

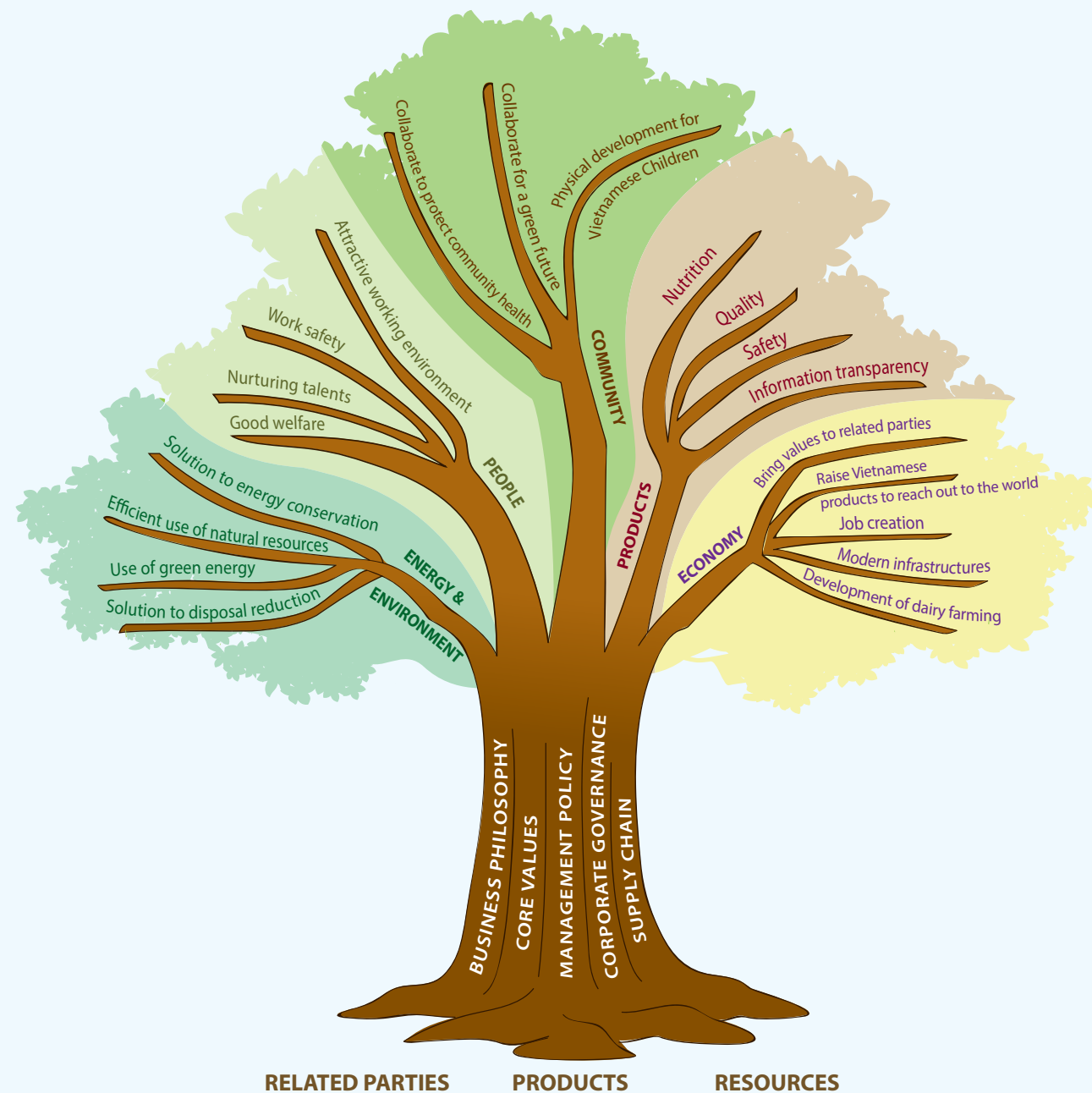


VINAMILK



# SUSTAINABLE DEVELOPMENT REPORT 2015





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## CEO'S MESSAGE



2015 was an important year in deployment of important steps to complete the 5-year plan in 2012-2016 and was also a pivotal year for preparation of development strategies in new period 2017-2021. Throughout the past development stage and the future development orientation, sustainable development is always the goal that Vinamilk aims to and is a core value in all our plans. In which, Vinamilk's sustainable development orientation will focus on 03 main groups of objectives:

### Product responsibility

Vinamilk's success is placed on the core foundation of product quality. This factor is always preserved and promoted through product research and development activities, based on the updating of achievements in nutrition and health, to create the products by the world's advanced technologies with reasonable price for all consumers.

### Environment & energy responsibility

At present, climate change has become a global problem and increasingly causes serious impact to the environmental conditions on earth. In particular, Vietnam is one of the countries most severely affected by climate change with long-term droughts, floods, and mangrove. Statistics in the period from 1994 - 2013 showed that Vietnam suffered more than 1% of GDP per year for the losses related to climate change and this amount tends to rise continuously.

2015 was also an important milestone when the Paris Agreement on Climate Change was adopted with the participation of 195 countries, including Vietnam. This recognized the solidarity of the world in preventing and gradually reducing the impact of climate change. To accomplish this goal, each organization or individual needs to enhance awareness, community advocacy and implementation of practical measures.

As an organization in the economy, Vinamilk commits to continue implementing the solutions in conformity with the investments in finance, human resources and management system to ensure proper management of wastes meeting regulatory standards, effectively use of natural resources, optimize energy efficiency and continue to use clean energy sources to contribute to the great goal of greenhouse gas reduction.

### Social responsibility

#### *Human resources*

In 2015, Vinamilk continued to be rated as one of the organizations with the best working environment in Vietnam. This shows that Vinamilk is on track in building a working environment to attract workers with salary policy and attractive welfare, enabling the staff to promote their capabilities and to have training and promotion opportunities along with opened and dynamic working culture and labor rights guaranteed.

Vinamilk will continue to promote investment in staff with the goal of building a team meeting the development needs of the organization and implement policies to improve the staff's satisfaction on working environment.

#### *Compliance*

Vinamilk's operational policy is transparency and compliance with laws and institutions participated by Vinamilk. Transparency in operation and in relation to the stakeholders and respect for fair competition are the firm foundation for sustainable existence and development of any organization.

#### *Community activities*

Community activities have become a tradition and an integral part and in the overall operation of Vinamilk. In 2015, Vinamilk has actively participated in the activities for community benefit together with the activities of the State, the unions, and social organizations. In the future, Vinamilk is committed to continuing and strengthening action programs to bring practical benefits to the community.

Thanks & regards,

**MAI KIEU LIEN**  
CEO



# VINAMILK

## Story

1. Vinamilk - 39 years of continuous development since establishment
2. Business philosophy, Core values and Management policy
3. Management structure
4. Sustainable development report and materiality assessment







## VINAMILK - 39 YEARS OF CONTINUOUS DEVELOPMENT SINCE ESTABLISHMENT

### VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

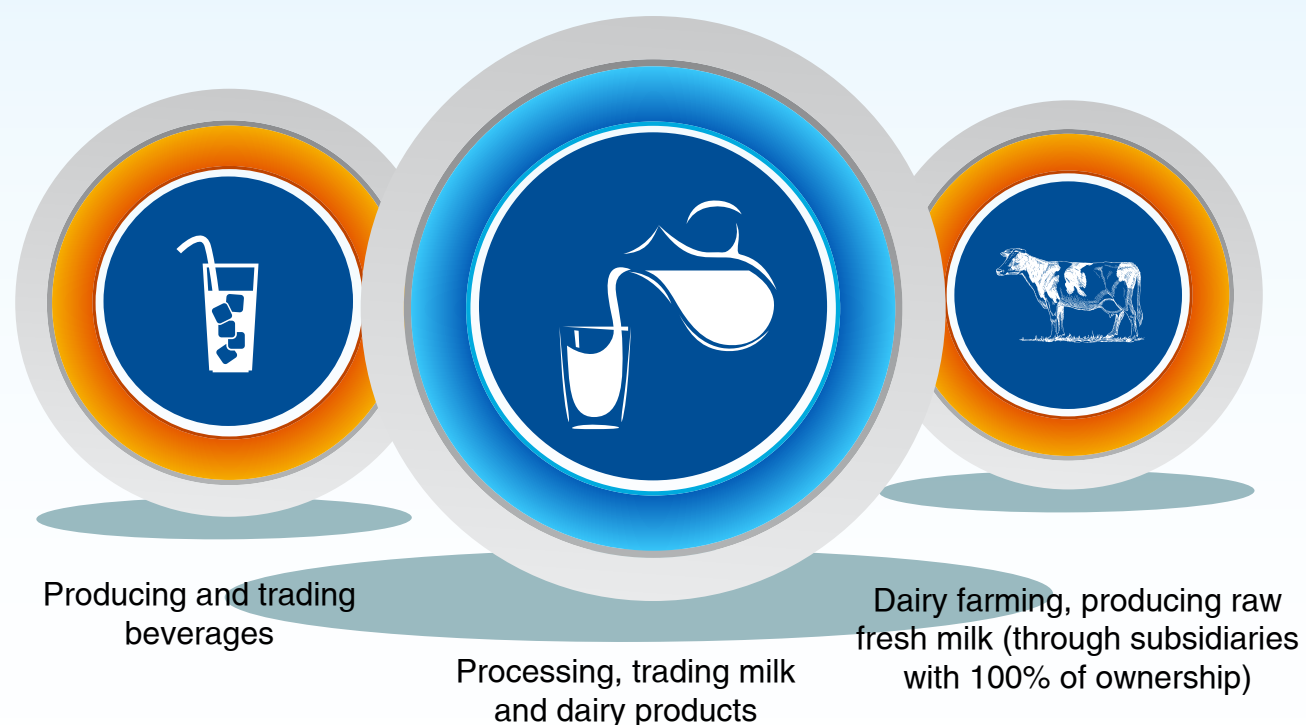
Securities Code: VNM

Vietnamese name	: Công ty Cổ phần Sữa Việt Nam
Abbreviated name	: Vinamilk
Chapter capital	: VND12,006,621,930,000
Headquarter	: No.10 Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City
Tel	: (84-8) 54 155 555
Fax	: (84-8) 54 161 226
Email	: <a href="mailto:vinamilk@vinamilk.com.vn">vinamilk@vinamilk.com.vn</a>
Website	: <a href="https://www.vinamilk.com.vn">https://www.vinamilk.com.vn</a>
	: <a href="http://www.vuoncaovietnam.com">http://www.vuoncaovietnam.com</a>
	: <a href="https://www.youtube.com/user/Vinamilk">https://www.youtube.com/user/Vinamilk</a>

Business registration certificate and tax code: 0300588569



## VINAMILK - 39 YEARS OF CONTINUOUS DEVELOPMENT SINCE ESTABLISHMENT (continued)



### MAIN BUSINESS AREAS

### KEY PRODUCTS

WITH MORE THAN  
**200**  
SKUs

which are grouped into the  
following categories:

- Liquid milk
- Yoghurt
- Powdered milk
- Nutrition powder
- Oat-cocoa
- Condensed milk
- Ice-cream
- Cheese
- Soy milk
- Beverages

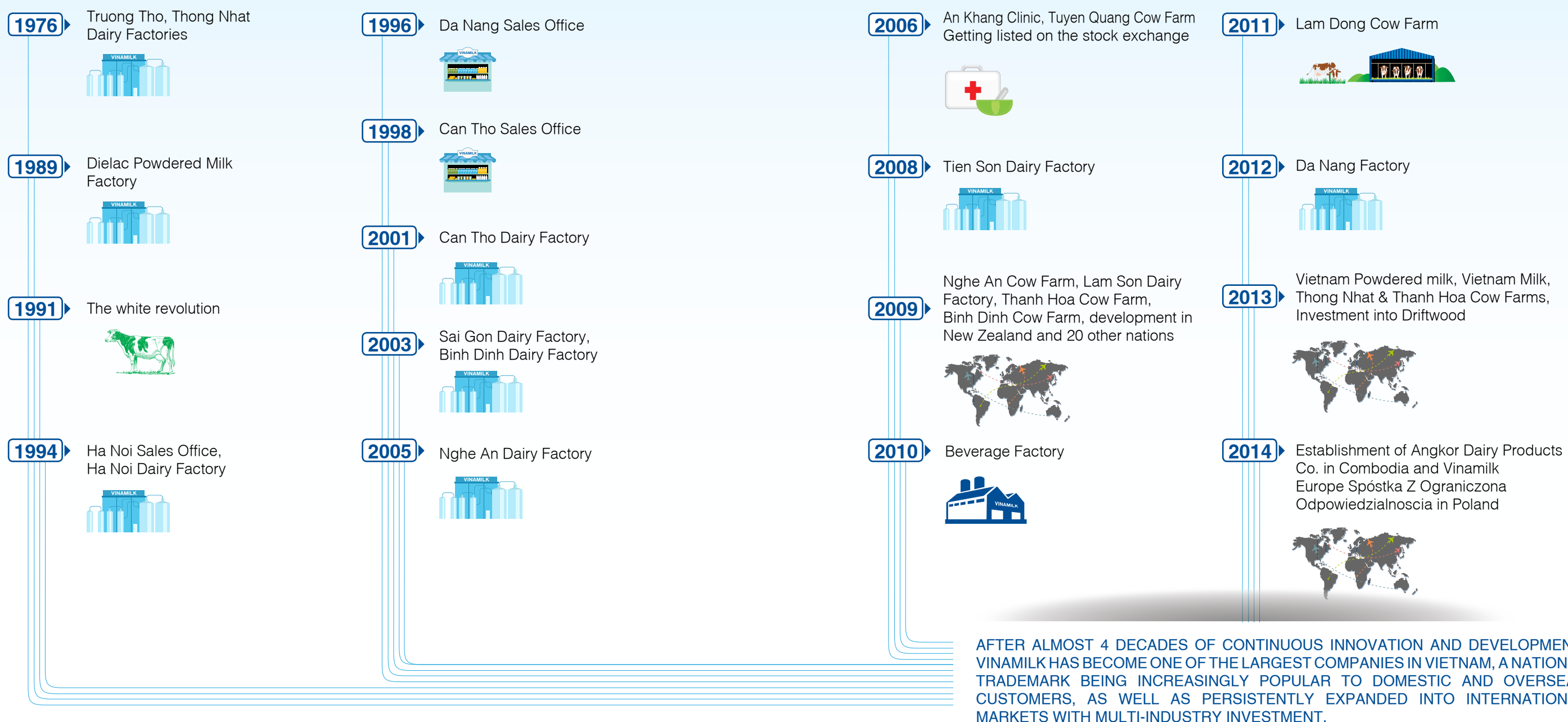
For more information about the Company's products, please refer to:  
<https://www.vinamilk.com.vn/vi/nhan-hieu>





## VINAMILK - 39 YEARS OF CONTINUOUS DEVELOPMENT SINCE ESTABLISHMENT (continued)

### VINAMILK - THE 39 YEAR LONG PATH

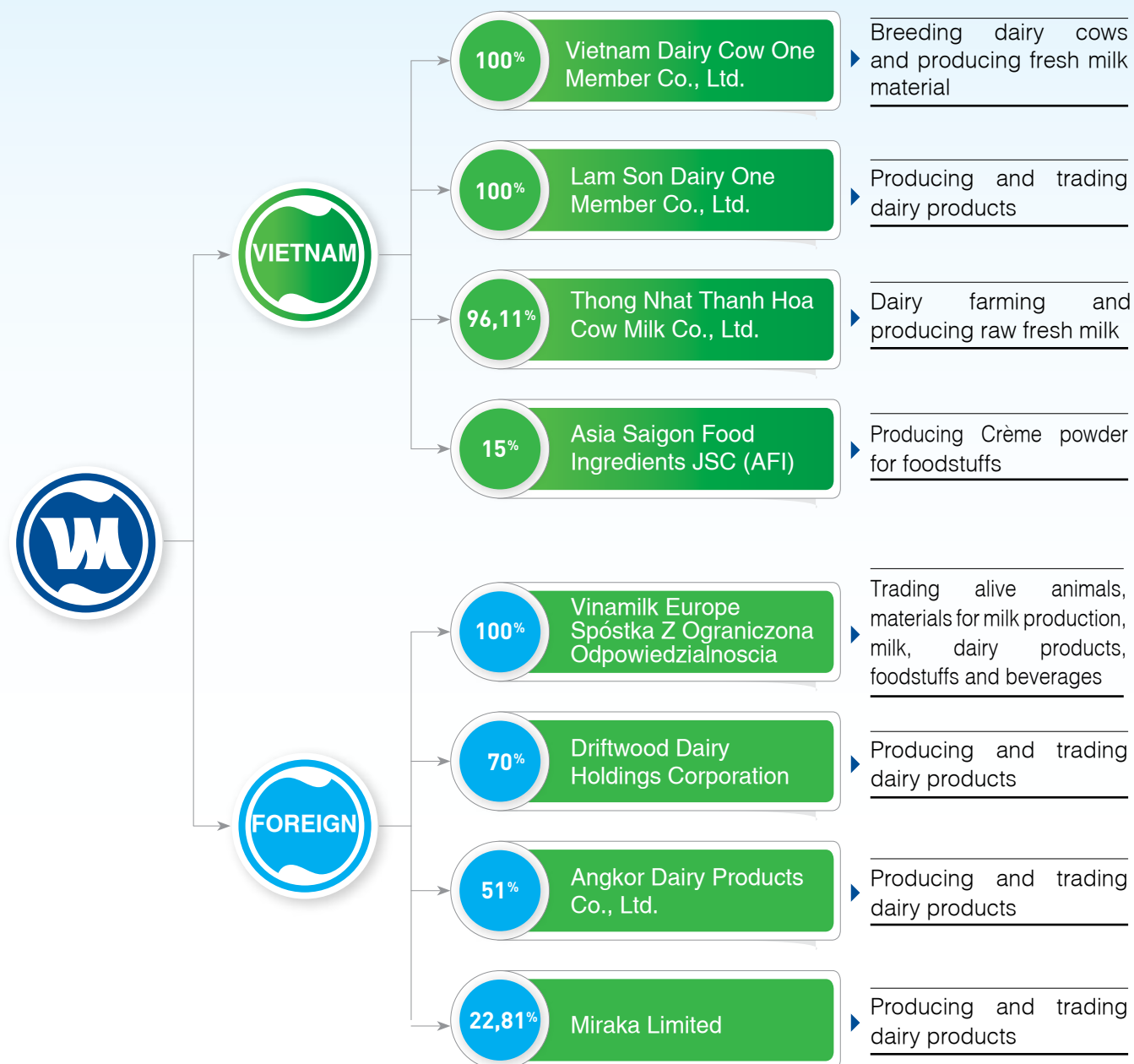




## VINAMILK - 39 YEARS OF CONTINUOUS DEVELOPMENT SINCE ESTABLISHMENT (continued)

### SUBSIDIARIES, ASSOCIATE AND JOINT -VENTURES

#### Business activities



### AWARDS AND ACHIEVEMENTS IN 2015

In 2015, Vinamilk was proudly recognized by the government, communities and related parties for its achievements.

ECONOMY	SOCIETY	ENVIRONMENT
Top 10 of Vietnam's 500 Largest Private Company, 2015	Certificate of Vietnam's High-quality Products, 2015	Truong Tho Milk Factory - Vietnam Environment Award 2015
The V1,000 Ranking list - 2015 (Top 1,000 Enterprises of Tax Contribution)	Best Corporate Governance in Vietnam - ASEAN in Manila, the Philippines	Certification for active contribution to "Forum of innovation and development towards a green economy" organized by Natural Resources and Environment News
Top 100 Asean - Top 300 Asia	Top 100 Trust and Use Brands	Certificate of Merit "Good achievement in electricity saving in 2015"
The New Zealand - ASEAN Scholar Award (NZAS) to Mrs. Mai Kieu Lien, CEO of Vinamilk	Vietnam's Top 10 Golden Products for WTO Integration, 10 <sup>th</sup> time, 2015	Green Enterprise
Top 50 Vietnam brands 2015	One of the enterprises having significant contribution to the society	
Top 50 Vietnam's Most Effective Companies	Top 50 Vietnamese Best Listed Companies	
Company of Sustainable Growth, 2011 - 2014	Top 100 Vietnam Best Places to Work 2014 (Ranked 2 <sup>nd</sup> )	

Note: For more details of these awards, please refer to the appendix.





## VINAMILK - 39 YEARS OF CONTINUOUS DEVELOPMENT SINCE ESTABLISHMENT (continued)

### STRUCTURE OF VINAMILK INCLUDES

#### HEAD OFFICE



10 Tan Trao, Tan Phu Ward, District 7,  
HCMC.

## 02



Logistics enterprises in Ha Noi and HCMC.

## 03



Sales offices in Ha Noi, Da Nang,  
and Can Tho.

## 13



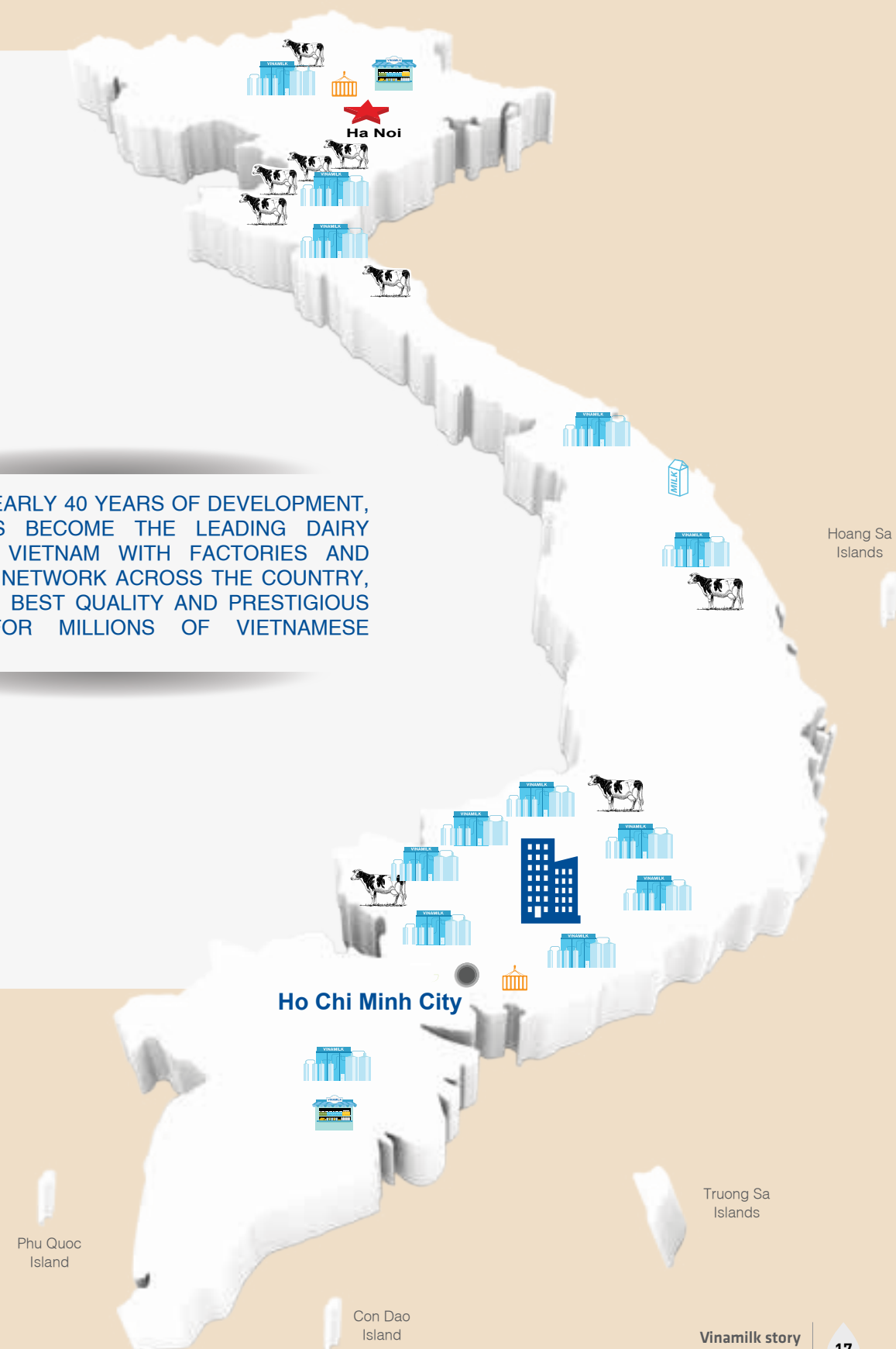
Factories in operation.

## 01



Health care clinic in HCMC.

DURING ITS NEARLY 40 YEARS OF DEVELOPMENT,  
VINAMILK HAS BECOME THE LEADING DAIRY  
COMPANY IN VIETNAM WITH FACTORIES AND  
DISTRIBUTION NETWORK ACROSS THE COUNTRY,  
BRINGING THE BEST QUALITY AND PRESTIGIOUS  
PRODUCTS FOR MILLIONS OF VIETNAMESE  
FAMILIES.



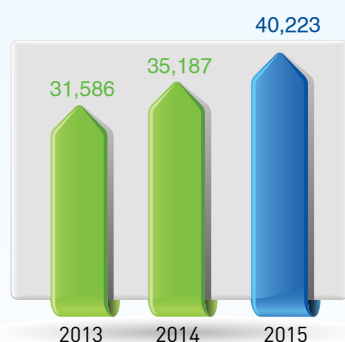


# VINAMILK - 39 YEARS OF CONTINUOUS DEVELOPMENT SINCE ESTABLISHMENT (continued)

## KEY FINANCIAL INDICATORS

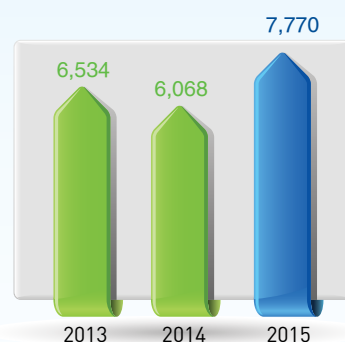
### REVENUE

**40,223** — UNIT: —  
BILLION VND



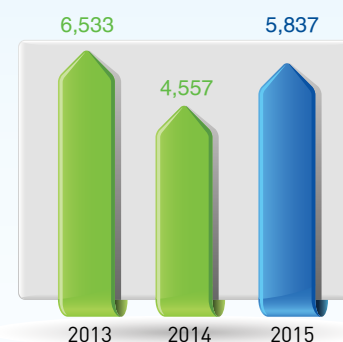
### AFTER-TAX PROFIT

**7,770** — UNIT: —  
BILLION VND

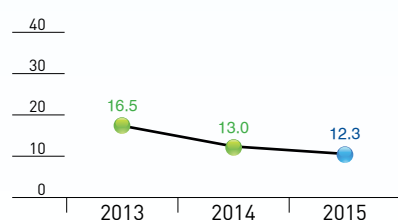


### EARNINGS PER SHARE

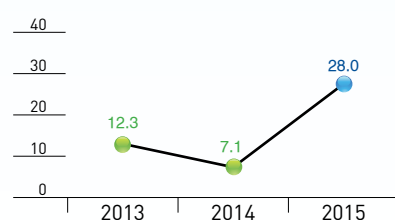
**5,837** — UNIT: —  
DONG



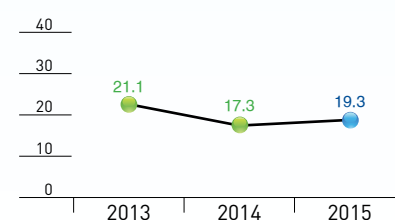
### Revenue growth rate (%)



### After-tax profit growth rate (%)

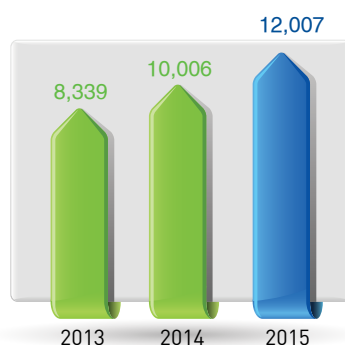


### Profit margin/Net revenue (%)



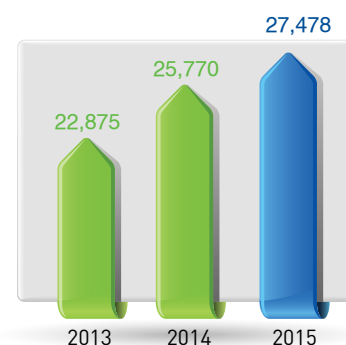
### CHARTER CAPITAL

**12,007** — UNIT: —  
BILLION VND



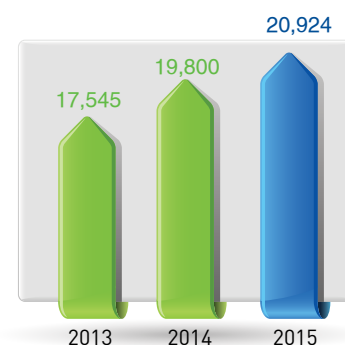
### TOTAL ASSETS

**27,478** — UNIT: —  
BILLION VND



### OWNERS' EQUITY

**20,924** — UNIT: —  
BILLION VND



## CAPITAL OWNERSHIP STRUCTURE BY THE END OF 2015

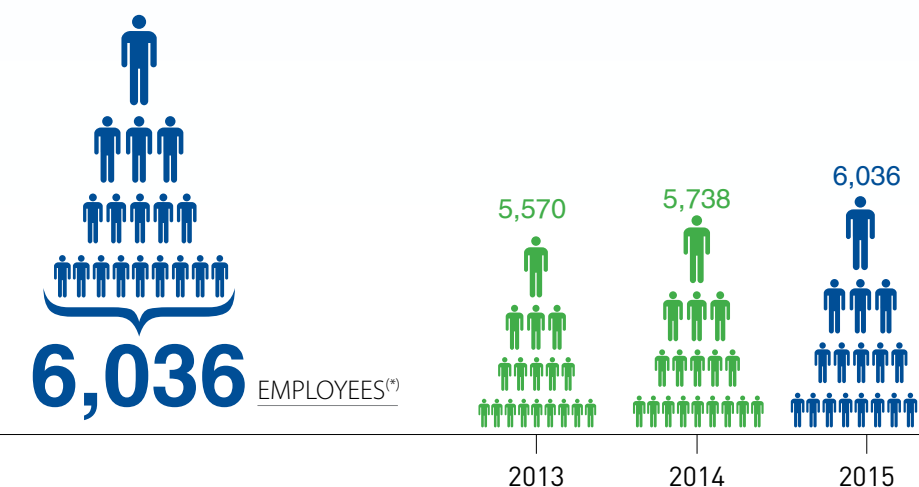
As of December 31, 2015, Vinamilk has 11,961 shareholders, of which:

	Number of shareholders	Number of shares owned	% of chartered capital
Outstanding shares	11,960	1,200,139,398	99.96%
Treasury shares	1	522,795	0.04%
	<b>11,961</b>	<b>1,200,662,193</b>	<b>100.00%</b>

### In which:

<b>Local shareholders</b>	<b>10,831</b>	<b>612,296,437</b>	<b>51.00%</b>
♦ Institutional	99	549,106,370	45.74%
♦ Individual	10,732	63,190,067	5.26%
<b>Foreign shareholders</b>	<b>1,130</b>	<b>588,365,756</b>	<b>49.00%</b>
♦ Institutional	241	584,168,234	48.65%
♦ Individual	889	4,197,522	0.35%

## SCALE OF EMPLOYEES



(\*) Number of employees only comprises staff of Vinamilk and 2 of its subsidiaries: Lam Son Dairy One Member Co., Ltd. and Vietnam Dairy Cow One-Member Co., Ltd.





## VINAMILK - 39 YEARS OF CONTINUOUS DEVELOPMENT SINCE ESTABLISHMENT (continued)

### SUPPLY CHAIN SYSTEM: FROM FARM TO DESK

#### The system of processing and packaging factories

The approved materials are processed in the system of 13 factories generating over 200 different products including powdered milk, nutrition powder, condensed milk, beverages, yoghurt, ice-cream, cheese, soy milk, etc. Specialized packaging with special designs keeps the products always fresh, maintains their natural flavor and safety.

#### The material supply chain and the farm system

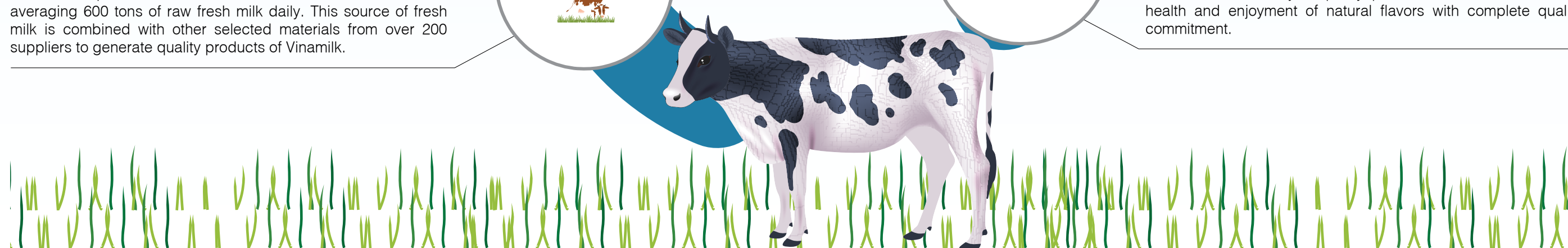
110,000 cows from the system of 7 dairy farms and the farming households provide 216,485 tons of raw fresh milk in 2015, averaging 600 tons of raw fresh milk daily. This source of fresh milk is combined with other selected materials from over 200 suppliers to generate quality products of Vinamilk.

#### Distribution system

Beside 243 distributors, 212,000 retailers, Vinamilk's products are also sold in 1,609 large and small supermarkets, 575 utility stores nationwide, and are present in more than 40 countries. Over 18,000,000 Vinamilk's products are consumed daily.

#### Consumers

Each product coming from the distribution system to the end consumer is not only a quality product but also the care for health and enjoyment of natural flavors with complete quality commitment.



	The material supply chain and the farm system	The system of processing and packaging factories	Distribution system	Consumers
<b>The management system currently applied at Vinamilk</b>	ISO 9001, Global Gap, FSSC 22000	ISO 9001, FSSC 22000, ISO 17025, PAS 99, ISO 27001	ISO 9001, FSSC 22000, ISO 27001	ISO 9001, FSSC 22000
<b>Relevant aspects of sustainable development</b>	Economic development Resources and mankind Environment and energy	Quality products Environment and energy Resources and mankind Economic development	Quality products Economic development	Quality products Community support and development



## BUSINESS PHILOSOPHY, CORE VALUES AND MANAGEMENT POLICY

### VISION



To become a world grade brand in food and beverage industry, where people put all their trust in nutrient and health products.

### MISSION



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

### CORE VALUES



“To become the leading symbol of trust in Vietnam in respect of nutritional and healthy products serving human life”

#### 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.

#### COMPLIANCE



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

#### ETHICS



To respect the established ethical standards and act accordingly.



The Company's business philosophy and objective are to keep developing operations in business, commerce and service, in order to give customers high-quality nutrition products, bring sustainable benefits to shareholders; to enhance the life and work conditions, income of employees; to fulfill obligations to the State budget, and engage actively in community activities.

### BUSINESS PHILOSOPHY

Vinamilk wishes to become the favorite products in every region and territory. Therefore, we always keep in mind that quality and creativity are the companion of Vinamilk. Customer-centricity is Vinamilk's policy and Vinamilk is committed to meeting all needs of customers.

### QUALITY POLICY

Vinamilk always satisfies and is responsible for customers by diversifying products and services, ensuring quality and food hygiene with competitive price, respecting business ethics and obeying laws.

QUALITY

NEEDS

CREATIVITY





## BUSINESS PHILOSOPHY, CORE VALUES AND MANAGEMENT POLICY (continued)

### POLICIES ON SAFETY - HEALTH - ENVIRONMENT

With the awareness to ensure occupational safety and health, environment protection, we are conscious that performing responsibilities of Safety - Health - Environment is as important as any other business activities.

All members of the Production Division have been trained in the Company's codes of conduct, and regulations, to maintain the occupational safety, health, and environment protection, as well as contribute to build a green environment for healthy life.



SAFETY



HEALTH



ENVIRONMENT



With orientation to sustainable and comprehensive development, the Production Division undertakes to:

- |   |  |  |
|---|--|--|
| 1 |  | Abide by laws and other regulations on occupational safety and health, environment protection, and promote the leading role in enhancing working conditions, preserving, protecting and improving the environment.   |
| 2 |  | Develop and manufacture products planned with the orientation of reducing impacts on environment and promoting environment protection.   |
| 3 |  | Establish, maintain and continuously improve safe working conditions, prevent injuries and impairment of health of employees, apply 5S and the plan "Cleaner Production".  |
| 4 |  | Develop and continuously improve in order to upgrade efficiency and effectiveness of the Integrated System of ISO 14001 and OHSAS 18001 according to PAS 99:2012 in order to improve the environment, improve the working conditions.  |
| 5 |  | Always strive for solutions for improving working conditions, preventing pollution, reducing waste, enhancing energy, resource and material usage effectiveness in order to prevent or reduce negative impacts on the environment and life according to criteria of labor safety, environmental friendliness and response to climate change. |
| 6 |  | Raise awareness in all employees by training and participation in activities for safety and health; for the clean and green environment.   |

In order for the policy of Safety - Health - Environment to be well understood and performed in reality, all employees, contractors, suppliers as well as those possibly affected by operations of the Company are fully guided and communicated on the policies accordingly. To undertake to perform and maintain success of the program of occupational safety and health, environment protection with an orientation to sustainable development. To perform the good working conditions; green and clean environment with the motto:

**"Safety - health - good environment, good life"**



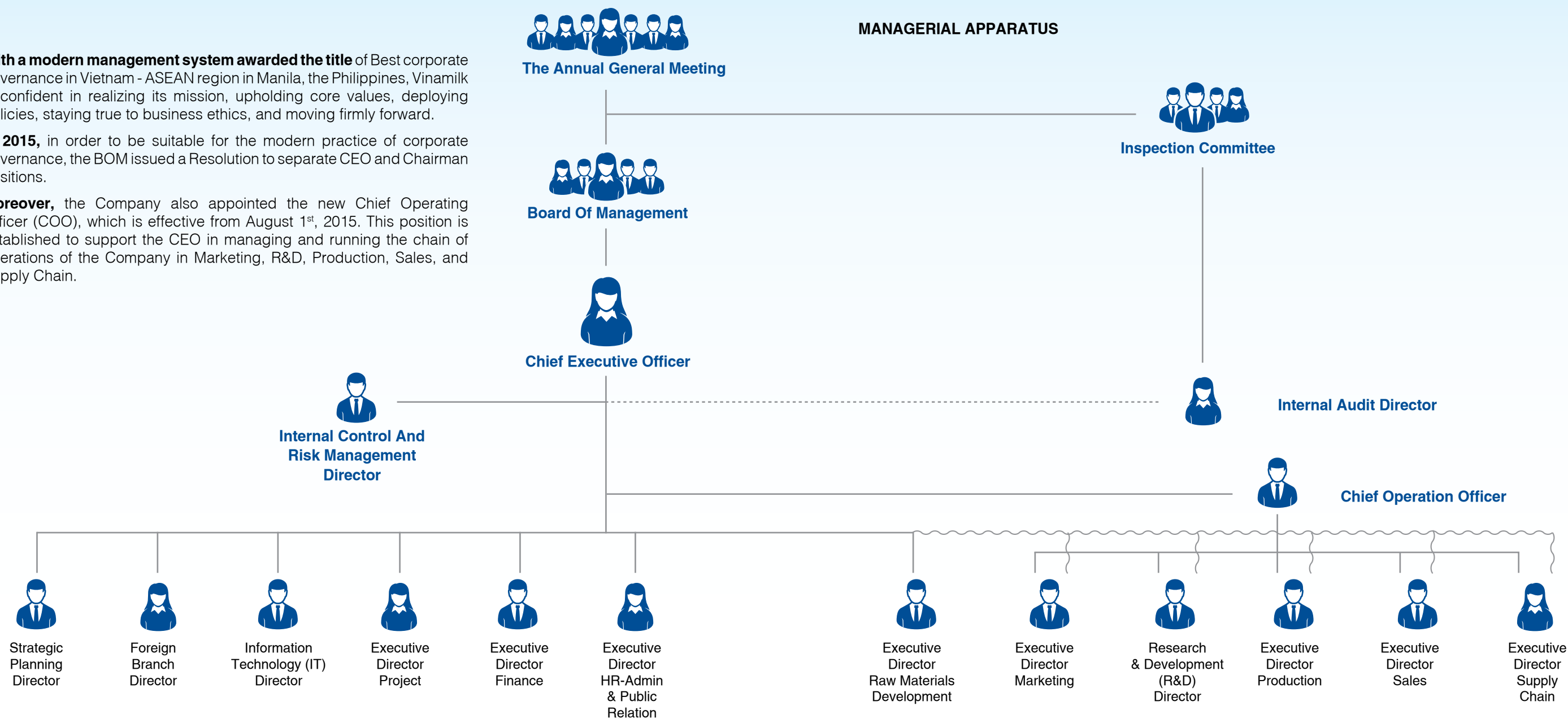
## MANAGEMENT STRUCTURE

With a modern management system awarded the title of Best corporate governance in Vietnam - ASEAN region in Manila, the Philippines, Vinamilk is confident in realizing its mission, upholding core values, deploying policies, staying true to business ethics, and moving firmly forward.

In 2015, in order to be suitable for the modern practice of corporate governance, the BOM issued a Resolution to separate CEO and Chairman positions.

Moreover, the Company also appointed the new Chief Operating Officer (COO), which is effective from August 1<sup>st</sup>, 2015. This position is established to support the CEO in managing and running the chain of operations of the Company in Marketing, R&D, Production, Sales, and Supply Chain.

### MANAGERIAL APPARATUS



#### Notes:

- Direct reporting
- - - Functional reporting
- ~ Required reporting based on the nature of work



## MANAGEMENT STRUCTURE (continued)

In order to ensure sustainable development of business activities of the Company, Vinamilk has focused on 4 key areas in the past years:

Build a long-term development plan.

Manage risks that the company might encounter in order to ensure compliance to the long-term strategy.

Develop human resources with adequate professional competence.

Build mechanisms to continuously improve business activities.

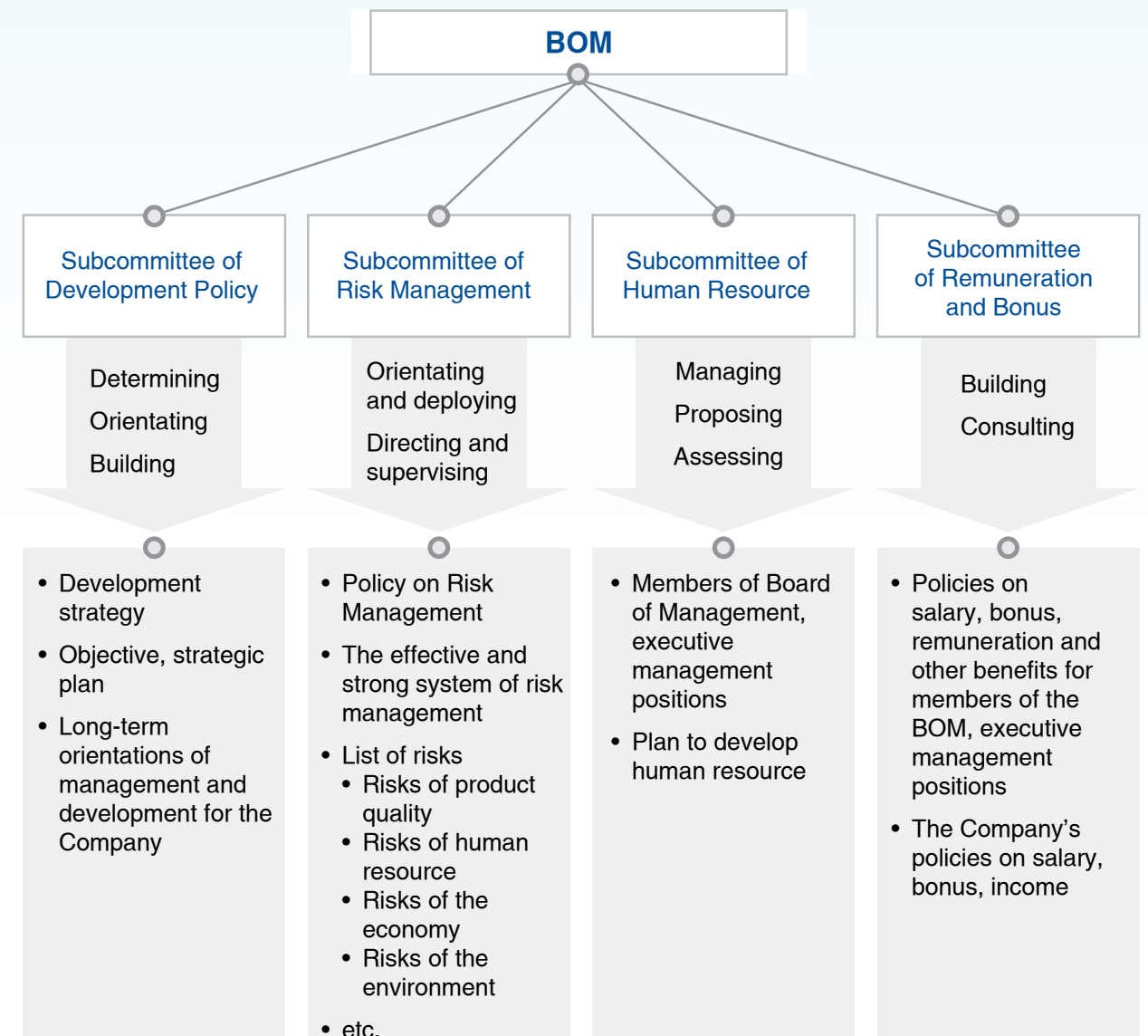
And in order to succeed, Vinamilk has built the corporate structure in the direction of centralization, with unity from top to bottom of the hierarchy regarding the responsibilities and authorities designated to each department and level, including: Board of Management, Risk Management Subcommittee, Risk Management Committee, Internal Control, Inspection Committee, Internal Audit, and Executive Directors.

The establishment and determination of development strategy and objectives always associate with identification and assessment of risks for effective orientation and implementation of risk management. Among identified risks, those

of product quality, human resource, economy and environment, etc. are of the highest interest and priority. Furthermore, in order to ensure implementation of strategies, risks are managed effectively to reach the targets, the personnel responsibilities and authority from BOM to BOD, managers to staff are clearly and completely designated. Simultaneously, the performance criteria of management levels are also established by a fair, objective and reasonable remuneration policy. Remuneration of the Board of Executive Directors comprises of salary, bonus and other benefits, is proposed by the Subcommittee of Remuneration and Bonus, examined and approved by the BOM.

The evaluation criteria for operational efficiency of management levels and the basis for calculating remuneration.

Scope of responsibilities	Salary scales in the Company in particular and in the industry in general
Required qualities and capabilities	Financial capabilities and indicators of the Company
Experiences	Market factors of human resource and other factors
Personal and business capabilities	







## MANAGEMENT STRUCTURE (continued)

### SUBCOMMITTEE OF DEVELOPMENT POLICY



**MR. LE SONG LAI**  
Head of committee



**MS. MAI KIEU LIEN**  
Member



**MS. NGO THI THU TRANG**  
Member

### SUBCOMMITTEE OF RISK MANAGEMENT



**MR. NG JUI SIA**  
Head of committee



**MR. LE ANH MINH**  
Member



**MS. NGO THI THU TRANG**  
Member

### SUBCOMMITTEE OF HUMAN RESOURCE



**MS. LE THI BANG TAM**  
Head of committee



**MS. MAI KIEU LIEN**  
Member



**MR. LE SONG LAI**  
Member

### SUBCOMMITTEE OF REMUNERATION AND BONUS



**MR. LE ANH MINH**  
Head of committee



**MR. NG JUI SIA**  
Member



**MS. LE THI BANG TAM**  
Member



# SUSTAINABLE DEVELOPMENT REPORT AND MATERIALITY ASSESSMENT



## OVERVIEW OF THE REPORT

The Sustainable Development Report (SDR) is prepared annually regarding aspects of sustainable development of Vinamilk. In 2015, the SDR continues to be generated separately from the annual report. All data reports for the year ended December 31, 2015.

The report is made based on the interest and value to related parties and Vinamilk. Vinamilk's management methods, objectives, orientations and operations are demonstrated in this report, to portray the whole picture of the Company's business during the year, as well as the Company's development direction in the future.

## SCOPE OF THE REPORT

### This report is prepared for the scope of operations of:

- Vinamilk;
- Vietnam Dairy Cow One Member Co., Ltd., including operations of 4 dairy farms;
- Lam Son Dairy One Member Co., Ltd., including operations of 1 factory and 1 farm;

### The report does not cover operations of:

- International Real Estate One Member Co., Ltd.: Dissolution completed in January 2015;
- An Khang Clinic: The clinic has specific characteristics, different from the key business scope, and accounts for unremarkable percentage in Vinamilk's operations;

### Related parties

Related parties are identified based on their degree of interaction with Vinamilk. They are groups of entities with direct or indirect influence of some extent on Vinamilk, or vice versa, Vinamilk can make significant influences on those groups.

The prerequisite and crucial objective of Vinamilk is to create long-term values for related parties. In order to achieve that objective, Vinamilk understands the importance of maintaining effective interaction and communication with the parties based on trust, transparency and promotion of corporate ethical standards.

The data and information presented in the report include the business operation and achievements in 2015; the route to sustainable development; Vinamilk's commitments to related parties. Some non-financial information presented in this report may not be completely accurate due to the nature-related limit of qualitative measurement. However, we commit to present the most accurate and reliable information to related parties and the public.

*The report is prepared according to Guidance of Global Reporting Initiative (GRI), Guidelines 4 on building Sustainable Development Report in food processing field (G4 Content Index - Food Processing Sector Supplement). Additionally, we also refer to the Guidance on Building Sustainability report issued by State Securities Commission of Vietnam joining with IFC (International Finance Corporation).*

- Thong Nhat Thanh Hoa Cow Milk Co., Ltd.: The company is in the stage of construction of facilities and restructuring;
- Angkor Dairy Products Co., Ltd.: The company is in the stage of construction of facilities;
- Driftwood Dairy Holding Corporation: Currently in the stage of setting up mechanisms for statistics and data classification.

Data and information presented in the report include business operation and achievements in 2015; the process of orientation towards long-term objectives of the Company; Vinamilk's commitments to related parties including investors, the government, the society, the environment and other related entities.

## Maintaining effective relationships with related parties:

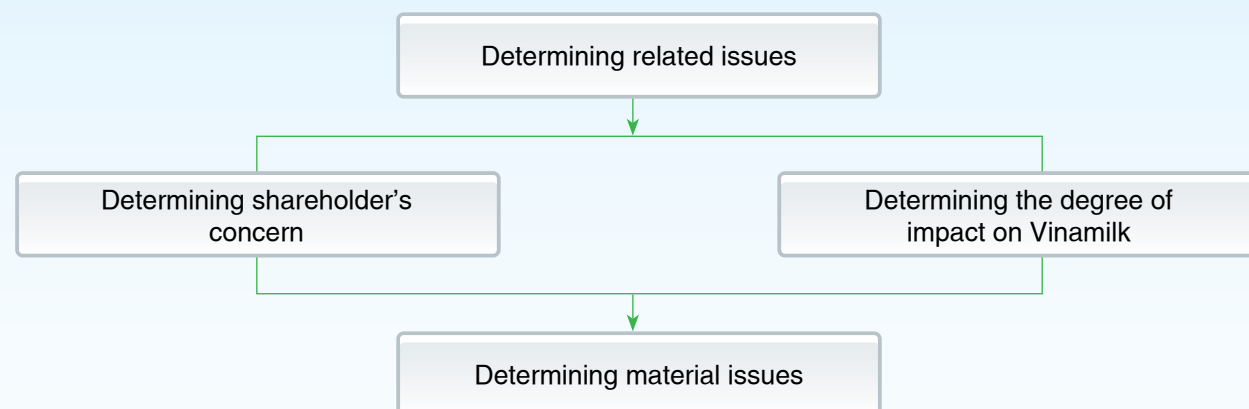
Communication and interaction with related parties are performed and maintained through various approaches, depending on each entity group. From the results gained by the process of approach, interaction and communication, Vinamilk sets the objective and commits to deliver values expected by the related parties.

Entity	Approaches	Vinamilk's commitment
Shareholders	<ul style="list-style-type: none"><li>• Direct meeting and consulting.</li><li>• Gathering written opinions of shareholders.</li><li>• Organizing the annual general meeting of shareholders.</li></ul>	<ul style="list-style-type: none"><li>• Ensuring safe investments, sustainable profits.</li></ul>
Consumers	<ul style="list-style-type: none"><li>• Gathering information from sales staff/distributors.</li><li>• Online customer assistance with hotline.</li><li>• Surveys of tastes by specialist organizations.</li></ul>	<ul style="list-style-type: none"><li>• Diversification of products, optimization of choices for customers.</li><li>• Guarantee of quality in terms of nutrition and health for product users.</li><li>• Ensuring the most suitable and competitive prices.</li></ul>
Employees	<ul style="list-style-type: none"><li>• Surveying all employees about the working environment: salary, bonus &amp; benefits, tasks, superiors, colleagues, training &amp; development.</li><li>• Internal memorandum.</li><li>• Agenda for annual training and meetings.</li></ul>	<ul style="list-style-type: none"><li>• Constantly improving the working environment to yield satisfaction to employees by offering opportunities of study and development, combining with benefit and income policies.</li><li>• Ensuring that occupational safety and health are taken care of.</li></ul>
Partners	<ul style="list-style-type: none"><li>• Direct meeting and consulting.</li><li>• Gathering information from goods &amp; service procurement department.</li><li>• Contracts, agreements on purchasing goods, services.</li></ul>	<ul style="list-style-type: none"><li>• Cooperating to develop on the basis of mutual benefits, transparency and social responsibilities.</li><li>• Building sustainable value chains.</li></ul>
Government	<ul style="list-style-type: none"><li>• Attending conferences, seminars organized by the government.</li><li>• Updating continuously policies, regulations issued by the government.</li></ul>	<ul style="list-style-type: none"><li>• Complying with policies, regulations by the government in fields of operation.</li><li>• Complying with and performing tax obligations fully and promptly.</li></ul>
Community	<ul style="list-style-type: none"><li>• Organizing events in numerous provinces nationwide.</li><li>• Cooperating with local government.</li></ul>	<ul style="list-style-type: none"><li>• Being responsible, sharing values and contributing to development of the community.</li></ul>



## SUSTAINABLE DEVELOPMENT REPORT AND MATERIALITY ASSESSMENT (continued)

### PROCEDURE TO ASSESS MATERIALITY



#### Step 1: Determining related issues

The objective of this first step is to outline an overview of the issues relating to operations of Vinamilk. A list of basic issues is referred from GRI guidance, issues for production industry and reports relating to the product sector

These issues are determined separately, the relationship (if any) is noted based on its impacts on Vinamilk, in both aspects of organization or supply chain.

#### Step 2: Determining shareholder's concern, and significance of related issues

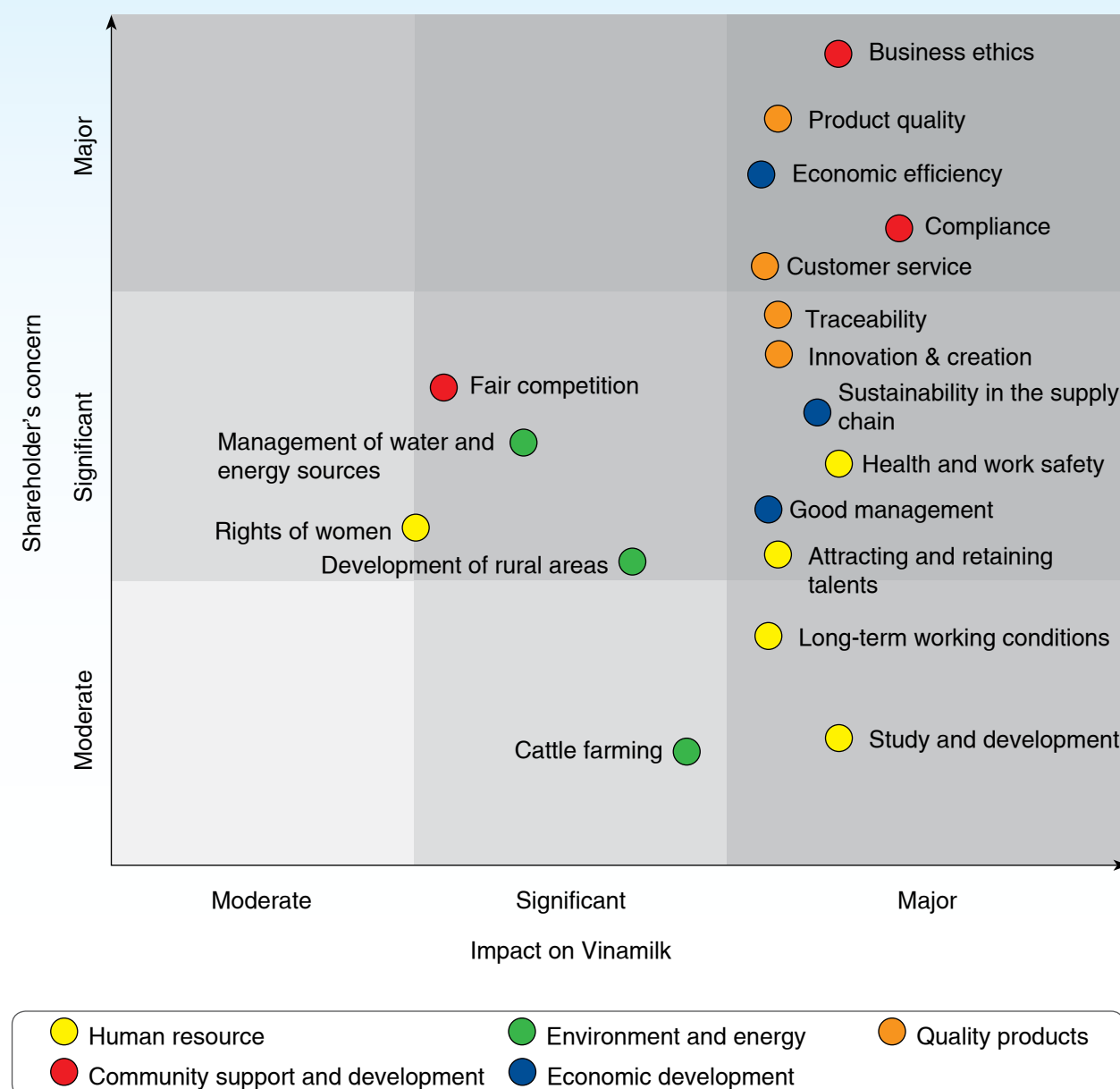
The degree of interests of related parties is determined based on the document source about related parties available publicly and internally, including recognition through direct meeting and consulting from related parties, interviews, surveys on relevant groups. We also refer to investors' interests recognized for the nutrition food product sector.

The degree of impact of these issues on operations of Vinamilk is determined based on the operational situations of the Company in the past and at present, with consultation from the leaders.

This measurement has certain relativity due to limits of quantifying information with qualitative characteristics. However, Vinamilk commits to present information in the most truthful and reasonable way possible.

#### Step 3: Determining material issues

Our analysis results are reflected in the matrix below, portraying the degree of significance of each relating issue in term of the interest of related parties, and their impact level upon Vinamilk's operations.



### CONTACT INFORMATION FOR THE REPORT

For comments or questions relating to the report, please directly contact Vinamilk's website, at Feedback Information (<http://www.vinamilk.com.vn/?vnm=FAQ>) or email to members in charge of the Sustainable Development Program.





## SUSTAINABLE DEVELOPMENT REPORT AND MATERIALITY ASSESSMENT (continued)

### PERSONNEL IN CHARGE OF SUSTAINABLE DEVELOPMENT PROGRAM

CEO directs the program and the participants include:

#### WORKING ENVIRONMENT – PUBLIC AND SOCIAL ACTIVITIES

<b>MS. BUI THI HUONG</b> Executive Director of HR – Admin & Public Relation, email: bthuong@vinamilk.com.vn	in charge of general management
<b>MS. VU BICH NGHIA</b> HR Director, email: vbnghia@vinamilk.com.vn	in charge of issues related to human resource and working environment
<b>MR. NGUYEN QUOC VIET</b> HR Development Manager, email: nqviet@vinamilk.com.vn	in charge of issues related to human resource management and promotion
<b>MR. LE MY HA</b> Training Manager, email: lmha@vinamilk.com.vn	in charge of training issues
<b>MS. DUONG THI TRUC LY</b> Recruitment Manager, email: dttyl@vinamilk.com.vn	in charge of recruitment issues
<b>MR. DO THE TUYEN</b> Compensation & Benefits Manager, email: dtuyen@vinamilk.com.vn	in charge of issues related to salary, allowance, and welfare for employees
<b>MS. PHAM HONG HANH</b> PR Manager, email: phhanh@vinamilk.com.vn	in charge of public and social activities

#### PRODUCT RESPONSIBILITY

<b>MR. NGUYEN QUOC KHANH</b> Executive Director of Research and Development, email: nqkhanh@vinamilk.com.vn	in charge of issues related to products
<b>MS. CU THI THU VAN</b> Planning and Research Manager, email: cttvan@vinamilk.com.vn	in charge of planning, orientating and improving products
<b>MS. HUYNH THI NGOC DUNG</b> Product Development Manager, Product Development Research Center email: htndung@vinamilk.com.vn	in charge of researching and developing products

#### ENVIRONMENT & ENERGY

<b>MR. TRAN MINH VAN</b> Executive Director of Production, email: tmvan@vinamilk.com.vn	in charge of issues related to product – environment & energy in production activities
<b>MR. TRINH QUOC DUNG</b> Executive Director of Raw Materials Development email: tqdung@vinamilk.com.vn	in charge of issues related to environment – energy in dairy farm activities
<b>MR. NGUYEN QUOC PHONG</b> Environment & Energy Management Manager email: nqphong@vinamilk.com.vn	in charge of deploying activities related to environment management and energy conservation
<b>MR. NGUYEN DANG KHOA</b> Technical Manager of Vietnam Dairy Cow One Member Co., Ltd. email: ndkhoa@vinamilk.com.vn	in charge of deploying activities related to environment management and energy conservation in dairy farms

#### COORDINATION AND REPORT PREPARATION TEAM

In charge of coordinating and consolidating programs and report preparation, including the following members:

<b>MR. NGUYEN TUONG HUY</b> Internal Control and Risk Management Director, email: nthuy@vinamilk.com.vn
<b>MS. LE HOANG ANH</b> Quality Management System Specialist, email: lhanh@vinamilk.com.vn
<b>MS. HA THI DIEU THU</b> System Control Specialist, email: htdthu@vinamilk.com.vn





*Accompany with*  
**SUSTAINABLE  
DEVELOPMENT**

- 
1. The concept of sustainable development in Vietnam
  2. Vinamilk – Sustainable development and integration





## THE CONCEPT OF SUSTAINABLE DEVELOPMENT IN VIETNAM

VIETNAM HAS DETERMINED THAT GREEN DEVELOPMENT IS AN IMPORTANT CONTENT OF SUSTAINABLE DEVELOPMENT, ENSURING FAST, EFFECTIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT, THIS CONTRIBUTES SIGNIFICANTLY TO IMPLEMENTATION OF THE NATIONAL STRATEGY ON CLIMATE CHANGE.



“ Climate change, depletion of natural resources, etc. are affecting the stability of human habitat, thus causing nations to consider sustainable development. In responding to the new trend of sustainable development on three economic, social and environmental pillars, Vietnam is deploying the National Strategy on Green Development with numerous remarkable results, contributing actively to international efforts in coping with climate change.

Vietnam has determined that green development is an important content of sustainable development, ensuring fast, effective and sustainable economic development, this contributes significantly to implementation of the National Strategy on climate change. The overall objective of the Strategy of Green Development is “Green development towards a low carbon economy, enrichment of natural capital becoming the driving trend in sustainable economic development, reducing emission and increasing absorption of greenhouse gases becoming a mandatory and important criterion in socio-economic development”.

*Mr. Nguyen The Phuong - Deputy Minister of Ministry of Planning and Investment  
Source: Courtesy of Journal of Economics and Forecasting No. 23, December 2015*

“ It is compulsory to develop a sustainable economy, uphold macroeconomic stability, guarantee economic security. It is necessary to promote shifting economic structures, transforming growth models, to prioritize quality, productivity, efficiency, competitiveness as top priority, to focus on in-depth development, and knowledge-based economy development. Economic growth has to be in concordance with culture development, realization of social progressiveness and fairness, persistent improvement of life quality of the people. Socio-economic development has to accompany protecting and improving the environment, actively contending with climate change”.

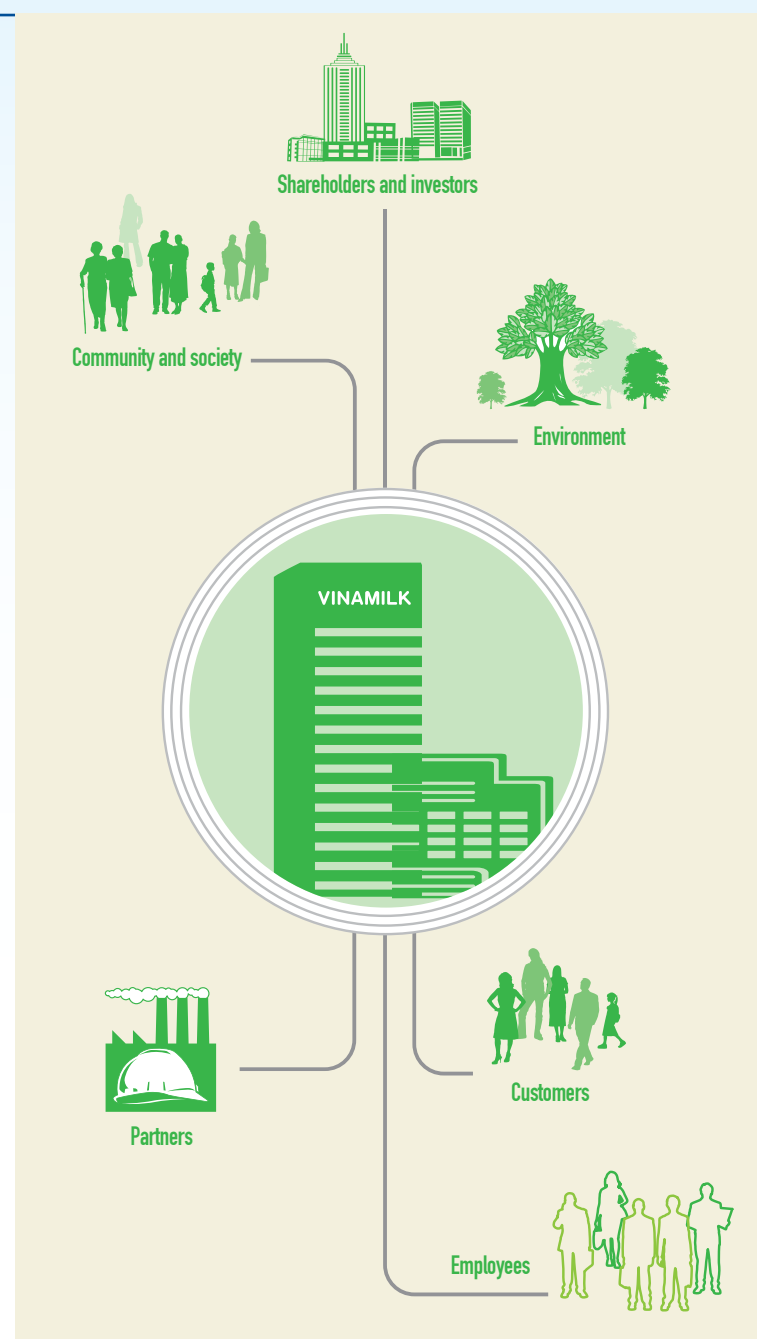
*11<sup>th</sup> National Congress of the Communist Party of Vietnam  
and details in Socio-economic Development Strategy for the period 2011 - 2020*





## THE ORIENTATION OF GREEN DEVELOPMENT AND SUSTAINABLE DEVELOPMENT

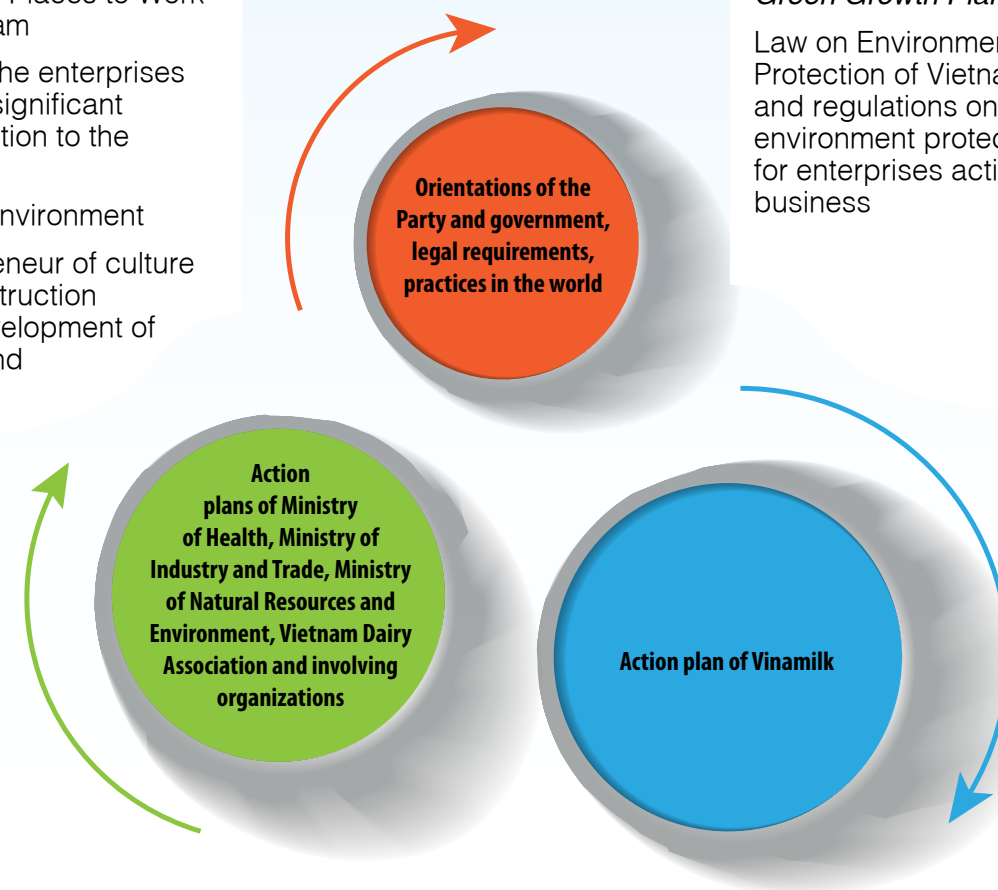
AT VINAMILK, WE UNDERSTAND THAT DEVELOPMENT AND SUCCESS OF AN ENTERPRISE ARE NOT ONLY FINANCIAL STATISTICS BUT ALSO ENGAGEMENT AND ACCOMPANIMENT WITH SUSTAINABLE DEVELOPMENT OF THE NATION, THE SOCIETY, COMMUNITIES AND RELATED PARTIES. WITH THAT IN MIND, VINAMILK ALWAYS STRIVES FOR, AND MAKES EVERY EFFORT TO ACHIEVE SUSTAINABLE DEVELOPMENT, TO SEEK AND PERFORM SOLUTIONS WITH THE ORIENTATION TO CONTRIBUTE TO GREEN SUSTAINABLE DEVELOPMENT OF THE NATION.



Vinamilk always complies with and actively perform policies as well as national action programs on sustainable development. That spirit is demonstrated throughout Vinamilk's management system. Such constant efforts resulted in praise worthy recognitions in 2015.

Vietnam's Golden Food Brand  
Top 100 Places to Work in Vietnam  
One of the enterprises having significant contribution to the society  
Green environment  
Entrepreneur of culture for construction and development of homeland

*Socio-economic Development Strategy*  
*Green Growth Plan*  
Law on Environment Protection of Vietnam and regulations on environment protection for enterprises active in business



Business philosophy  
Vision, mission  
Core values  
Rules of management  
Rules of behavior

Quality policies  
Policies on environment, energy, and occupational safety and health  
Responsible investment  
Rules for electing contractors



## VINAMILK - SUSTAINABLE DEVELOPMENT AND INTEGRATION (continued)

### OBJECTIVES AND PLAN OF ACTIVITIES

	Objective	Solution
<b>Sustainable development</b> 	<ul style="list-style-type: none"><li>Building a Policy on corporate social responsible (CSR) throughout all departments of the company.</li></ul>	<ul style="list-style-type: none"><li>Improving management of sustainable development.</li></ul>
<b>Sustainable Economic growth</b> 	<ul style="list-style-type: none"><li>Growing sustainably in terms of revenue and profit.</li><li>Ensuring interests of shareholders and investors.</li><li>Enhancing awareness of customers about the trademark and products of the Company.</li><li>Exports contribute 50% to gross revenue.</li></ul>	<ul style="list-style-type: none"><li>Investing heavily on each group of the product portfolio in order to ensure high competitiveness.</li><li>Diversifying the product portfolio to best suit market needs.</li><li>Diversifying fields of business.</li><li>Boosting expansion in markets of developing countries.</li></ul>
<b>Sustainable Social development</b> 	<ul style="list-style-type: none"><li>Producing quality products helping to raise health of the people.</li><li>Creating stable jobs for local labor force.</li></ul>	<ul style="list-style-type: none"><li>Continuously improving product quality, ensuring compliance to rules of food safety and hygiene.</li><li>Opening training, coaching classes for upgrading farming knowledge and assisting the local people, in order to improve productivity and efficiency of farming; ensuring stable purchasing with competitive price for approved supplying households.</li></ul>
<b>Sustainable Environment Protection</b> 	<ul style="list-style-type: none"><li>Using natural resources effectively and economically.</li><li>Going green in production and habitat.</li><li>Fostering sustainable consumption.</li></ul>	<ul style="list-style-type: none"><li>Managing the use of water and natural resources, ensuring efficiency, avoiding wasting.</li><li>Processing waste well, actively planting trees to enhance the habitat.</li><li>Improving the product box packaging, reducing waste released into the environment.</li></ul>

#### Sustainable Human Resource



- Becoming the optimal and paradigmatic workplace for employees.
- Attracting and keeping talents successfully.

- Maintaining ideal working environment with sound reward and benefit policies.
- Continuously organizing training courses for upgrading knowledge of employees, specifically the management levels.

#### Sustainable Community Support



- Being the “Community-cohesive Trademark”.
- Cooperating in building a sustainable Community.

- Actively organizing/participating in community support programs.
- Accompanying, sharing, and cooperating closely with the local government to solve common issues of the community.







Sustainable  
**foundation**

## Nurturing **green seeds**

1. Stand tall Vietnam, reach out to the world
2. Quality product
3. Human resource
4. Environment and energy
5. Community support and development







## STAND TALL VIETNAM, REACH OUT TO THE WORLD



1 among  
Top  
50 DAIRY  
COMPANIES  
IN THE  
WORLD

### Objective:

Continuously maintaining and enhancing the position in Vietnam and becoming 1 among Top 50 dairy companies in the world.

“...the rule of doing business of Vinamilk is never stop at mere self-contentment.”

*Mai Kieu Lien, CEO of Vinamilk*

In order to perform the set objectives, Vinamilk continuously intensifies investing on equipment, upgrading technologies to raise product quality, using available resources for continuous growth, striving to achieve higher domestically, and reaching out into overseas markets.



## STAND TALL VIETNAM, REACH OUT TO THE WORLD (continued)

### STAND TALL VIETNAM

Vinamilk currently maintains 53% market share of the liquid milk industry, 84% market share of yoghurt, and 80% market share of condensed milk domestically. Products are distributed effectively via a network comprising of 243 exclusive distributors and 212,000 retailers, present in all provinces nationwide.

According to reported statistics in 2015, gross revenue achieves 40,223 billion VND, increased by 14% compared to 2014, exceeding 5% over the AGM's plan. Particularly, after-tax profit of 2015 reached 7,770 billion VND, increased by 28% as compared to 2014.

**Gross revenue**  
**40,223** Billion VND **↑ 14%**  
exceeding 5% over the AGM's plan

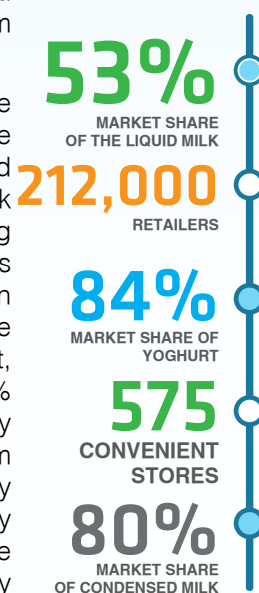
**After-tax profit**  
**7,770** Billion VND **↑ 28%**

“Vinamilk is the largest milk company in Vietnam, with richly diversified milk products. Vinamilk's potentials are highly rated by foreign investors, therefore, they own up to 49% of company shares. According to a research by a market research agency, milk consumption has increased over 20 times in Vietnam in the last 20 years, and Vinamilk contributed a large share to this result.”

By Nikkei Asian Review

In the past 5 years, Vinamilk invested over 6,500 billion VND from owners' equity on construction of numerous factories with high automation level equivalent to the regional and global level. Vinamilk currently has 13 factories nationwide, among which the Vietnam milk factory has the newest automatic integrated assembly line, smart storage system with latest technology in the world, with the estimated capacity at 800 million liters milk/year in the coming 5 years. This is the key factor to raise labor productivity and efficiency of Vinamilk in particular, and the milk industry of Vietnam in general.

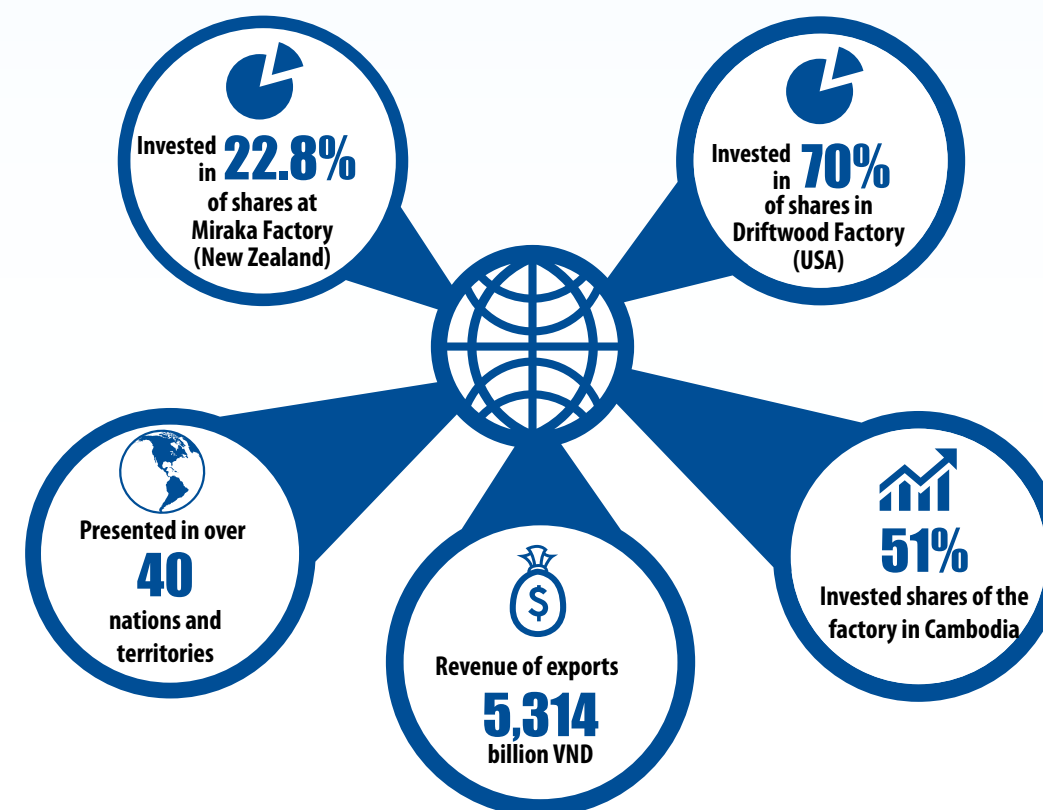
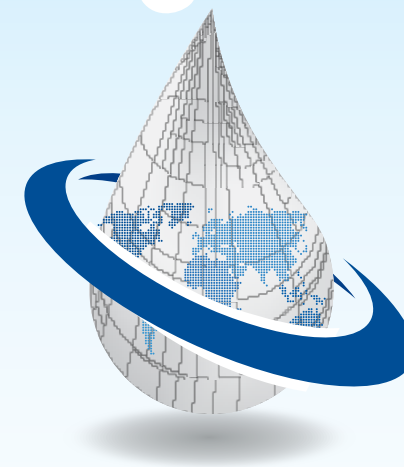
In order to carry out the objective to be always the leading milk producer and trader in Vietnam, Vinamilk has focused on expanding the market share of products with low sale proportion such as powdered milk: the target is 50% of the market, liquid milk: the target is 60% of the market; continuously dominating the Vietnam market in terms of key products; simultaneously considering expanding the business into multi-industry in the next 2 to 3 years.



### REACHING OUT TO THE WORLD

Vinamilk occupies not only the domestic market, but also seeks to expand into the world market. The company has invested in 22.8% of shares at Miraka Factory (New Zealand), held 70% of shares in Driftwood Factory (USA), 51% of invested shares of the factory in Cambodia, opened a subsidiary in Poland to serve as a hub for Vinamilk's business operations in Europe. Products of the Company are present in over 40 nations and territories. Expected average growth of exports is 10-15 % per annum. Revenue of exports in 2015 achieved more than 5,314 billion VND, three times as much of 2010 (over 1,673 billion VND).

In the coming 3 years, Vinamilk continues to focus on tapping into potential markets in the Middle East, Africa, Cuba and especially markets with highly stringent quality requirements such as Japan, Canada and the US, boosts exports to achieve 50% current gross revenue of the Company. This is a very major challenge, but also promises great opportunities for Vinamilk, is the essential part to help the Company become 1 among Top 50 dairy companies in the world in 2017.







## STAND TALL VIETNAM, REACH OUT TO THE WORLD (continued)

### LOCAL ECONOMIC DEVELOPMENT

In provinces where Vinamilk has business operations, the Company always combines expanding operation scale with local economic development. Scheduled operations of Vinamilk till 2015 are as follows:

#### Investing on facilities, constructing infrastructure:

**Ha Tinh Dairy Farm:** Operational from January, 2015. The farm currently has 1,820 cows, the number is expected to reach 2,000 in March 2016 according to the initial design. The Control Union organization of the Netherlands has verified and recognized compliance to standards and granted Global GAP, ISO and environment certificates to this farm.



**Tay Ninh dairy farm:** Tay Ninh dairy farm has a large scale designed herd of 8,000 cows. The project is in the stage of finishing remaining works to be operational with cows by February, 2016.

**Complex of high-tech dairy farms of Thong Nhat Thanh Hoa Cow Milk Co., Ltd., a subsidiary with 96.11% capital of Vinamilk:** The complex of Vinamilk high-tech dairy farms here will import cows from Australia and USA with the scale of 16,000 heads, the number can rise to 24,000 in phase 2. It is expected to provide an average milk output volume of 98,630 kg/day, equivalent to 36 million liters/year. The facility is expected to be fully operational in 2017.







## STAND TALL VIETNAM, REACH OUT TO THE WORLD (continued)

**The project of construction of a joint-venture in Cambodia** (belonging to Ankor Dairy Products Co., Ltd.) is a subsidiary with 51% capital of Vinamilk: Finished and produced commercial fresh milk and yoghurt from September 2015, and condensed milk from November 2015.

In 2015, the Company also invested and expanded to raise capacities for liquid milk, yoghurt, cream and condensed milk in several factories such as Tien Son, Da Nang, Can Tho, Thong Nhat and Lam Son.

### Job creation for local work force

Vinamilk now provides stable full-time job for approximately 6,000 employees and over 8,500 indirect workers (without a direct labor contract) nationwide. Apart from the current farm system, the Company is deploying 2 more large scale dairy farm projects in Tay Ninh and Thong Nhat - Thanh Hoa. When commissioned, these farms shall directly and indirectly contribute to create more jobs in local areas.

In order to actively control the source of material fresh milk with guaranteed both in quality and quantity, apart from high quality farms of the Company, Vinamilk also purchases approved material fresh milk from farming households. In 2015, Vinamilk purchased from nearly 8,000 dairying households nationwide with the total amount of approximately 178,000 tons of milk, equivalent to 2,200 billion VND. Thanks to the trade, farming households are also given the opportunity to earn stable income, which serves to improve the economic standards for them and the local areas.



### Develop local dairy farming

Apart from milk purchasing activity, Vinamilk also maintains free of charge agricultural extension, consultancy and technical services for dairying households in order to enhance milk quality, economic efficiency of farming households, environment protection. The Company's technical team performs thousands of direct consultancy sessions at farming households or via telephone, meetings at the barns, as well as organised hoof trimming activity for the dairy herds.

In 2015, Vinamilk organised 31 training classes on techniques of dairy cow herding with the subject "Nutrition for cows and methods to build reasonable rations for dairy cows", which has attracted full attendance of farming households. For farming households with low quality milk or those who request, Vinamilk has sent technicians to perform direct consultancy for them.



**ORGANISED  
31 TRAINING CLASSES**

Moreover, Vinamilk will organise a system to provide foods, veterinary supply at reasonable prices, eliminating intermediate factors, which facilitates farming households in reducing herding costs, achieving reasonable production costs, improving efficiency of the dairying activity.

On December 31<sup>st</sup>, 2015, Vinamilk simultaneously renewed contracts of purchase of raw fresh milk with thousands of farming households nationwide in order to ensure the publicity and transparency of price and quality of raw fresh milk procured from farming households.

In addition, Vinamilk's close control policies on quality standards of procured milk have raised awareness of farmers of orientation towards sustainable and effective farming development. Training classes along with methods for enhancing quality, and ensuring food safety of raw input materials are always seriously implemented by Vinamilk, creating the basis for dairying farmers of Vietnam to gradually approach global standards.

With above mentioned solutions, Vinamilk aims at active control of the quality raw fresh milk for production. Through this, farming households are given favorable conditions to earn stable income, which improves the economic status of farming households and the local area. The output volume will meet the producer's demand well, which helps to strengthen the bond between farmers and enterprises, and cooperates effectively for a sustainable farming industry, enhances competitive abilities and prepares well for TPP integration.



**STABLE JOBS FOR  
APPROXIMATELY**

**6,000  
EMPLOYEES**

**8,500  
INDIRECT WORKERS**



## STAND TALL VIETNAM, REACH OUT TO THE WORLD (continued)

### MERITS ACHIEVED IN THE YEAR

- Awarded the title “**National Brand**” for 3 consecutive times by the Government of Vietnam;
- Leading the list of **Top 500 Largest private enterprise of Vietnam 2015**;
- Standing for 3 consecutive years in the list of **Vietnam’s Top 50 Most effective companies in 2015**;
- Leading the list of **Top 10 Most creditable listed companies in media**;
- Leading the List of **50 Best listed companies voted by Forbes Vietnam**;
- Being evaluated by Brand Finance the leader in the list of **Vietnam’s Top 50 Most valuable brand**;
- Being the only dairy company in Vietnam standing among **Top 300 Asia**;
- Continuing to be the only dairy company in Vietnam standing among the list of **Top 100 ASEAN, Top 300 Asia**;
- Standing continuously in **V100 - 2015 Ranking Table for 1,000 companies that pay the highest taxes in Vietnam**; and other titles and awards.



**TOP 10**  
VIETNAM'S TOP 10 GOLDEN PRODUCTS  
FOR WTO INTEGRATION



**TOP 50**  
VIETNAM'S TOP 50 MOST EFFICIENT COMPANIES



**TOP 10**  
MOST CREDITABLE LISTED  
COMPANIES IN MEDIA



**TOP 10**  
VIETNAM TRUSTED BRAND  
AWARD



**GOLDEN CUP**  
OF FOOD HYGIENE AND  
SAFETY



**TOP 500**  
VIETNAMESE COMPANIES



**TOP 50**  
VIETNAM'S  
TOP 50 BEST LISTED COMPANIES

### HIGHLIGHTS OF THE ACTIVITY PLAN IN THE YEAR

#### Pride in Vietnamese goods

Vinamilk is honorably voted the typical entity in producing and supplying products, which is worthy of the title “Pride of Vietnamese goods” by the Department of Industry and Trade of Nghe An Province. Vinamilk also actively cooperates with the local government in jointly building the selling point program and the first entity to inaugurate a selling

point within the program and actively welcome by customers.

The participation of Vinamilk contributes to strengthen the standing of Vietnamese goods in consumers, bring the strong commitment of quality, safety and hygiene products that are the top concern of consumers nowadays.







## STAND TALL VIETNAM, REACH OUT TO THE WORLD (continued)

### Joining Vietnam High-quality Goods Fair 2015 in Moscow:

From November 12 to December 12, Vinamilk joined Vietnam High-quality Goods Fair in Moscow, Russia in order to introduce product ranges with international quality standard to gradually penetrate into the harsh market of Russian consumers.

Moreover, Vinamilk organised taste test for Russian consumers and received highly positive feedback from Russian consumers, especially for the ranges of liquid milk, soy milk, and beverages.

This was an opportunity for Vinamilk not only to expand the market, but also to seek potential distributing partners for penetration into the Russian market, which contributes to raise the image and market share of Vinamilk in the international market.

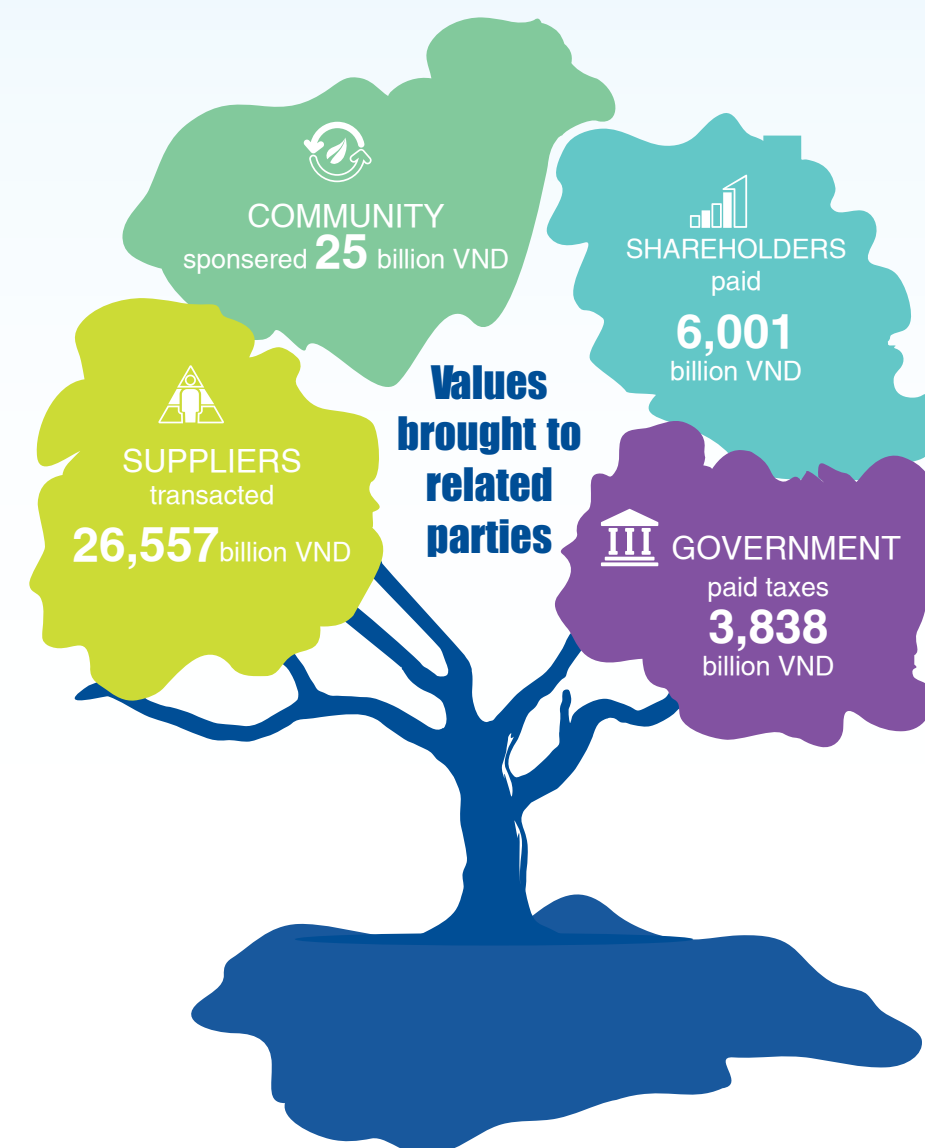
### Meetings with domestic and overseas investors:

Vinamilk has joined numerous events for meeting domestic and overseas investors in Singapore, USA and UK. This is a chance for Vinamilk to approach investors in order to better understand their wishes and expectations. On the other hand, investors have the chance to know more about Vinamilk, and assess potentials of their investments on the Company.



### VALUES BROUGHT TO RELATED PARTIES IN 2015:

In 2015, Vinamilk continued to grow steadily. Along with this growth was the increase in value brought to related parties. Compared to 2014, the value brought to shareholders increased by 50%; tax payment increased by 10%; and community support increased by 48%.







## QUALITY PRODUCT

“

Quality refers to the degree to which a set of inherent characteristics fulfills a set of requirements.

”

ISO 9000:2005

In Vinamilk, quality is the life-and-death factor, the first and basic seed sowed and meticulously cared to develop into a great tree everlastingly living in accordance with time and being solid against challenges. Quality is a key factor for the sustainable development.



“

The average national population in 2015 was estimated at 91.70 million people, increasing 974.90 thousand people, equal to an increase of 1.07% compared with 2014, including 31.45 million of urban population, accounting for 34.30%; 60.25 million of rural population, accounting for 65.70%; 45.25 million of males population, accounting for 49.35%; 46.45 million of females population, accounting for 50.65%.

”

*General Statistics Office of Vietnam*

“

Vietnam is currently faced with the dual burden: the high rate of malnutrition, short stature; and the quick increase of overweight and obesity recently. Currently, the average height of the Vietnamese people is much lower than that of regional countries. The height of a Vietnamese person at the age of 20-24 is 1.65m for male and 1.54m for female.

”

*Ministry of Health, Report on the results of The national nutrition inspection in 2009 - 2010.*

## QUALITY

### Vietnam under the prism of food and nutrition

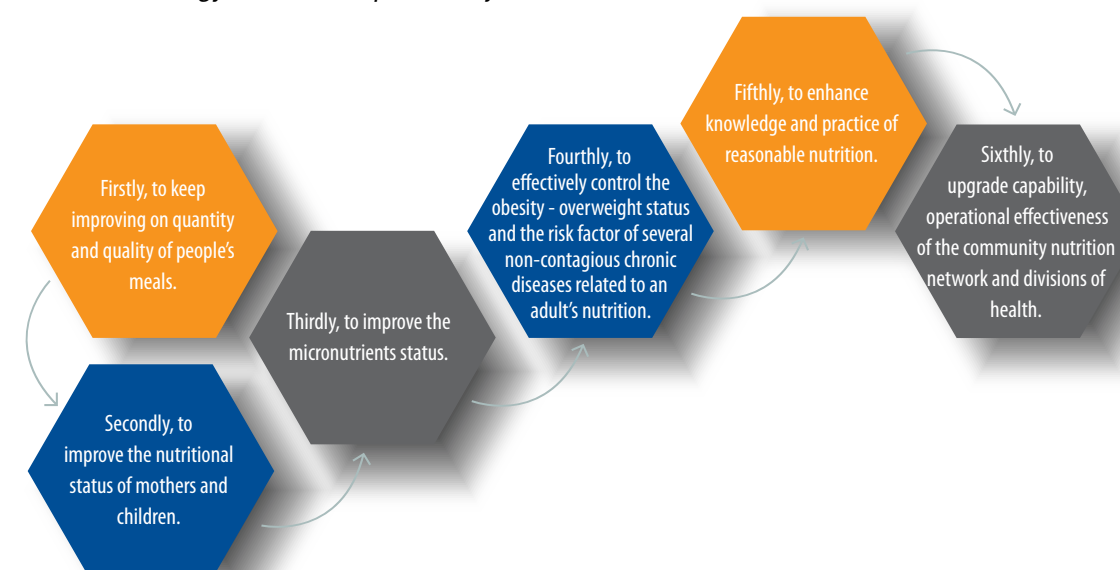
Food plays an important role in human health, life quality and race improvement. The current challenge against Vietnamese food enterprises is to supply the safe food resources meeting the demands for not only quantity but also quality for many generations. In addition, Food Safety

is becoming a national preoccupation and a concern of consumers nationwide. Meanwhile, such mission is more challenging than ever before when it comes to providing the suitable, qualitative and safe nutrition source to 91.70 million people in Vietnam.

The National Strategy on nutrition for the period 2011-2020 with a vision to 2030.

“It is necessary to ensure balanced and reasonable nutrition, which is an important factor in the comprehensive development of Vietnamese height, physical health, intelligence and improvement of life quality”.

*The content of The Strategy includes 6 specific objectives.*





## QUALITY PRODUCT (continued)

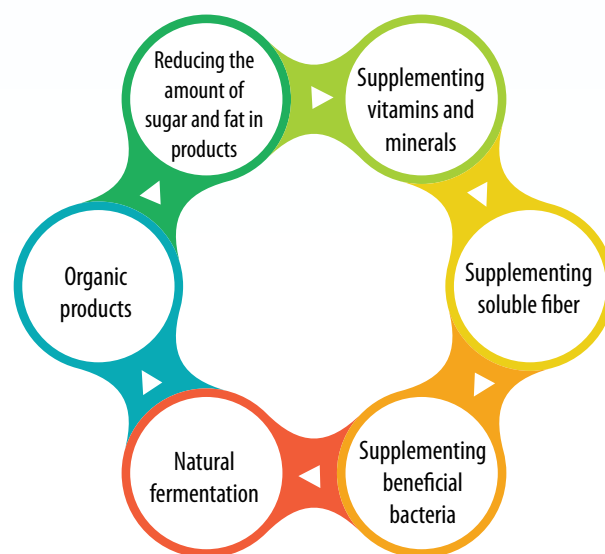
### HEALTHY AND “QUALITY” LIVING



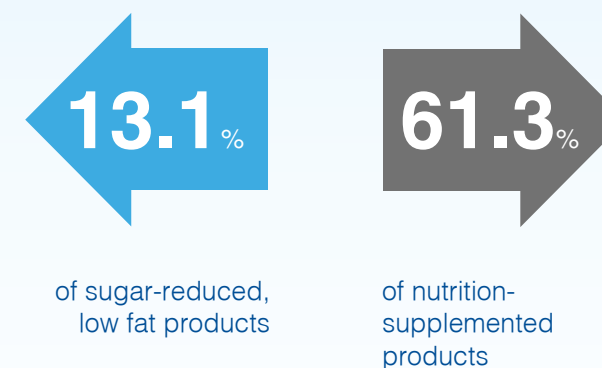
Nutrition is the key factor to health and longevity. A nutritionally guaranteed meal has enough food containing nutritional ingredients in quantity and quality. Vinamilk understands consumers' worries when choosing a product. Being the leading dairy company in Vietnam, Vinamilk commits:

- To enhance transparency by clearly showing information about ingredients, nutrition value, completely complying with legal requirements.
- To respect for customers by providing certified information on product's package and media.
- To promote business ethics, constantly to research and apply scientific achievements, to bring customers the best nutrition sources.

To cope with challenges of food and health issues facing the world in general and Vietnam in particular, the product development strategy of Vinamilk is always in favor of the consumers' health and the social development and is shown through specific directions including:



Accordingly, Vinamilk's current product structure has: 13.1% of sugar-reduced, low fat products, and 61.3% of nutrition-supplemented products.



Above all, Vinamilk is fully aware of the extreme importance of food in daily life and the demand for choosing perfect nutrition source in both quantity and quality, Vinamilk always improves and makes constant efforts to bring the best nutrition source, to meet demands in each phase of life and development.

Products developed by Vinamilk emphasize on nutrition demand of individuals, from the daily need such as providing natural nutrients, supplementing nutrition, various demands by taste for the special needs of diabetics, supplementing calcium, increasing height, late eating, etc. We treasure each product through the formula with special nutritional ingredients studied in accordance with Vietnamese physical health and the ever-changing demand of consumers.

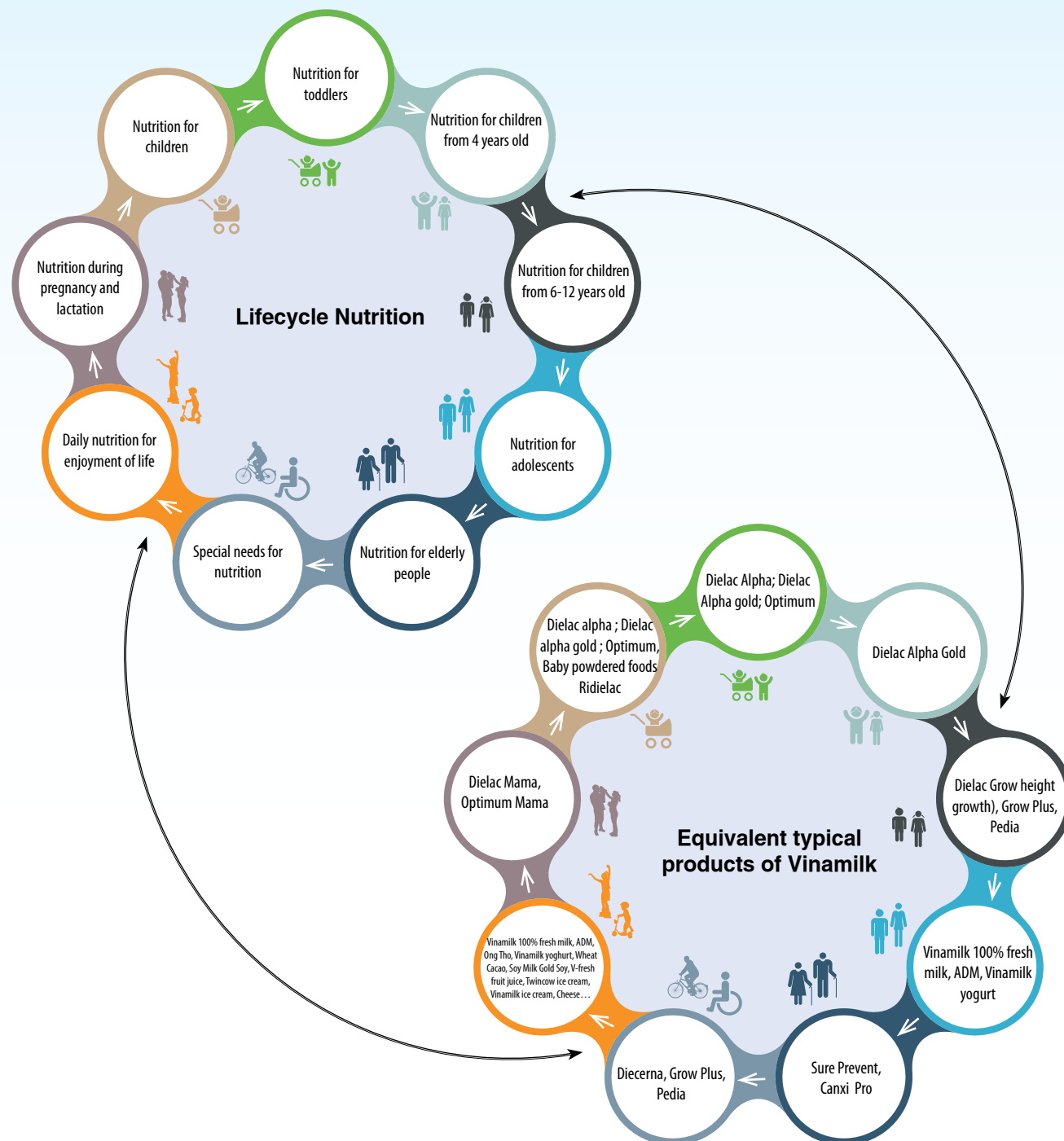






## QUALITY PRODUCT (continued)

### VINAMILK'S PRODUCTS ACCOMPANY WITH LIFECYCLE NUTRITION



### Product research and development must be always creative!

Applying advanced practices, Vinamilk has improved comprehensively the operation method of research and development, aiming at producing newer and more creative products.

In 2015, Vinamilk made constant effort in improving its products with 34 new ones launched into the market, 14 improved products, reaching 100% planned target for product development.

### Research and development processes in Vinamilk

	Product Ideas	Being selected and developed based on the customers' concerns about the proper nutrition source along with the aspiration to offer excellent values from nature and international qualified products. Establishing the strategy to develop products with values oriented at customers via creative processes.
	Selecting partners	Selecting and establishing relationships with strategic partners in terms of materials on the basis of economic and technological analysis. Cooperating with leading partners for joint development, selecting the most suitable partners through the supplier evaluation process to send nutritional presents to customers.
	Selecting materials	Selecting good materials with natural origins that are environmentally friendly with no usage or maximum limitation in usage of preservatives, combining with active development of material areas aiming at developing organic milk.
	Project management and product development research	Product research and development with the project team including experienced research experts. The process is managed according to advanced management practices.
	Product portfolio management	Managing products based on portfolios, supporting innovative ideas.
	Launching products into the market	Declaring quality standard compliance with legal regulations, showing full and accurate information on the label, clearly instructing on usage and preservation.





## QUALITY PRODUCT (continued)

### Unclean product risk – Let Vinamilk reduce your worries

Unclean product risk is the leading concern at Vinamilk. The year 2015 marked the growth of Vinamilk's risk management system by closely controlling and widely implementing the self-control evaluation program in the plant with a comprehensive and systematic view. The manufacturing division with the role of the risk owner has carried out self-evaluation and cross-checked the units to increase effectiveness in control. Accordingly, risks have been identified in each phase during the manufacturing and supplying processes. Control methods have been

established and effectively evaluated based on the method of ISO 31000.

With this growth, food safety hygiene management system has been strengthened, aiming at the target of no error in quality and supply of safe products to customers.

With the current design, Vinamilk has gradually integrated and simplified the system, established risk management as a beginning and foundation in control establishment, joining the global trend of system management nowadays.

### PRODUCT ESSENCE COMES FROM “QUALITY” INGREDIENTS

#### Fresh milk ingredient – pure and natural nutrition substance

With the policy:

- Developing the system of professional dairying farms in accordance with international standards and legal regulations in Vietnam.
- Products are guaranteed for quality, food hygiene safety at reasonably competitive price, approaching the average global manufacturing costs.
- Production - business activities bring practical socio-economic results.

The year 2015 has been considered a strong turning point and a success of Vinamilk's dairying farms.

- International standard farm system: farm system is managed according to ISO 9001 and Global GAP Standard, ensuring all activities are managed based on advanced practices and the output is qualified milk flow, maintaining and giving the purest value of nature.
- Synchronous application of technical progresses and international advanced technology in farming, namely cooling technology, replacing low-quality plants and grass with higher quality ones, improving rations, etc. have increased the cows' productivity impressively, leading to better cows' health.

- Signing long-term contract for purchasing raw green food with surrounding households, ensuring the ingredient source and fine food for farms and dairying households.



Beef housing with modern cooling system in Ha Tinh Farm

Thanks to constantly renewed efforts and self-perfection, in 2015, Vinamilk was recognized accordingly, increasingly strengthening customers' trust of a pure, clean and green ingredient area.

Awards/titles in the year:

- Certificate for Agricultural Enterprise applying advanced technologies.
- Certificate for a Safe Enterprise against epidemic.
- Certificate for Famous Asean trademark - service in 2015 for dairy company.

### Advanced technology-applying enterprise

Up to 2015, Vinamilk has had 07 large-scale farms certified as an advanced technology-applying enterprise by Ministry of Agriculture and Rural Development.

This is a prominent event marking the outstanding development of Vinamilk's dairying activity in a modern, effective and sustainable way, affirming Vinamilk as the leading milk producer in Vietnam.

To obtain such recognition, Vinamilk has applied environmentally friendly and energy-saving methods in production and product quality management in accordance with Vietnam and international standards and technical specifications.

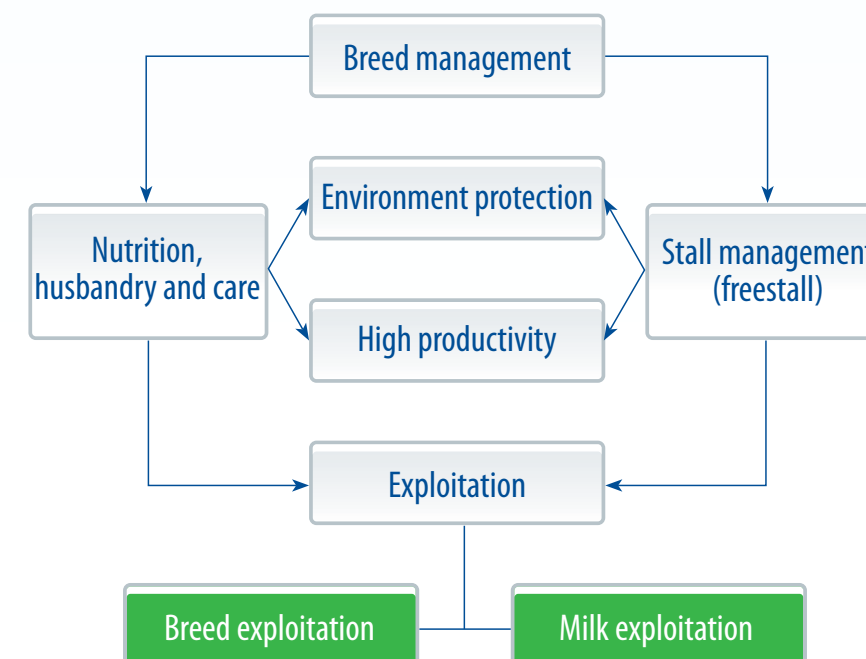
**Breed management:**

- The Holstein Friesian (HF) cow has been identified as the main cow breed in Farms of

Vietnam Dairy Cow One-Member Co., Ltd., HF cow breed has been imported from Australia and the U.S.A with clear family annals.

**Nutrition, husbandry and care:**

- Nutrition demand and ingredient system of dairy cows' food were established based on documents and records of advanced practices.
- Herd management system: Farms have been equipped with the most advanced system in the world for herd management. This system is technology-based. Each cow has a chip hung round the neck. Cows status is recorded and directly transmitted to the herd control system. Health, rut, reproduction, milk quality status, etc. are figures controlled daily.
- Care based on each cow group: Depending on each cow group, care techniques will be different and are regulated in husbandry and care processes/instructions for each object.





## QUALITY PRODUCT (continued)

### Continuously growing to perfection

#### VIETNAMESE PRODUCT - INTERNATIONAL QUALITY

With the advanced management system according to international standard FSSC 22000 on food hygiene and safety, the laboratory meeting ISO 17025 standard, advanced technology along with quality management background according to ISO 9001 system, Vinamilk is strongly maintaining its commitment and fulfilling its mission “Vinamilk has

committed to bring community the nutrition source and leading quality by its respect, love and high responsibility for human life and society”.

Up to 2015, all Vinamilk’s factories have obtained international certificates for Laboratory, Food Hygiene and Safety and the Quality Management System.

#### The quality management system at Vinamilk’s factories in 2015

UNITS	ISO 9001:2008	FSSC 22000	PAS 99	ISO 14001	ISO 17025	ISO 50001	ISO 27001
1 Head Office	☑						☑
2 Tien Son Dairy Factory	☑	☑		☑	☑	☑	
3 Lam Son Dairy Factory	☑	☑		☑	☑	☑	
4 Nghe An Dairy Factory	☑	☑		☑	☑	☑	
5 Da Nang Dairy Factory	☑	☑		☑	☑	☑	
6 Binh Dinh Dairy Factory	☑	☑		☑	☑	☑	
7 Dielac Dairy Factory	☑	☑		☑	☑	☑	
8 Thong Nhat Dairy Factory	☑	☑		☑	☑	☑	
9 Truong Tho Dairy Factory	☑	☑	☑	☑	☑	☑	
10 Sai Gon Dairy Factory	☑	☑		☑	☑	☑	
11 Vietnam Dairy Factory	☑	☑		☑	☑	☑	
12 Beverage Factory	☑	☑		☑	☑	☑	
13 Vietnam Milk Power Factory	☑	☑		☑	☑	☑	
14 Can Tho Dairy Factory	☑	☑		☑	☑	☑	

#### FSSC 22000: The quality management system certified by GFSI

“

In the setting of increasing demand and pressure from customers, retailers have asked suppliers to prove their capability of recognized food safety standards compliance. Among the standards approved in recent years, some are built up by suppliers or associations. It means each manufacturing unit is evaluated and certified according to different food safety standards, causing confusion among manufacturers and consumers. Consequently, Food Safety Certification Association combined two certificates ISO 22000 and ISO TS22002 into FSSC 22000 Standard (Certification of Food Safety System), which was approved by GFSI. FSSC 22000 Standard is considered an equivalent standard and can replace previously certified standards by GFSI namely BRC, IFS, SQF.

”

*Bureau Veritas*







## QUALITY PRODUCT (continued)

By converting the food hygiene and safety management system of the whole factory from HACCP to FSSC 22000, Vinamilk has shown its aspiration of continuous growth to new improvement, new value and new level. With the implementation of the system FSSC 22000, Vinamilk's food safety management system is being operated according to state-of-the-art practices and standards:

- Inheriting from the global food safety management mechanism.
- Being confirmed and recognized by GFSI.
- Being built based on recognized standards.
- The key to penetrate into the global retail chain system.

- Minimizing risks in food safety.
- Effectively managing the internal production process and minimizing risks of failure in production and business.
- Strengthening and building the creative approach to food safety.

With this improvement, the whole food hygiene and safety management system have been checked and structured accordingly. Infrastructure has been methodically designed and invested, risks on food safety have been fully checked and evaluated, control measures have been closely established. Therefore, each product sent to customers will be safer and quality-guaranteed.



## MEASUREMENT INDICATORS ON PRODUCT RESPONSIBILITY

No.	Criteria	Level
1	Ratio of Preservative-free products/Total products	100%
2	Factories with certification on FSSC and ISO 9001:2008	13/13
3	Ratio of Factories with Laboratories getting Certificate in recognition of Standard ISO/IEC 17025:2005 on Chemistry and Biology	13/13
4	The number of food hygiene safety violations	0
5	The number of violations on labels, product information declaration	0
6	The number of product withdrawals due to quality non-conformance	0
7	The percentage of key products and services with health and safety effect evaluated to be improved	100%
8	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	0
9	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	0
10	Sale of banned or disputed products	0
11	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	0
12	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	0
13	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	0

The number of food hygiene safety violations

0 case

Ratio of Preservative-free products/Total products

100%

The number of product withdrawals due to quality non-conformance

0 case





“The most precious asset of an enterprise is its human resource.”

*Matsushita Konosuke - Forefather of Japanese business mode.*



Vinamilk's spirit and will in recruitment have been strongly demonstrated in the company's recruitment and training policies and practically shown on work processes and instructions related to human activities. In addition, a set of behavior regulations was established to be guidelines for all activities with in the corporate environment, showing clear viewpoints to related parties along with the responsibilities of Vinamilk and each member in Vinamilk family among the relationships.

The labor relationship of the Company has complied with Vietnam Labor Law, ensuring no exploitation of child labor and no labor obligation.

“



- The Company always orients to build strong human resources as a firm foundation for sustainable development. Therefore, in recruitment, the Company establishes a system of standards for each position to ensure correct recruitment as expected. This also increases the transparency of the recruitment.
- To effectively support the recruitment, the Company will supplement and modify related policies to ensure the consistency, including salary, income, bonus, remuneration; working environment, corporate culture; career development plans of employees; evaluation policy; training; etc. as well as a proper fund for recruitment.

”

*Extracting from “Recruitment Policy” of Vinamilk*

“



- With the motto “Human resources are the Company's valuable asset and are an important factor to achieve work efficiency”, training and development of human resources have been always regarded as a long-term investment strategy for the Company's success in the future. Training policy of Vietnam Dairy Products Joint Stock Company is built with orientation of encouraging and offering opportunities of training and development for the employees to constantly improve their skills and professional expertise.
- With this policy, the Company always creates favorable conditions for the employees to learn and enrich their professional skills through diverse training programs and contents, flexible training forms, appropriate supporting methods, etc. to ensure that the employees can meet the increasing job requirements, completing their career development plans and contributing to build strong human resources for the Company.

”

*Extracting from “Training Policy” of Vinamilk*





## HUMAN RESOURCE (continued)

For nearly 4 decades of formation and continuous growth, Vinamilk has always considered human resource as the key factor to the success and development of the Company. Vinamilk has always aimed at becoming the best workplace for employees, and in order to achieve such goal, the Company has always maintained the ideal working environment, favorable welfare policy as well as numerous talent training and development programs. Vinamilk's strategy on an ideal workplace has been directly connected with one of the general Values of the company, being one of the priorities on the Company's sustainability.

**This strategy focuses on four main fields:**

### DIVERSITY AND EQUALITY

Vinamilk currently has over 6,000 employees of various age, gender, race and religion. The Company has encouraged diversity and respected differences, there is no boundary or discrimination on gender, race, religion, origin, age or ethnic minorities. Policies, programs, processes and systems of the Company always aim at culture supporting, respecting each other and creating conditions for all employees working effectively.

All employees have equal opportunities and Vinamilk has appreciated the knowledge and experience of each employee that are contributing to the success of the organization. Every discriminating behavior in recruitment, promotion and human resource decisions is strictly prohibited. Recruitment is executed based on labor demand, position requirements to perform the Company's production and business plan.

*Please refer to Appendix for further details of employee statistics.*



## OCCUPATIONAL SAFETY AND HEALTH



*The operating principal of occupational safety and health follows the international standards*

To implement the policy **Labor hygiene and safety and occupational health**, Vinamilk has committed:

- Performing properly standards and regulations on labor hygiene and safety; protecting the environment related to equipment and production technology of the Company.
- Building and enforcing regulations on labor safety, labor hygiene, machine operation and work with risk of accident, danger and poison. Periodically checking and evaluating (monthly, quarterly, annually) on labor safety, labor hygiene.
- Improving the working conditions and implementing properly regulations on labor protection, fully equipping the employees with labor protection equipment in accordance with the Government's regulations.
- Training, coaching, instructing employees on labor hygiene and safety and usage of labor protection equipment, meanwhile checking, supervising the employees for compliance with regulations.
- All Company's Subordinate Units (Office/Branches/Factories/Subsidiaries) have medicine divisions to examine and give medicines for timely treatment of normal diseases or ask employees to have a specialized health check in case of any doubt/signs of other diseases.
- Executing periodic health check for employees to help them ensure health or timely treatment if any sign of diseases.



## HUMAN RESOURCE (continued)



The number of labor accidents.

The number of people suffering from labor accidents/deaths of the independent contractors working in Vinamilk's Subordinate Units

Total working hours lost due to accidents/total working hours in the year

The number of cases affected to working ability due to labor accidents.

Percentage of total labor force in labor safety and occupation health committees	5.6%
Cost related to labor safety (labor protection, training, coaching, equipment, etc.).	10.97 billion VND

At the end of 2015, together with the success in implementing certification of integrated system PAS 99, for the first time, Vinamilk carried out the program Internal evaluation integrated with the system Occupational Safety - Health - Environment in factories. The program focused on the employees, raising awareness of Occupational Safety - Health - Environment of each member in the production chain.

It can be said that, with this evaluation program, Vinamilk has laid the firm foundation in building and raising awareness of employees on Labor Safety, Occupational Health and Environment. Members involving in the program in each position will be directly discussed about their tasks and relevant risks along with methods to minimize and eliminate them. Accordingly, Vinamilk and its employees have identified

risks with a more general and systematic view. Above all, the general view has been gained from system planners and direct employees. Therefore, the system of Labor Hygiene and Safety, Occupational Health and Environment has been managed and developed better. Each member in the operation chain is also the system builder.

“

Tell me and I forget. Teach me and I remember. Involve me and I learn.

”

*Benjamin Franklin*

### Occupational Health

Yearly, standards on climate, hygiene, working environment are measured and checked to ensure the safe working environment for employees. As for areas with figures over limit, technical methods have been implemented to minimize hazards and enhance the working environment. In addition, employees have been properly equipped with labor protection equipment and received poison compensation policy in kind for those who work in non-standard working environment.

Each year, employees are offered the occupational health check in accordance with the law. According to statistics to 2015, there were 8 cases of hearing impairment and occupational deafness. These employees were transferred to a proper job circulations and meanwhile received the Company's support policy according to the Collective Labor Agreement.

### ATTRACTING AND RETAINING TALENTS

“

Becoming the best and most ideal working place for employees has always been the first target which Vinamilk is aiming at. With the understanding of employees' concerns, Vinamilk established a new standard on an ideal working place, where all employees are committed comprehensive care and maximum development. Accordingly, we hope that Vinamilk's employees always have long-term commitment and dedicate to bring the sustainable value to both the Company and society, and will be paid off with numerous values for themselves, to develop Vietnam into prosperity, wealth and happiness.

”

*Ms. Bui Thi Huong - Vinamilk's COO.*

There are two key factors in attracting and retaining talents:



Good human resource administration



Attractive working environment





## HUMAN RESOURCE (continued)

### Attractive working environment

Vinamilk has continuously been in **Top 3 of “100 best working place in Vietnam”** and **at the highest rank in this list among domestic enterprises**. Vinamilk has not only identified and promoted the role and importance of talents in the organization, but also turned into reality practical and attractive welfare policies to attract and retain talents:

#### Salary and Bonus Policy:

The Salary and Bonus Policy is clear and fair, the salary and bonus rates are competitive and highly appreciated on the labor market in Vietnam. Vinamilk has been voted the most attractive recruiter in Vietnam in terms of Salary, Bonus and Welfare criteria.

#### Favorable welfare:

##### Health care:

##### Accident and health insurance:

Apart from rights of health check and treatment according to the medicine insurance policy, the Company has offered all its employees additional health insurance and 24/24 accident insurance for all employees in the Company. Managers' family (parents, spouse and children) are also offered health insurance and accident insurance 24/24 by the company.

##### Periodic health check program for employees:

- + Male employees: once a year
- + Female employees: twice a year

Flu vaccine by injection is offered to all employees.

##### Daily meals

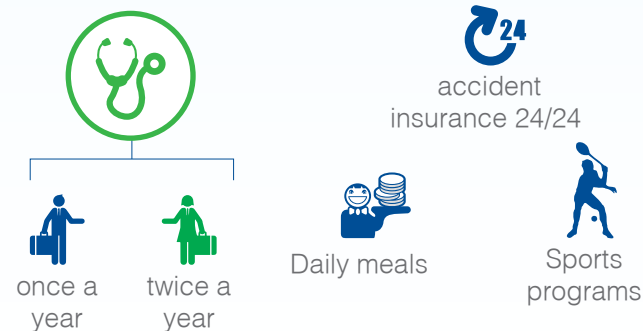
Providing meals with guaranteed nutrition and food safety and hygiene for all employees.

##### Sports programs:

Vinamilk has also held programs, classes and encouraged all employees to join in sports development so as to improve health.



#### PERIODIC HEALTH CHECK PROGRAM



### Policy for long-term leave (maternity, sickness...):

According to the policy, 100% employees can resume works after maternity leave or sick leave. In 2015, there were 91 employees taking the maternity leave, all of whom resumed work after leave according to the regulations.

### Other policies

Allowances for annual outing trip, presents on festivals, Tet, birthdays, etc. and awards for employees' children who are high-achieving students. All welfare is stated clearly in the Labor Agreement, applicable to all employees of the Company.







## HUMAN RESOURCE (continued)

### Corporate culture

Vinamilk aims at creating a friendly, open, sociable working environment with respect to one another. The working environment based on core values, transparent and fair conduct code with the direction

of individual and organization target combination, working coordination in the spirit of **“strictness but no rigidity”, “flexibility but no randomness”, “cooperation but no compromise”**.



Listening to employees:

- Each of contribution ideas, urgent matters of employees are encouraged to be shared and jointly solved through many forms: Suggestion box, email or daily discussion with superiors or Trade Union, monthly meeting with Trade Union’s representatives, yearly employee conference, etc. These suggestions/complaints are recorded in the Employee Conversation Minute and resolved as soon as possible. In 2015, there were 11 complaints raised, all of them were resolved reasonably and agreed by the employees.
- Yearly, Vinamilk conducts the employees’ idea survey to measure and recognize employee’s awareness and satisfaction of its image, working environment, current job, working relationships and the Company’s activities. In 2015, the ratio of employees involving in the survey reached 95.1% and the average employee’s satisfaction level reached 87.7%.

### Good human resource administration

Vinamilk has been credited by ASEAN and the Security and Exchange Commission of the Philippines for the “Best corporate governance in Vietnam”, in which human resource administration plays the most important part in corporate governance. Employees’ benefits when working in Vinamilk:

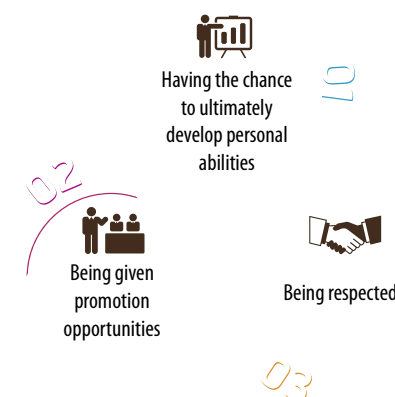
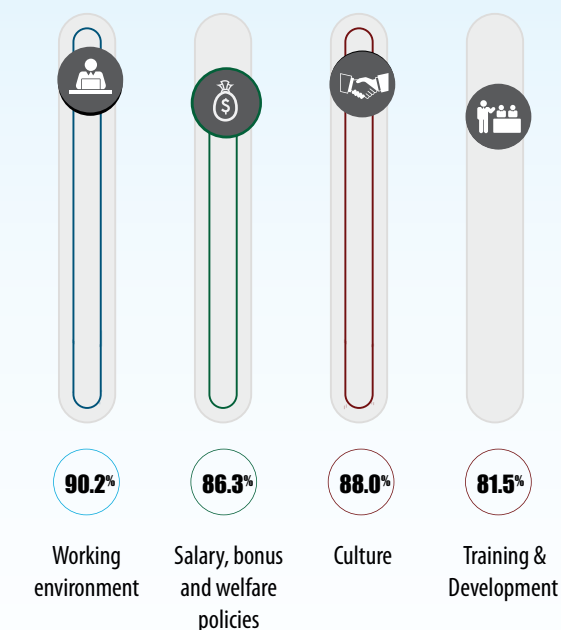


Table of employee survey results



Vinamilk understands that these factors are keys to attract talents, make them dedicate to the Company and it has succeeded in meeting those demands.

Big recruitment programs were launched in 2015:

- Probation administrator program
- Recruitment program in universities
- Internship programs





### NURTURING AND DEVELOPING EMPLOYEES

#### Training employees - For the benefit of a hundred-year human growth

High-quality human resource has been the target that Vinamilk focuses on to become one among Top 50 Leading dairy company in the world in 2017. Therefore, the Company has always promoted best opportunities and conditions for employees to be trained, upgraded knowledge, self-developed through internal and external training programs.

In 2015, Vinamilk especially placed emphasis on training for management and staff levels of the whole company, training budget was up to 12 billion VND, as over twice as budget in 2014. In fact, the Company held 404 training courses, with training cost up to 6.7 billion VND. Among them, the average training time for:

- Management level: 135.64 hours/person/year.
- Staff level: 51.71 hours/person/year.

#### Specific training programs:

##### Upgrading ability of the management team:

- Inherited Human Resource Plan Program.
- Probation Administrator Program.
- MA in Business Administration (EMBA opened by foreign universities in Vietnam).
- Training to upgrade knowledge and skill in management, finance, human resources, etc. for managers and officers. There are some courses such as: Administration Skill for senior managers; Excellent Leader Principles; Responsibility Culture; Balanced Score Card (BSC); Trade and Supply Combination Planning Model; Demand Planning; Supply Planning.

##### Developing staff:

- Soft-skill training: Communication skill, presentation skill, customer care skill, negotiation skill, etc.
- Knowledge & Sale management skills; Developing the distribution system; Encouraging and developing the sale team; Understanding customers' behavior; thought tools and problem-solving, etc.
- Upgrading knowledge and skills for supporting departments: Accounting, Finance, Human Resource, Marketing, Project, Supply Chain, etc.; Training how to update legal regulations on labor, tax, accounting, etc.
- Training contents on labor hygiene and safety, food hygiene and safety, electricity safety, chemicals safety, operation safety of equipment with strict requirements, firefighting and prevention, first aid, etc.
- Training awareness of quality standard sets (ISO 90001; HACCP, ISO 14001, ISO 17025, ISO 50001, OSHAS 18001, etc.) and training internal assessors.

- Training production technology process, product quality management, operation, equipment maintenance and repair, etc.
- Training for the Company's customers:
- Training specialized knowledge and working skills for employees of distributors.
- Training knowledge and instructing practices on milk cow husbandry and care techniques for farmers.
- Holding conferences for communicating on nutrition knowledge for customers (the elderly, pregnancy and lactation mothers, medical staff, etc.)

Thanks to the favorable working environment, welfare policies, as well as attractive training, Vinamilk has achieved great success in attracting and retaining employees. In 2015, Company recruited 556 new employees. Meanwhile, there were only 354 employees leaving, among whom there were 21 cases of which were retirement. **The leaving ratio** at Vinamilk is about 6%, which is an ideal figure showing **"human resource health"** of Vinamilk is maintaining at healthy rate, changes in human resource are not material to affect the production and business activities, yet still guarantee of new change and selection.







### Energy

#### WHICH NEW ENERGY SOURCE WILL REPLACE THE DEPLETING FOSSIL FUELS?

The depletion of fossil energy source is no longer a warning from a far future but is being proved by specific figures and rapid events in reality. According to domestic and overseas experts, this is an inevitable consequence due to over exploitation of fossil energy sources without investing in renewable energy sources.

“

Vietnam has a variety of primary energy sources: fossil fuels, biomass energy, wind energy, solar energy... However, the main energy source is still fossil fuels: coal, raw oil, gas, and hydroelectricity. This source of energy is forecasted to meet basic usage and production demand but to 2030, Vietnam will no longer have significant hydroelectricity potential due to depletion. Coal reserved volume is gradually running out. In 2015, coal-exploiting capability satisfied 96%-100% of usage demand. In 2020, the exploiting capability will meet only 60% of usage demand. By 2035, this ratio will be only 34%.

”

*Ph.D. Ngo Duc Lam, an energy expert*

In addition, traditional non-renewable energy sources such as coal, oil, nuclear energy sources, etc. have caused serious problems for the environment, including the greenhouse effect. Therefore, research in application of renewable energy sources is becoming an urgent demand of every nation.

With warnings in depletion of fossil energy source, humankind has to search energy alternatives. Not only in the world but also in Vietnam, this problem has been long questioned and some energy solutions have been studied, experimented and applied successfully.





### IN 2015, VINAMILK KEPT IMPLEMENTING THE ECONOMICAL AND EFFICIENT ENERGY USAGE PROGRAM AT VINAMILK'S FACTORIES.

#### PROGRAM CONTENT

NO.	Objective	Implementation content	Implementation assignment
1	Save at least 3% energy after 5 years according to Vinamilk's development orientation.	Regularly monitor efficient energy usage and annual efficiency at the Factories.  Evaluate annual energy saving indicators from the Factories' production activities.	Department of Energy Management & Environment in Production Division.  Factories shall implement and report to the head office.
2	Establish and effectively operate the energy usage management system in compliance with ISO 50001 standard in management activities at Vinamilk's subsidiaries.	Develop an economical and efficient energy usage management model for all Vinamilk's factories: <ul style="list-style-type: none"><li>Continuously maintain and improve the energy management process.</li><li>Implementation guidelines.</li></ul> Develop an energy management system for all Vinamilk's factories complying with ISO 50001 standard: <ul style="list-style-type: none"><li>Establish energy management documentation and record system.</li><li>Make reports according to the law.</li><li>Evaluate and issue ISO 50001 certificate.</li></ul>	Department of Energy Management & Environment in Production Division.  Factories shall implement and make evaluation.
3	Increase management and raise awareness of economical and efficient energy usage for all personnel of Vinamilk.	Organize training classes to improve management capacity on economical and efficient energy usage for leaders and energy managers.  Implement and guide the implementation of legal regulations on economical and efficient use of energy for all Factories.  Encourage the participation in community activity programs on energy saving associated with environment protection, carry out sustainable socio-economic development.	Factories shall carry out these programs.  Department of Energy Management & Environment in Production Division.

4	Implement the periodic 3-year energy auditing for Vinamilk's factories according to applicable laws on economical and efficient energy usage.	Carry out periodic energy auditing at the Factories.  Develop plans for energy saving solutions proposed after energy auditing.	Department of Energy Management & Environment in Production Division.  Factories shall implement and report to the head office.
5	Implement economical and efficient energy usage solutions in lighting.	Develop plans to invest in and improve lighting system such as: adjusting the design, using energy saving lamps (compact lamp T5-T8, LED, etc.) and suitable lampshades, installing power saving equipment and on-demand control systems.  Hold training class on economical and efficient energy usage for 100% employees of entities.	Department of Energy Management & Environment in Production Division.  The Factories shall carry out solutions.
6	Invest in and develop models of new and renewable energy application (biogas, biomass, solar power, wind power, etc.).	Continue the plan to purchase saturated vapor (using Biomass fuel fluidized bed steam generator technology), or use CNG to gradually replace FO in FO-fueled steam generators at the Factories.  Develop plans to invest in hot water systems (used for processing) running on solar energy.	Department of Energy Management & Environment in Production Division.  The Factories shall carry out solutions.





### PROGRAM'S OBJECTIVES

#### General Objectives

To develop an action program consisting of various specific implementation plans on economical and efficient energy usage at Vinamilk's factories.

The economical and efficient energy usage program includes the development of management model; the encouragement, motivation, promotion, and application of technology and management measure to introduce step-by-step progress, starting with raising awareness for concerted implementation of economical and efficient energy usage activities.

The program aims at achieving total specific energy saving targets, reducing investment cost for energy supply system, providing economic benefits in production and business activities as well as in social life; and at the same time, contributing to environmental protection, reasonably tapping in various energy sources, and carrying out sustainable socio-economic development.

#### Specific Objectives

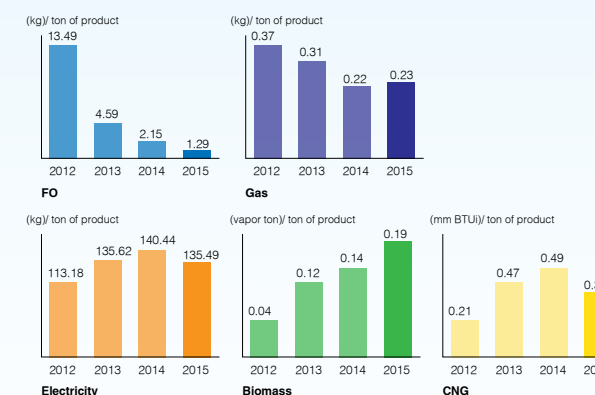
- (1) The program has identified the period of 2013 - 2017 for the goal of saving at least 3 % energy after 5 years in accordance with Vinamilk's development direction.
- (2) To establish and effectively operate the energy usage management system in compliance with ISO 50001 standard in management activities at Vinamilk's factories.

- (3) To improve management and raise awareness of economical and efficient energy usage for all personnel of Vinamilk.
- (4) To implement the periodic 3-year energy auditing for Vinamilk's factories according to applicable laws on economical and efficient energy usage.
- (5) To implement economical and efficient energy usage solutions in lighting.
- (6) To invest into and develop new and renewable energy application models (biogas, biomass, solar power, wind power, etc.).



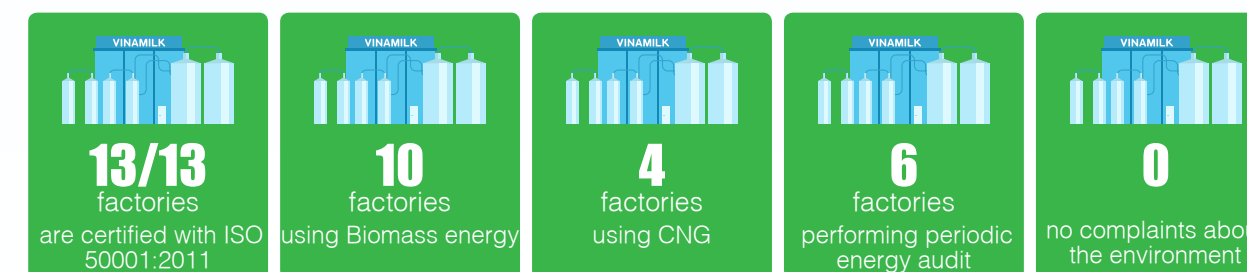
## & Green Solution

Following such directions, Vinamilk is well aware of its role in energy saving and promotion of alternative energy sources to minimize environmental impacts. Let's have a look at Vinamilk's achievements during 2012-2015.



Indicators of energy in production in 2015

Up to now, Vinamilk has:



In 2015, Vinamilk received positive encouragement from the State and related parties.


Saigon Dairy Factory	Ministry of Natural Resource and Environment	Certificate on positive contribution to "Green Growth and Sustainable Development Forum" organized by Natural Resource and Environment News
Truong Tho Dairy Factory	Ministry of Natural Resource and Environment	Vietnam Environmental Award 2015
Dielac Powdered Milk Factory	Dong Nai Department of Industry and Trade	Certificate of Merit for "Good achievement in power savings in 2015"
Thong Nhat Dairy Factory	Saigon Liberation Newspaper	Green Enterprise






## ENVIRONMENT AND ENERGY (continued)

### Energy consumption of production activities at Factories

2014	Amount	Saving (converted to FO kg)
CNG (MMBTU)	415,871	534,539
Saturated vapor (ton)	118,527	3,129,106
<b>Saving equivalent in FO volume (kg FO)</b>		<b>3,663,644</b>
<b>Energy saving (KJ)</b>		153,506,696,150

2015	Amount	Saving (converted to FO kg)
CNG (MMBTU)	379,255	487,474
Saturated vapor (ton)	184,256	4,864,347
<b>Saving equivalent in FO volume (kg FO)</b>		<b>5,351,821</b>
<b>Energy saving (KJ)</b>		224,241,300,514

Reporting Criteria	2013	2014	2015
Total output (ton)	814,387	843,557	977,719
% output fluctuation	5.96%	3.58%	15.90%
<b>FO</b>			
(kg)	3,741,599	1,811,057	1,261,476
% fluctuation compared to previous year	-63.9%	-51.60%	-30.35%
Average (kg)/ ton of product	4.59	2.15	1.29
Total energy consumption (KJ)	156,623,334,140	75,810,861,559	52,805,396,621
<b>Gas</b>			
(kg)	255,245	185,887	224,564
% fluctuation	-9.85%	-27.17%	20.81%
Average (kg)/ ton of product	0.31	0.22	0.23
Total energy consumption (KJ)	11,230,780,000	8,179,015,432	9,880,805,055

Reporting Criteria	2013	2014	2015
<b>Electricity</b>			
(kwh)	110,452,250	118,470,050	132,468,905
% fluctuation	26.98%	7.26%	11.82%
Average (kwh)/ ton of product	135.62	140.44	135.49
Total energy consumption (KJ)	397,623,681,910	426,487,442,660	476,882,758,884
<b>Biomass</b>			
(vapor ton)	97,061	118,527	184,256
% fluctuation	199.45%	22.12%	55.45%
Average (vapor ton)/ ton of product	0.12	0.14	0.19
Total energy consumption (KJ)	341,289,770,640	416,768,415,030	647,886,827,961
<b>CNG</b>			
MMBTU	380,737	415,871	379,255
% fluctuation	134.57%	9.23%	-8.80%
Average (mm BTUi)/ ton of product	0.47	0.49	0.39
Total energy consumption (KJ)	401,628,800,664	438,690,815,248	400,065,073,819
<b>Total energy consumption/ton of product</b>			
KJ/ ton of product	1,606,602.72	1,619,257.93	1,623,698.50

### Energy consumption of production activities at Farms

Reporting Criteria	2014	2015
<b>Total energy used over the years, categorized by energy type</b>		
Oil (kg)	227,283	329,011
Gas (kg)	-	840
Electricity (kwh)	4,950,842	4,950,842
Biomass	-	8,898,259
<b>Total energy consumption per unit of product over the years</b>		
DO (kg/Ton of product)	39.92	9.15
Gas (kg/Ton of product)	-	0.05
Electricity (kwh/Ton of product)	778	252
<b>Total energy saved with electricity (Kw) utilization initiatives</b>	40,873	93,092



### BIOMASS ENERGY THE ENERGY SOURCE FOR A GREEN FUTURE

#### BIOMASS



#### Biomass

Being well aware of benefits of environmentally friendly energy sources as well as environmental responsibility in the usage of fossil energy sources, Vinamilk has continuously promoted the search for alternative environmentally friendly energy sources and the amount of use. Biomass is one among the solutions.

In recent years, Vinamilk has applied Biomass solution to create saturated vapor for the replacement of FO/DO-fueled steam generators. **In 2015, Vinamilk's factories used 184,256 tons of saturated water vapor from biomass (equal to the reduction of 47,518 tons of waste CO<sub>2</sub> emission).**



Since the introduction of Biomass, the utilized amount has continuously **increased by 5 times through the years 2012 – 2015**. Following such benefits, Vinamilk was expanded from **5 factories in 2013 to 10 factories in 2015** using this energy source.

Biomass	2012	2013	2014	2015
(vapor ton)	32,413	97,061	118,527	184,256
Average (vapor ton)/ ton of product	0.04	0.12	0.14	0.19



VINAMILK FACTORIES USED  
**184,256 TONS** OF SATURATED WATER  
VAPOR FROM BIOMASS



REDUCTION OF  
**47,518 TONS** CO<sub>2</sub>



#### Do you know?

- Biomass is agricultural wastes (chaff, bagasse, maize husk and fiber, etc.) silvicultural wastes (dry leaves, wood chip, etc.), scrap paper, methane from burying grounds and waste water treatment plant, feces from cattle and poultry farms. Biomass contains chemical energy, which is accumulated from the sun by plants during photosynthesis.
- This is an attractive energy source with huge benefit for the environment.
  - It is renewable.
  - It utilizes waste as fuel.
- Therefore it reduces waste by transforming waste into useful products. It relieves unfavorable climate change, eliminating acidic rain phenomena, reducing burying ground demand pressure, etc.





### BIOGAS ENERGY ON FARMS: THE BROWN REVOLUTION FOR GREEN ENERGY

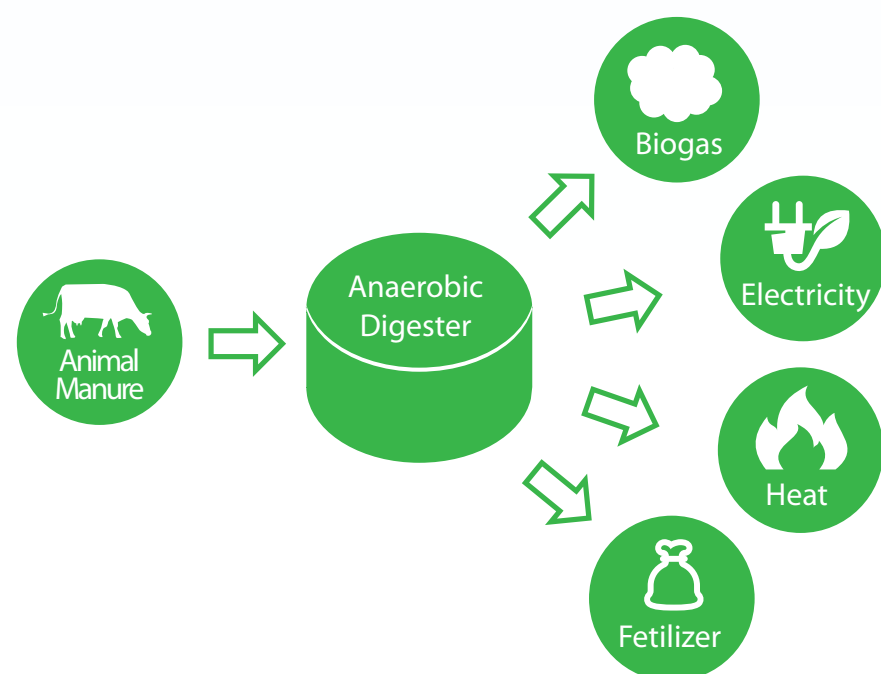
#### BIOGAS

Known as “The Brown Revolution” in the field of new energy, Biogas is currently researched and utilized widely in the world, especially in tropical developing countries (China, India, Brazil, Nepal, Kenya, Thailand, Vietnam, etc.)

Biogas development not only processes organic waste, and cleans the environment, but also provides waste residue as a high value fertilizer for agriculture, increasing soil fertility.

With a wide range of socio-economic and environmental benefits as described above, biogas holds promising potentials in solving the issue of household fuel nowadays.

In 2015, the amount of energy collected and utilized by Biogas from farm waste water treatment systems reached 8,898,259 kwh.



### CNG - THE ENERGY SOLUTION AT VINAMILK DURING THE PAST TIME

#### CNG

Maintaining CNG usage at 4 factories and applying energy saving measures, in 2015, CNG consumption per each unit of product at Vinamilk is 0.39 (MMBTU)/ ton of product.

CNG	2012	2013	2014	2015
MMBTU	16,231	380,737	415,871	379,255

The combination of maintaining and using Biomass and CNG in production has replaced 24,489 tons of FO, as well as saved an energy amount equal to 224,241,300 Mega Joule in 2015, increased by 21% compared to 2014.



#### Do you know?

CNG stands for Compressed Natural Gas, its main content  $CH_4$  - methane (85% - 95%) is collected from natural gas field, oil field (associated gas) or plant gas (collected at oil refineries during production), processed and compressed at high pressure (200 to 250 bars) to store in specialized tanks and transported to consumers, etc. Due to simple composition, easy to remove hazardous compounds such as  $SO_x$ ,  $NO_x$ ,  $CO_2$ , having no associated aromatic hydrocarbon and benzene, this fuel when burnt does not release much hazardous gas such as  $SO_2$ ,  $NO_2$ , CO, etc., and generates almost no dust. Therefore, using CNG in place of traditional fuels such as coal, oil will protect the environment and reduce expenses.



### ENERGY SAVING - SOLID STEPS ON THE SUSTAINABLE PATH

At the Factories, in 2015, 31 energy saving initiatives were implemented, saving VND4,900 million. For details about these initiatives, please refer to the appendix on the Implementation of Energy Saving Solutions and Initiatives in 2015.

#### Significant initiatives

- Retrieve milk-cooling water for UHT Stork system, saving VND372.1 million.
- Retrieve exhaust heat from steam generators, saving VND603.8 million, equal to 12.3% of total saving.
- Design compressor oil charging pump (for oil-charging process with no need to run the compressor).

- Improve the lighting control system based on productive time of the filling chamber and DE A1 area, automatically controlled based on productive time.
- Relocate the compressed air system: Gather all air compressors at ĐL1 area. Setup pressure and operation method for the compressors.

#### Energy Saving in the Farm System

By operating equipment at different peak hours to reduce electricity expenses, reducing peak hour loads and practicing power saving by technical and administrative measures, in 2015, total energy saving at the farms was 2.27 times that of 2014.

Total energy consumption per unit of product over the years	2014	2015	Comparison
• DO (kg/ton of product)	39.92	9.15	↓ 77%
• Electricity (kwh/ton of product)	778	252	↓ 68%
<b>Total energy saved by electricity (Kw) utilization approaches</b>	40,873	93,092	↑ 2.27 lần

### WASTE DISPOSAL

Vietnam is among 5 countries much affected by climate change. Annual GDP was reduced by approximately 1.5% due to natural disasters and climate change. According to climate change scenarios, at the end of this century, i.e. in 2100, our country's average temperature will increase 2-3 degree Celsius and sea level might be about 1m higher as compared to the period 1980 - 1999. If the sea level was raised by 1m, flood would occur widely. The submersion would be 39% area of the Mekong Delta, 20% area of Ho Chi Minh City, 10% area of the Red River Delta provinces adjacent to the sea, and 3% area of Central provinces. 10% of Vietnamese population would also be affected directly by climate change. "Vietnam still commits

to reduce 8% of the greenhouse emission in 2030", Prime Minister Nguyen Tan Dung said at the 21<sup>st</sup> Conference of the United Nations Framework Convention on Climate Change (COP 21) in Paris, France.

Environmental responsibility is demonstrated not only via policies and declarations on reports but also through all activities. From the investment into capacity-corresponding treatment systems to the monitoring of waste discharge and treatment in accordance with legal requirements and proper waste source utilization. All of these reflect Vinamilk's dedication to environmental protection collaboration.

#### Waste disposal from Factories

In 2015, while extending business activities and increasing output, Vinamilk still ensured waste disposal control and minimising of negative impacts on the environment by treating all waste sources in accordance with legal requirements.

Reporting Criteria	2013	2014	2015
<b>Total output</b>	<b>814,387</b>	<b>843,557</b>	<b>977,719</b>
<b>Total hazardous waste</b>			
Hazardous liquid waste (liter)	17,149	26,008	22,985
Solid waste (kg)	35,248	24,942	30,060
<b>Non-hazardous waste</b>			
Liquid waste (m <sup>3</sup> )	2,731,112	2,790,618	2,931,953
+ Directly discharged to the environment	829,359	1,601,638	1,776,619
+ Discharged to the Industrial Zone's public treatment facilities	1,901,753	1,188,980	1,155,334
Solid waste (kg)	4,896,454	5,160,834	6,372,551
Sewage sludge (ton)	3,125	3,047	5,022
CO <sub>2</sub> emission (kg) (converted statistics)	89,566,251	88,670,776	89,953,626

The data of waste disposal activities was restated from the 2014 sustainability report due to changes in calculation methods.

Percentage	2013	2014	2015
<b>Non-hazardous solid waste (kg)/ton of product</b>	<b>6.01</b>	<b>6.12</b>	<b>6.52</b>
<b>Non-hazardous liquid waste (m<sup>3</sup>)/ton of product</b>	<b>3.35</b>	<b>3.31</b>	<b>3.00</b>
Sewage sludge (ton)/ton of product	0.00	0.00	0.01
Hazardous solid waste (kg)/ton of product	0.04	0.03	0.03
Hazardous liquid waste (liter)/ton of products	0.02	0.03	0.02
Water used (m <sup>3</sup> )/ton of product	4.56	4.58	4.25
Reused water (m <sup>3</sup> )/ton of product	4.19	3.53	3.22
CO2 emission (kg)/ton of product (converted data)	110	105	92





### Disposal from farming activities

Waste water from farming activities in 07 farms is registered standard according to National Technical Regulation 39:2011/BTNMT, with no waste disposal to the environment. All wastes after going through Biogas treatment system are contained in HDPE-lined reservoirs and reused to irrigate pastures of the farm and farms of neighboring farmers (no waste disposal to the environment).

#### Liquid waste:

All water for cattle bathing, and cleaning of equipment, as well as feces, urine... will be collected and directed along ditches to a central reservoir of the waste water treatment system where the waste water mixture will be pumped to a feces splitter and the solid waste and feces will be separated from the liquid mixture and directed to the concentrated feces storage house. All separated feces will be contained for compost in the compost storage. Compost will be sold to neighboring farmers and used for fertilizing the farm's pastures.

Liquid waste retrieved after going through the feces splitter will be anaerobically treated (Biogas), then contained in a biological reservoir lined with HDPE to prevent osmosis and used for irrigation (no waste discharge to the environment); Waste water after being treated is qualified for the National Technical Regulation 39:2011/BTNMT.

Reporting Criteria	2013	2014	2015
Total volume of waste by type			
+ Solid waste (kg)	17,992,525	20,801,237	26,637,419
+ Liquid waste (liter)	201,680,572	258,338,263	323,930,751
Total volume of waste by disposal method		276,262,201	350,542,011
Hazardous waste percentage in total waste volume		0.49 %	0.0019 %
Waste volume per 1 unit of product (kg/ton of product)		48,936	9,948

#### Solid waste:

##### Domestic waste:

All domestic wastes generated in production activities will be collected to a central area, stored in specialized tanks having lids and will be collected periodically by relevant agencies.

##### Hazardous waste (HDW):

All 7 farms have hazardous waste storage, all wastes generated during production activities such as: waste oil and grease, oily rags, veterinary medicine bottles, injection needles, lamps, etc. will be collected to the storage, and then specifically categorized, each type will be put in a separate tank with signs and identifications. All farms have made contracts with external contractors for waste treatment function according to the law and the contractors will visit the farm for waste collection and treatment every month or quarter.

#### Gas emission:

All farms use finished biological product for deodorization, complying with environmental standards on smell.

## WATER

3/4 of the Earth's surface is covered by water. However, fresh water only accounts for a very small amount of it (approximately 2-3%). Under the theme "Water Is the Key for Sustainable Development", the 2015 World Water Date aimed to draw public attention to the relationship between sustainable development and water resource.

Vinamilk gives high regard to water importance, in addition to applying saving measures to protect water resource and making initiatives for water reuse.



Measure Criteria	2013	2014	2015
<b>Total water consumption by source (m³):</b>	<b>4,111,163</b>	<b>4,247,455</b>	<b>4,801,848</b>
+ Exploitation of underground water	1,894,055	2,095,129	2,426,281
+ Purchase from water suppliers	2,109,433	2,044,651	2,267,892
+ Natural lake water	107,675	107,675	107,675
<b>Used water categorized by usage (m³)</b>			
+ Production	3,711,163	3,860,330	4,159,123
+ Animal husbandry	400,000	387,125	642,725
Average in production (m³/ ton of product)	4.56	4.58	4.25
Average in animal husbandry (m³/1,000 liters of fresh milk)	16.70	13.13	15.99
Reused/recycled in production			
+ Percentage	4.19%	3.53%	3.22%
Reused/recycled in animal husbandry			
+ Percentage	100%	100%	100%





## COMMUNITY SUPPORT AND DEVELOPMENT

While stabilizing production, promoting business, developing corporate culture, and engaging in constant improvement, Vinamilk also nurtures the image of a brand name associated with community support and development. In 2015, continuing with traditions and adding more nurtured values, the activities and programs aiming at the goal “**Vinamilk - An Enterprise for the Community**” was further promoted.



## VINAMILK - FOR VIETNAMESE CHILDREN'S DEVELOPMENT

### The “Stand Tall Vietnam” Milk Fund: Give love –Be more connected

Established since 2008, until now, the Stand Tall Vietnam Milk Fund has been associated with the development strategy of handing 2 million glasses of milk to 23 thousand children having difficult situations at social protection centers, orphan houses for the disability all over the country.

Until now, 1,961,730 glasses of milk have been handed to 21,797 underprivileged children at 727 facilities in 63 provinces, cities across the country and three events were held in: Nghe An (July 27, 2015), Lam Dong (September 26, 2015) and Ben Tre (December 2, 2015) by the Stand Tall Vietnam Milk Fund.

Such activities have proved Vinamilk's commitment to Vietnamese people's generations, especially to Vietnamese children in the hope that each kid has milk everyday and is developed totally in mental power and physical strength in the future.







## COMMUNITY SUPPORT AND DEVELOPMENT (continued)

### COLLABORATE TO PROTECT COMMUNITY HEALTH

For nearly 40 years presenting in Vietnamese market, Vinamilk has not only brought to consumers many good products for health, but also paid attention to community-benefiting activities:

- Collaborate with The Sponsoring Association for Poor Patients in Ho Chi Minh City in the Program "Saving children with congenital cardiac diseases" to give normal life to poor children unfortunately suffering from cardiac diseases.
- In 2015, Vinamilk held 26 conferences on healthcare for senior citizens and gave consultancy on usage of good milk products for health, via Consumer Protection Association, Women's Union, Association of the Elderly, Veteran Association in various cities, provinces: Khanh Hoa, Da Nang, Quang Nam, Hanoi, Nghe An, Ba Ria Vung Tau, Binh Thuan, HCMC, Daklak, Long An, Tien Giang, Dong Nai, Binh Duong, Ben Tre...
- Vinamilk also established health and nutrition consultancy centers across the country, developed a dedicated page for Nutrition - Health, frequently updates and posts health consultancy articles written by illustrious doctors in Vietnam as well as prestigious Medical documentations in the world.
- At the end of 2015, Vinamilk signed a strategic agreement with the National Institute of Nutrition for the project "Support to implement the pilot model to improve malnutrition in hospitals, and malnutrition and short stature on children in the community".
- Treatment Cost Support: Trade unions of Vinamilk units also supported treatment cost for patients of incurable diseases or in serious conditions at various cities, provinces and hospitals with the total fund of approximately VND956 million, partially originated from Vinamilk operation expenditure, partially received from contribution of all personnel.
- In addition, Vinamilk also served Vietnamese Heroic Mothers in Quang Nam, Ben Tre, etc.; gave medical check and free milk annually to thousands of children, elementary pupils and malnourished people; supported children having cardiac operation, gave free operation to children with cleft lip and palate, etc.
- Accompany in the program "2015 Red Journey": Every year, Vinamilk staff actively participates in blood donation. In 2015, a total of 850 blood units were donated.



“

In addition to nutrition care for the community, a green clean living environment to improve people's health is also one of Vinamilk's concerns and targets all these years.

”

*Ms. Bui Thi Huong - Vinamilk's COO.*

### COLLABORATE WITH THE COMMUNITY FOR A GREEN FUTURE

#### The Fund for 1 Million Green Trees for Vietnam

After 4 years of implementation of the Fund for 1 Million Green Trees for Vietnam program, more than 250,000 trees has been planted in 20 provinces and cities across the country.

Last year, the program put into the ground 13,000 trees at the Mausoleum of General Vo Nguyen Giap in Quang Binh on March 6<sup>th</sup>, 5,610 golden oaks at the historical Dong Loc Junction on July 26<sup>th</sup> and another 11,000 trees at the Monument of the Ho Chi Minh Sea Trail in Ben Tre on December 2<sup>nd</sup>.

#### Help the victims of flood and other natural calamities

Additionally, Vinamilk also supported the program The Net of Love for Fishermen of Hoang Sa and Truong Sa with the total amount of VND300 million, provided billions of VND to officers, soldiers in Vietnam Fisheries Resources Surveillance, and Vietnam Coastal Guardforces, who are protecting national sovereignty of the sea and islands.





### COMPLIANCE

Compliance with laws, codes of conduct, and other policies and regulations of the Company is one of the five core values of Vinamilk. In which, the compliance with laws and regulations is always prioritized by Vinamilk.

All statutory activities and transactions are reviewed and evaluated by legislation department to ensure the compliance with the relevant laws and institutions.

In addition, internal audit is also one of the ways for the company to review its law compliance.

In 2015, there were no significant fines against non-compliance with laws and regulations.



Quoted from Code of Conduct of Vinamilk:

#### Competition Law

Competition law ensures fair and open market for all enterprises/sectors, not occupying a monopoly position and domination. Highly aware of that, Vinamilk supports and commits to comply with the competition law.

Vinamilk will always compete on the principles of honesty, not infringing upon interests of the State, public interests, rights and legal interests of consumers.

Vinamilk commits not to perform acts of unfair competition. To be specific, not making any proper comments on the products of competitors, not collecting confidential information of competitors by illegal or unethical ways; not implementing any act to reduce, mislead or prevent competition in the market.

During the period, there was no dispute related to competition limitation and monopoly.

### ANTI-CORRUPTION AND CONFLICT OF INTERESTS

Vinamilk's Code of Conduct is our commitment on integrity and transparency in all relationships with government agencies, partners and suppliers. This code is communicated to all employees of Vinamilk.

For combating conflicts of interest in activities and transactions, Vinamilk has implemented methods and solutions to prevent and detect interest conflict acts:

- All members of the Board of Management, the Board of Supervisors and all management levels make declaration to the assessment on interest conflict possibility with the Company in accordance with the Company's Policy on management of transactions with related parties every 6 months and as soon as the information changes.

- Contractors participating in tenders issued by Vinamilk should make declaration to evaluate the potential interest conflict and commit not to provide benefit to Vinamilk's employees in any form. The contractor that has interest conflict will not be selected to participate in transactions with Vinamilk.

- Regularly, reports on Vinamilk transactions with related parties (including transactions with subsidiaries) are prepared and sent to the Board of Supervisors

Policies and control procedures against conflicts of interest are deployed to all employees. During the period, there was no cases involved in corruption and interest conflict.

It can be said that, the achievements in business operation in 2015 together with meaningful programs for society and community are helping Vinamilk get solid steps to not only maintain its position as the leading dairy company in Vietnam but also get closer to the goal of becoming one of the world's 50 leading dairy companies in the near future.

### ANTI-COMPETITIVE AND ANTI-TRUST BEHAVIOR

Vinamilk always respects healthy competition among enterprises. Healthy competition will motivate enterprises improve and develop themselves and thereby offer the best benefit for customers and consumers. This is evident in the Competition Policy and Code of Conduct of the Company.





GRI Indicators		Report 2015	Page
GENERAL STANDARDS			
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organization, Chairman or high level positions related to the sustainable development of the organization and the organization's strategies about sustainable development	✓	5
G4-2	Description of key impacts, risks, and opportunities	✓	5
ORGANIZATION PROFILE			
G4-3	Name of the Company	✓	9
G4-4	Primary brands, products, and/or services	✓	10&11
G4-5	Headquarter	✓	16
G4-6	Number of countries where the Company operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	✓	14&32
G4-7	Nature of ownership and legal form	✓	9&14
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	✓	14&17
G4-9	Scale of the reporting organization	✓	14,16&17
G4-10	Report on workforces	✓	19
G4-11	Percentage of total employees covered by collective bargaining agreements	☒	
G4-12	Description of the organization's supply chains	✓	20&21
G4-13	Any significant changes during the reporting period regarding size, structure, ownership or supply chain	✓	26&27
G4-14	Report the organization to have precautionary measure or principle is addressed by the organization	✓	28&29
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	✓	15
G4-16	List the members' right in the associations and organizations operated in local and international country	☒	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List the units including in the organization's consolidated financial statements or relevant documents Report on one unit including in the organization's consolidated financial statements or any relevant documents not mentioned in the report	✓	32
G4-18	Explain the progress of identifying report content and boundary of the field. Explain how the organization has implemented the reporting principles for defining how the report content will be	✓	34

GRI Indicators		Report 2015	Page
G4-19	List all the material aspects identified in the process for defining report content	✓	34&35
G4-20	Report the Aspect Boundary within the organization for each material aspect	✓	34&35
G4-21	Report the Aspect Boundary outside the organization for each material aspect	✓	32&33
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	☒	
G4-23	Report the significant changes of Size and Field boundaries compared to the earlier reports	☒	
STAKEHOLDER ENGAGEMENT			
G4-24	Provide list of stakeholder groups engaged by the organization	✓	32-33
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	✓	32-33
G4-26	Report the approaching methods with the consultation of related parties, including the frequency of participation by type and related groups, and point out is there any consultation has been implemented within the framework of making the report	✓	32-33
G4-27	Report the topics and main concerns approved by the consultation of related parties and how the organization reacted toward these topics and main concerns, including the announced reports. Report on related parties pointed out each topic and main concern	✓	32-33
REPORT PROFILE			
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided	✓	32
G4-29	Date of most recent previous report (if any)	✓	32
G4-30	Reporting cycle (annual, biennial, etc.)	✓	32
G4-31	Contact point for questions regarding the report or its contents	✓	35
G4-32	a. Report "suitable" method selected by the organization b. Report the reference table of content GRI for selected method (refer the following tables) c. Report reference documents to the External Assurance Report, if this report was assured externally (GRI recommends the use of external assurance but not a "suitable" request to the Guidelines)	✓	106-117
G4-33	a. Report current policies and general rules of the organization on using external assurance for the report b. If not included in the assurance report accompanied with the sustainable development report, size report and any external assurance provided c. Report the relations between the organization and assurance suppliers d. Report if top management level or high executive level participated in seeking assurance for sustainable development report of the organization	☒	

	GRI Indicators	Report 2015	Page
	<b>GOVERNANCE</b>		
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks	✓	26 - 29
G4-35	Report the authorized progress on the topics of economy, environment and society from the highest governance body to high level executive directors and other members	✓	28&29
G4-36	Report if the organization has appointed the executive position or positions responsible for economic, environmental, social topics, and if the ones in charge of those position reported directly to the highest governance body	✓	28&29
G4-37	Report on consulting progress between the stakeholders and highest governance body about the economic, social, environmental topics. If the consultation is authorized then who is the authorized person and what agency for the feedback progress	✓	33
G4-38	Report the composition of the highest governance body and its committees	✓	26-31
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	✓	26
G4-40	Report the specified procedures and selection for the highest governance body and its committees and the criteria used for specification and selection of members in the highest governance body	✓	28&29
G4-41	Report the processes in place for the highest governance body to ensure conflicts of interest are avoided. Whether the report of interest conflict be announced to related parties	✓	105
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	✓	23&29
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	☒	
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice	✓	29

	GRI Indicators	Report 2015	Page
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities	✓	28&29
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	✓	28&29
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	✓	28&29
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered	✓	5
G4-49	Report the process for communicating critical concerns to the highest governance body	☒	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	☒	
G4-51	Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	✓	28-29
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	✓	28-29
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	☒	
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	☒	
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	☒	



GRI Indicators		Report 2015	Page
ETHICS AND INTEGRITY			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	✓	22-23&105
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	✓	22-23&105
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	✓	105
SPECIFIC STANDARD DISCLOSURES			
CATEGORY: ECONOMIC			
ASPECT: ECONOMIC PERFORMANCE			
G4-DMA	Generic Disclosures on Management Approach	✓	49
EC1	Direct economic value generated and distributed	✓	50-51&59
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	☒	
EC3	Coverage of the organization's defined benefit plan obligations	☒	
EC4	Financial assistance received from government	☒	
ASPECT: MARKET PRESENCE			
G4-DMA	Generic Disclosures on Management Approach	☒	
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	☒	
EC6	Proportion of senior management hired from the local community at significant locations of operation	☒	
ASPECT: INDIRECT ECONOMIC IMPACTS			
G4-DMA	Generic Disclosures on Management Approach	✓	49
EC7	Development and impact of infrastructure investments and services supported	✓	52-54
EC8	Significant indirect economic impacts, including the extent of impacts	✓	52-59
ASPECT: PROCUREMENT PRACTICES			
G4-DMA	Generic Disclosures on Management Approach	☒	
EC9	Proportion of spending on local suppliers at significant locations of operation	☒	

GRI Indicators		Report 2015	Page
CATEGORY: ENVIRONMENTAL			
ASPECT: MATERIALS			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN1	Materials used by weight or volume	☒	
EN2	Percentage of materials used that are recycled input materials	☒	
ASPECT: ENERGY			
G4-DMA	Generic Disclosures on Management Approach	✓	86-96
EN3	Energy consumption within the organization	✓	90-96
EN4	Energy consumption outside of the organization	☒	
EN5	Energy intensity	✓	90-96
EN6	Reduction of energy consumption	✓	90-96
EN7	Reductions in energy requirements of products and services	✓	90-96
ASPECT: WATER			
G4-DMA	Generic Disclosures on Management Approach	✓	99
EN8	Total water withdrawal by source	✓	99
EN9	Water sources significantly affected by withdrawal of water	✓	99
EN10	Percentage and total volume of water recycled and reused	✓	99
ASPECT: BIODIVERSITY			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	☒	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	☒	
EN13	Habitats protected or restored	☒	
EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	☒	
ASPECT: EMISSIONS			
G4-DMA	Generic Disclosures on Management Approach	✓	96&98
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	✓	96&98

GRI Indicators		Report 2015	Page
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	✓	96&98
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	✓	96&98
EN18	Greenhouse gas (GHG) emissions intensity	✓	96&98
EN19	Reduction of greenhouse gas (GHG) emissions	✓	96&98
EN20	Emissions of ozone-depleting substances (ODS)	☒	
EN21	NOX, SOX, and other significant air emissions	☒	
ASPECT: EFFLUENTS AND WASTE			
G4-DMA	Generic Disclosures on Management Approach	✓	96&98
EN22	Total water discharge by quality and destination	✓	96&98
EN23	Total weight of waste by type and disposal method	✓	96&98
EN24	Total number and volume of significant spills	✓	96&98
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	☒	
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and run off	☒	
ASPECT: PRODUCTS AND SERVICES			
G4-DMA	Generic Disclosures on Management Approach	✓	60-71
EN27	Extent of impact mitigation of environmental impacts of products and services	✓	60-71
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	☒	
ASPECT: COMPLIANCE			
G4-DMA	Generic Disclosures on Management Approach	✓	105
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	✓	105
ASPECT: TRANSPORT			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	☒	
ASPECT: OVERALL			
G4-DMA	Generic Disclosures on Management Approach	✓	89
EN31	Total environmental protection expenditures and investments by type	✓	89

GRI Indicators		Report 2015	Page
ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN32	Percentage of new suppliers that were screened using environmental criteria	☒	
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	☒	
ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	☒	
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
ASPECT: EMPLOYMENT			
G4-DMA	Generic Disclosures on Management Approach	✓	72-73
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	✓	120
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	✓	78-79
LA3	Return to work and retention rates after parental leave, by gender	✓	79
ASPECT: LABOR/MANAGEMENT RELATIONS			
G4-DMA	Generic Disclosures on Management Approach	✓	81
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	✓	77
ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	Generic Disclosures on Management Approach	✓	75
LA 5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	✓	76
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	✓	76
LA7	Workers with high incidence or high risk of diseases related to their occupation	✓	76-77
LA8	Health and safety topics covered in formal agreements with trade unions	✓	75-77



GRI Indicators		Report 2015	Page
ASPECT: TRAINING AND EDUCATION			
G4-DMA	Generic Disclosures on Management Approach	✓	82
LA9	Average hours of training per year per employee by gender, and by employee category	✓	82
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	✓	82-83
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	✓	81
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
G4-DMA	Generic Disclosures on Management Approach	✓	74
LA 12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	✓	120
ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN			
G4-DMA	Generic Disclosures on Management Approach	✓	74
LA 13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	☒	
ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES			
G4-DMA	Generic Disclosures on Management Approach	☒	
LA 14	Percentage of new suppliers that were screened using labor practices criteria	☒	
LA 15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	☒	
ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS			
G4-DMA	Generic Disclosures on Management Approach	✓	81
LA 16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	✓	81
SUB-CATEGORY: HUMAN RIGHTS			
ASPECT: INVESTMENT			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	☒	
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	☒	

GRI Indicators		Report 2015	Page
ASPECT: NON-DISCRIMINATION			
G4-DMA	Generic Disclosures on Management Approach	✓	74
HR3	Total number of incidents of discrimination and corrective actions taken	✓	74
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	☒	
ASPECT: CHILD LABOR			
G4-DMA	Generic Disclosures on Management Approach	✓	73
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	☒	
ASPECT: FORCED OR COMPULSORY LABOR			
G4-DMA	Generic Disclosures on Management Approach	✓	73
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	☒	
ASPECT: SECURITY PRACTICES			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	☒	
ASPECT: INDIGENOUS RIGHTS			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	☒	
ASPECT: ASSESSMENT			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	☒	
ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR10	Percentage of new suppliers that were screened using human rights criteria	☒	

	GRI Indicators	Report 2015	Page
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>	
	<b>ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS</b>		
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	<input checked="" type="checkbox"/>	
<b>SUB-CATEGORY: SOCIETY</b>			
	<b>ASPECT: LOCAL COMMUNITIES</b>		
G4-DMA	Generic Disclosures on Management Approach	✓	100
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	✓	101-103
SO2	Operations with significant actual and potential negative impacts on local communities	<input checked="" type="checkbox"/>	
	<b>ASPECT: ANTI-CORRUPTION</b>		
G4-DMA	Generic Disclosures on Management Approach	✓	105
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	✓	104
SO4	Communication and training on anti-corruption policies and procedures	✓	104
SO5	Confirmed incidents of corruption and actions taken	✓	104
	<b>ASPECT: PUBLIC POLICY</b>		
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/>	
SO6	Total value of political contributions by country and recipient/beneficiary	<input checked="" type="checkbox"/>	
	<b>ASPECT: ANTI-COMPETITIVE BEHAVIOR</b>		
G4-DMA	Generic Disclosures on Management Approach	✓	104-105
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	✓	104-105
	<b>ASPECT: COMPLIANCE</b>		
G4-DMA	Generic Disclosures on Management Approach	✓	104
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	✓	104
	<b>ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>		
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/>	
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	<input checked="" type="checkbox"/>	
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	<input checked="" type="checkbox"/>	

	GRI Indicators	Report 2015	Page
	<b>ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY</b>		
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/>	
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	<input checked="" type="checkbox"/>	
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>			
	<b>ASPECT: CUSTOMER HEALTH AND SAFETY</b>		
G4-DMA	Generic Disclosures on Management Approach	✓	60&61
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	✓	63
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	✓	71
	<b>ASPECT: PRODUCT AND SERVICE LABELING</b>		
G4-DMA	Generic Disclosures on Management Approach	<input checked="" type="checkbox"/>	
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	✓	65
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	✓	71
PR5	Results of surveys measuring customer satisfaction	<input checked="" type="checkbox"/>	
	<b>ASPECT: MARKETING COMMUNICATIONS</b>		
G4-DMA	Generic Disclosures on Management Approach	✓	65
PR6	Sale of banned or disputed products.	✓	71
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	✓	71
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	✓	71
	<b>ASPECT: COMPLIANCE</b>		
G4-DMA	Generic Disclosures on Management Approach.	✓	71
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	✓	71





## APPENDIX

### Honours and Awards received in 2015

No.	Time	Award	Organization
1	Jan/2015	Vietnam Trusted Brand Award, the 11 <sup>th</sup> time, 2015	Vietnam Union Of Science And Technology Associations – Viet Brand Magazine
2	Jan/2015	Top Vietnamese Companies in Business Index, 2014	Vietnam Business Forum
3	Jan/2015	Vietnam's Top 10 Outstanding Brands in 2014	Industry and Trade Review
4	Jan/2015	CEO Award: Top 50 Business Leaders Salute - Mark of Respect, 2014	The Business Review
5	Jan/2015	Ranked 2 <sup>nd</sup> in Top 500 Vietnamese Companies, 2014	VNR 500
6	Feb/2015	CEO Award: Cultural Woman Entrepreneur for National Building and Development	Vietnam Entrepreneur Culture Center
7	Feb/2015	Cultural Company with Outstanding Social Contributions	Vietnam Entrepreneur Culture Center
8	Feb/2015	Top Companies with Excellent Investor Relation, 2014	Vietstock
9	Feb/2015	Certificate of Vietnam's High-quality Products, 2015	Association of Vietnam's High-Quality Producers & Center of Business Studies and Assistance
10	Feb/2015	Asia's Power Businesswomen, 2015	Forbes Magazine
11	Mar/2015	Ranked 2 <sup>nd</sup> in Top 100 Places to Work in Vietnam, 2014	Nielsen & Anphabe.com
12	Mar/2015	CEO Award: ASEAN Woman Entrepreneur, 2015 (AWEF)	VCCI – Vietnam Women Entrepreneur Council
13	Apr/2015	Vietnam's Golden Food Brand, 2014: Top 20 - Vinamilk UHT fresh milk	Ministry of Health – Department of Food Safety
14	Apr/2015	Vietnam's Golden Food Brand, 2014: Top 100 - Su Su Apple - Banana Flavoured Yogurt and Dielac Alpha Gold	Ministry of Health – Department of Food Safety
15	Apr/2015	CEO Award: Entrepreneur for Life Quality, 2014	Ministry of Health – Department of Food Safety

16	May/2015	Golden Cup of Food Hygiene and Safety, 2015 for Non-sugar UHT Fresh Milk	Vietnam Union Of Science and Technology Associations –Center of Food Science and Technology
17	May/2015	Vietnam's Top 10 Golden Products for WTO Integration, 10 <sup>th</sup> time, 2015	Vietnam Union Of Science and Technology Associations –Center of Food Science and Technology
18	May/2015	CEO Award: Nikkei Asia Prize	Nikkei Inc - Japan
19	May/2015	Company of Sustainable Growth, 2011-2014	The Business Review
20	May/2015	Vietnam's Top 50 Most Efficient Companies	The Business Review
21	Jun/2015	Truong Tho Milk Factory - Vietnam Environment Award 2015	Ministry of Natural Resources and Environment
22	Jul/2015	Ranked 1 <sup>st</sup> in Top 10 Most Creditable Listed Companies in Media	VNR 500
23	Jul/2015	Top 10 Best Annual Reports	Vietnam Investment Review and Hochiminh City Stock Exchange
		2 <sup>nd</sup> place: Best Corporate Governance Content in Annual Reports	
		2 <sup>nd</sup> place: Sustainability Reports	
24	Aug/2015	Vietnam's Top 50 Best Listed Companies	Forbes Vietnam
25	Oct/2015	Vietnam's Top 50 Most Valuable Brand	Brand Finance (Ranking table)
26	Nov/2015	Top 100 Trust and Use Brands	Vietnam Economic Times
27	Nov/2015	New Zealand - ASEAN Award	New Zealand
28	Nov/2015	Vietnam - ASEAN Best Corporate Governance Award (Manila - the Philippines)	The ASEAN and the Securities Commission of the Philippines
29	Nov/2015	Top 100 ASEAN - Top 300 Asia	Nikkei Asian Review
30	Nov/2015	V1000 - 2015 Ranking Table for 1000 companies that pay the highest taxes in Vietnam	V1000
31	Dec/2015	Top 10 of Vietnam's 500 Largest Private Company, 2015	VNR 500
32	Dec/2015	Consumers' most favorite Vietnamese Products - Vinamilk Fresh milk - Ong Tho condensed milk.	Hanoi Radio and Television Broadcasting



## APPENDIX (continued)

### Number of Employees

	Male	Female	Total
<b>By term of labor contract</b>	<b>4,538</b>	<b>1,498</b>	<b>6,036</b>
Indefinite Term	3,768	1,269	5,037
Definite Term in 1 - 3 Year(s)	760	227	987
Seasonal, Short Term	10	2	12
<b>By profession</b>	<b>4,538</b>	<b>1,498</b>	<b>6,036</b>
Manufacturing and Processing (in the Factories):	1,652	289	1,941
Sales	321	43	364
Supporting activities (administration, office, accounting...)	2,319	1,045	3,364
Farming activities (on the Farms)	246	121	367
<b>By age</b>	<b>4,538</b>	<b>1,498</b>	<b>6,036</b>
+ Age < 30:	1,334	434	1,768
+ Age 30 - 40:	1,923	654	2,577
+ Age 40 - 50:	979	329	1,308
+ Age > 50:	302	81	383

### Number of New Recruited Employees

	Male	Female	Total
<b>By profession</b>	<b>458</b>	<b>98</b>	<b>556</b>
Manufacturing and Processing (in the Factories):	169	3	172
Sales	45	4	49
Supporting activities (administration, office, accounting...)	179	65	244
Farming activities (on the Farms)	65	26	91
<b>By age</b>	<b>431</b>	<b>95</b>	<b>556</b>
+ Age < 30:	347	78	425
+ Age 30 - 40:	96	19	115
+ Age 40 - 50:	9	-	9
+ Age > 50:	6	1	7

### Training Program Statistics

Criteria	2012	2013	2014	2015
<b>Training KPI</b>				
Number of training courses	240	258	222	404
Number of training turns	8,525	9,251	13,055	27,271
<b>KPIs for budget, and costs of training activities</b>				
Training Budget (VND billion)	5	6,5	5,32	12
Actual Training Cost (VND billion)	1.8	3.2	3.8	6.7
Rate of Actual Expenses/Budget (%)	36.4%	49%	71%	56%





## APPENDIX (continued)

### Report on implementation of solutions and inventions of energy conservation year 2015

No.	Solutions and inventions	Energy conservation					Investment cost (VND million)	Saving cost (VND million)	Implementation entities
		Electricity (Kwh/year)	Oil (kg/year)	CNG (mmBTU/year)	Water (m³/year)	Steam (kg/year)			
1	Cooling deflashing machines of Probi bottles by water circulation				21,000		100.0	168.0	TSP
2	Solution to save steam and cold water at soybean blending system and CBSC PX2	24,000				36,000	100.0	64.8	TSP
3	Recovering milk cooling water of UHT Stock System	10,024			28,800		5.0	374.1	LSP
4	Installing inverter of freezer compressor of production in cold season (5 months)	60,000					-	93.1	NAP
5	Installing HVAC system for air compressors, taking source of input gas with low temperature	6,146					12.5	10.7	BDP
6	Improving 6000h/l pasteurizer to produce heating reconstituted yogurt	45,600					95.0	79.7	BDP
7	Improving jam filling system on Benco, reducing CIP	960					8.0	1.7	BDP
8	Replacing transparent steel sheets for production areas and warehouse to minimize shining cost on day time	15,600					109.0	27.3	BDP
9	Reinsulating the insulation defects on steam pipes					1,560	4.0	1.1	BDP
10	Reinsulating the insulation defects on cold water pipes	504					3.8	0.9	BDP
11	Recovering heat from boilers			2,625			1,780.0	603.8	TTP
12	Recovering condensed water in the area of fresh milk and soybean milk			1,113			830.0	256.0	TTP
13	Installing automatic door for Cold Store no.2	46,800					90.0	70.2	TTP
14	Rearranging air compression system: Removing all air compressors to DL1. Installing pressure and operation mode for air compressors	299,000					30.0	448.5	TTP
15	Designing and installing water spraying system to cool outdoor unit of cold stores	4,800					20.0	7.2	TTP
16	Installing landing switches for air blowers to ensure inverter for air blowers	7,900					2.0	11.8	TTP
17	Decreasing temperature for disinfecting caps from 180oC to 150oC	12,600					-	18.9	TTP
18	Not using assimilation machine when producing TTDH P90 <i>* Installing connector and P90 bypass homo valve when pasteurizing cold aging yogurt</i>	525,000					5.4	787.5	SGP
19	Installing transparent sheets for production areas rooms to minimize shining cost on daytime	4,653					107.0	7.0	CTP
20	Replacing 0.6-m compact lights with led	4,507					4.5	6.8	CTP
21	Using CNG for boiler, changed in November 2014 and followed up in 2015 with stable operation			4,200			-	1,048.1	GKP
22	Designing and installing inverter for cold compressor RF39 to save energy	33,750	-	-	-	-	180.0	48.9	GKP
23	"Designing and installing pipes and tanks to recover PAA from Unidox Actively exhausting PAA before overloading and stopping the machine"	-	-	294	-	-	16.0	73.5	GKP
24	Reusing heat from standard Kennel boiler to heat up supply water for boiler			450			7.0	112.3	GKP
25	Improving shining control system in accordance with production time of filling room and DE A1, automatic control as per production time	107,747	-	-	-	-	5.0	161.6	SVP
26	Installing AUTO control for HVAC system in CB and DE	107,310	-	-	-	-	5.0	161.0	SVP
27	Separating power supply and automatically controlling shining system for WIP Packing	13,456	-	-	-	-	7.5	20.2	SVP
28	Separating power supply and automatically controlling shining system for WIP Materials	8,410	-	-	-	-	4.6	12.6	SVP
29	Design oil pump for cold refill compressor (to serve refilling without starting cold compressor)	91,250					20.0	136.9	SVP
30	Optimizing LGV operation parameters, limiting recharge for energy saving	52,560					-	78.8	SVP
31	Improving shining system for electrical cabinets in DEA3	4,460					-	6.7	SVP
Total		1,487,036	-	8,682	49,800	37,560	3,551	4,900	

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