC LIVESTOCK FARMING

Vinamilk's organic farming journey started in 2016 and this green livestock chain has been constantly expanding. In addition to increasing the scale, Vinamilk is constantly innovating and improving the quality of operations on its farms in terms of technology and techniques to position Vietnam's dairy industry at a new height.

### Organic farm journey



## GENERAL PRINCIPLES OF ORGANIC PRODUCTION

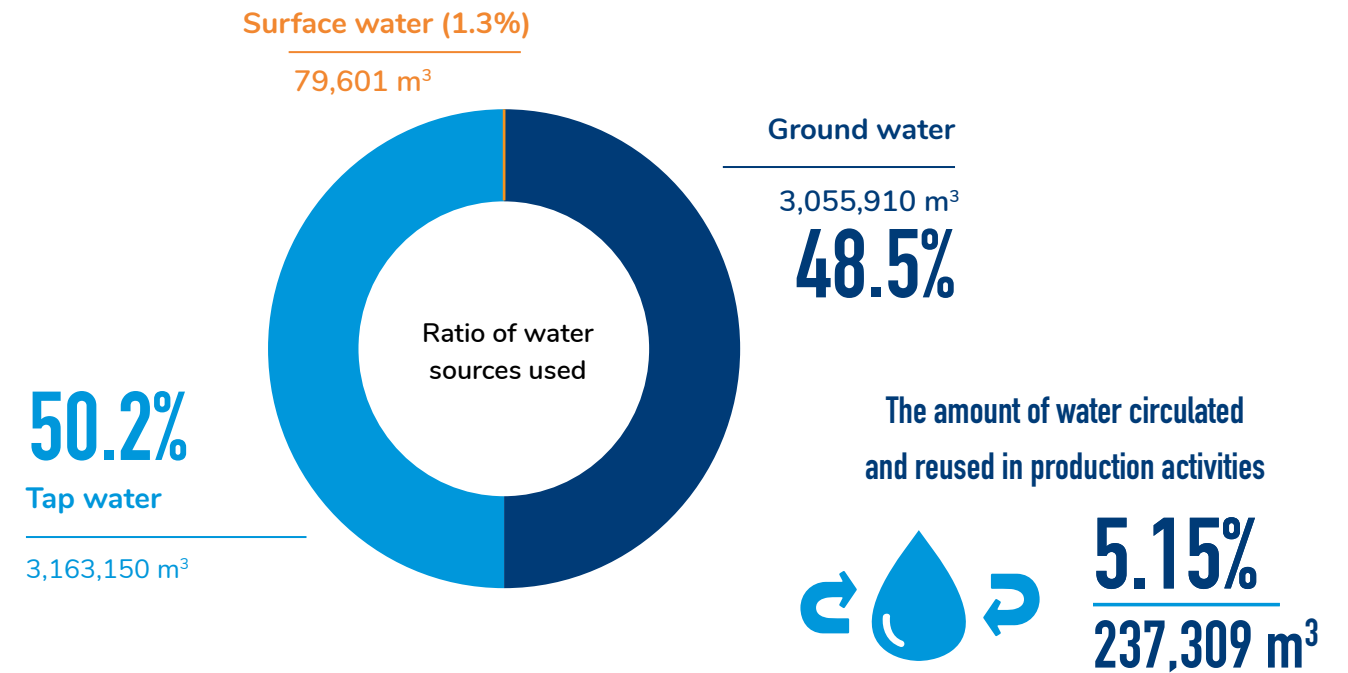
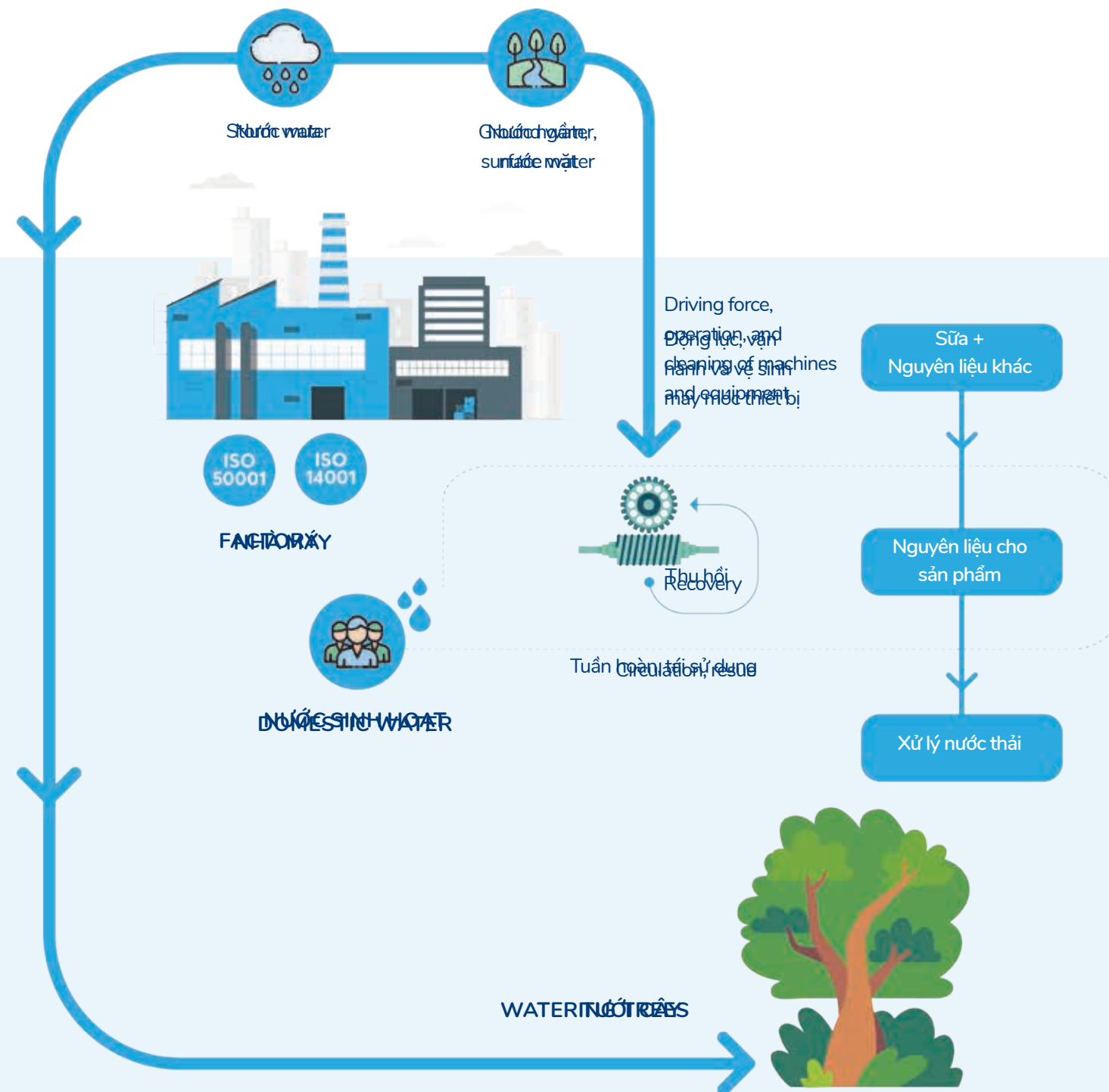




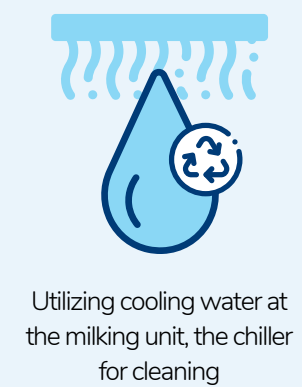
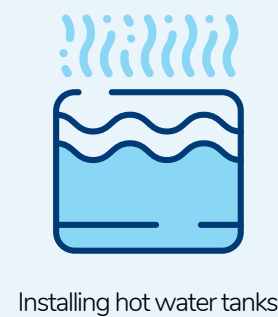
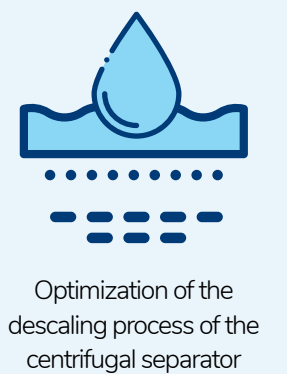
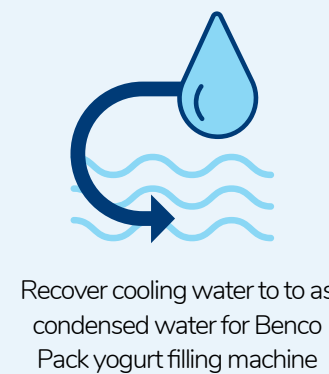
## Water consumption efficiency and responsible mining

The demand for water is increasing, while the aquifers are being depleted and the threat of extreme weather is increasing. Addressing water problems is a key to better adaptation while also reducing the negative impacts of climate change.

Joining hands with the community, Vinamilk is always aware of the efficient and responsible exploitation and use of water resources, at the same time implementing many initiatives on water saving and reuse to optimize and use water sources in a sustainable manner.



### INNOVATIONS



## Sustainable energy

Renewable energy is gradually replacing fossil fuels in the electricity industry, thereby reducing environmental pollution emissions and bringing optimal benefits. During the period (2018–2023), renewable energies such as solar, wind, hydroelectric energies and bioenergy are expected to account for about 70% of global electricity output growth.

AIM TO  
SAVE

**AT LEAST 1%**

ENERGY ANNUALLY AT  
THE FACTORIES



Using energy efficiently, economically, along with minimizing energy from fossil fuels and converting to renewable energy are one of the important roadmaps that have been implemented on Vinamilk's green growth journey to contribute to slow global warming.

### Ongoing solutions



#### SOLUTION ON INVESTMENT, CAPACITY BUILDING TRAINING

- Investing selectively in consulting organizations for design, testing, energy audit, consulting on energy management system and other consulting activities.
- Training and improving management capacity for energy officers and managers in key energy consumption units in economical and efficient use of energy.
- Deploying communication, information, propaganda and education to raise awareness about energy saving.
- Building new energy and renewable energy application model (biomass, biogas, solar energy,...)

#### SOLUTION ON APPLICATION OF SCIENCE AND TECHNOLOGY



Investing in the application of new forms of energy, clean energy, renewable energy in production and business activities.

#### SOLUTION ON COOPERATION



Cooperating with organizations and entities in the field of training to strengthen the capacity of the staff working in the field of economical and efficient use of energy.

### FINANCIAL SOLUTION



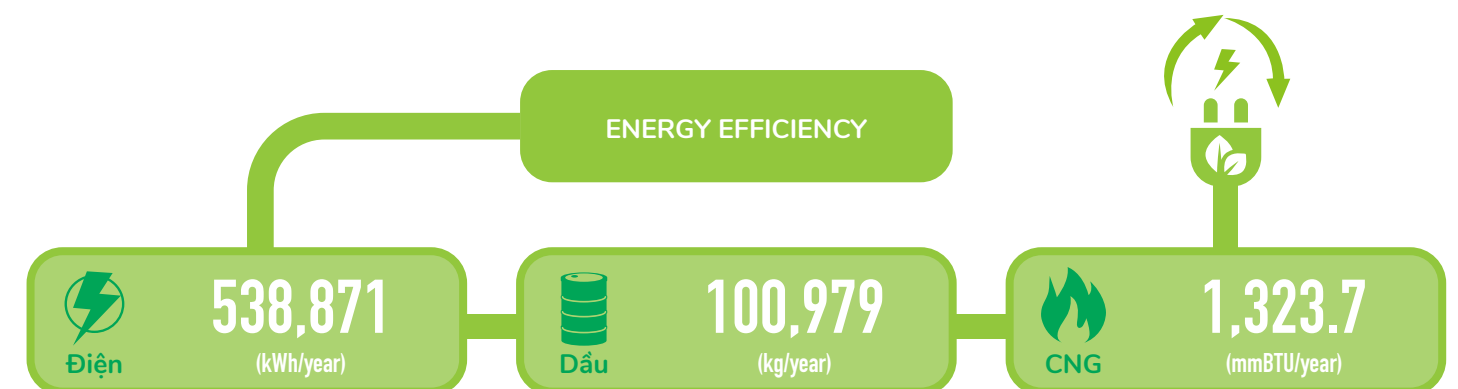
Program implementation budget is extracted from the cost savings in the annual economical and efficient use of energy and from the budget source in the investment plan.



#### MACHINE & EQUIPMENT UPTIME OPTIMIZATION

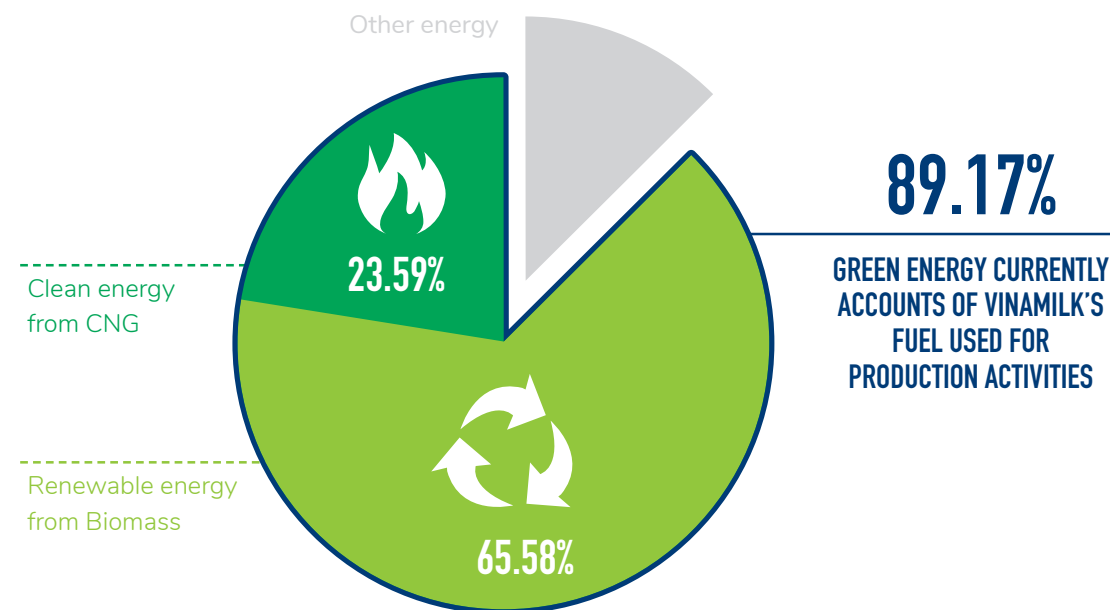


- Distribution of operating time of each cluster of equipment in a day in consistency with production time
- Reducing electricity consumption during peak hours to save costs.
- Periodically maintaining machines, equipment according to maintenance plans and contents to optimize operations and increase energy efficiency.
- Developing energy norms for vehicles to evaluate performance and fuel management.





## SOLAR ENERGY – A NEW START OF GREEN ENERGY



The Solar Energy System is an outstanding green footprint in prioritizing the use of green energy in Vinamilk's production and business activities, significantly reducing energy costs and contributing to reducing CO<sub>2</sub> emissions into the environment.

Total electricity generated **More than 19 million kWh/year** equivalent to the CO<sub>2</sub> reduction amount **17.3 million kg**

### SOLAR ENERGY SYSTEM IN ANGKORMILK DAIRY FACTORY

Realizing the green development strategy in the entire supply chain towards sustainable development, Vinamilk has deployed the solar system to its overseas subsidiaries. 2020 is the first year when AngkorMilk Dairy Factory was included in the reporting scope of environmental related indicators. In addition to the world's leading modern machines, equipment and production technology, AngkorMilk Dairy Factory is also equipped with a solar energy system that meets 12% of the plant's electricity demand.

Total renewable electricity in 2020 **777,016 kWh**

Reducing emissions **513,763 kg CO<sub>2</sub>**

### LED LIGHTING SYSTEM

**100%** of LED lights are used for lighting on factories and farms

Saving more than **2,758 billion/year**

For economical and efficient use of energy and improvement of the lighting system capacity, Vinamilk has synchronously replaced existing hallogen lamps and fluorescent lamps with LED lights at all factories and included this requirement in investment projects. Using led lights enables Vinamilk to significantly save the annual energy consumption and reduce CO<sub>2</sub> emissions into the air. In addition, led lights are environmentally friendly products which are free from harmful chemicals and can be completely recycled.

It is expected that by 2021, Vinamilk will install and expand to all farms, head offices and factories. When the project is put into operation, it is expected to provide significant clean electricity, the total capacity can reach more than 54 MWp, reducing more than 62 million kg of CO<sub>2</sub> per year, equivalent to the absorption capacity of more than 3.4 million trees planted".

The total capacity can reach more than **54 MWp** reducing CO<sub>2</sub> per year **62 million kg** equivalent to the absorption capacity **more than 3.4 million trees planted**



Solar power system at Angkor Milk Dairy Factory



## Circular economy

Vinamilk continues to pioneer the practice of circular economy with 3 main orientations: Reduce, Reuse, and Recycle.

In parallel with circular economic initiatives related to land, water, and waste management, application of circular economy at Vinamilk brings additional savings of more than VND 3 billion:

- Reducing consumption and maximize quality of materials in production.
- Upgrading and replacing raw materials with environmentally friendly materials.
- Increasing reuse and recycling in 2020.



### INCREASING REUSE AND RECYCLING

Vinamilk continues to maintain and seek solutions to reduce the amount of plastic materials such as reducing shrink films, cap glue, cap labels, straws, plastic scoops... and enhancing recycling and reusing materials.



Using recycled plastic

Plastic savings  
**29,916 kg**



Chemical circulation and recovery

Chemical savings  
**48,800 kg**



Separating layers of paper and plastic in powdered milk packaging: increasing revenue from selling copper scrap, support in recycling

Plastic and paper savings

**7,000 kg**



Tires after use from the cashew supply are transferred to the system on farms for the reuse as grass compost cabinet

Reuse of waste

**44,140 kg**



Installing automatic chemical supply system, improving Probi cooling system and cleaning process

Chemical savings

**71,331 kg**



Improving food scrap collecting system on farms

### IMPROVEMENT AND REPLACEMENT OF RAW MATERIALS WITH ENVIRONMENT FRIENDLY MATERIALS

Most of Vinamilk's paper box used is with Tetra Brick Aseptic technology; fully recyclable and FSC certified packaging - certified product with environmental, economic and social benefits.

In addition, all Vinamilk's "Vietnam Diary Dream" stores say "NO" to normal plastic bags, instead, biodegradable plastic bags and reusable bags are used.



The biodegradable plastic bags mean an environmentally friendly type of bag with the advantage of 100% self-decomposition into water, CO<sub>2</sub> and organic humus in 12 months, avoiding natural impacts on earth.

Convenient reusable bags: Vinamilk reusable bags are convenient to carry when shopping every day.





## PROCESS IMPROVEMENT AND RESOURCE SAVING

The first priority in the green supply chain is to apply circular economy to each production activity, Vinamilk constantly improves and applies new production management methods to improve efficiency and save natural resources. The TPM system at Vietnam Dairy Factory is typical model which brings positive results:

- Assisting factories in improving production through continuous improvement tools, methods, and performance measurement systems.
- Optimizing all stages in the production process, thereby reducing raw materials consumption and waste generation.
- Reducing production and operating costs.
- Enhancing staff capacity to attack and eliminate all kinds of losses in the spirit of continuous improvement.

### Achievements

Saving raw materials  
in 2020 which  
reached

**43.57**  
billion

Waste reduction,  
total saving of

VND  
**3.28**  
billion

Improving Process  
Optimization,  
expected to save  
more than

VND  
**966**  
million/year in  
term of energy

Reducing plastic  
material consumption,  
saving more than

VND  
**938**  
million/year





## Waste management

Recognizing that all production activities have an impact on the environment, Vinamilk always strives to find solutions for minimizing negative impacts on the environment and efficiently using resources to reduce waste to the environment.

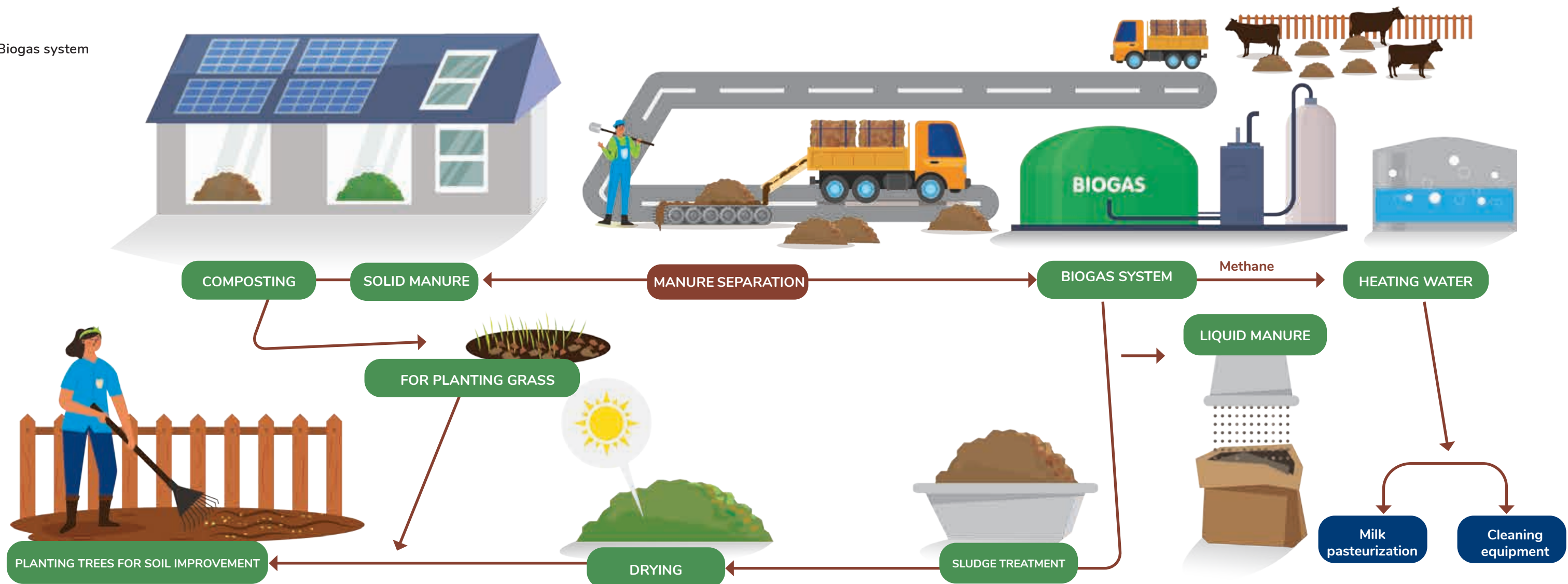
- 100% of waste is sorted, collected and delivered to contractors for transportation and treatment.
- 100% of contractors treat waste in accordance with legal regulations.
- 100% of wastewater from production activities is collected and treated to meet standards before being discharged into the environment.

### BIOGAS SYSTEM – A GREEN KEY FOR CIRCULAR ECONOMY

The bright spot on the green cycle for many consecutive years is the application of biotechnology to the Biogas system at all Vinamilk's farms, which helps to significantly reuse and reduce waste and greenhouse gas emissions into the environment, while taking advantage of organic fertilizers, renewable energy and bringing high economic efficiency. Moreover, the renewable energy from the biogas system is utilized by Vinamilk for the water heating system, with a capacity of 11.6 m<sup>3</sup> of hot water/hour.

This is an eco-friendly closed microbiological treatment system in which biotechnology is applied as a closed natural cycle for efficiently treating waste without any negative effects or adverse changes to the environment. The output water is cleaner and has the same properties as natural water.

Biogas system



### CONVERTING WASTE INTO RESOURCES

Implementing the strategy of turning waste into resources, Vinamilk farms have adopted a composting model to convert waste into an organic nutrient source to replace chemicals and inorganic fertilizers. Compost system is an effective recycling model that helps:

- Improve soil structure and fertility: Increase nutrient content, provide humus to the soil, balance microorganisms in the soil, increase water retention capacity, prevent soil leaching and erosion.
- Reduce climate change: reduce methane and nitrous oxide emissions from waste decomposition, and reduce the amount of inorganic fertilizers.

In 2020, the source of composted cow manure will be utilized for basal fertilization and fertilization for maize and grass from 100-160 tons/ha/crop. At the same time, other sources of waste are also utilized such as:

- Make use of waste sludge for improving tree planting soil: 30,096 kg/year
- Utilize tea grounds as an organic fertilizer for trees 24,548 kg/year



## Cow welfare

At Vinamilk farms, cows are always respected, cared for and their living needs are best served to keep them healthy, active, happy and produce high quality milk with high productivity and increasing economic efficiency. In 2020, in a series of activities with small actions contributing to great efficiency, Vinamilk has implemented many initiatives to improve the lives of cows, reduce stress, reduce pain, and create a safe and comfortable living environment for “happy cows” are as follows:

- Use a soft cushion to cover the concrete wall of the foot trough so as not to damage the cow.
- Improving the method of breeding cows to not affect cows' psychology, making them more convenient and easier to manipulate.
- Improved the nail clipper frame for cows, improved design of a trolley to transfer calves to bath in the car.
- Designing a truck with a height equivalent to the crib floor, easy to move, light and simple to operate.
- Digitalize disease history and cow milk yield data for faster, more accurate monitoring and control.



### COW CARING PROCEDURE

#### FOOD SOURCE

- System of fermentation tanks and Silo for automatically feeding refined food.
- The diet is designed by an international nutritionist and mixed according to TMR method.
- Standard feed quality according to GlobalG.A.P with traceability.

#### WATER SOURCE

Ensuring clean water, modern and strictly controlled treatment system to ensure output quality.

#### MATING

SCR health and estrus management system

#### CARING

- Robot for automatically pushing feed.
- Automatic cooling system according to European, American technology, latest generation.
- Automatic scratching, massage, manure scraping system.
- Veterinary medicine management system for treating cows.
- Mattresses at the lying pace and paths.
- Soft and highly elastic mattress helps the cows to feel most comfortable when lying down and producing milk.
- Cows are allowed to go to the playground and relax
- In case the cows suffer from sickness: The nurse will carry out massage and feeding.

#### MILKING

- European technology milking system, managing each individual cow in detail, giving warnings when there are abnormal signs.
- The “cool bath” area: reduces heat stress between milking sessions.

### FIVE ASPECTS OF ANIMAL WELFARE

#### Mental state

Animals will benefit from positive states such as joy, comfort or full of energy and reducing negative states such as fear, disappointment, hunger, pain or boredom.

#### Environment

Factors that create comfort through temperature, space, air, odor, noise, and predictability.

#### Health

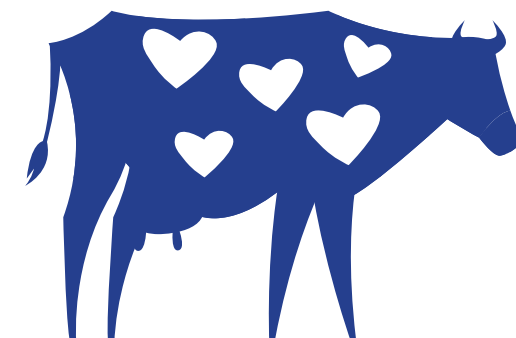
Factors that contribute to good health and physical conditions, no illness, injury, impairment of health.

#### Behavior

factors that provide diverse, novel and engaging environmental challenges through sensory input, discovery, foraging, bonding, playing, retreating, and other things.

#### Nutrition

Animals have access to adequate, balanced, varied and clean food and water.







## GRI Standard checklist

GRI STANDARDS		SR 2020	Page
GRI Standard Number	GRI Standard Title		
GRI 102	General Disclosures		
102-1	Name of the organization	<input checked="" type="checkbox"/>	14
102-3	Location of headquarters	<input checked="" type="checkbox"/>	14
102-4	Location of operations	<input checked="" type="checkbox"/>	14
102-5	Ownership and legal form	<input checked="" type="checkbox"/>	14
102-6	Markets served	<input checked="" type="checkbox"/>	20-21, 87, 101
102-7	Scale of the organization	<input checked="" type="checkbox"/>	20-21, 24-25
102-8	Information on employees and other workers	<input checked="" type="checkbox"/>	60-63
102-9	Supply chain	<input checked="" type="checkbox"/>	24-25, 28-29, 128-131
102-10	Significant changes to the organization and its supply chain	<input checked="" type="checkbox"/>	14, 20-21, 86-87, 128, 137
102-11	Precautionary Principle or approach	<input checked="" type="checkbox"/>	46-49
102-12	External initiatives	<input checked="" type="checkbox"/>	32-35, 50
102-13	Membership of associations	<input checked="" type="checkbox"/>	132-133
102-14	Statement from senior decision-maker	<input checked="" type="checkbox"/>	4-5
102-15	Key impacts, risks, and opportunities	<input checked="" type="checkbox"/>	32-33, 40-49
102-16	Values, principles, standards, and norms of behavior	<input checked="" type="checkbox"/>	22-23
102-17	Mechanisms for advice and concerns about ethics	<input checked="" type="checkbox"/>	65-66, 92-93
102-18	Governance structure	<input checked="" type="checkbox"/>	26-27, 90
102-19	Delegating authority	<input checked="" type="checkbox"/>	26-27, 90
102-20	Executive-level responsibility for economic, environmental, and social topics	<input checked="" type="checkbox"/>	52-53
102-21	Consulting stakeholders on economic, environmental, and social topics	<input checked="" type="checkbox"/>	40-43
102-22	Composition of the highest governance body and its committees	<input checked="" type="checkbox"/>	26-27, 90
102-23	Chair of the highest governance body	<input checked="" type="checkbox"/>	26-27
102-24	Nominating and selecting the highest governance body	<input checked="" type="checkbox"/>	26-27, 90

GRI STANDARDS		SR 2020	Page
GRI Standard Number	GRI Standard Title		
102-25	Conflicts of interest	<input checked="" type="checkbox"/>	65-66, 92-93
102-26	Role of highest governance body in setting purpose, values, and strategy	<input checked="" type="checkbox"/>	4-5, 26-27
102-27	Collective knowledge of highest governance body	<input type="checkbox"/>	SR page 112
102-28	Evaluating the highest governance body's performance	<input checked="" type="checkbox"/>	4-5
102-29	Identifying and managing economic, environmental, and social impacts	<input checked="" type="checkbox"/>	32-35, 38-39
102-30	Effectiveness of risk management processes	<input checked="" type="checkbox"/>	46-49
102-31	Review of economic, environmental, and social topics	<input checked="" type="checkbox"/>	34-35, 40-45
102-32	Highest governance body's role in sustainability reporting	<input checked="" type="checkbox"/>	4-5, 52-53
102-33	Communicating critical concerns	<input checked="" type="checkbox"/>	42-43
102-34	Nature and total number of critical concerns	<input checked="" type="checkbox"/>	42-43
102-35	Remuneration policies	<input type="checkbox"/>	SR page 116-117
102-36	Process for determining remuneration	<input type="checkbox"/>	SR page 116-117
102-37	Stakeholders' involvement in remuneration	<input type="checkbox"/>	SR page 116-117
102-38	Annual total compensation ratio	<input type="checkbox"/>	
102-39	Percentage increase in annual total compensation ratio	<input type="checkbox"/>	
102-40	List of stakeholder groups	<input checked="" type="checkbox"/>	41-43
102-41	Collective bargaining agreements	<input checked="" type="checkbox"/>	61, 65
102-42	Identifying and selecting stakeholders	<input checked="" type="checkbox"/>	41-43
102-43	Approach to stakeholder engagement	<input checked="" type="checkbox"/>	41-43
102-44	Key topics and concerns raised	<input checked="" type="checkbox"/>	40-45
102-45	Entities included in the consolidated financial statements	<input checked="" type="checkbox"/>	51
102-46	Defining report content and topic Boundaries	<input checked="" type="checkbox"/>	40, 44-45, 50-51
102-47	List of material topics	<input checked="" type="checkbox"/>	44-45
102-48	Restatements of information	<input type="checkbox"/>	



GRI STANDARDS		SR 2020	Page
GRI Standard Number	GRI Standard Title		
102-49	Changes in reporting	☑	
GRI 103	Management Approach		
103-1	Explanation of the material topic and its Boundary	☑	40, 44-45, 50-51
103-2	The management approach and its components	☑	26-27
103-3	Evaluation of the management approach	☑	90-93
GRI 201	Economic Performance		
201-1	Direct economic value generated and distributed	☑	6-7, 42-43, 86-88, 100-101, 104, 116-125
201-2	Financial implications and other risks and opportunities due to climate change	☑	32-33, 48-49
201-3	Defined benefit plan obligations and other retirement plans	☑	38-39, 61, 68
201-4	Financial assistance received from government	☑	
GRI 202	Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	☑	68
202-2	Proportion of senior management hired from the local community	☑	
GRI 203	Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	☑	38-39, 101, 105-113, 128-129
203-2	Significant indirect economic impacts	☑	38-39, 100-103, 105-113, 128-129
GRI 204	Procurement Practices		
204-1	Proportion of spending on local suppliers	☑	129
GRI 205	Anti-corruption		
205-1	Operations assessed for risks related to corruption	☑	46-49, 92-93
205-2	Communication and training about anti-corruption policies and procedures	☑	65, 92-93
205-3	Confirmed incidents of corruption and actions taken	☑	65, 92-93

GRI STANDARDS		SR 2020	Page
GRI Standard Number	GRI Standard Title		
GRI 206	Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	☑	100
GRI 207	Tax		
207-1	Approach to tax	☑	104
207-2	Tax governance, control, and risk management	☑	46-49, 104
207-3	"Stakeholder engagement and management of concerns related to tax"	☑	104
207-4	Country-by-country reporting	☑	"104 SR page 159, 171, 174, 184"
GRI 301	Materials		
301-1	Materials used by weight or volume	☑	
301-2	Recycled input materials used	☑	192
301-3	Reclaimed products and their packaging materials	☑	
GRI 302	Energy		
302-1	Energy consumption within the organization	☑	174-175, 178-179
302-2	Energy consumption outside of the organization	☑	
302-3	Energy intensity	☑	174-175, 178-179
302-4	Reduction of energy consumption	☑	173, 188-191
302-5	Reductions in energy requirements of products and services	☑	173, 188-191
GRI 303	Water and Effluents		
303-1	Interactions with water as a shared resource	☑	176-178
303-2	Management of water discharge-related impacts	☑	
303-3	Water withdrawal	☑	
303-4	Water discharge	☑	
303-5	Water consumption	☑	





GRI STANDARDS		SR 2020	Page
GRI Standard Number	GRI Standard Title		
GRI 304	Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<input checked="" type="checkbox"/>	
304-2	Significant impacts of activities, products, and services on biodiversity	<input checked="" type="checkbox"/>	
304-3	Habitats protected or restored	<input checked="" type="checkbox"/>	125, 180-185
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<input checked="" type="checkbox"/>	
GRI 305	Emissions		
305-1	Direct (Scope 1) GHG emissions	<input checked="" type="checkbox"/>	169, 176-179, 190
305-2	Energy indirect (Scope 2) GHG emissions	<input checked="" type="checkbox"/>	
305-3	Other indirect (Scope 3) GHG emissions	<input checked="" type="checkbox"/>	
305-4	GHG emissions intensity	<input checked="" type="checkbox"/>	
305-5	Reduction of GHG emissions	<input checked="" type="checkbox"/>	
305-6	Emissions of ozone-depleting substances (ODS)	<input checked="" type="checkbox"/>	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<input checked="" type="checkbox"/>	
GRI 306	Waste		
306-1	Waste generation and significant waste-related impacts	<input checked="" type="checkbox"/>	176-179, 192, 197
306-2	Management of significant waste-related impacts	<input checked="" type="checkbox"/>	
306-3	Waste generated	<input checked="" type="checkbox"/>	
306-4	Waste diverted from disposal	<input checked="" type="checkbox"/>	
306-5	Waste directed to disposal	<input checked="" type="checkbox"/>	
GRI 307	Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	<input checked="" type="checkbox"/>	169

GRI STANDARDS		SR 2020	Page
GRI Standard Number	GRI Standard Title		
GRI 308	Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	<input checked="" type="checkbox"/>	130
308-2	Negative environmental impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>	129, 130
GRI 401	Employment		
401-1	New employee hires and employee turnover	<input checked="" type="checkbox"/>	60-62
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<input checked="" type="checkbox"/>	38, 61, 68
401-3	Parental leave	<input checked="" type="checkbox"/>	61
GRI 402	Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	<input checked="" type="checkbox"/>	65
GRI 403	Occupational Health and Safety		
403-1	Occupational health and safety management system	<input checked="" type="checkbox"/>	38, 61, 69-70, 91
403-2	Hazard identification, risk assessment, and incident investigation	<input checked="" type="checkbox"/>	46-49, 69-70
403-3	Occupational health services	<input checked="" type="checkbox"/>	68-70
403-4	"Worker participation, consultation, and communication on occupational health and safety"	<input checked="" type="checkbox"/>	38, 61, 70
403-5	Worker training on occupational health and safety	<input checked="" type="checkbox"/>	70, 73
403-6	Promotion of worker health	<input checked="" type="checkbox"/>	68, 76-77
403-7	"Prevention and mitigation of occupational health and safety impacts directly linked by business relationships"	<input checked="" type="checkbox"/>	8-9, 46-49, 69-70, 76
403-8	"Workers covered by an occupational health and safety management system"	<input checked="" type="checkbox"/>	38, 61, 69-70, 91
403-9	Work-related injuries	<input checked="" type="checkbox"/>	38, 70
403-10	Work-related ill health	<input checked="" type="checkbox"/>	38, 70
GRI 404	Training and Education		
404-1	Average hours of training per year per employee	<input checked="" type="checkbox"/>	60, 72
404-2	Programs for upgrading employee skills and transition assistance programs	<input checked="" type="checkbox"/>	72-73
404-3	Percentage of employees receiving regular performance and career development reviews	<input checked="" type="checkbox"/>	61, 75





GRI STANDARDS		SR 2020	Page
GRI Standard Number	GRI Standard Title		
GRI 405	Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	<input checked="" type="checkbox"/>	61, 62, 64, 74
405-2	Ratio of basic salary and remuneration of women to men	<input checked="" type="checkbox"/>	
GRI 406	Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	<input checked="" type="checkbox"/>	64
GRI 407	Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<input checked="" type="checkbox"/>	64
GRI 408	Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	<input checked="" type="checkbox"/>	64
GRI 409	Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<input checked="" type="checkbox"/>	64
GRI 410	Security Practices		
410-1	Security personnel trained in human rights policies or procedures	<input checked="" type="checkbox"/>	
GRI 411	Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	<input checked="" type="checkbox"/>	
GRI 412	Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	<input checked="" type="checkbox"/>	
412-2	Employee training on human rights policies or procedures	<input checked="" type="checkbox"/>	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<input checked="" type="checkbox"/>	
GRI 413	Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	<input checked="" type="checkbox"/>	38, 42-43, 101, 105, 110-113, 114-125, 129

GRI STANDARDS		SR 2020	Page
GRI Standard Number	GRI Standard Title		
413-2	Operations with significant actual and potential negative impacts on local communities	<input checked="" type="checkbox"/>	
GRI 414	Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	<input checked="" type="checkbox"/>	129-130
414-2	Negative social impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>	
GRI 415	Public Policy		
415-1	Political contributions	<input checked="" type="checkbox"/>	
GRI 416	Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	<input checked="" type="checkbox"/>	140-164
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<input checked="" type="checkbox"/>	100, 164
GRI 417	Marketing and Labeling		
417-1	Requirements for product and service information and labeling	<input checked="" type="checkbox"/>	158-159
417-2	Incidents of non-compliance concerning product and service information and labeling	<input checked="" type="checkbox"/>	100, 164
417-3	Incidents of non-compliance concerning marketing communications	<input checked="" type="checkbox"/>	100, 164
GRI 418	Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<input checked="" type="checkbox"/>	100
GRI 419	Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	<input checked="" type="checkbox"/>	100



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