



VINAMILK



SUSTAINING  
**FOR SUCCESS**

SUSTAINABLE DEVELOPMENT REPORT 2016



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📍 Vinamilk sets the sustainable development target in strategic and management level. We commit to do business in a responsible way and proceed sustainable development in compliance with development orientation of the world in general and in Vietnam in particular. Our long term and short term targets are set in consideration of their impacts to sustainable development of the company and stakeholders. Major sectors and their aspects shall be considered carefully and shall have detail orientation about scope and level from time to time.

(Extracted from "Sustainable Development Policy" at Vinamilk)



## OUR CEO'S MESSAGE



### Dear Stakeholders,

2016 marked a 40-year journey with full pride of Vinamilk. It was starting-up in hard times, firmly going through many ups and downs and now rising to become the leading dairy company along with the sustainable and stable development. Vinamilk's achievements are not only reflected in the effective financial performance indicators; but also in the values brought to the stakeholders: The sustainable benefits for shareholders, the quality products for consumers, the dynamic working environment for employees, being a reliable partner, a great contributor to the State budget and one of the most active enterprises in promoting local economic development and community supporting activities.

With the mission of "To deliver the valuable nutrition to community with all respect, love and responsibility", Vinamilk affirms that People, Product and Planet are the main factors to help it keep advancing in the sustainability journey.

#### At Vinamilk, People are the success launchers

People are the only living things involved in building any successful enterprise, they are the originating, motivation and launcher for all successes. Vinamilk is fully aware of the concerns of stakeholders and always strives to associate and improve cooperative relationships with them to increase efficiency and enhance value.

In 2016, all of the values brought to stakeholders increased significantly compared to last year. It is a remarkable achievement from consulting and balancing the needs of stakeholders with the development orientation of the Company, from incorporating sustainable development strategy into business strategy and from continuously investing in its human resources.

#### At Vinamilk, Products are made with all passions for perfection

Considered quality as the vital goal, Vinamilk always care for customers' health, continuously innovates, improves products and pioneers in joining hands to the permanent mission of Vietnamese stature and intellect development. In 2016, Vinamilk has continued to introduce many new products to consumers, of which, the most prominent one is organic product - the first organic fresh milk product in Vietnam. To improve nutrition quality of Vietnamese people with organic products is the strategic investment orientation and long-term thinking of Vinamilk. And the passion for perfection is the firm motivation for Vinamilk to create quality products with the most valuable nutrition.

#### At Vinamilk, Planet is the partner to Sustainability

During 40 years of operation, Vinamilk considers Planet as the partner to sustainability. Being responsible in

production and operation, using natural resources effectively, joining hands for environmental protection and complying with the laws are the principles and guidelines for all Vinamilk's activities. In 2016, Vinamilk has continued to maintain the efficiency in using natural resources and energy, promote green energy use, and implement many innovative programs relating to environmental and energy aspects.

The Sustainable Development Report 2016 represents the contents relating to the three key factors of People, Product and Planet, showing Vinamilk's approach and orientation for sustainable development and its practical achievements gained during 40 years, especially in 2016. Along with the world development trend, taking 17 UN Sustainable Development Goals as the basis; National Action Strategies as the guideline; Vision, mission and core values as internal resources, Vinamilk sees 2016 as a remarkable step towards the sustainable success.

The new phase will present both challenges and opportunities. With the desire to give valuable nutrition to the young generation and bringing Vietnamese milk to present in five continents, Vinamilk has been prompted not to stop working and innovating during the past 40 years. It will continue to reach out, learn, improve and innovate, continue to promote its internal strengths, strengthen the three key factors to continuously develop for a better Vietnam and to gain greater achievements on the sustainability journey. That goal is customized by specific action programs:

- » To become one of the world's biggest 50 dairy companies
- » To implement clean production and green livestock breeding
- » To reduce CO<sub>2</sub> emission in value chain
- » To pioneer in modern manufacturing technology
- » To provide Vietnamese products with international quality
- » To create a safe, dynamic working environment to promote capability
- » To increase values brought to stakeholders

**MAI KIEU LIEN**  
CEO



# VINAMILK

## *A 40-year journey*

During 40 years of continuous improvement and integration, Vinamilk continues to inherit and promote the functional strength to conquer the new tops, sustain the development and strengthen the position of a Vietnamese brand on the world market.







## VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

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Stock code : VNM  
Vietnamese name : Công ty Cổ phần Sữa Việt Nam  
Abbreviated name : Vinamilk  
Share capital : VND14,514,534,290,000  
Headquarter : 10 Tan Trao Street, Tan Phu Ward, District 7, HCMC  
Tel : (84-8) 54 155 555  
Fax : (84-8) 54 161 226  
Email : [vinamilk@vinamilk.com.vn](mailto:vinamilk@vinamilk.com.vn)  
Website : [www.vinamilk.com.vn](http://www.vinamilk.com.vn)  
: [www.vuoncaovietnam.com](http://www.vuoncaovietnam.com)  
: [www.youtube.com/user/Vinamilk](https://www.youtube.com/user/Vinamilk)

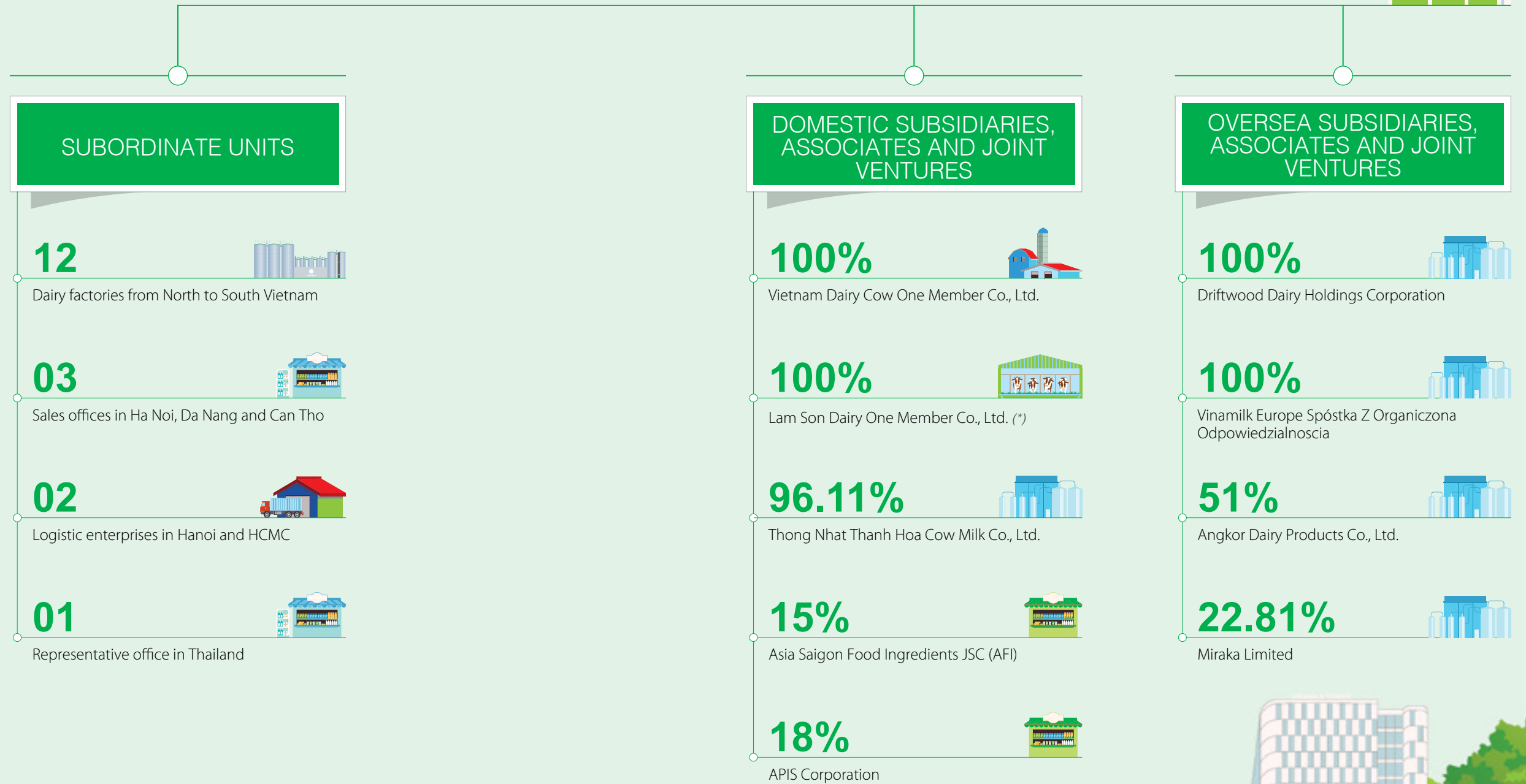
Business Registration Certificate and Tax Code: 0300588569



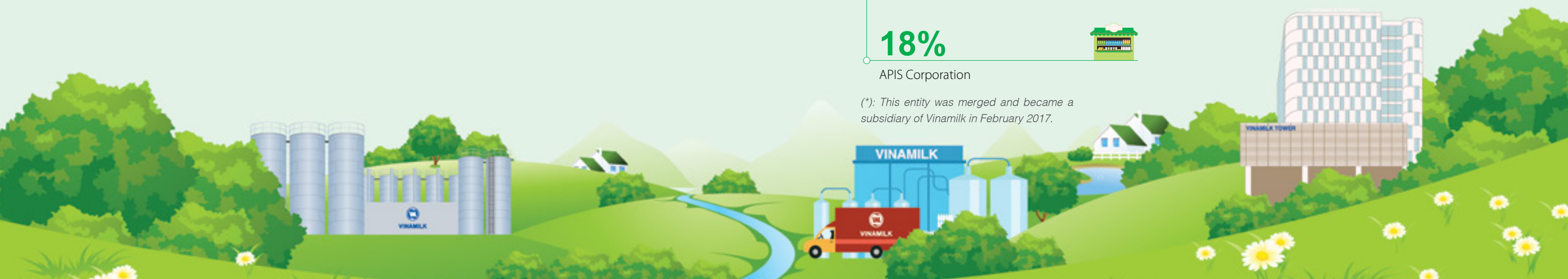
# VINAMILK

## A 40-YEAR JOURNEY

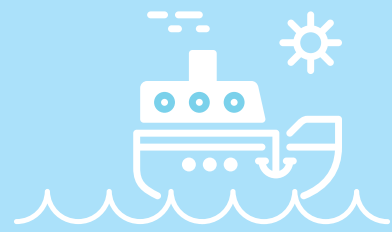
### GROUP STRUCTURE



(\*): This entity was merged and became a subsidiary of Vinamilk in February 2017.







# DEVELOPMENT HISTORY

**1976**

Vinamilk was founded on 20<sup>th</sup> August 1976 under the name of Southern Coffee-Dairy Company on the basis of three dairy factories from the old regime: Thong Nhat Dairy Factory, Truong Tho Dairy Factory, Dielac Powdered Milk Factory (construction in progress)



**1988 – 1989**

Successfully restored the Dielac Powdered Milk Factory. Launched its first batch of products of powdered milk and nutritional powder for children to the Vietnam market for the first time.



**2003**

Formally transformed into a Joint Stock Company and renamed as Vietnam Dairy Products Joint Stock Company (Vinamilk) with charter capital of over USD 100 million.

**1997 – 1998**

Exported its first product batch of powdered milk and Dielac nutritional powder to Middle East market.

**1990 – 1991**

Started the “White revolution”. Pioneered in building fresh raw milk area. First time introduced UHT milk products and yogurt to the Vietnam market.

**2010**

Vinamilk started its strategy of investment overseas by owning 22.8% of shares at Miraka Milk Factory in New Zealand.



**2006**

Vinamilk was officially listed on Ho Chi Minh Stock Exchange (HOSE) on 19<sup>th</sup> January 2006. Inaugurated its first dairy farm (in Tuyen Quang Province).



**2013**

Inaugurated two mega-dairy factories with large scale and applying the most modern technologies in Binh Duong Province: Vietnam Powdered Milk Factory and Vietnam Milk Factory (producing fluid milk).



**2014**

The Dairy Farm in Nghe An Province was the first in Southeast Asia and one of three farms in Asia to qualify the Global G.A.P standard certificate.



**2016 - Celebration for 40<sup>th</sup> anniversary of establishment**

Continued the strategy to reach out to the world market with the inauguration of Angkor Milk Factory (Cambodia). Acquired 100% stake in Driftwood Dairy Holdings Corp (US) and exported condensed milk product (with the Driftwood brand) to US market. First time introduced Organic Fresh Milk product, which was directly produced by Vinamilk in Vietnam qualifying EU Organic standard and being certified by Control Union (Netherlands).

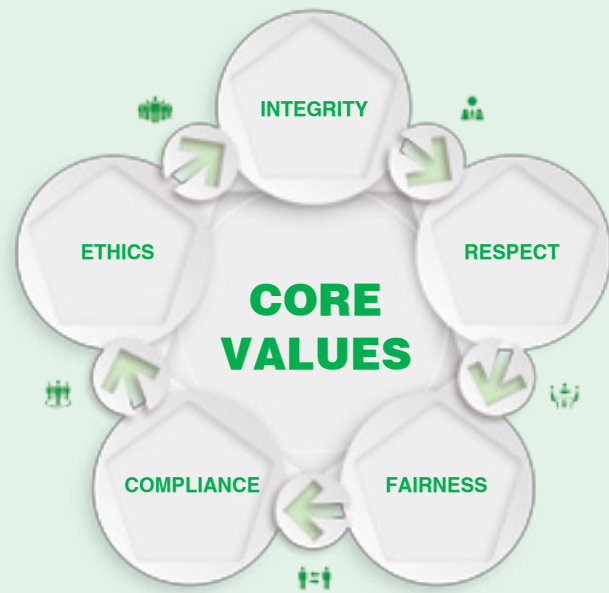


# From the values inside

## VISION



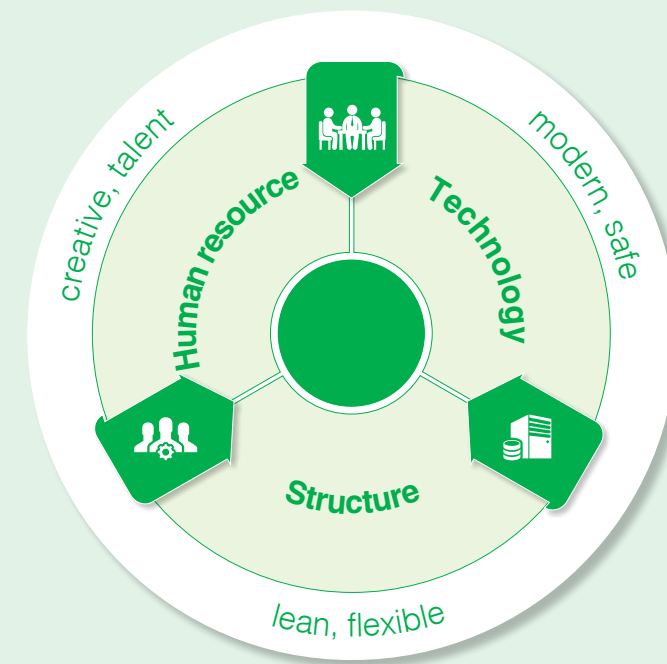
To become a world grade brand in food and beverage industry, where people put all their trust in nutrient and health products.



## MISSION



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





## To obtain the achievements

### MORE THAN 250 PRODUCTS



Diversification of product types with various flavors and containers to serve for nutritious demand of consumers of all ages.

### MORE THAN 6,300 OFFICIAL EMPLOYEES



Creation of stable job for more than 6,300 official employees, 10,474 indirect workers and more than 9,000 households throughout the country.

### NO. 1 IN VIETNAM



Holding the no. 1 position in Vietnam market: Occupying about 55% of fluid milk market share, 85% of yogurt market share and 80% of condensed milk market share.

### 220,000 RETAILERS



Large scale distribution network: 220,000 retailers, 218 Vietnam Dairy Dream shops, presentation in 100% of supermarkets and convenient stores throughout the country and e-commerce through Vinamilk eshop, Lazada, FPT shop...

### 43 COUNTRIES



Exported to 43 countries and territories, currently export revenue occupies 13% of total revenue, total export turn-over from 1997 up to now is about USD2 billion.

### 13 FACTORIES



The production scale of 13 factories, of which 2 mega factories: Vietnam Powdered Milk Factory with a capacity of 54,000 tons of powdered milk/year and Vietnam Milk Factory (Mega) with a capacity of 1.2 million liters of milk/day.

### CONTRIBUTING THOUSAND BILLION DONG



Annually, Vinamilk contributes thousand billion dong and becomes one of the top enterprises contributing to the State budget.

### TRAINING AND DEVELOPMENT OF DAIRY FARMING



Training and development of dairy farming, contributing to improve the local economy and bringing Vietnam milk quality close to dairy world standards.

### VND 182,303 BILLION CAPITALIZATION



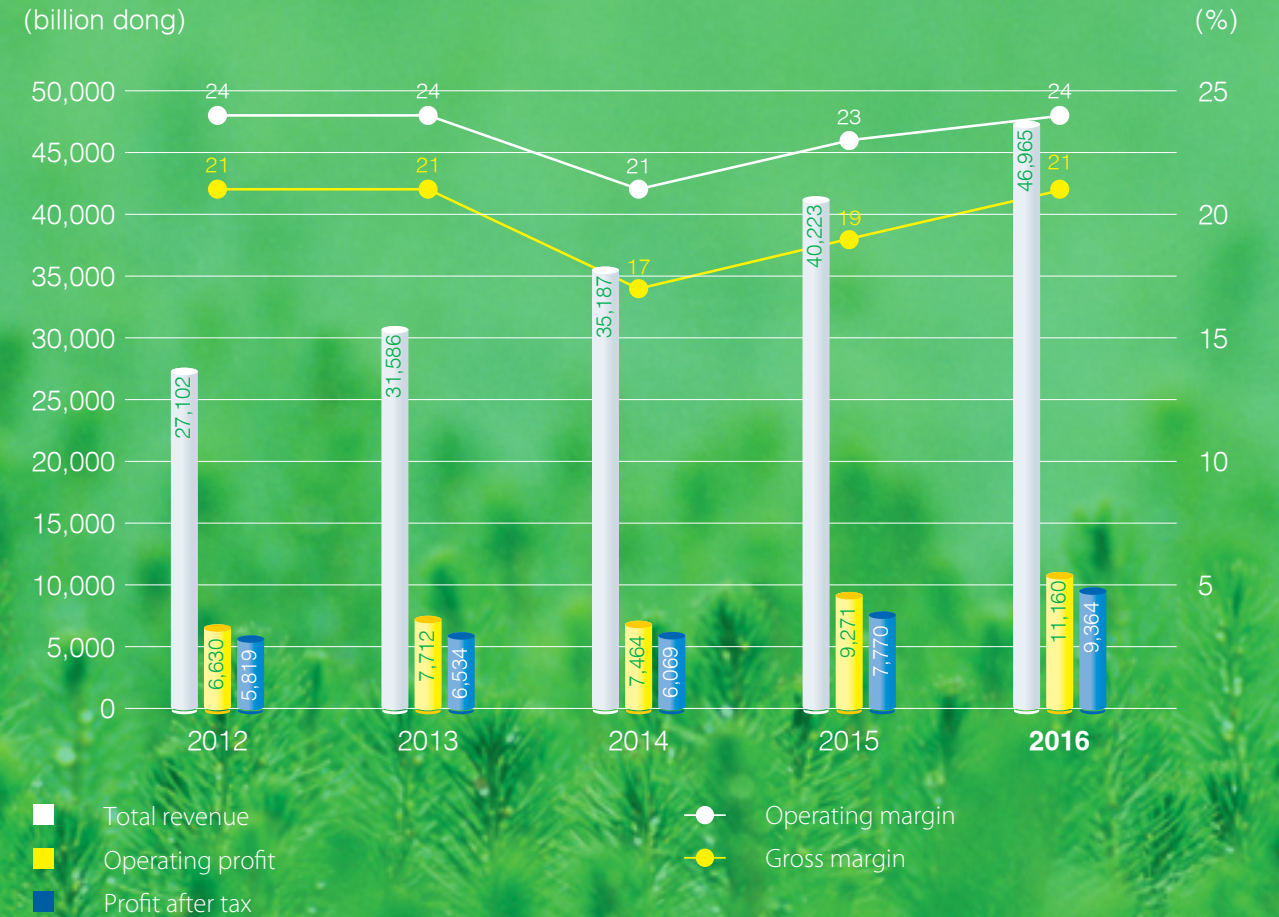
Being the enterprise whose the highest market capitalization on Vietnam stock market, reached VND182,303 billion (as at 31<sup>st</sup> December 2016). Being one of the enterprise using capital the most efficient in Vietnam market, and bringing the most sustainable surplus value for investors.

### VND 9,364 BILLION PROFIT AFTER TAX 2016



Profit after tax increased 14 times, from VND660 billion (2006) to VND9,364 billion (2016); average growth rate of 22%/year continuously during over the last 10 years, much higher than the average growth rate of its sector in Vietnam (17%).

## FINANCIAL RESULTS THROUGH FY2016



Stakeholders	Value to stakeholders 2016 (billion dong)
Shareholders	7,238
Government	4,358
Suppliers	28,361
Community	25

After 40 years, Vietnam Dairy Dream has come true, the ability to strongly maintain a Vietnam trademark has been confirmed. However, there stills the ambition to rise: For dairy products to become the usual thing on every Vietnamese family's eating table, to improve physical and mental strength of Vietnamese and to bring a Vietnam trademark to the world class. The outstanding achievements in 2016 are good remarks on its 40-year journey and the milestone for Vinamilk to develop and reach out further.



## To obtain the achievements (continued)

### OUTSTANDING ACHIEVEMENTS IN 2016

Celebration for 40<sup>th</sup> anniversary of establishment  
**“VIETNAM DAIRY DREAM”**  
Boasting a journey



Launching of e-commerce website  
**Vinamilk eShop - Vietnam Dairy Dream**  
<https://giacmosuaviet.com.vn>



Payment of unprecedented dividend warrant:  
**60%** in cash, **20%** by share



Continuously expanding business  
**to world market**  
Dubai, Bangladesh, Mongolia, Hong Kong, Tanzania



**Agreement of Strategic Cooperation**  
With Switzerland's DSM Corporation and Cho Ray Hospital, Continuously research and develop products



**Launching of Organic Fresh Milk**  
the first organic fresh milk product line with USDA NOP qualification in Vietnam.



Innovator of organic dairy farming  
**First farm in Vietnam**  
was certified by Control Union to qualify Europe Organic Standard.



Being selected as the first enterprise in Vietnam to be allowed  
**to self-certify origin of products**  
in ASEAN



**Continuously expanding the share market to 2015**

by 1.5% in fluid milk, remarkable increase by 1.9% in drinking yogurt and 0.4% in yogurt



**Stand Tall Vietnam Milk Fund and School Milk program**  
are expanding to more beneficiaries



Product quality are **trusted and used no. 1 in Vietnam, 4<sup>th</sup>** in top 1,000 best brands in Asia



The best effective company in Vietnam,  
**Top 50 Asia's best big public Company in Asia** (Asia's Fab 50 2016)



**The best** favourable recruiter in Vietnam,  
**2<sup>nd</sup>** on top 100 best places to work in Vietnam



**Top 10**  
sustainable development enterprises in Vietnam





## To a prosperous future



At Vinamilk, People, Product and Planet are three major pillars of sustainability. Vinamilk affirms the materiality of these factors and considers them as the foundation to develop the sustainability strategies and action plans.



### GOALS AND ACTION PLANS TO 2020

At the United Nations (“UN”) Sustainable Development Summit took place in New York (USA), 193 UN member countries adopted the global agenda for development to 2030 with 17 sustainable development goals (SDGs) as a roadmap for sustainable world development. With these global goals, countries, enterprises and other organizations shall make the same effort to end poverty, fight inequality and fight climate change.

In Vietnam, the Government is also implementing action programs and agenda aimed at giving strategic orientation on sustainable development and implementation of the United Nations goals such as:

National Action Programmes on sustainable consumption and production to 2020, proposals to the Government national action plans and sustainable development goals selection to 2030, Action programmes for sustainable development of Natural resources and Environment sector for the period of 2016-2020.

Accompanying with that orientation, Vinamilk has reviewed and evaluated the relation of sustainable development goals in each specific action plan. The goals are considered in the relation with the material issues on three pillars of sustainability: People, Products and Planet. They are the firm foundation to develop the sustainability strategies and action plans.

Goals	Action Plans of the period 2017-2020
Enhancing the role of Sustainable development in the strategy and management of Vinamilk	<ul style="list-style-type: none"> <li>» To evaluate existing situation of sustainable development in the world, in Vietnam and at Vinamilk.</li> <li>» To define long-term and short-term goals. To incorporate goals and implementation plans into annual operation and business activities.</li> <li>» To consult guidance from Subcommittee of Development Policy and Board of Directors on orientation and trend to set up the annual sustainable development goals.</li> </ul>
Doing business in a responsible way, following targets of Sustainable development	<ul style="list-style-type: none"> <li>» To incorporate Sustainable development goals into actual manufacturing &amp; trading activities.</li> <li>» To improve/update management system and internal procedure to suit the orientation on Sustainable development and market trends.</li> <li>» To set up/assign execution, control and report groups.</li> <li>» To propagate about interests, goals and action programs of Sustainable Development at Vinamilk to enhance acknowledgement of stakeholders, thereby positively affect and encourage them to act towards Sustainable Development.</li> </ul>
Action matching with Sustainable Development orientation of the world in the Vietnam background	<ul style="list-style-type: none"> <li>» To consult feedback from independent evaluation organizations and stakeholders on goals, programmes and actions of Vinamilk; thereby to adjust and improve way and resources accordingly.</li> <li>» To update constantly the professional knowledge, to enhance execution capability for execution, control and report groups.</li> <li>» To recognize and evaluate properly the achievements and failures, strengths and weaknesses, challenges and opportunities; hence to make improvement and overcome for the next planning work accordingly.</li> </ul>



To obtain the achievements (continued)

**THE DAIRY SUSTAINABILITY FRAMEWORK: REPRESENTING THE UN'S SUSTAINABLE DEVELOPMENT GOALS IN THE DAIRY SECTOR**

Sustainable Development Goals featured in 5 Ps

- People
- Planet
- Prosperity
- Peace
- Partnership

Criteria

The DSF reports on the dairy industry's performance using the following 11 criteria:

**Economic**

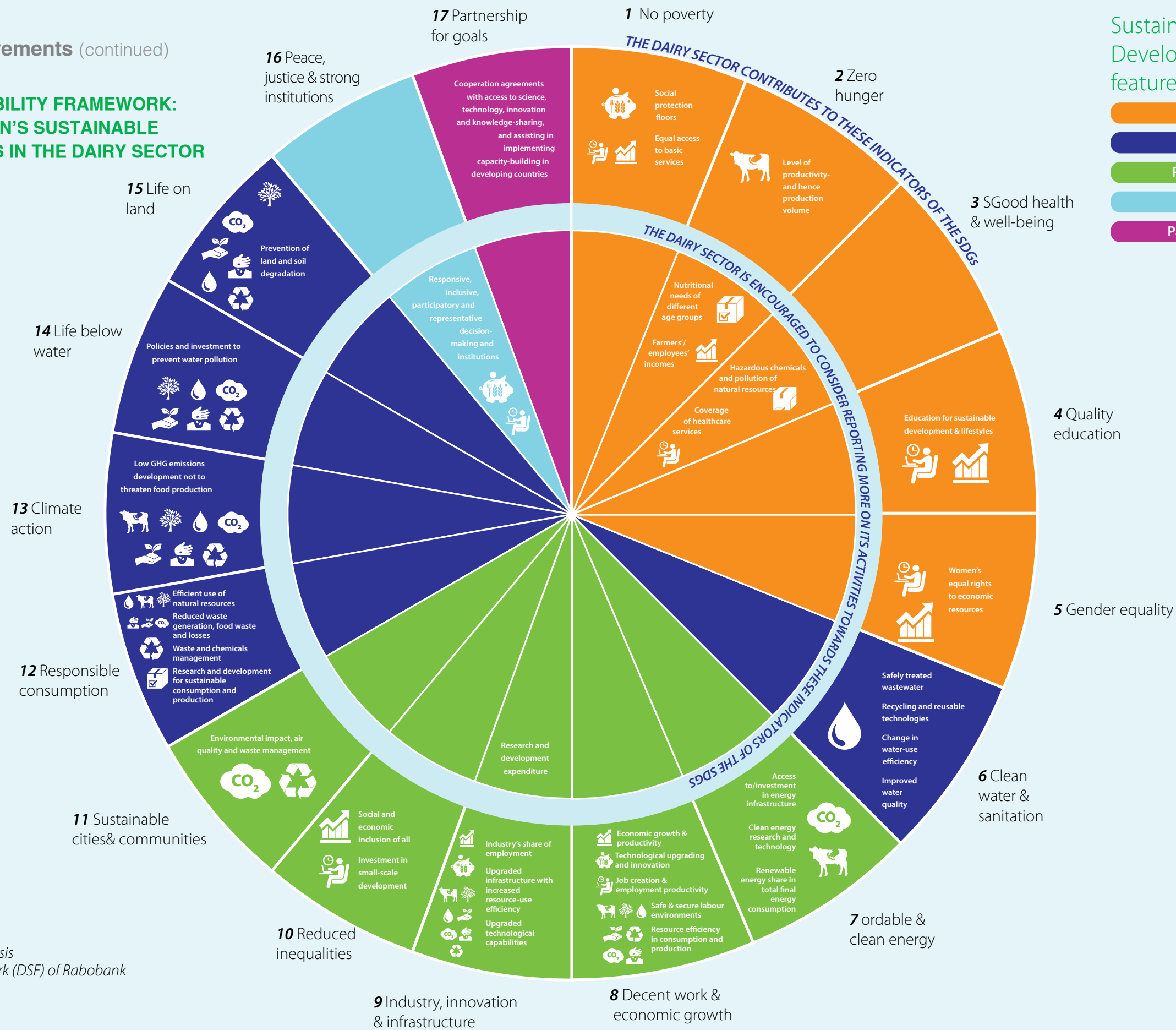
- Rural economies
- Market development

**Social**

- Working conditions
- Product safety and quality
- Animal care

**Environmental**

- Biodiversity
- Waste
- Water
- Greenhouse gas emissions
- Soil
- Soil nutrients



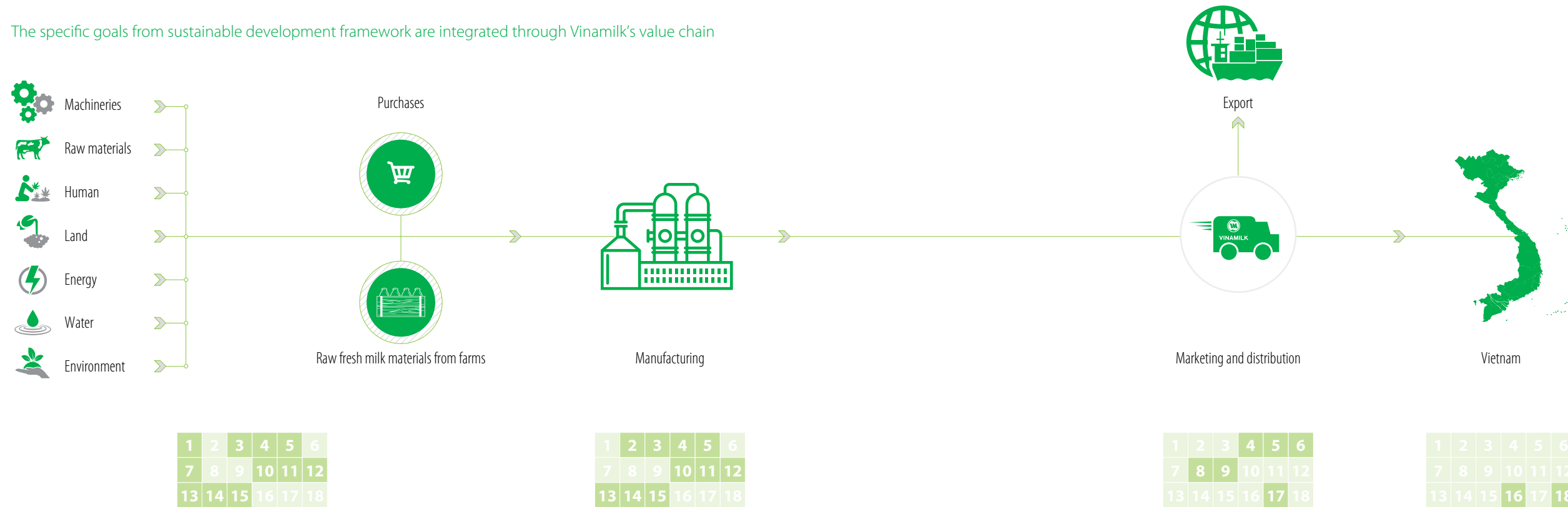
\* This framework is set on the basis of Dairy Sustainability Framework (DSF) of Rabobank



## To obtain the achievements (continued)

### VINAMILK - VALUE CHAIN AND SUSTAINABLE DEVELOPMENT GOALS

The specific goals from sustainable development framework are integrated through Vinamilk's value chain



1	To develop sustainable dairy breeds
2	To pioneer in modern production technology
3	To lead in green production and livestock breeding
4	To create a safe and sound working environment for all employees

5	To cooperate to obtain success
6	To trend towards "clean label"
7	To create 100% of clean raw materials
8	To create Vietnamese products with international quality
9	To improve Vietnamese stature and intellect

10	To build strong resources to grow together
11	To apply renewable energy and green energy
12	To save 0.6% of the water consumption/product unit
13	To save 0.95% of electricity consumption/product unit
14	To reduce CO <sub>2</sub> emissions in production and livestock breeding

15	To join hands to local economic development
16	To join hands for the civilized and developed community
17	To be an enterprise with reputation, compliance and transparency
18	To sustainably develop for a better Vietnam

# ABOUT THE REPORT

In this Sustainable Development Report, the main contents to be represented including:

- » *People* - The success launchers;
- » *Products* - Passion for perfection;
- » *Planet* - Partner to sustainability

These are the three pillars identified by Vinamilk in the goals and strategies of long-term sustainable development. The particular aspects of these pillars have been implemented and gained certain achievements in 2016, which serve as the premise to continue implementing, improving and gaining other achievements in the next years.





## OVERVIEW OF THE REPORT

At Vinamilk, The Sustainable Development Report (“SDR”) is prepared annually to present and declare the official information regarding material issues of sustainable development of Vinamilk. In 2016, the SDR continues to be generated separately from the annual report. All data reports for the year ended 31<sup>st</sup> December, 2016.

In this report, the material issues are defined based on an assessment in combination of the stakeholders’ concerns and their impacts to Vinamilk. The information presented in this report includes management methods, objectives, orientations of sustainable development of Vinamilk in each period (including short-term and long-term); Vinamilk’s commitments to stakeholders; present status, the outstanding programmes and activities relating to material issues in the year; assessments

and achievements gained in 2016, the response to commitments of Vinamilk and stakeholders’ concerns, to portray the whole picture of the Company’s business in 2016, as well as the Company’s sustainable development direction for the next period.

The report is prepared according to Guidance of Global Reporting Initiative (“GRI”) and Guidelines 4 Content Index in Food Processing Sector Supplement. We also refer to the Guidance on Building Sustainable Development Report issued by State Securities Commission of Vietnam joining with International Finance Corporation (“IFC”).

Furthermore, the objectives and strategic operations in Vinamilk’s direction accompanying with UN’s 17 Sustainable Development Goals are also demonstrated in this report.



## INDEPENDENT LIMITED ASSURANCE FOR THE SUSTAINABILITY REPORT

In order to provide accurate and reliable information on the effectiveness of sustainable development to stakeholders, the Sustainable Development Report 2016 has been assured by PwC Vietnam. Vinamilk also claims that there is no conflict of interest in designation of the assurance provider.

Sustainable development indicators are selected according to material issues covering the particular economic, environmental and social aspects including:

- » Amount of milk purchased from local farming G4-EC9
- » Occupational Health and Safety G4-LA6
- » Product responsibility FP6 (GRI sector supplement- Food processing sector)
- » Greenhouse Gas emission G4-EN16
- » Energy consumption G4-EN3
- » Water recycling in production activities G4-EN10
- » Water discharge by destination and quality G4-EN22
- » Total weight of waste by type and disposal method G4-EN23

## SCOPE OF THE REPORT

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

- » Vinamilk, including operations of Headquarter and 12 factories;
- » Vietnam Dairy Cow One Member Co., Ltd., including operations of 7 dairy farms;
- » Lam Son Dairy One Member Co., Ltd., including operations of 1 factory.

### For indicator of Occupational Health and Safety G4-LA6, the scope of operations include:

- » Vinamilk, including the operations of Headquarter, An Khang Clinic, 3 sales branches, 2 logistic enterprises and 12 factories;
- » Vietnam Dairy Cow One Member Co., Ltd., including operations of 8 dairy farms;
- » Lam Son Dairy One Member Co., Ltd., including operations of 1 factory



# INDEPENDENT LIMITED ASSURANCE REPORT

## To Management of Vietnam Dairy Products Joint Stock Company

We have been engaged by Vietnam Dairy Products Joint Stock Company ("Vinamilk") to perform an independent limited assurance engagement on selected non-financial data (hereon after referred to as "selected Sustainability Indicators") as reported by Vinamilk in its Annual Sustainability Report 2016.

### Management's Responsibility

The management of Vinamilk is responsible for the preparation of Vinamilk's Annual Sustainability Report 2016 pertaining to the reporting scope described in page 28 of the report, in which the selected Sustainability Indicators are presented. The responsibility includes the selection and application of the appropriate method to Vinamilk's Annual Sustainability Report 2016 as well as the design, implementation and maintenance of systems and processes relevant for the preparation and presentation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Vinamilk which are reasonable in the circumstances.

### Our Responsibility

Our responsibility is to provide a conclusion on the selected Sustainability Indicators based on our evidence-gathering procedures performed in accordance with the International Standard on Assurance Engagement (ISAE) 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy and completeness of selected Sustainability Indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with Vinamilk's procedures on the reporting of its sustainability performance. In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

### Subject Matter

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

- » Amount of milk purchased from local farming (Kg) G4-EC9 (page 85)
- » Occupational Health and Safety G4-LA6 (page 57)
- » Product responsibility FP6 (%) (GRI sector supplement- Food processing sector) (page 94)
- » Greenhouse Gas emission G4-EN16 (Kg CO<sub>2</sub>) (page 122)
- » Energy consumption (MJ) G4-EN3 (page 121)
- » Water recycling in production activities (%) G4-EN10 (page 115)
- » Water discharge by destination and quality (Cubic) G4-EN22 (page 124)
- » Total weight of waste by type and disposal method (Kg) G4-EN23 (page 124 and 125)



### Criteria

Vinamilk's internal principles on sustainability reporting by which the Sustainability Indicators including the environmental and social data are gathered, collated and aggregated internally, following the Global Reporting Initiative G4 guidelines and pertaining to the reporting scope described in page 28 of Vinamilk's Annual Sustainability Report 2016.

### Main Assurance Procedures

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

- » Inquiries of personnel responsible for internal reporting and data collection at the corporate and as and when appropriate at business unit level for the selected Sustainability Indicators;
- » Inspection on a sample basis of internal document, reports, and invoices provided by Vinamilk and by external service providers;
- » Review the appropriateness of the management, reporting and validating processes for the selected Sustainability Indicators and assessing the collation and reporting of data at the corporate level and business unit level as and when appropriate;

### Conclusion

Based on the work described above, in all material respects, nothing has come to our attention that causes us to believe that for the year ended 31 December 2016, the selected Sustainability Indicators, have not been fairly stated in accordance with Vinamilk's internal principles on sustainability reporting.

### Use of our report

This report is addressed to the Board of Director of Vinamilk and for the purpose of reporting on the selected Sustainability Indicators in Vinamilk's Annual Sustainability Report 2016 and should not be used or relied upon for any other purposes. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

For and on behalf of PricewaterhouseCoopers (Vietnam) Ltd.



**Hoang Hung**  
Deputy General Director  
Authorised signatory

Hanoi, Vietnam  
12 April 2017





# INTERACTION WITH STAKEHOLDERS & MATERIAL ISSUES DETERMINATION



## Interaction with stakeholders

- Step 1: To define the stakeholders inside and outside of the organization
- Step 2: To define the priorities based on the interaction between the stakeholders and Vinamilk
- Step 3: To interact with stakeholders by determining their concerns
- Step 4: To consider the recognized concerns. To continuously improve the interaction process with stakeholders

## Material issues determination

- Step 1: To identify the related issues
- Step 2: To measure the priorities of the issued in correlation of impacts to Vinamilk and stakeholders' concerns
- Step 3: To review and approve
- Step 4: To recheck and evaluate

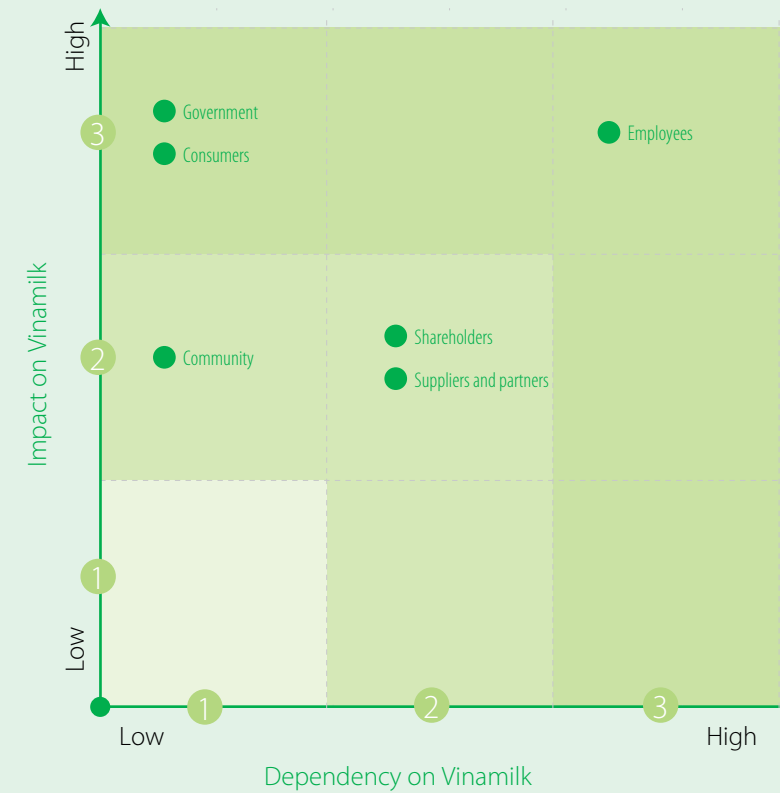
## INTERACTION WITH STAKEHOLDERS

### Step 1 and step 2: To define the stakeholders and priorities

Vinamilk's development always goes with evaluating and considering positive or negative impacts on stakeholders. Hence, the engagement of key stakeholders plays an important role in establishing development orientations and building trust in relationships based on mutual respect and risk management in business at Vinamilk.

Stakeholders to sustainable development activities are identified based on the assessment of the CEO and the consulting team on their degree of interaction with Vinamilk. They are groups of entities with direct or indirect influences on Vinamilk, or vice versa, Vinamilk can make significant influences on those groups.

The material stakeholders towards Vinamilk are identified as follows:



## Interaction with stakeholders & material issues determination (continued)

### Step 3: To interact with stakeholders

The prerequisite and crucial objective of Vinamilk is to create long-term values for stakeholders. 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.

#### SHAREHOLDERS

##### Current approaches

- » Direct meeting and consulting through the Shareholders' General Meetings
- » Gathering written opinions from shareholders
- » Exchanging directly with major shareholders through investment projects

##### Plan to improve approaches

- » To survey opinions of shareholders on material issues by online survey tools.

#### GOVERNMENT

##### Current approaches

- » Attending conferences, seminars organized by the Government
- » Updating continuously policies, regulations issued by the Government
- » Contributing opinions on draft of legal documents

##### Plan to improve approaches

- » To proactively propose and contribute opinions on legal documents, to actively interact with the government

#### SUPPLIERS AND PARTNERS

##### Current approaches

- » Direct meeting and consulting with departments of purchasing and using services
- » Evaluating suppliers and monitoring supply process
- » Exchanging through training programmes for farm households

##### Plan to improve approaches

- » To survey the suppliers on sustainable development through department of purchasing and services
- » To provide a number of commitment provisions on sustainable development into economic contract with large suppliers



#### EMPLOYEES

##### Current approaches

- » Surveying all employees about the working environment: Salary, bonus & benefits, tasks, superiors, colleagues, training & development
- » Internal memorandum.
- » Agenda for annual training and meetings

##### Plan to improve approaches

- » To popularize and improve awareness on sustainable development by training and updating knowledge.
- » To survey to record evaluation of employees on impacts and influences of sustainable development.

#### CONSUMERS

##### Current approaches

- » Gathering information from sales staff/distributors
- » Online customer assistance with hotline
- » Surveys of tastes by specialist organizations
- » Surveying and assessing the satisfaction of the customers

##### Plan to improve approaches

- » To popularize and improve awareness on sustainable development by using eco- friendly products
- » To popularize information on sustainable consumption on websites

#### COMMUNITY

##### Current approaches

- » Organizing events in numerous provinces nationwide
- » Cooperating with local government

##### Plan to improve approaches

- » To popularize and improve awareness on sustainable development by the propaganda and promotion of programs and activities





## Interaction with stakeholders & material issues determination (continued)

### Step 4: To consider the recognized concerns

Through the process of interaction and recognition of opinions and feedback from stakeholders, Vinamilk identified the concerns of each target group as follows:



Stakeholders	Concerns	Vinamilk's Actions	Values to stakeholders
<b>Shareholders</b> 	<ul style="list-style-type: none"> <li>» Effective use of investment capital</li> <li>» Transparency</li> <li>» Ensuring benefits of investors</li> <li>» Market value of the shares and value of the company</li> <li>» Good corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>» Used investment capital effectively to improve technology, ensure quality, enhance productivity and minimize waste</li> <li>» Published information accurately, adequately, timely, openly and transparently</li> <li>» Ensured high and fair incomes for shareholders and investors</li> <li>» Maintained market price of share at high level</li> <li>» Improved management and enhanced operation effect</li> </ul>	<ul style="list-style-type: none"> <li>» Average sustainable growth rate: Profit growth reached 22% per annum, much higher than average growth rate of its sector</li> <li>» Information was published timely, openly and transparently</li> <li>» High and constant dividends to investors: In average 40-80%. In 2016: Distributed dividends by cash 60%, by shares with ratio 5:1</li> <li>» The enterprise whose highest market capitalization in Vietnam stock market</li> <li>» Achieved the highest corporate governance score in Vietnam and earned many noble titles such as The best listed company, etc. for many years</li> </ul>
<b>Government</b> 	<ul style="list-style-type: none"> <li>» Complying to the laws</li> <li>» Contributing to State budget</li> <li>» Carrying out business responsibly</li> <li>» Deploying and supporting the policies of the government</li> </ul>	<ul style="list-style-type: none"> <li>» Highly respected the laws</li> <li>» Pioneered in the support and implementation of the major policies of the government</li> <li>» Resolved employment status and local labor skills level</li> <li>» Supported in improving local economics</li> <li>» Corporate governance aimed at sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>» Be one of the top enterprises of contribution to state budget in many years (in 2016: VND4,358 billion)</li> <li>» Created stable jobs and good welfare for more than 6,000 employees; 10,474 indirect workers</li> <li>» Be the stable consumption source of 9,000 dairy farm households; regularly trained and improved breeding technique; supported in reducing the capital cost for households and contributed to improve local economics</li> <li>» Pioneered in applying and realizing sustainable development policies</li> </ul>



## Interaction with stakeholders & material issues determination (continued)

Stakeholders	Concerns	Vinamilk's Actions	Values to stakeholders
<b>Suppliers and partners</b> 	<ul style="list-style-type: none"> <li>» Cooperation for mutual development</li> <li>» Practice of energy saving and efficient production</li> <li>» Procurement of raw milk at reasonable prices and stable demand</li> </ul>	<ul style="list-style-type: none"> <li>» Used materials efficiently; operated modern system and production process to ensure product quality</li> <li>» Created large and stable demand for suppliers and farmer households, purchased at reasonable prices</li> <li>» Supported farmer households in improving their technical skills, efficient production, reducing capital, increasing productivity and quality</li> <li>» Practiced sustainable production</li> </ul>	<ul style="list-style-type: none"> <li>» Be the major and reliable partner of many domestic and foreign suppliers</li> <li>» Currently purchased milk from more than 9,000 farmers in the local area, be ready to purchase all raw milk meeting standard at market prices</li> <li>» Continuously opened training courses for breeding technique for all households to improve productivity, ensure stable quality, reduce waste; supported to facilitate households to buy food at preferential prices</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>» Safe, free, non-discriminatory working environment</li> <li>» Good welfare, salary &amp; bonus policies and working condition</li> <li>» Opportunity for learning and promotion</li> <li>» Achievement and contribution to be recognized</li> </ul>	<ul style="list-style-type: none"> <li>» Ensured safe working conditions, equal freedom, and occupational health.</li> <li>» Maintained good welfare and income policies</li> <li>» Continuously improved the working environment, offered the employees the opportunities to study and develop</li> <li>» All employees were evaluated for their work performance, and facilitated at maximum to promote their capabilities</li> <li>» Built up a working environment for mutual learning and sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>» Always maintained a safe working environment with controlled and minimized occupational diseases and occupational accidents</li> <li>» Be in the Top 100 best workplaces in Vietnam for many years and leading the criteria of working environment and compensation, welfare policies</li> <li>» In 2016, organized 538 training courses with budget up to VND8.7 billion</li> <li>» Maintained "health of human resource" at a healthy level (job retrenchment was only 4%/year)</li> <li>» Employees are evaluated on criteria of core competence, leadership, equity, objectivity and transparency.</li> <li>» Entitled to ESOP at a price equal to 1/3 of the market price</li> </ul>

Stakeholders	Concerns	Vinamilk's Actions	Values to stakeholders
<b>Consumers</b> 	<ul style="list-style-type: none"> <li>» Quality, safety and high nutritional value products</li> <li>» A wide range of products that meet the interests and needs of different groups of customers</li> <li>» Products are made at reasonable prices and accessible to all kinds of customers</li> <li>» Good customer service</li> </ul>	<ul style="list-style-type: none"> <li>» Continuously innovated, improved, researched and developed products to create nutritional products meeting the demands</li> <li>» Continuously improved the modern technology and techniques to bring quality products, strictly controlled the safety of products</li> <li>» Improved approaches to bring products easily to consumers</li> <li>» Answered the arising questions and actively supported customers to improve nutrition knowledge</li> </ul>	<ul style="list-style-type: none"> <li>» Offered more than 250 products in all dairy and beverage categories, meeting the tastes and needs of all entities of all ages.</li> <li>» Always guaranteed the quality of products, to be considered as Vietnamese high quality product, Vietnamese dairy brand with international quality.</li> <li>» Consumers easily accessed and purchased products through wide distribution network, retail shops, supermarkets, etc. and by e-commerce.</li> <li>» Consumers are answered through the Vinamilk Nutrition Center, fan pages or hotline</li> <li>» Many nutrition consultancy programs were organized to raise awareness of consumers of physical enhancement, stature improvement and health, beauty maintaining.</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>» Contribution to the community</li> <li>» Supporting basic living conditions for local people</li> <li>» Building facilities for local area</li> <li>» Responsible livestock breeding, manufacturing and business, protecting living environment.</li> </ul>	<ul style="list-style-type: none"> <li>» Researched and increased nutritional products to support Vietnamese stature</li> <li>» Supported the local economics, contributed to rural urbanization</li> <li>» Contributed to the community under many forms such as providing Stall Tall Vietnam Milk Fund, School Milk; donating for disaster victims;</li> <li>» Set sustainable development as the goal of operation</li> </ul>	<ul style="list-style-type: none"> <li>» Sponsored for School Milk program: The total subsidy budget from Vinamilk was VND 92 billion and supported for approximately 380,000 students.</li> <li>» With 4 million glasses of milk handed in 2016; up to date, there were more than 373,000 underprivileged children in Vietnam have been handed 30 million glasses of milk with total value equivalents to VND 120 billion through the Stand Tall Vietnam Milk Fund accompanied by Vinamilk.</li> <li>» Actively participated, sponsored and encouraged the participation of related parties in the activities of the Vietnam Children Sponsoring Fund</li> <li>» Top 10 Enterprises for Sustainable Development</li> </ul>





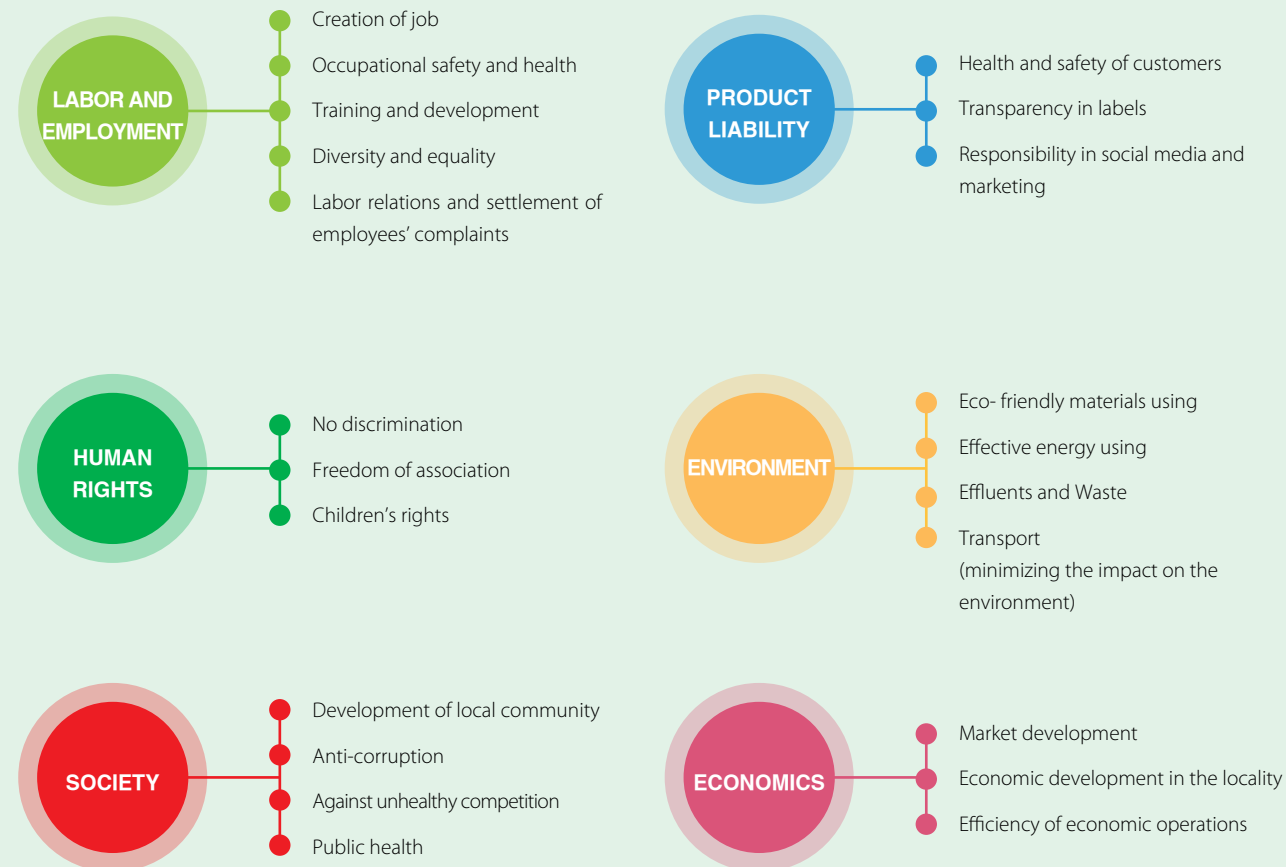
## Interaction with stakeholders & material issues determination (continued)

### MATERIAL ISSUES DETERMINATION



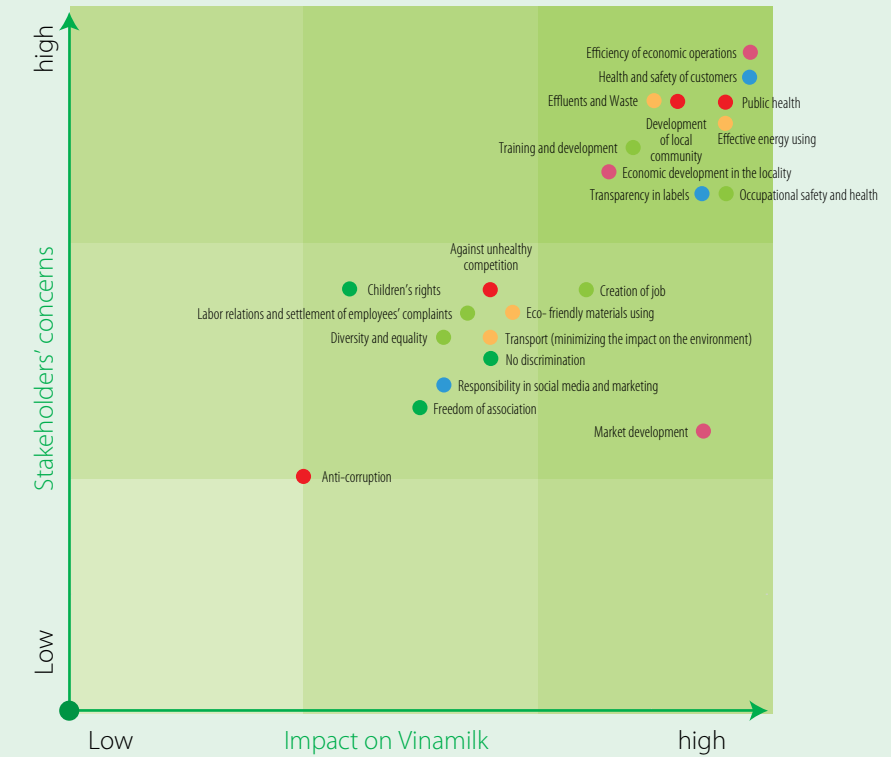
#### Step 1: To identify the related issues

From the above mentioned stakeholders' concerns, and the strategies and objectives of Vinamilk according to the specific criteria, the related issues are identified for each of the following groups:



#### Step 2 and step 3: To determine the material issues and approve

From the above-mentioned stakeholders' concerns, in accompanying with Vinamilk's goals and strategies on the specific indicators, the relevant aspects of each fields are determined as follows:



Note: The average point is used to assess its material level based on the reasonable expectations and interests of stakeholders

In this report, material issues are presented in the following format:

Contents related to Labor and Employment, Economics and Society are represented in the section of "People - The Success Launchers"

Contents related to Product Responsibility are represented in the section of "Product - Passion for Perfection"

Contents related to the Environment are represented in the section of "Nature - partner to sustainability".

#### Step 4: To recheck and evaluate

As part of the procedure of operational efficiency review and update of operation goals for the next financial year, Vinamilk shall conduct a review of the identified material fields, as well as operational efficiency, achievements and limits in 2016. Since then, a premise shall be created to improve the goals and strategies for sustainable development in the coming years.

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.



## Interaction with stakeholders & material issues determination (continued)

### PERSONNEL IN CHARGE OF SUSTAINABLE DEVELOPMENT PROGRAM

The CEO directs the program and assigns the participants include:

WORKING ENVIRONMENT - PUBLIC AND SOCIAL ACTIVITIES		
<b>MS. BUI THI HUONG</b> Executive Director for 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> Recruitment and Training Senior Manager Email: nqviet@vinamilk.com.vn	in charge of issues related to human resource recruitment and training	
<b>MR. LE MY HA</b> Employment relation Manager Email: lmha@vinamilk.com.vn	in charge of management, promotion and occupational health and safety	
<b>MS. DUONG THI TRUC LY</b> Organization Development Senior Manager Email: dtty@vinamilk.com.vn	in charge of human resource development programmes, constructing performance evaluation tools and indicators	
<b>MR. DO THE TUYEN</b> Compensation and Benefits Manager Email: dttuyen@vinamilk.com.vn	in charge of issues related to salary, allowance, and welfare for employees	
PRODUCT RESPONSIBILITY		
<b>MR. NGUYEN QUOC KHANH</b> Research and Development Executive Director Email: nqkhanh@vinamilk.com.vn	In charge of issues related to products	
<b>MS. BUI THI THU HOAI</b> Research and Development Director Email: btthoai@vinamilk.com.vn	In charge of planning, orientating and improving products	
<b>MS. NGUYEN THI HOANG</b> Research and Development Manager Email: nthoang@vinamilk.com.vn	In charge of researching and developing products	
ENVIRONMENT & ENERGY		
<b>MR. TRAN MINH VAN</b> Production Executive Director Email: tmvan@vinamilk.com.vn	In charge of issues related to product - environment and energy in production activities	
<b>MR. TRINH QUOC DUNG</b> Executive Director for Raw Materials Development	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. TRINH PHUONG NAM</b> Breeding Farm Director Email: tpsnam@vinamilk.com.vn	In charge of farming and breeding	
<b>MR. NGUYEN DANG KHOA</b> Technical Director 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		
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		



# PEOPLE

## *The success launchers*



“People are the only living things involved in building any successful enterprise. They are the originating, motivation and launcher for all Vinamilk’s successes. Therefore, nurturing and developing the immanent human resources, including the leadership and employees as well as constantly increasing the exchange value with other stakeholders are always directions for Vinamilk to implement any sustainability goals and strategies.



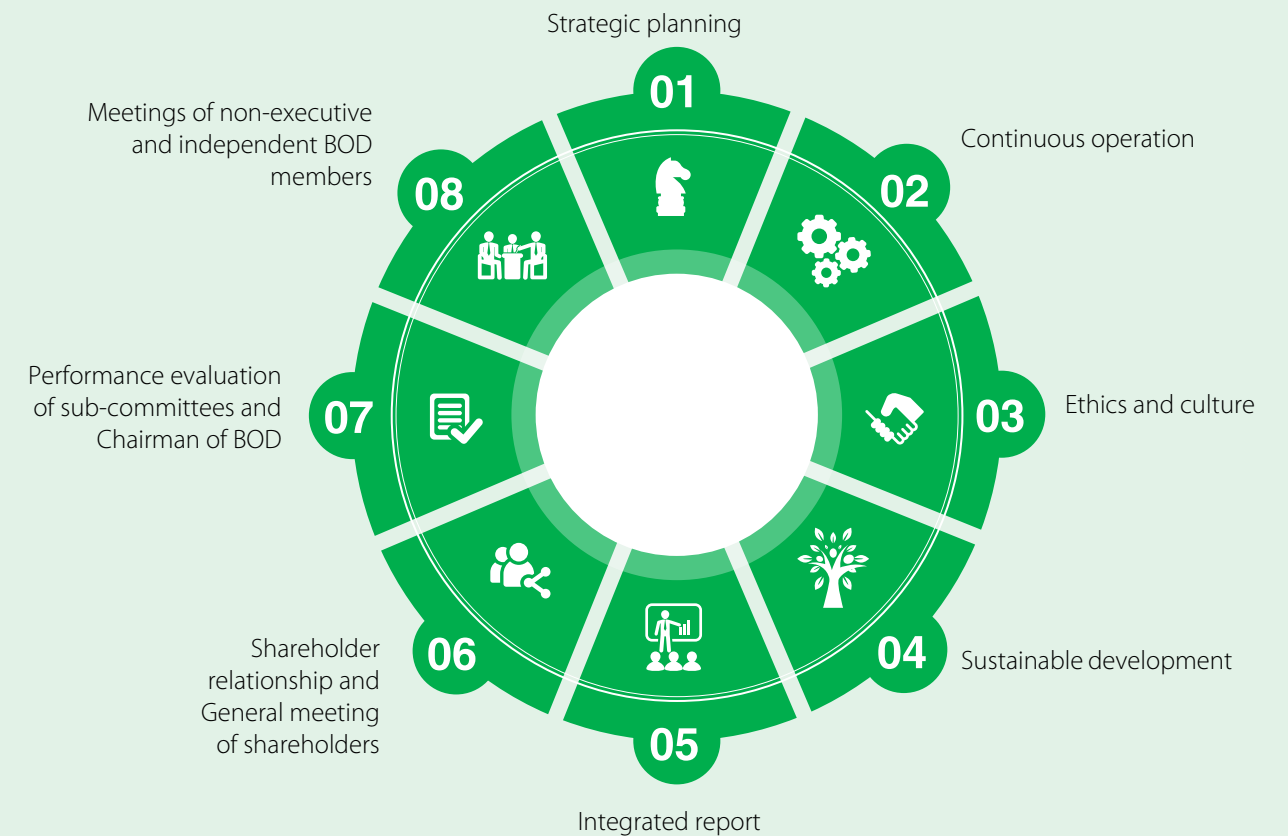
## CONTINUOUSLY REACHING OUT

Being a large-scale enterprise, Vinamilk strives to maintain the flexible and dynamic nature with changes of the macroeconomic environment and be skillful and fast in controlling and managing internal environmental, at the same time, continuously improves and innovates but still maintains the core values, mission towards the planned goals.

Aiming to sustainable development goals, Vinamilk's directions are to focus and improve the operation efficiency to 2020:

With diversity, dynamic balance, innovation based on core values and strategic vision, the leadership leads Vinamilk to reach out to the world with proud achievements:

- » 20<sup>th</sup> on Top 300 most active enterprises in Asia
- » 1<sup>st</sup> on Top 40 most valued brands in Vietnam
- » The best effective operation enterprise in Vietnam
- » Top 50 Asia's best big public Company in Asia (Asia's Fab 50 2016)



To ensure the strategy success, Vinamilk's leadership must be continuously reaching out, learning, improving and creating. As a compensation for such efforts, evaluates their performance objectively through a fair and competitive remuneration policy. BOM's remunerations includes wages, bonus and other benefits proposed by BOD's Subcommittee of Remuneration and Bonus and approved by BOD. The implementation method is specified in Corporate Governance Policy.

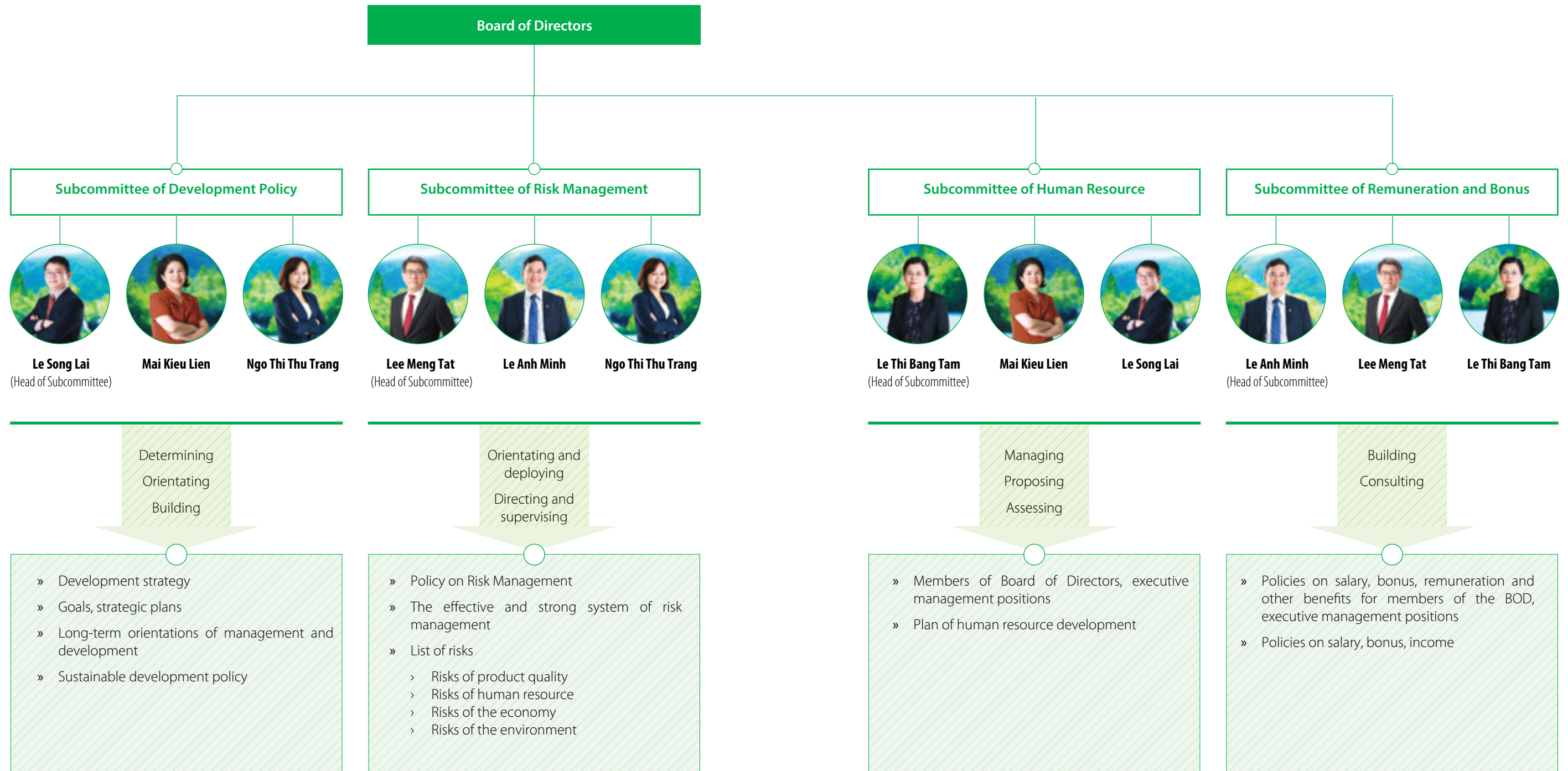




Continuously reaching out (continued)

GOVERNANCE CHART IN 2016

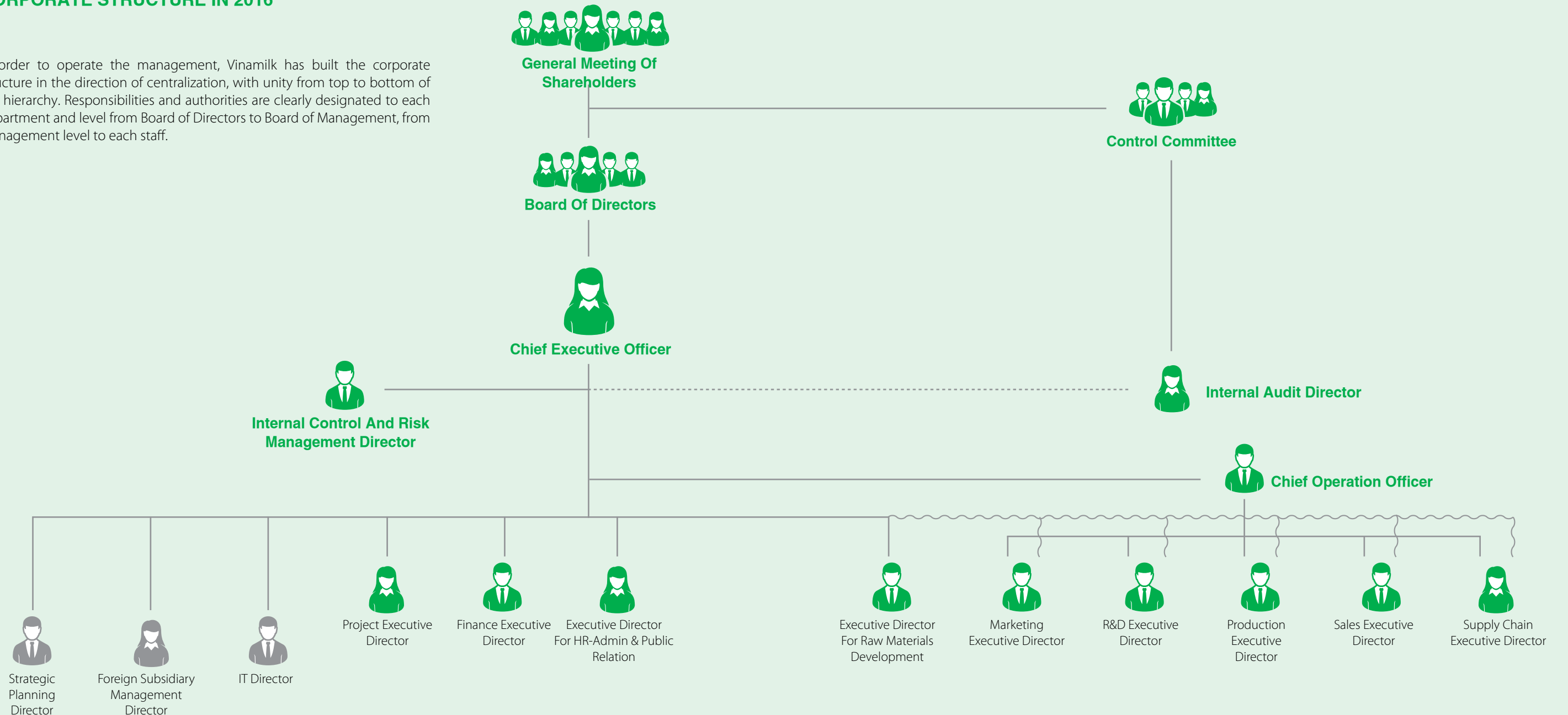
At Vinamilk, Board of Directors (BOD) decides the establishment, authorises, duties and responsibilities of each subcommittee and each member of the subcommittee.



Continuously reaching out (continued)

CORPORATE STRUCTURE IN 2016

In order to operate the management, Vinamilk has built the corporate structure in the direction of centralization, with unity from top to bottom of the hierarchy. Responsibilities and authorities are clearly designated to each department and level from Board of Directors to Board of Management, from management level to each staff.



Notes:

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







## FOSTERING THE HUMAN RESOURCES FOR MUTUAL DEVELOPMENT

### Vinamilk commits



To ensure safe working conditions, equality & freedom right, and occupational health care.



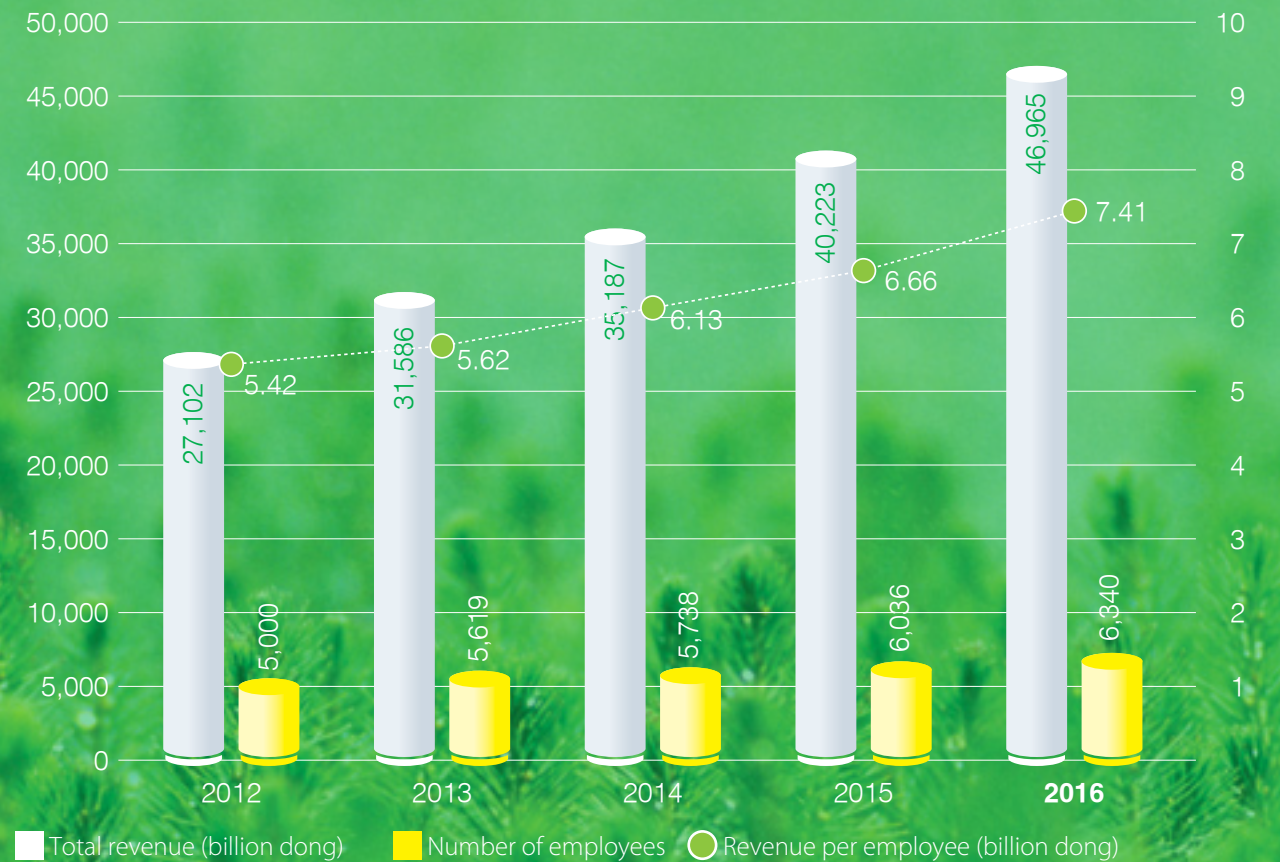
To continuously improve working environment, to offer each employee the opportunity to learn and grow, and to provide favorable welfare policies as well as preferential income.

Accompanying with 17 sustainable development goals of the United Nations, Vinamilk aims at building the healthy and well-being, equal human resources; providing training as well as nurturing their professional expertise; and creating sustainable jobs as well as promoting long-term and sustainable economic growth.

On the journey of 40 years of formation and development, through numerous ups and downs, with many generations of employees, Vinamilk is rising high, reaching far and firmly progressing on the way to success.



### CORRELATION BETWEEN TOTAL REVENUE AND NUMBER OF EMPLOYEES



As of 31<sup>st</sup> December 2016, Vinamilk had 6,340 official employees. Revenue per employee has reached 7.41 billion dong/person/year, which increased 11% compared to 2015 and 3.72 times compared to 2006. This figure has shown a spectacular breakthrough in performance as well as growth rate of Vinamilk, in which the employees is the prerequisite factor of that success.

Great achievements are incorporated from small successes. It is the result of continuous efforts to improve the quality of all these following processes:





## Fostering the human resources for mutual development (continued)

### RECRUITMENT



Quality human resource is the foundation for sustainable development. Therefore, Vinamilk always focuses on assuring quality in recruitment, ensuring transparency in recruitment & evaluating candidates fairly, correctly, adequately based on diverse, efficient and adequate sources of recruitment as well as regularly updating to suit the development of the human resources market, the work requirements and the company's needs.

In 2016, Vinamilk recruited 323 new employees, including management trainees being selected from the outstanding young, active and qualified personnel to be developed into future leaders. Talent management programs have been implemented, from which the potential personnel would be selected to give training

and developed into the successors for strategic operating segments and the intermediate level management key positions of the company. These development programs would train and nurture the green seeds in the sustainable development orientation for the human resources of the company.

New recruited employees in 2016	Male	Female
<b>By profession</b>	<b>259</b>	<b>64</b>
Manufacturing & Processing (in the Factories):	108	5
Sales	31	3
Supporting activities (administration, accounting...)	120	56



### EMPLOYEE RETENTION



“ Recruiting talent is tough, but retaining them is much tougher! ”

In 2016, Vinamilk was voted for The best recruiter and ranked 2<sup>nd</sup> on Top 100 best working places in Vietnam. This achievement was the recognition of the efforts and activities of Vinamilk in bringing quality and safe working environment with attractive, highly competitive welfare and bonus policies; in assuring freedom, fairness, transparency and efficiency and in creating the firm launch base for development of talent.

Besides, in 2016, Vinamilk deployed assessment following the requirements of Sedex Members Ethical Trade Audit for the first time in Saigon Milk Factory. This is the first step in the standardization of safety assessment stages and practice of labor relations at the unit to serve as a basis for improving the working environment at the whole company level, and for sustainable development orientation in the next stage.

Number of Employees	2016			2015		
	Male	Female	Total	Male	Female	Total
<b>By term of employment contract</b>	<b>4,784</b>	<b>1,556</b>	<b>6,340</b>	<b>4,538</b>	<b>1,498</b>	<b>6,036</b>
Indefinite Term	3,874	1,304	5,178	3,768	1,269	5,037
Definite Term in 1 - 3 Year(s)	905	248	1,153	760	227	987
Seasonal, Short Term	5	4	9	10	2	12
<b>Business lines</b>	<b>4,784</b>	<b>1,556</b>	<b>6,340</b>	<b>4,538</b>	<b>1,498</b>	<b>6,036</b>
Manufacturing & Processing (in the Factories):	1,681	250	1,931	1,652	289	1,941
Sales	320	42	362	321	43	364
Supporting activities (administration, accounting...)	2,226	1,023	3,249	2,319	1,045	3,364
Farming activities (on the Farms)	557	241	798	246	121	367
<b>By age</b>	<b>4,784</b>	<b>1,556</b>	<b>6,340</b>	<b>4,538</b>	<b>1,498</b>	<b>6,036</b>
» + Age < 30	1,313	443	1,756	1,334	434	1,768
» + Age 30-40	2,090	669	2,759	1,923	654	2,577
» + Age 40-50	1,050	356	1,406	979	329	1,308
» + Age > 50	331	88	419	302	81	383



## Fostering the human resources for mutual development (continued)

AS OF 2016, VINAMILK HAD 8/13 FACTORIES BEING CERTIFIED OHSAS 18001 AND THE COMPANY EXPECTS TO REACH 13/13 FACTORIES IN 2017.



### Occupational health and safety - Safety first

Occupational health and safety is the prerequisite of an ideal working environment. At Vinamilk, this prerequisite is built and strengthened through control system based on the application of principle on labor safety risk identification and analysis following the OHSAS 18001:2007 standard. Besides, the risks in safety and health are considered by Vinamilk as key risks following ISO 31000 standard. Labor safety control and enforcement results are reported to the Board of Directors under the supervision of Risk Management Subcommittee. From which, the company will provide regulations on advanced safety practices, give training and guidance to staff, and implement periodical assessment to ensure that labor safety is complied strictly and efficiently.

The safety rules for general and for each specific group are clearly defined and detailed in "Labor regulations", "Labor safety requirements" and other documents in the Environment, Health and Safety system of the Company. These rules will not only ensure the proper and full compliance with the regulations of the Labor Law and the Law on labor safety and hygiene, but also ensure the conformity with the operation in each departments and work positions. The employees, especially the ones in production sector, are trained detailedly right after being received to work; provided adequate labor protection; provided periodic health examination and occupational

disease examination and regularly updated the safety rules during work process.

In addition to the basic knowledge about labor safety, Vinamilk regularly gives training to raise the awareness of staff about food safety, electrical safety, chemical safety, equipment operation safety, fire prevention, first aid and training on information security. All of the courses are involved and strictly executed by all the employees.

In each unit, the Company establishes the Council of labor safety and hygiene and assigns employees in charge of safety and health issues and sets up the Safety & Hygiene team. These teams are responsible for checking, monitoring and evaluating the safety work daily, monthly, and annually in each unit. Periodically six months/time, the Company shall implement the reviews on the work of occupational health and safety in the factories and farms to ensure the enforcement of these rules and detect immediately the outstanding matters which need to be settled in each unit.

In addition, in 2016, Vinamilk has implemented comprehensively the program of assessing and self-assessing of Labor safety & occupational health for 13/13 factories. The programme has brought the positive results in the awareness of workers on safety and health issues.

Occupational health and safety Indicator	2016
Occupational diseases rate (ODR) (a)	0.12
Lost day rate (LDR) (b)	92.11
Absentee rate (AR) (c)	2,744.93
Injury rate (IR) (d)	0.03

Note:

1. These indicators are consolidated for all of the branches/farms/factories of the Company as defined on page 28.
2. The rates are calculated according to the Occupational Health Occupational Standards, of which the rate of 200,000 labor hours represents the number of hours 100 employees working 40 hours per week, 50 weeks per year would work. The results calculated from this standard base refer to the number of employees, not the working hours.

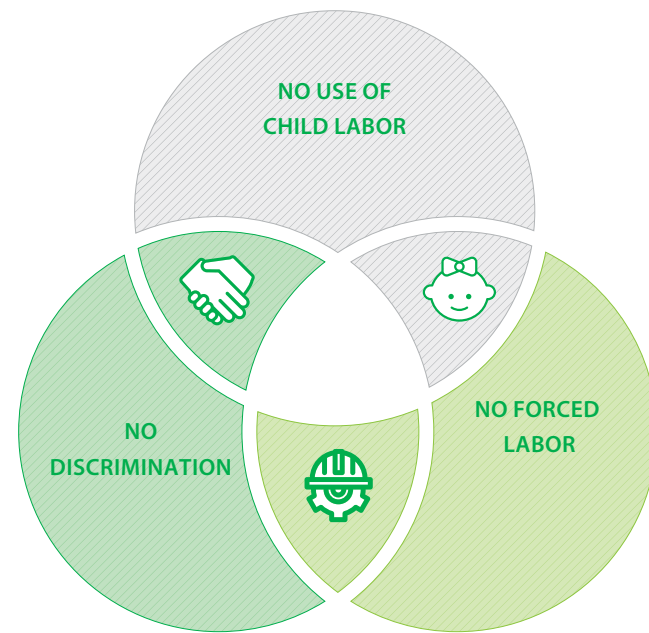
<b>(a)</b>	ODR is calculated with the following formula: Number of occupational disease cases*200,000/Total actual working hours <i>In which:</i> » The number of occupational disease cases are collected from Occupational disease Track record of the Company.
<b>(b)</b>	LDR is calculated with the following formula: Number of lost days*200,000/Total actual working hours <i>In which:</i> » Lost days are the absent days due to labor accidents or sickness which are recorded in Working time report and Documents of investigating /declaring/reporting labor accidents, Medical record of the Company
<b>(c)</b>	AR is calculated with the following formula: Number of absent days*200,000/Total actual working hours <i>In which:</i> » The number of days that employees are absent (not work), including: Absence due to labor accidents or sickness and unpaid leave; excluding holidays, training leave, maternity leave and paid leave; which are captured from working time sheet.
<b>(d)</b>	IR is calculated with the following formula: Number of injuries*200,000/Total actual working hours <i>In which:</i> » Number of recorded injury cases is the cases of being injured during the working time including the cases recorded as labor accidents and cases of unserious injuries such as excoriation causing bleeding, unserious soft-tissue damages, etc. leading to absence from work; which are recorded by the Medical Section of the unit.

In 2016, the company had 2 injuries which were unserious occupational accidents. Both cases were occurred due to non-compliance with safe operating procedures when working (a case by failure in Nito bottle operation, the remaining case by colliding with the shrink-film cutter) and both were given first aid in time. Both employees have returned to normal work after recovery.

As at December 31, 2016, the whole company currently recorded 8 cases of occupational deafness. No cases were newly arising in the year. All were arranged the suitable work.

## Fostering the human resources for mutual development (continued)

### Freedom, equality right



publicly at each unit, the solution will be based on the general principles: To solve objectively, carefully, timely, properly, feasibly and confidentially when required. All questions and concerns of the employees are answered, explained and solved satisfactorily by functional sections and superiors of Trade Union. Hence, in 2016, there was no complaint raised in the whole company.

#### Listening, sharing and improving working environment

Annually, Vinamilk conducts the employees' idea survey to measure and recognize employees' awareness and satisfaction of its image, working environment, current job, working relationships and the Company's activities. In 2016, the ratio of employees involving in the survey reached 91% and the average employee's satisfaction level reached 87.7%. This result is always stable at high level, which can prove that the employees of Vinamilk always satisfy with the jobs, the training and development policies, the salary, bonus and welfare policies and with its superiors as well as the cooperation from colleagues.

All employees having signed official labor contracts with Vinamilk are allowed to join Collective Labor Agreement and Trade Union.

Besides the basic rights and obligations under Labor Law, Vinamilk employees are also provided with other attractive policies and rights; ensure a competitive and attractive working environment; which are worthy with a leading enterprise position in Vietnam.

#### Freedom of opinion and expression

At each unit, there is a Trade Union as the representative to protect rights of the employees. All contribution ideas, complaints and wishes of the employees are encouraged to be shared and jointly solved through many forms: Suggestion Box, email or daily discussion, periodical meeting with superiors or Trade Union, Employee conference, etc., in the name of individuals or via the Trade Union. Complaint procedure is established and notified



### Caring the physical strength

Vinamilk desires to provide the employees with the most thorough physical care, from daily nutritious meals, daily sport activities to the periodic health check program for them.

In 2016, Vinamilk continued to implement the activities of caring physical health for employees following the planned routine, in particular:

- » The 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.
- » Accident and health insurance
  - » Compulsory health insurance coverage under the provisions of Vietnam's Law
  - » Additional health insurance and 24/24 accident insurance for all employees and managers' family
- » Daily meals:

The Company sets up collective kitchen to serve lunch for employees at each unit, which are headquarter, branches, factories, farms and provide meals between shifts for employees at the factories. Sources of the food used must have clear origins which are supplied from the prestigious suppliers and be tightly controlled for its input quality as well as the entire processing procedure to ensure that the employees are served the adequate and safe nutrition meal.

- » Sport programmes:
  - » At Headquarter: Gym & yoga studio and swimming pool opened to all staff to use after working hour.
  - » At Units: Football field, volleyball court and gym studio built in the factory campus, farms, clubs; the health improving movements to be organized to improve health for employees and strengthen the relationship between colleagues.

» A sound mind in a healthy body.

- » In 2016, on the occasion of the 40<sup>th</sup> anniversary of establishment, the Company has organized the 40-year Vinamilk sports competition which were responded and joined by most of staff from many units.
- » Other programmes:
  - » 100% employees can resume works after long-term leave (maternity or sickness). In 2016, there were 134 employees taking the maternity leave, all of whom resumed work after leave according to the regulations.
  - » Lantern parade program for children of employees.
  - » Allowance 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 and applicable to all official employees of the Company.





## Fostering the human resources for mutual development (continued)

### NURTURING AND DEVELOPMENT



Possession of strong human resources is a firm foundation of Vinamilk. Continuously improving the knowledge and skills of employees is also constantly improving competitiveness of Vinamilk on all aspects.

#### Training for advancement

Vinamilk always offers the best opportunities and conditions for staff to learn & enrich their knowledge and develop themselves through training programs internally and externally.

In 2016, Vinamilk continuously invested in training, 538 training courses were set, with the actual training budget up to VND8.7 billion.

#### Specific training programmes implemented in 2016:

- » Upgrading ability of the management team:
    - › Continuing to implement Inherited Human Resource Plan Program and Probation Administrator Program;
    - › MA in Business Administration (EMBA opened by foreign universities in Vietnam) for a number of potential managers;
    - › Model & styles of leadership/management-Culture orientation of Vinamilk;
    - › What to stop;
    - › Coaching skills;
    - › Deploy The General capacity of Vinamilk and its evaluation methods;
    - › Training course of coaching skills for Coach and Trainer of MT
  - » Training professional knowledge and soft-skills for staff level
    - › Soft-skill training: Communication skill, presentation skill, customer service skill, negotiation skill, etc.
    - › Knowledge and Sales 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 of labor hygiene and safety, food hygiene and safety, electricity safety, chemicals safety, operation safety of equipment with strict requirements, fire fighting and prevention, first aid, etc.
    - › Training awareness of quality standard sets (ISO 90001, ISO 14001, ISO 17025, SO 50001, OSHAS 18001, etc.) and training internal assessors.
    - › Training production technology process, product quality management, operation, equipment maintenance and repair, etc.
- In addition, Vinamilk also sent staff abroad regularly to participate in the training programs of international certificates:
- › Sustainable corporate governance (Sweden)
  - › International investor relationship (Singapore);
  - › and the seminar on corporate governance, marketing, etc. which are held both internally and externally.

Thanks to the favorable working environment, welfare policies, as well as attractive training programmes, Vinamilk has achieved great success in attracting and retaining employees. In 2016, Company recruited 323 new employees. Meanwhile, there were only 248 employees leaving, of which there were 21 cases of retirement. The leaving ratio at Vinamilk is about 3.9% (in 2015: 6%), which is an ideal figure showing "human resource health" of Vinamilk is maintaining at a healthy rate, changes in human resource are not material to affect the production and business activities, yet still guarantee of new change and selection.

Number of leaving employees	Male	Female	Total
<b>Business lines</b>	<b>182</b>	<b>66</b>	<b>248</b>
Manufacturing & Processing (in the Factories):	34	10	44
Sales	35	3	38
Supporting activities (administration, accounting...)	67	36	103
Farming activities (on the Farms)	46	17	63
<b>By age</b>	<b>182</b>	<b>66</b>	<b>248</b>
» + Age < 30	86	30	116
» + Age 30-40	56	15	71
» + Age 40-50	14	3	17
» + Age > 50	26	18	44





## Fostering the human resources for mutual development (continued)



### Evaluating work result and developing competence of employees

At Vinamilk, all employees who have signed official contracts are all evaluated their work results monthly and annually. Evaluation result is the basis for consideration of deciding bonuses, raising income level based on work result and being nominated to take over higher-level positions following Company's regulations. Evaluation result is also one of the important factors to serve for the planning work of training program and development occupational routine. In 2016, in the whole company, there were 83 persons being nominated to positions at higher levels.

Besides, the Company also focused on the development of employees not only through training programs for knowledge and skills but also aimed at competence development based on specific competence behavior which were determined detailedly through the implementation of the Core Competence and leadership abilities. This is the standard foundation to evaluate, refine and guide employees at all levels to self-develop in a comprehensive way, to harmonize between developments of their own careers and satisfaction of the Company's development requirements.

## STICKING-FOR A SUSTAINABLE COLLECTIVE



Vinamilk is not only the work place to improve capacities and skills but also aims at creating a working environment which is the common house for all employees to share, learn and improve together and building a collective which has strong will, firm capacity and continuous innovation to achieve outstanding results.

*I wish that all of you will actively participate in the implementation and development of the cultural principles so that Vinamilk will become a unified & powerful team, a great family, and a second home - where you can feel assured to work, love and give long-term commitment.*

CEO **Mai Kieu Lien**, extracting from "Voyage of Vinamilk"

To honor the valuable contribution of employees to the success of the Company, on 21<sup>st</sup> May 2016, the General Meeting of Shareholders passed the employee stock ownership plan (ESOP) on the occasion of 40-year anniversary of the Company. The total issue numbers under the plan was 9,410,526 stocks (including 8,887,731 new common stocks and 522,795 treasury stocks), with issue price of 37,200 VND/stock. This is a tremendous encouragement to stimulate employees to work hard and stick to the Company to contribute for mutual success.

In addition, in 2016, Vinamilk actively implemented Internal Communication activities. With many different communication forms via Company's email, fanpage and groups on facebook, Internal Communication provided to all employees the update information about the results achieved by the Company; the ongoing programmes performed by the Company; the mobilization of creative movements to improve work efficiency; the promotion programmes; the game of Ask difficultly & Answer wisely, receiving instant gifts, etc. to encourage working spirit, encourage sharing and bring people closer together.

Featured programs of Internal Communications in 2016:

» Diamond initiatives: With prize value up to VND50 million, the program called for all staff to contribute

ideas, improve processes, increase operational efficiency and continuously innovate.

» Introduction of Culture Ambassador "Navigator" and Cultural Handbook-Voyage of Vinamilk, accompanying with all staff members-the crew to progress firmly on the journey of "Stand tall Vietnam, reach out to the world".





### Fostering the human resources for mutual development (continued)

#### 6 CULTURAL PRINCIPLES OF VINAMILK

PRINCIPLE 01

STRAIGHTFORWARD

MY SPEECH SHOWS MYSELF

I will try to settle this problem within this week

He will do what he says

That's good.



PRINCIPLE 04

COOPERATIVE

Adults DO NOT NEED the more adult one TO SUPERVISE.



PRINCIPLE 02

RESPONSIBLE



When the incident occurs, the first reason is I

I will take responsibility for this mistake



PRINCIPLE 05

RESULT-ORIENTED

LET'S TALK TO EACH OTHER BY QUANTIFICATION.



PRINCIPLE 03

INNOVATIVE, PROACTIVE

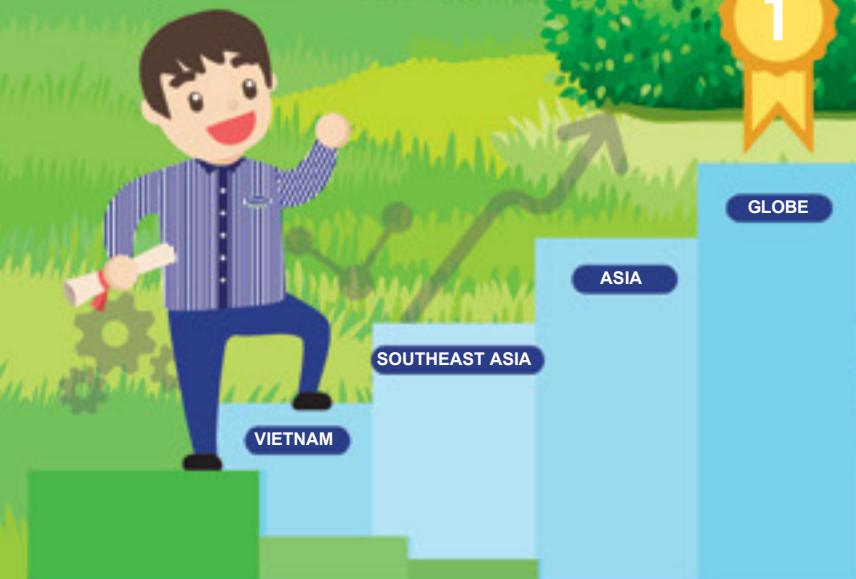
DO NOT SAY NO, ALWAYS SEEK FOR 2 SOLUTIONS



PRINCIPLE 06

EXPERT

I am the "EXPERT" INTERNATIONAL STANDARDS in my field.








# SHARING VALUES FOR MUTUAL DEVELOPMENT

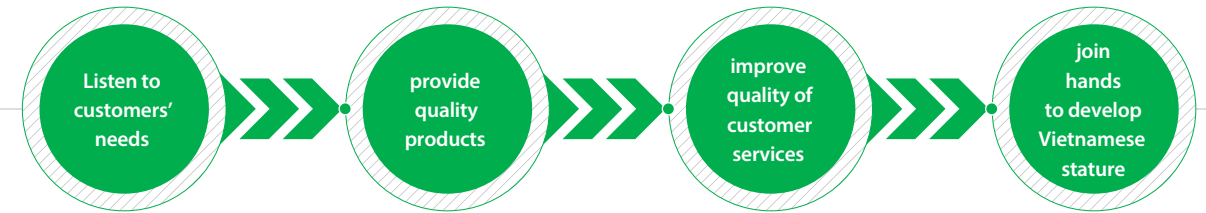
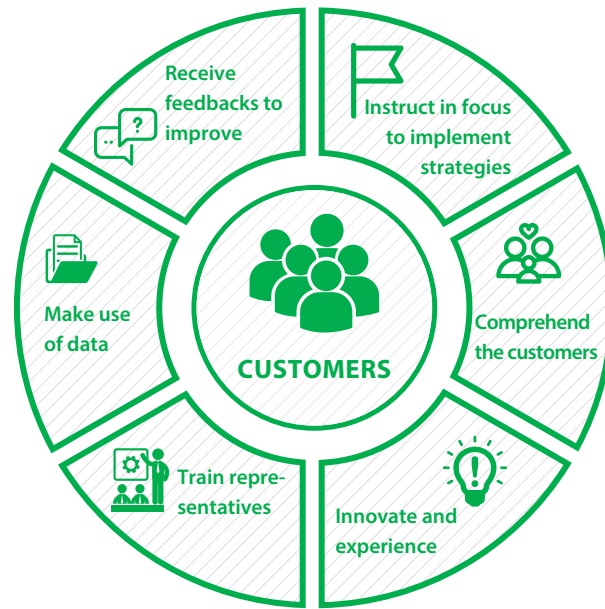


One of the vital operating mottos of Vinamilk is "Customer Centricity". Vinamilk is fully aware that customers' satisfaction is the key to any sustainable success, and the company's success is also measured by the creation of value for customers. Therefore, sharing and improving the values given to customers is the ultimate goal that Vinamilk always aims at.

### Vinamilk commits:

-  To provide the nutritious, safe and top quality products ("Quality")
-  To diversify the products, create new values to improve the health of all ages and all customer entities ("Quantity")
-  To create the product with the reasonable and easily accessible price for every customer entities ("Price")
-  To constantly improve the quality of customer service

Vinamilk's commitments are implemented in all stages, from consumer research, product development to suit the tastes and nutritional needs of each target group, to products delivery to customers, and after-sales services. Moreover, Vinamilk also continuously implements programs to accompany with nutrition consulting and promotion of Vietnam health and stature to build a healthy, high rising Vietnam.



### LISTEN TO CUSTOMERS' NEEDS

The customers' needs are received from various sources by Vinamilk: From analyzing market trends in general; from analyzing preferences & tastes of the different age groups or groups of the target entities; from surveying on customer groups to define the interest level for the upcoming/reproducing products; or even from sharing, questioning of customers on the fanpage, forum, etc.

The survey of customers' needs is also coordinated to conduct by professional market research organizations such as FFL, Intage, Windows, Garden, Nielsen, etc.

### PROVIDE QUALITY PRODUCTS

Based on the collected information about the tastes, preferences and nutritional needs of different groups of customers, Vinamilk shall conduct research and development of products, from which create more new products, or make improvements on the "quality" and/or "quantity" of the current products, diversify product portfolio to meet the different needs of customers. Produced products must meet the first orientation, which is to bring nutrition and health benefits for consumers.



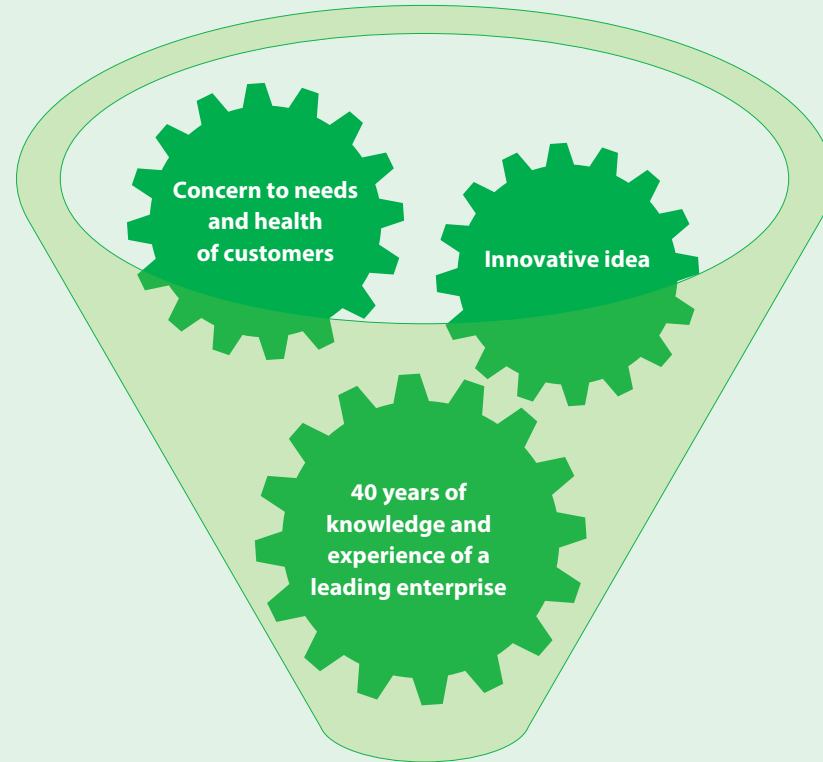


## Sharing values for mutual development (continued)

### Diverse product portfolio

Through 40 years of research and development of products, Vinamilk now has 10 categories of products (liquid milk - including pasteurized milk, UHT milk, UHT fresh milk; yoghurt - including yoghurt, raw probiotic yogurt, UHT drinking yogurt; powdered milk; condensed milk; ice cream; beverage; cheese; infant cereal; cocoa barley and soy milk). With more than 250 items, Vinamilk can meet the diverse needs of the market along with the philosophy of bringing international quality and the sincere for consumers.

Not only providing the diversity of products, each product of Vinamilk has many different containers and flavors to meet the diverse needs of every ages and entities.



MORE THAN  
**250**  
PRODUCTS PORTFOLIO OF  
THE 10 CATEGORIES



## Sharing values for mutual development (continued)

### Vietnamese products, international quality

In 2016, Vinamilk continued to gain recognition from professional organizations domestically and internationally for quality products:

- » Top 100 high-quality products and services in ASEAN
- » Top 10 in 1,000 leading brands in Asia (Asia-Pacific Campaign magazine)
- » 20 years continuously voted as Vietnamese High Quality Product
- » 4 years continuously in the Top List of Vietnam Brands
- » The leading dairy brand Vietnam as rated by Kantar World Panel organization
- » National Brand in 2016
- » Top 10 Trust and Use brand of Vietnam in 2016
- » Vietnamese Prestige brand for the 12<sup>th</sup> time in 2016
- » Top 50 dairy product companies having highest revenue in the world (by KPMG and Euro Monitor)

At Vinamilk,

**100%**

- Products are evaluated on safety & health
- Products are produced from the factory system achieving international certification of management systems in food safety
- Products portfolio are published their complete, consistent and transparent label information in accordance with the provisions of the law and of the company.

From the raw materials which are controlled tightly and imported from Europe, From the formula which are cooperated to apply the latest nutritional science in the world, From the system of the most modern factories, From the quality management system in accordance with international standards of ISO, GFSI and certified by the world's leading organizations, From the efforts to manage effectively, improve continuously, maintain and improve quality products, and satisfy all the requirements of domestic and foreign customers, Vinamilk pride that the Company has been and will always bring benefits for consumers with international quality products at reasonable prices.

Vinamilk products are becoming more and more "trust" and "use" by domestic and foreign consumers. Vinamilk products prevail not only in a number of main products such as fresh milk, yoghurt, powered milk, etc. in the domestic market but also be exported to 43 countries and territories, among them there are countries where have very high requirements on the quality of nutrition products such as Japan, Canada, USA, Australia, etc.



## IMPROVE QUALITY OF CUSTOMER SERVICES



### Delivery

Vinamilk products are currently available in majority of supermarkets and retail outlets throughout Vietnam. With the extensive distribution network, Vinamilk ensures that all customers in Vietnam can easily find and purchase its products.

Vinamilk products are also promoted in the most popular media and mass communication channels. The advertisement films and images of Vinamilk products often have a playful tone, vivid images, light colours and unique messages which are easy to remember and access to all the senses of the customer, especially children.

Moreover, in 2016, Vinamilk started developing e-commerce. Its consumers throughout the country can easily make an order on the website: <https://giacmosuaviet.com.vn/>. Staff of "Vietnam Dairy Dream" shops would deliver to the hands of customers within 8 working hours to ensure the most accurate freshness and tastes with the enthusiastic and friendly attitude. It is considered as a new advance in increasing accessibility to consumers in the food and beverage industry in general, and with Vinamilk in particular.

### Customer Care

When the customers have any questions concerning the quality of products and the promotional information or wonder which kind of products to meet their needs or need advice on nutritional conditions, they can easily access and be quickly answered by Vinamilk by many forms:

Customer Care Hotline: 1900 636 979

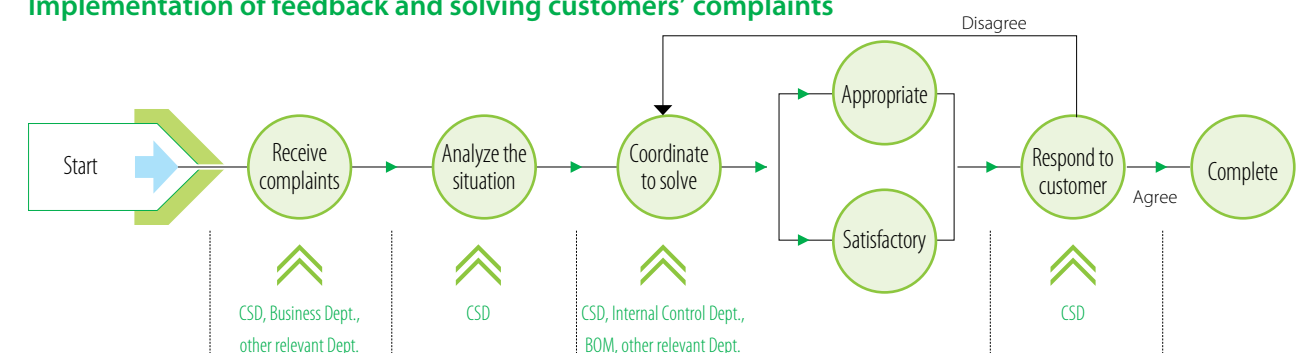
Email: [vinamilk@vinamilk.com.vn](mailto:vinamilk@vinamilk.com.vn)

Customer corner on Vinamilk website: <https://www.vinamilk.com.vn/vi/goc-khach-hang>

Online consultation on the Vinamilk's fanpages: Vinamilk -Along with children to grow, Vinamilk -Delicious tip from nature, Vinamilk Baby Care, etc.

The arising complaints are also received through the above mentioned customer care channels and settled by Vinamilk's Customer Service Department ("CSD").

### Implementation of feedback and solving customers' complaints





## Sharing values for mutual development (continued)

### JOINING HANDS TO DEVELOP VIETNAMESE STATURE

Vinamilk not only receives the feedback from customers but also desires to spread nutritional knowledge and the importance of nutritional products to customers in improving the Vietnamese stature, at the same time encourages people to increase movement and use of nutritional products to improve their health. Therefore, Vinamilk regularly collaborates with the world leading nutrition organizations to provide the seminar on specialized nutrition consultations, for instance:

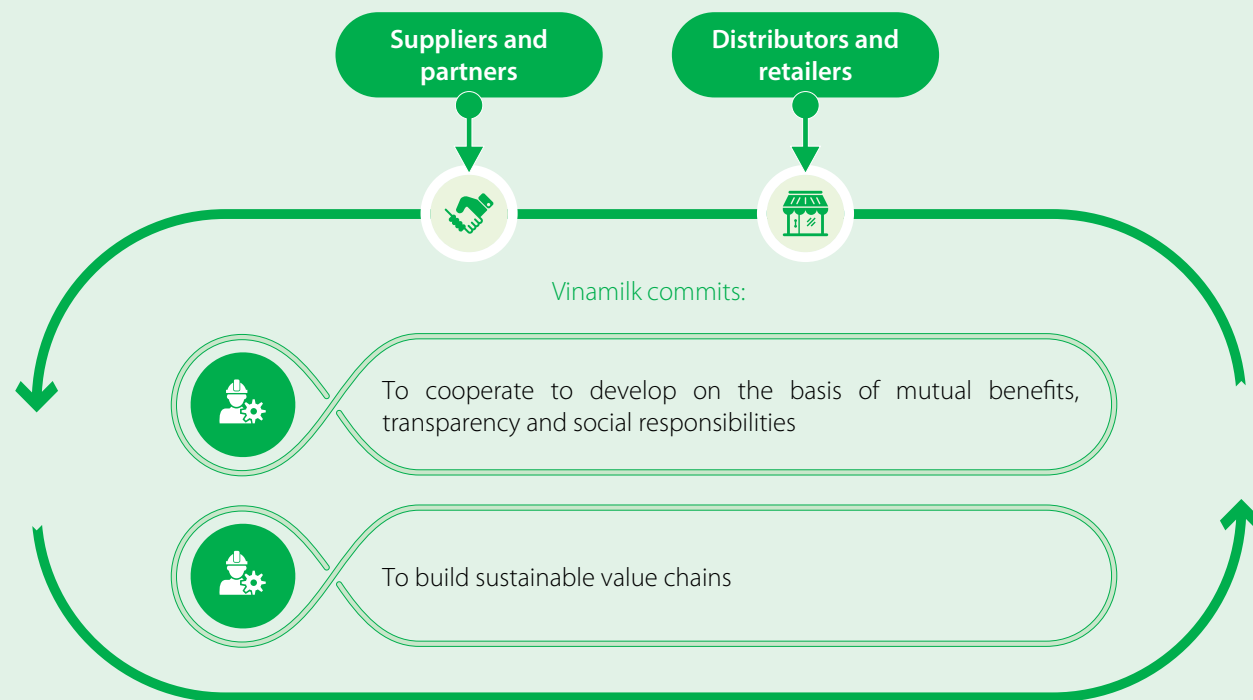
- » Accompanying with Vietnam Association of Internal Medicine for Vietnamese health to proceed selected medical checking, health consulting and offer free nutrition for more than 3,000 people and patients to attend.
- » Along with Vietnam Pediatric Association to organize “The 22<sup>th</sup> Scientific Conference of National Pediatric”
- » VINAMILK-SURE PREVENT continues nutritional advice for 1 million of elderly people, defines the record of co-qigong exercise in Vietnam
- » Implement strategic cooperation of project “Nutritional Consultant for a million patients in the 3 years from 2016 to 2018” with Cho Ray Hospital.







## COOPERATING TO GAIN MUTUAL SUCCESS



### SUPPLIERS AND PARTNERS

To build long-term and sustainable development goals for suppliers and partners is Vinamilk's main objective.

All suppliers and partners of Vinamilk are evaluated and selected transparently and fairly through the Selection process. Vinamilk focuses on quality and economy but always respects and ensures the rights and interests of related parties. Vinamilk requires the best quality of goods and services from its suppliers and partners, and vice versa, Vinamilk ensures to be their reliable partner and trustworthy companion.

Vinamilk selects suppliers on the basis of cooperating to develop for mutual benefits, transparency and social responsibilities. The detail evaluations include but not limited to:

- » Assessing conflict of interest;
- » Evaluating and measuring activities of suppliers;
- » Minimum criteria for selecting suppliers;
- » Commitment to code of conduct, media on sustainable development, etc.

### DISTRIBUTORS AND RETAILERS

Vinamilk currently has 220,000 retailers directly served by distributors. Distributors and retailers play an important role in bringing Vinamilk products to customers, representing the Company in contacting with customers, listening to feedback as well as directly dealing with common questions of customers. Therefore, Vinamilk has always focused on frequently exchanging, interacting with the management team of distributors and retailers in order to timely receive and overcome deficiencies, or continuously enrich the advantages, quickly grasp and change to suit the requirements of the market.

Vinamilk is proud of having a strong Distributor network that meets the requirements of aspects such as line of business, legal form and risk on conflicts of interest; finance; scale of infrastructure, warehouses, management capacity and especially assurance on strict requirements on food safety and hygiene of Vinamilk. Together with the development of that strength, Vinamilk's distributors are offered many preferences and supported in management experience, business equipment and specially supported in training for the teams of Sales, PG, etc. to improve the quality of sales and increase turnover for distributors.

In addition, Vinamilk regularly organizes working and checking sessions at Distributor's place for more connection to timely support in resolving difficulties in infrastructure condition and issues in the operation of the distributor.

According to the survey conducted on all distribution networks and retailers of Vinamilk in the second quarter of 2016, the satisfaction level of distribution networks and retailers overall the country towards Vinamilk was alternatively 98% and 96%.





# JOINING HANDS FOR COMMUNITY DEVELOPMENT AND CIVILIZATION



## FUNDING

Vinamilk's products have been elaborately researched about the micronutrients needed for school age, in consultation with many nutritionists in and outside the country to ensure that students are provided with adequate necessary nutrients during their studying duration at school. Vinamilk's biggest desire is that all Vietnamese children can drink milk every day, thereby to enhance the mental power and physical strength of the Vietnamese people for a stand tall Vietnam.

**Said by Mr. Nguyen Quoc Khanh**  
Research & Development Executive Director

In order to realize that desire, in the past 10 years, Vinamilk has pioneered and actively implemented programs of funding and handing glasses of healthy milk with international quality to students of all regions in the country, so as to support them to some extent in having the opportunity of comprehensive development of both physically and intellectually, for a stand tall Vietnam. The two most important programs are **Stand Tall Vietnam Milk Fund** and **School Milk Program**.

### » Stand tall Milk Fund

GIVING **30 million** MILK GLASSES to **373,000** children, equivalent to **VND120 billion**

### » School Milk Program

**380,000** of student beneficiaries, equivalent to **VND 92 billion**

Not only being the direct sponsor of the program, Vinamilk has also actively encouraged organizations and individuals to join hands to expand the program to children in preschool and elementary school age, children having difficult situations and lacking nutrition in many localities. In particular, in October 2016, Da Nang became the first place to join hands with Vinamilk in the school milk program in the Central Region.

## Achievements

In Ba Ria Vung Tau Province, the first place implemented the school milk program since 2007, underweight malnutrition in children under six years old has dropped sharply from 10% (in 2006) to 1.6% (in 2015) and stunting malnutrition has declined from 4.7% (in 2012) to 2.7% (in 2015). In Bac Ninh, the first place to launch the program in the North, underweight malnutrition has decreased from 6.6% (in 2013) to 2.3% (in 2015); and stunting malnutrition has been decreased from 8% (in 2013) to 3.8% (in 2015).

Dong Nai is currently the province implementing the largest school milk program for both preschool and a part of elementary school. Despite many difficulties due to the wide and complex area, the program has also brought impressive results: The underweight malnutrition rate has decreased from 9% (in 2013) to 6.2% (in 2015) and stunting malnutrition has reduced from 10% to 7.5%.

In addition, the School Milk Program and the activities of the Stand Tall Vietnam Milk Fund have also contributed to raise public awareness of the importance of drinking milk to the health and development of children. At the same time, they help parents to be more reassured about the origin and quality of the milk that their children drink at school as well as contribute to reduce the burden of milk costs for them.



## SHARING

During the 40-year journey of its establishment and development, in addition to focusing on developing high quality nutritional products for Vietnamese consumers, Vinamilk is always taking care and sharing with the community in difficult times.

### Directly support victims of flood

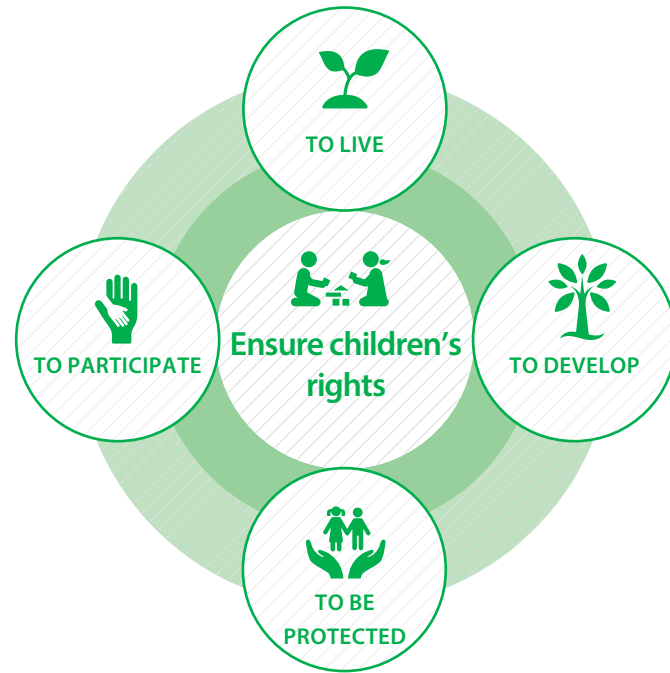
In 3 days from 21<sup>st</sup> to 23<sup>rd</sup> October 2016, Vinamilk has cooperated with Tien Phong newspaper to directly help and hand 1,800 gifts to the affected people in Ha Tinh and Quang Binh provinces, the two most severely damaged places in recent floods. The total amount of cash that Vinamilk donated to flood victims this time was VND2 billion.

The support team also handed gifts to 3 extremely difficult and severely damaged cases on people and property in the flood.



## Joining hands for community development and civilization (continued)

### SUPPORTING FOR THE PROGRAMS OF THE NATIONAL FUND FOR VIETNAMESE CHILDREN



Accompanying with the Fund in each step of the route to bring children's rights, Vinamilk has joined many supporting activities, for instance:

Children's rights	Programmes and Activities
<b>Right to Live</b> 	<ul style="list-style-type: none"> <li>» The programme "For children's eyes" (surgery for children with congenital eye defects);</li> <li>» The programme "For children's hearts" (surgery for children with congenital cardiac defects);</li> <li>» The program "Keep your feet up" (surgery for children with kinetic system defects);</li> <li>» Smile operation and sound training for children after surgery;</li> <li>» The Program to build rehabilitation centers for children with disabilities in the community;</li> <li>» The Program to support water and sanitation facilities.</li> </ul>
<b>Right to Develop</b> 	<ul style="list-style-type: none"> <li>» Providing scholarships for poor children with good academic performance, children of war invalids and martyrs, children of ethnic minority and remote areas;</li> <li>» Providing bicycles for children having difficult situations;</li> <li>» Building kindergarten classes, charitable classes and classes for children in remote areas and special disadvantaged areas;</li> <li>» Building boarding houses for children in remote areas and special disadvantaged areas.</li> </ul>
<b>Right to be Protected</b> 	<ul style="list-style-type: none"> <li>» Supporting to provide lifebuoys for children in the river areas;</li> <li>» Supporting to provide wheelchairs for children with disabilities;</li> <li>» Supporting to provide hearing aids for hearing impaired children;</li> <li>» Sponsoring long-term for children having difficult situations but achieving good academic performance.</li> </ul>
<b>Right to Participate</b> 	<ul style="list-style-type: none"> <li>» Supporting to build playgrounds for children in remote and disadvantaged areas;</li> <li>» Organizing events on Lunar New Year, International Children's Day on 1<sup>st</sup> June, Mid-Autumn Festival, etc.</li> </ul>





## Joining hands for community development and civilization (continued)

### INVESTMENT FOR COMMUNITY HEALTH

Not only contributing to the society by materials through sponsorship activities, Vinamilk's biggest policy in supporting the community and contributing to society is to provide a source of top quality nutritional products to improve Vietnamese health, stature and intellect. Therefore, Vinamilk is constantly improving and launching a range of nutritional support and rehabilitation products such as: Supporting health status: Stunting, low weight; Nutrition for health recovery; Help strong bones, strong joints; Special nutrition for the patients, etc., besides improving nutritional supplements, reducing sugar and fat in traditional products.

In addition, Vinamilk regularly organizes conferences, talk-shows and consultations on health improvement topics such as:

- » The conference of "Healthcare for elderly people with Vinamilk" was held in provinces of Dong Nai, Nghe An, Phu Yen, Hanoi, and Ho Chi Minh City, which provided health consultancy for more than 3,500 consumers and elderly people.
- » Vinamilk Sure Prevent accompanied with the healthcare for 4,000 elderly people at Qigong Exercise & Cultural, Sports Festival for elderly people.
- » Accompanied with organizing the celebration of longevity-life and healthcare for 1,000 elderly people in Ho Chi Minh City.



In 2016, Vinamilk Nutrition Center has also implemented many useful activities such as:

- » The programme of "Vinamilk for community" implemented in 19 provinces, which provided health check for 22,676 children, handed 38,048 liquid milk cans and 822 powdered milk cans.
- » Joined Vinamilk's online nutrition consultancy program on Webtretho and answered 120 questions accordingly.
- » Participated in online consultancy programs on VOH -Voice of HCMC's People including the topics of: "Weaning in the right way", "Consequences when not weaning in the right way", "The principles of standard weaning".
- » Participated in online exchange programs on Website ALOBACSI with the topic "Milk with the height and physical development of the children" with about 200 questions.
- » Checked medical contents and verified 411 articles on mothers and children's health and nutrition special topic to prepare for the launch of the 'Vinamilk Baby Care website' within the main website of the company.
- » Reviewed articles related to child care on webtretho (averagely 40 articles / week)
- » Number of articles on nutritional topics posted on the company's website: 8 articles

Further to the results achieved in 2016, the Vinamilk Nutrition Center will continue to implement the following programs in 2017:

- » To continue the program of "Vinamilk for community" in 16 provinces.
- » To continue to participate in online nutrition consultancy programs on websites, radio stations, etc.
- » To set up application software for online nutritional consultancy.
- » To set up plan and frame script for a "Talk show" on nutrition - for example, "Stand Tall Vietnamese stature" or "Vinamilk accompanying with diabetic patients" to proceed in the second or third quarter of 2017.
- » To set up Vinamilk online and offline nutrition consultancy systems nationwide.
- » To cooperate with social organizations (Women Union, Youth Union, Association of the Elderly, education system, etc.) to plan and implement 12 nutrition thematic programs.
- » To join the health consultancy and care team of the Elderly club "live happily, live healthy" operated in Hanoi.







# CREATING SUSTAINABLE VALUES



## VINAMILK - AN INVESTMENT SHARE

### Share information as at 31<sup>st</sup> December 2016:

Listed shares:	1,451,453,429 shares
Price range of 52 weeks:	VND 107,000-152,000/share
EPS:	VND 6,442
ROE:	43%
ROA:	33%
Fluctuation of dealing price:	
» Over 1 year:	+23.39%
» From listing:	+2,813.04%
Capitalized value:	VND 182,303 billion
Share is listed under FTSE Vietnam ETF and V.N.M ETF	

The first and most important goal of any business is to maximize the value of the business owner. With Vinamilk, bringing the sustainable surplus value to shareholders and investors is the first priority target that the company is always aiming at. After 10 years of listing, experiencing many ups and downs of Vietnam stock market, VNM is one of the rare shares that do not disappoint investors at any time.

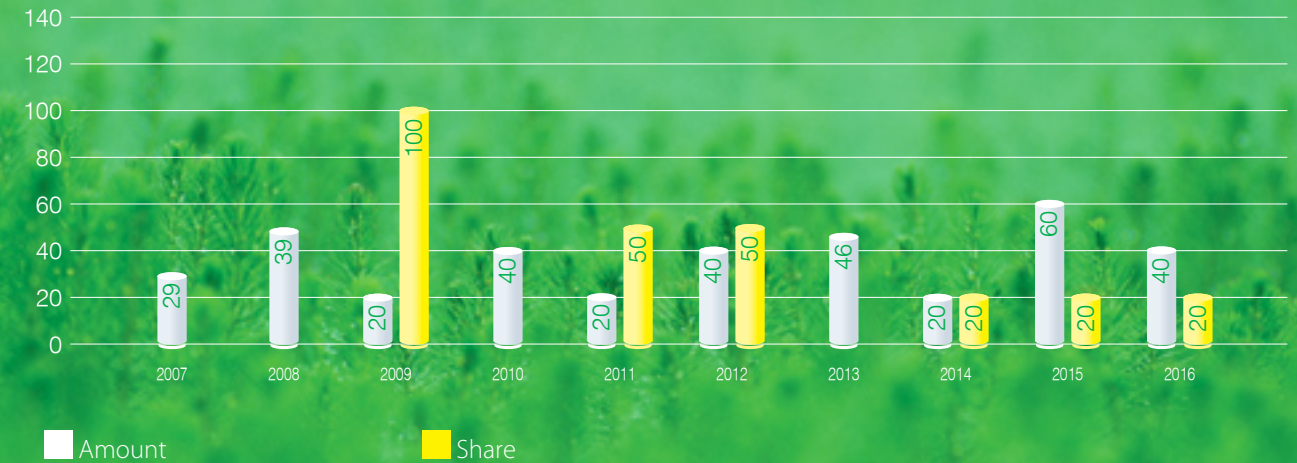
Being listed in early 2006 with 159 million shares, after 10 years, Vinamilk has multiplied the scale of capital by 10 times up to 1,451 million shares. Remarkably, in the whole process of increasing capital, there were only two times that VNM mobilized capital from new shareholders and investors with a total volume of more than 25 million shares. The remaining is mainly by issuing bonus shares to shareholders. In 2009, VNM issued shares with ratio 1:1 for bonus. In continuously 2 years of 2011 and 2012, the Company divided shares bonus with ratio 50% and in the last 3 years of 2014 - 2016, the bonus ratio of 20% was maintained.

In addition to bonus shares, Vinamilk also satisfied shareholders with an average cash dividend of 35.4% per annum, equivalent to more than VND 2,200 billion annually.

In 2016, Vinamilk paid a record dividend with 60% of dividends in cash and bonus shares with ratio 5:1.



BONUS SHARE OF VINAMILK AFTER 10 YEARS OF LISTING (%)



In 2016, the State Capital Investment Corporation (SCIC) has completed the auction of 9% of state capital at Vinamilk. Accordingly, 2 foreign organizations have successfully bought 5.4% of charter capital, equivalent to 78,378,300 shares, with successful selling price of VND144,000/share, which was 7.7% higher than its closing price on the date of selling (12<sup>th</sup> December 2016) (total sold value was more than VND800 billion) and collected nearly VND11.3 thousand billion - equivalent to USD500 million. This was considered as a prominent event of the financial market of Vietnam in 2016 when this transaction has the largest share sale value in Southeast Asia in 2016.

Thanks to the ability to bring high value of surplus to investors, its large capital scale, prestige brand and great influence to Vietnam market in general, Vinamilk is considered as one of the major bluechips of the Vietnamese stock market, and is highly evaluated by reputable international investment organizations. In 2016, Vinamilk was awarded the titles:

- » **Top 300** most active enterprises in Asia
- » **4<sup>th</sup>** on Top 1,000 best brands in Asia
- » **Top 50** Asia's best big public Company in Asia (Asia's Fab 50 2016)
- » **Top 5** Companies whose investor relations are best voted
- » **Top 5** best listed companies in Vietnam



## Creating sustainable values (continued)

### INVESTMENT HIGHLIGHTS IN 2017

Being sturdy with the success in 10 years of listing, 2017 opens up new promising potential in increasing values for shareholder as well as bolstering reliability in the investment into sustainable values

#### Good prospect of the sector's growth

The dairy industry is considered to have positive growth prospects on the basis of young population structure and large demand and supply gap in Vietnam market. According to the Vietnam Dairy Association, in the coming years, Vietnam's dairy industry will continue to grow by 9% and reach 27-28 liters of milk per capita per year by 2020, which increases nearly half compared to present.



#### Maintaining position of a strong brand

Thanks to the variety of products on its types, the guaranteed quality; the wide distribution network; the good customer service with support from the right marketing strategy; and the abundant financial resources, Vinamilk always maintains its strong brand position in the market.

#### Occupying domestic market share

Currently, Vinamilk holds the market share of 55% of liquid milk, 85% of yoghurt, 80% of condensed milk, 40% of powdered milk; 220,000 retail outlets, 218 direct distributors, 1,500 small and big supermarkets and nearly 600 convenience stores throughout the country. Without stopping there, Vinamilk constantly innovates, looks for opportunities and ways to expand market share and increases its accessibility to customers.

#### Continuously expanding the world market

Vinamilk has been exported to 43 countries and territories, including countries with highly stringent quality requirements in nutritional products such as Japan, Canada, USA and Australia. To realize the dream of becoming one of the 50 largest dairy corporations in the world by 2017, investing overseas is Vinamilk's main strategy in the coming time. The target for 2020 is that foreign sales will account for 50% compared to the one of domestic sales, or more than 30% of total revenue.

#### High profit margin

The advantage of scale and leading position allows Vinamilk to maintain high gross profit margin. In addition, the continuous expansion of cow herd size and the purchase of quality raw milk from local farmers help Vinamilk to reduce its dependence on imported sources of raw materials. Efficient inventory and cost management helps the company to achieve ROE and ROA at much superior level compared to other companies in the food production industry.

#### The ability to pay big dividends

With a strong cash flow from its business operations, Vinamilk ensures its investment plan and maintains cash dividend at a minimum rate of 30% per year.

## SUSTAINABLE DEVELOPMENT FOR A BETTER VIETNAM



### LOCAL ECONOMIC DEVELOPMENT

Two main activities of Vinamilk to support local economic development are the purchase of raw fresh milk from local farmers, and the development of local dairy farms of Vinamilk. Not only creating a major source of income for local people in these areas, Vinamilk also contributes to improve productivity and labor efficiency to raise position of the dairy sector in Vietnam and help farmers to get rich on their proper effort.

#### Comprehensive cooperation with dairy farmers

In addition to the commitment to ensure the output for households who signed dairy products purchase contracts, Vinamilk always has a team of experts in livestock breeding, veterinary, nutrition, technical, etc. to work directly with farmers, consult and transfer scientific advances in dairy farming, support of breeding animals, equipment for them so that the breeding activities become more and more effective.

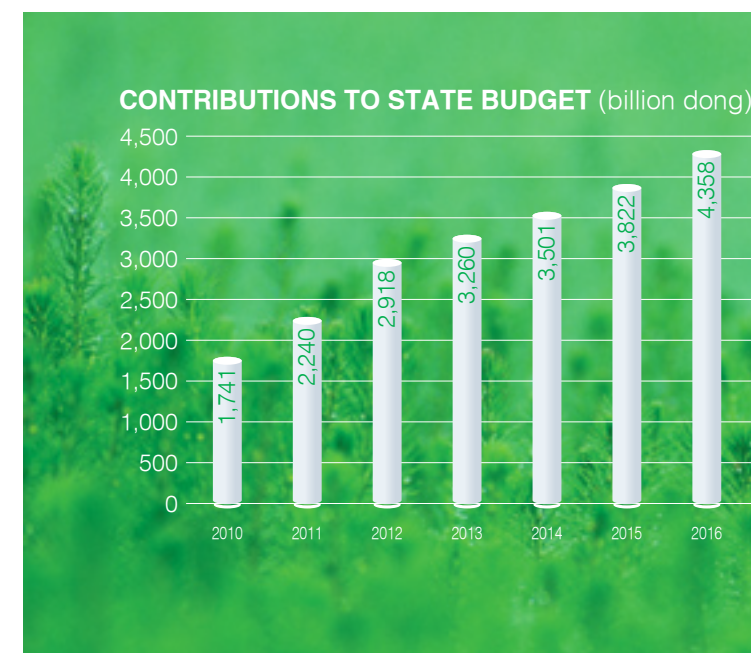
Going further, in 2016, Vinamilk has partnered with foreign experts and leading feed companies of the world to offer the best nutritional feed for dairy cows, which not only helps to increase milk production and quality, but prices also become competitive and stable. With this program, the farmers will receive the bran after bringing the milk to the station without having to pay immediately; the bran cost will be deducted from the weekly milk cost.

In 2016, through the system of milk stations, Vinamilk has developed a system of bran storage and distributed daily to households over 200 tons. Total volume of distribution in 2016 is more than 70 thousand tons and expected that in 2017 the volume of distribution will increase by 15%. The program has really helped farmers to reduce production costs, feel assured to stick and expand the scale of dairy farming.

As one of the leading companies in Vietnam, Vinamilk is fully aware of its roles and responsibilities for the Vietnam economy.

### CONTRIBUTION INTO THE STATE BUDGET

Annually, Vinamilk has contributed billions dong into the State budget. In particular, according to the information published in V1000-1000 ranking for Vietnam's largest corporate income taxpayers in 2016, Vinamilk was the first private enterprise to rank among the top five taxpayers.



Purchase of raw fresh milk 2016	Kg	%
From households	194,873,998	83%
From Vinamilk's farms	39,178,937	17%
	234,052,935	100%



## Sustainable development for a better Vietnam (continued)



In the background that the country is integrating more deeply into the international market, joining the Common trade markets with countries having lower raw material costs than Vietnam, the above mentioned activities will support fresh milk farmers to step by step approach and compete with fresh milk prices in the international market, ensuring stable and sustainable development.

### Development of local dairy farms

Currently, Vinamilk has 10 farms in operation, of which 2 new farms have just started operation in 2016 and 1 farm will be completed in 2017. The total number of cows up to April 2017 is approximately 20,000 heads, which provide more than 200 tons of milk per day for the factories. All farms have applied the most advanced technologies in the world and achieved certifications to meet the world's strict standards such as ISO 9001:2008 and Global GAP.

2016 is an impressive year for large scale new dairy farms: Tay Ninh Farm (8,000 heads) is in operation, Thong Nhat Farm (16,000 heads) is constructing the first cages for 4,000 heads. At the same time, the existing farms have

developed in depth, bringing the cow's milk production in Vietnam closer to the world milk production.

These large farms have made great strides in bringing the dairy industry in Vietnam to a new height and ensuring both the "quality" and "quantity" of the increasing fresh milk demand in the country.



### SOLUTION OF THE LABOR PROBLEM

With the current scale, Vinamilk is now the workplace of 6,340 official employees. Of which, except for employees at the Company's Office, most of the workers at the factories or farms are employed locally. As a result, Vinamilk not only creates a stable job for a part of the work force, but also contributes to alleviate the Government's concern about the local unemployment rate.

Besides the official employees, Vinamilk also creates jobs for 10,474 indirect workers and more than 9,000 local farmers. Moreover, farmers are trained to improve dairy farming techniques to achieve higher productivity and economic efficiency, thereby improving their livelihoods and contributing to local economic development in general.

### LEADING POSITION

As a leading company, Vinamilk is always pioneering in responding to the issued guidelines and policies of the Party and the Government. Complying with laws, codes of conduct and policies, regulations of the Company is one of the five core values of Vinamilk. In which, the aspect of compliance with laws and regulations is always placed on top at Vinamilk.

Vinamilk also respects the healthy competition among enterprises. Healthy competition will motivate enterprises to progress and develop and thus bring the best benefits to customers and consumers. This is clearly stated in the Company's Competition Policy and Code of Conduct.

The Code of Conduct of Vinamilk is the commitment of integrity and transparency in all relationships with government authorities, partners and suppliers. This Code is popularized to all Vinamilk employees.

In 2016, Vinamilk did not incur any significant fines related to non-compliance with laws and regulations; no incident involving corruption or conflict of interest. At the same time, always competes on the principle of honesty, healthy, not infringing on the interests of the Government, public interests, rights and legitimate interests of consumers.

It can be said that with the achievements in the past 40 years, together with the outstanding values brought to relevant parties, Vinamilk is steadily stepping on the way to success.

Not only maintaining the position of the No.1 dairy company in Vietnam, Vinamilk is still striving continuously to become one of the 50 leading dairy companies in the world. So that Vietnam dairy dream can fly high and reach out to the world.





# PRODUCTS

*Passion for perfection*



*To an enterprise, striving continuously for perfection in its products and services to enhance its values given to customers is the vital goal and the guideline in all development strategies. Vinamilk provides customers with the diversification in its product portfolio, the variety in nutritional options and the trust in health concerns by the endeavor to satisfy the most stringent requirements on safety and quality as well as the faithfulness in clearly showing every product detail to consumers.*

*All these values are expressed fully in its motto of "Quality"*





# PRODUCTS

PASSION FOR PERFECTION

## QUALITY POLICY

“ Always satisfy and be responsible for consumers’ needs by diversifying products and services, assuring quality, food safety with competitive price, respecting the business ethics and complying with laws.

Quality is the life-and-death factor of an enterprise. While the nutrition and food safety matters are becoming more and more concerned by the Government, organizations and individuals; as a manufacturing enterprise, Vinamilk is fully aware that a quality product must be made:

- » From constant innovation
- » From quality materials
- » From effective management system of quality and food safety
- » From competent human resources
- » From modern infrastructure, manufacturing technology and equipment
- » From the transparency and accuracy in product information
- » And from passion to perfection.





## FROM CONSTANT INNOVATION



### INNOVATION ON CUSTOMERS' DIVERSIFIED NEEDS

As the society is in the continuous development, nutrition and health are always the first concerns to ensure quality of life. Vinamilk always pays attention to good criteria for health by reducing sugar, reducing fat (monounsaturated fat) but still meeting the requirements of the product's flavor and tastes of consumers in the research and development strategies of products.

It is also the strategic orientation of Vinamilk in response to the execution of the goal on "Ensuring healthy lives and promoting the well-being for all at all ages" of Global Agenda on Sustainable Development to 2030 with 17 Sustainable Development Goals (SDGs) and National

Nutrition Strategy for period 2011-2020, with a vision towards 2030.

*National Nutrition Strategy for 2011-2020, with a vision towards 2030:*

- » *Improving nutrition status is the responsibility of each person, including all levels of authority and all sectors.*
- » *Balanced and proper nutrition is essential for achieving comprehensive physical and intellectual development of Vietnamese people and improved quality of life.*



*To manufacture the leading products in the market, we must be always innovative. Innovation is the vital factor!*

Said by **Mai Kieu Lien** - CEO

### Nutrition needs

To be aware of outstanding nutrition matters in Vietnam such as:

- » The dual burden of nutrition in Vietnam; while the rate of malnutrition is still high, the rate of overweight and obesity in relation to nutrient is increasing;
- » The malnutrition situation in children is still high compared to the classification of the World Health Organization;
- » The deficiency of micronutrients in the community is still high, especially for mothers and children;

- » School nutrition is not cared and invested properly, which affects to the height growth in children, particularly for children who suffer from malnutrition, stunting and underweight when small;

Vinamilk actively improves the quality and nutritional diversity of existing products and promote the science application of nutrition into new products. As of 2016, Vinamilk is proud with its diversification of product portfolio, its variety in nutritional options to serve for many kinds of entities from newborns, children with special nutritional needs (stunting & underweight, inadequate food intake, etc.), women in pregnancy and lactation, the elderly people and others who have demand for functional food (diabetics, people requiring to supplement calcium, the sick people, etc.)

*The products serve variety of entities are presented according to kind of entities and corresponding products with usage purpose*

Entity	Typical brands and products
Children in developing stage	DielacPedia, Dielac Alpha, Alpha Gold, Ridielac, VNM CanxiPro, Dielac Grow Plus, Alpha Gold
Children with special nutritional needs (stunting and underweight, lacking calcium, for enhancing immune & digest system...)	Grow Plus, Pedia
Normal people	Longevity Brand Sweetened Condensed Milk, Vinamilk Cheese, Vinamilk Pasteurized Fresh Milk, Vinamilk Organic Milk, Vinamilk Ice Cream, Vinamilk Yogurt, Soymilk, Juice, Artichoke tea,
Women in pregnancy and lactation	Dielac Optimum Mama, Dielac Mama
The elderly people or having special needs for nutrition	Sure Prevent, Canxi Pro, Diecerna

## From constant innovation (continued)

### Demand of satisfying the belief in choosing options for health

The diversification in nutritional options always accompanies with assurance of the health belief when choosing Vinamilk products. Every product to be created is a result of the successful application of new technology, expertise of leading experts in nutrition and the scientific evidence as well as clinical research about effect of using the product.

Furthermore, the Strategy to aim at 'Clean label' by promoting the use of natural-origin materials, good-for-environment ones and not using artificial ones is the trend in developing products of Vinamilk.

**100%**

- products are assessed of their safety for health when researching for development
- products do not contain preservatives

*"Clean label" is the concept to emphasize brand including totally organic and natural ingredients, no artificial preservative and chemistry, which may be harmful for health.*

### INNOVATION BASED ON SUSTAINABLE RESOURCES

#### Cooperation and application of advanced scientific technology

In 2016, Vinamilk has cooperated with National Institute of Nutrition to proceed many clinical researches, in particular: The actual situation of vomiting and impact of the nutrition product Optimum Comfort for children under 12 months, Effect of Dielac Alpha Gold product in supporting development of nutrition status (weight, height), development of psychomotor index and memory for children from 2-5 years old at some communes in Bac Kan Province and Evaluation of effect of supplementing Optimum Gold 4 to anthropometric indexes, the situation of digestive, respiratory disease and to develop the psychomotor of children aged 24-60 months, etc.

Besides, in 2016, Vinamilk also signed the agreement of "Strategic Cooperation" with Switzerland's DSM

Corporation - the world leading nutritional corporation on application of international nutrition standards into Vinamilk powdered milk for children and consumers in Vietnam. Switzerland's DSM Corporation is the strategic partner, who has been cooperated with Vinamilk for many years through scientific applications in micronutrients for products of powdered milk, fresh milk and other nutritional products.

#### The research and development team is the specialist

Simultaneously, the research and development team of Vinamilk continuously improve knowledge by attending advanced training courses and cooperating as well as exchanging professional knowledge with the world-leading specialists.

Group of products	Percentage of total sales volume	
	Lowered in sugars	Lowered in saturated fats
Beverage	1%	-
Juice	46%	-
Yoghurt	6%	1%
Drinking yoghurt with live culture	2%	100%
UHT Drinking yoghurt	-	100%
Nutrition powder	-	15%
Soy milk	5%	-
Pasteurized milk	58%	-
UHT milk	34%	24%
UHT Fresh milk	16%	1%
Ice cream, Drinking bottled water, Cheese, Condensed milk	-	-

### INNOVATION BASED ON CLEAN AND GREEN TREND

In 2016, Vinamilk has researched and developed many new products from basic needs to special nutritional needs. Simultaneously, 2016 also marked the beginning of the organic foods development strategy following the world trend at Vinamilk including the launch of the first organic

dairy products in Vietnam. The product meets the strict criteria of 3 NOs: No preservatives, no veterinary medicines and no pesticides. The product is manufactured under the strict control of EU standards and total organic materials.





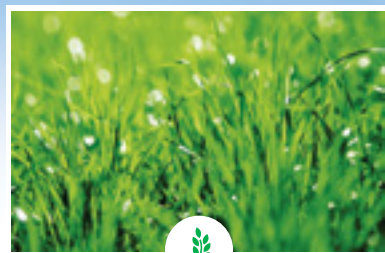
## FROM QUALITY MATERIALS



Perfect design is derived from perfect structure.

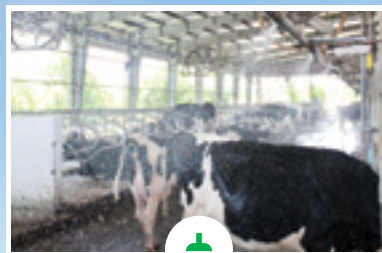
At Vinamilk, the input materials are always selected following the most stringent standards:

### Caring and controlling process follows Global G.A.P. standard



#### Dairy cows' food is qualified by Global G.A.P.

Diets for cows are set up with optimal nutritious rate according to Global G.A.P. standard.



#### The process of applying modern technology

Cooling sprinkler technology from Sweden and soft rubber cushioning system for good sleep.



#### Effective individual management with electronic chip

Electronic chip on the neck helps veterinarians keep updated with accurate and continuous information.

100%

- Input materials of Vinamilk are selected and assessed their risks on food safety from the stage of selecting materials to incorporate into product design.
- Input materials are set up the specification requirements to serve as the basis to select the supplier. Bidding, competitive quotation and supplier assignment are the ways to ensure fairness, transparency and quality in selecting supplier.
- Suppliers of input materials are evaluated with the appropriate criteria and monitored during supply process



Besides, during the year, Vinamilk self-controlled about 17% of input fresh milk source from its farm system. This development orientation was to self-supply input fresh milk source with assurance of quantity as well as quality with the tight control of input risks following standards of food safety management system FSSC 22000. Meanwhile, the source of the milk purchased from households has also been constantly improved through the training programs to guide them about breeding and milk preserving techniques. The Company also gave supports in providing modern equipment following the orientation of developing together with Vinamilk.

## FROM THE EFFECTIVE MANAGEMENT SYSTEM OF QUALITY AND FOOD SAFETY



Be the control system receiving certification of international standard

More than anything, Vinamilk understands to create a safe product that requires strict control from input to output. By 2016, the 40-year development period, the Food Safety and Hygiene Management System has achieved proud maturity according to the company's development roadmap.

Product Responsibility Indicators for 2016:

Indicators	Degree
Number of factories were certified ISO 9001:2008, FSSC 22000:2011	13/13
Number of factories have their laboratory certified to follow ISO 17025 standard	13/13
Number of factories achieved FDA certificate of USA	5/13
Number of factories achieved manufacture certificate of satisfying manufacturing method of dairy products following EU organic standards	1/13
Number of food hygiene safety violations	0
Number of product withdrawals due to quality non-conformance	0
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	0
Number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	0
Sale of banned or disputed products	0
Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	0
Number of substantiated complaints regarding breaches of customer privacy and losses of customer data	0
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	0

Such achievements were the results of a closely and effectively integrated management system on basis of integration and risk management of ISO 31000 through the specific activities such as:

- Researching product and setting up the technology process
- Analyzing, assessing and controlling the risks at all stages
- Setting up the production control system
- Confirming value in use through validation and verification activities
- Setting up nonconformity handling system
- Maintain the effectiveness of Recall system through annual Mock Recall exercises
- Setting up and maintaining the validity of the Emergency Responding System and Crisis Management

## FROM THE COMPETENT HUMAN RESOURCES



“Be an expert in your own field is one of 6 cultural principles of Vinamilk.”

All personnel in the production chain are educated about food safety and this knowledge will be updated annually through internal as well as external training. At the factories, the Food Safety Team was established. The members in these Food Safety Team must have knowledge, capability and experience in manufacturing products at the factory. The compulsory members for Food Safety Team are Production Manager; Production Foreman; Quality Manager; technician officer; Quality Management System Officer. This requirement is to ensure the effectiveness of establishment, validation and verification of the system.

Besides, the internal audits are regularly equipped and updated their knowledge to ensure the quality of the audits as well as to identify and correct the non-conformities, and to ensure the improvement opportunities to be found.

In 2016, Vinamilk was one of the first companies to successfully train its own team of approved Preventive Controls Qualified Individuals (PCQIs). These people are granted official certification from AFDO - the association of Food and Drug Officials - the agency that manages the PCQI training courses.



## FROM MODERN INFRASTRUCTURE, MANUFACTURING TECHNOLOGY AND EQUIPMENT



Vinamilk owns Viet Nam Milk Factory, one of three mega milk factories in the world with modern automated production lines



### Huge storage tank system

Raw fresh milk is always kept refrigerated in the system of 3 modern tanks with the largest capacity.



### Technology of centrifugal separation bacteria

Helps to eliminate most harmful bacteria, while keeping all of the nutrients and flavors.



### The 100% self-contained, automated process

The factory's automation and integration is the best in the world.

With its advanced & leading processing technology



With the infrastructure to be designed and upgraded continuously according to good manufacturing practice



In 2016, Vinamilk has been continuing to invest strongly in infrastructure, manufacturing technology and equipment as well as to enhance management with the establishment of the Asset Management Department of the Production Sector. Accordingly, its achievements in 2016 were:

- » Completion of specifications for equipment & machinery. Continuance to complete specifications for basic construction;
- » Promulgation of clean room specifications. Development of application/improvement for factories;
- » Investment at factories such as: Mega, Tien Son, Nghe An, Saigon, etc.



## FROM THE TRANSPARENCY AND ACCURACY IN PRODUCT INFORMATION



### PRACTICE TRANSPARENT AND ACCURATE LABELING

No violation on trademarks, products information publishing in 2016.

100%

- Labeling information follows regulation of Vietnam Law
- Products were published following requirement of Law
- Product label are controlled about Information on process of packaging design with the participation of marketing, research & development and legal department to ensure that the information is always accurate, explicit and transparent.

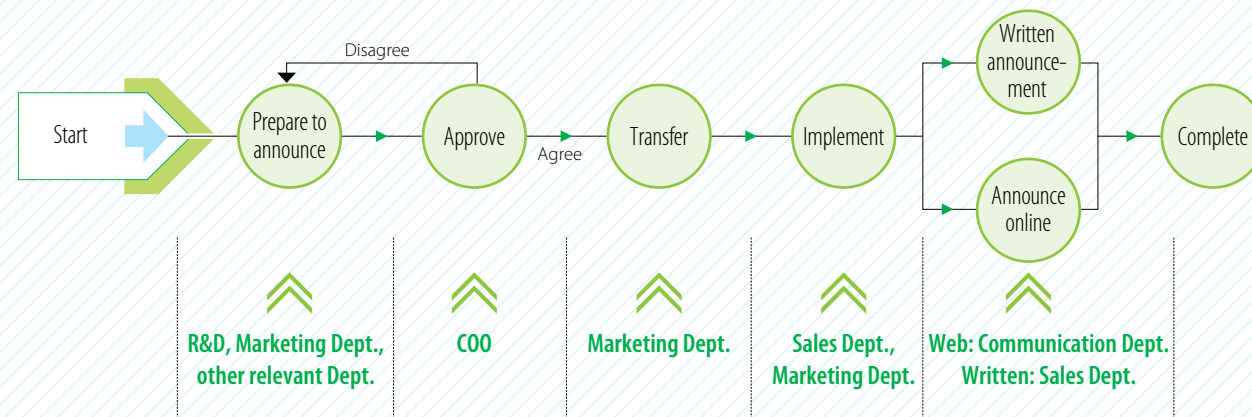


### ENSURE VALIDITY OF PRODUCT INFORMATION

Besides, when there is a change in product information or launch of a new product, Vinamilk shall send information directly to consumers to aim at a more safe and transparent relationship with consumers following the process, in order to ensure:

- » Notification is transferred to the customers & relating parties timely
- » Notification is transferred to all customers & relating parties in a consistent and simultaneous way in all information channels.
- » Customers & relating parties are aware duly and properly of the changes in products of Vinamilk.

Announcement process of product information



## FROM PASSION TO PERFECTION



After 40 years of constant innovation and improvement of the quality in research and development of products, in production and business, products of Vinamilk are continuously developed on the passion of aiming to perfection.

- » To end hunger and achieve food security
- » To ensure healthy lives and promote the well-being for all at all ages
- » To ensure sustainable consumption and production patterns
- » To join hands to execute The National Nutrition Strategy for 2011-2020, with a Vision toward 2030
- » To join hands to improve Vietnamese people's stature
- » And to ensure that each product providing to customers is complete in terms of both quality and quantity

### VINAMILK WILL CONTINUE TO DEVELOP ITS PRODUCTS WITH THE STRATEGY

1. **Quality is the vital factor**  
To upgrade continuously the management system following international strict standards.
2. **To ensure nutrition demands**  
To be good for health by reducing sugar, reducing fat (monounsaturated fat) but still meeting the requirements of the product's flavor and tastes of consumers.
3. **To develop products following cleaning and green trend.**







# PLANET

*Partner to sustainability*



*When natural resources are finite and human needs are infinite, every action of using and exploiting natural resources must always be linked to sustainable development. Vinamilk clearly recognizes and appreciates the value and role of nature in its whole breeding, manufacturing and business.*



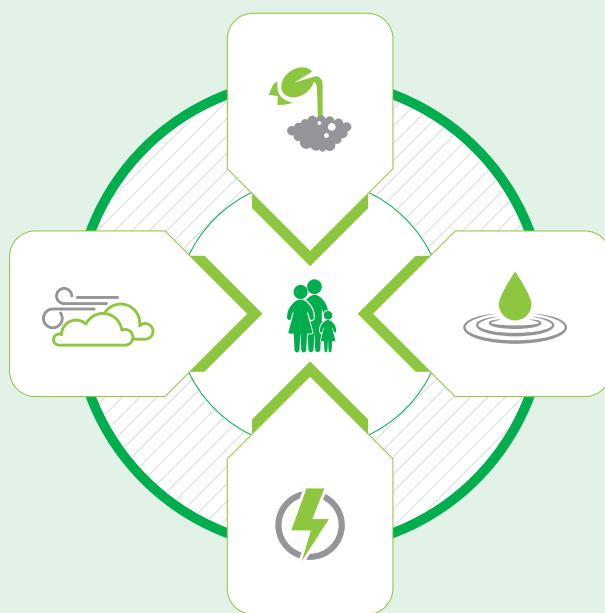


# PLANET

## PARTNER TO SUSTAINABILITY

Land, air, water, energy and underground minerals are indispensable components, which are exploited and used to serve the lives and development of human society. Therefore, for each country, natural resources are very important sources of assets, resources and natural capital to build and develop the country.

When natural resources are finite and human needs are infinite, every action of using and exploiting natural resources must always be linked to sustainable development. Vinamilk clearly recognizes and appreciates the value and role of nature in its whole supply chain:



- » To assure the sustainability of nature at the highest level with spirit of highly respecting the law, to approach and update sustainable development trends, to track indicators of the resource usage.
- » To meet the needs of nature and continuously improve by environmental policies and sustainable development strategies, by climate change adaptation programs, by innovatives in using natural resources effectively and by investment in greenery planting.



🌱 Vinamilk considers Planet as one of the important counterparts and companions for mutual sustainable development.



## BACKGROUND IN THE WORLD AND IN VIETNAM



Sustainable development is becoming a concerned topic at multinational negotiations and agendas. Two prominent highlights in the past time are Paris Agreement and UN Agenda with 17 sustainable development goals (SDGs).



### PARIS AGREEMENT AND ITS IMPACT TO VIETNAM

Paris Agreement, which was evaluated as the historic climate negotiation result after 20 years, was adopted by 195 parties attending the United Nations Framework Convention on Climate Change (UNFCCC) on 12<sup>th</sup> December 2015 in Paris. The Agreement is expected to enter into force from 2020 when approved by more than 55 countries, which together represent at least 55% of global greenhouse gas emission. This is the great opportunity for the countries which are severely affected by climate change as Vietnam to have more

international financial support in solving thoroughly the climate change problems, changing development model, moving to a low carbon economy, increasing competitiveness and approaching clean and advanced technologies, etc.

Accordingly, to implement the route as of Paris Agreement, Vietnam as well as other countries has to reach emission peak by 2030-2035 and reduce emissions to Zero by 2055-2060.

### NEW SUSTAINABLE DEVELOPMENT AGENDA AND 17 SDGS

United Nations Sustainable Development Summit in New York (US) in September 2015 with the attendance of 193 UN members including Vietnam has adopted Global Agenda on sustainable development to 2030 with 17 Sustainable Development goals (SDGs) as a route to End all forms of poverty, Fight inequalities and Tackle climate change.



### THE NATIONAL ACTION PLAN ON SUSTAINABLE PRODUCTION AND CONSUMPTION UP TO 2020, WITH A VISION TOWARDS 2030

In Vietnam, to join hands with global sustainable development, the Prime Minister has approved The National Action Plan on sustainable production and consumption up to 2020, with a vision towards 2030. The objective of the Plan is to gradually change the production and consumption model towards better

resource and energy use efficiency; increase renewable material and energy use, eco-friendly products; reduce, reuse and recycle wastes; maintain the sustainability of ecosystems in all phases of the product's lifecycle from exploitation, material supply to manufacturing, processing, distribution, consumption and disposal.

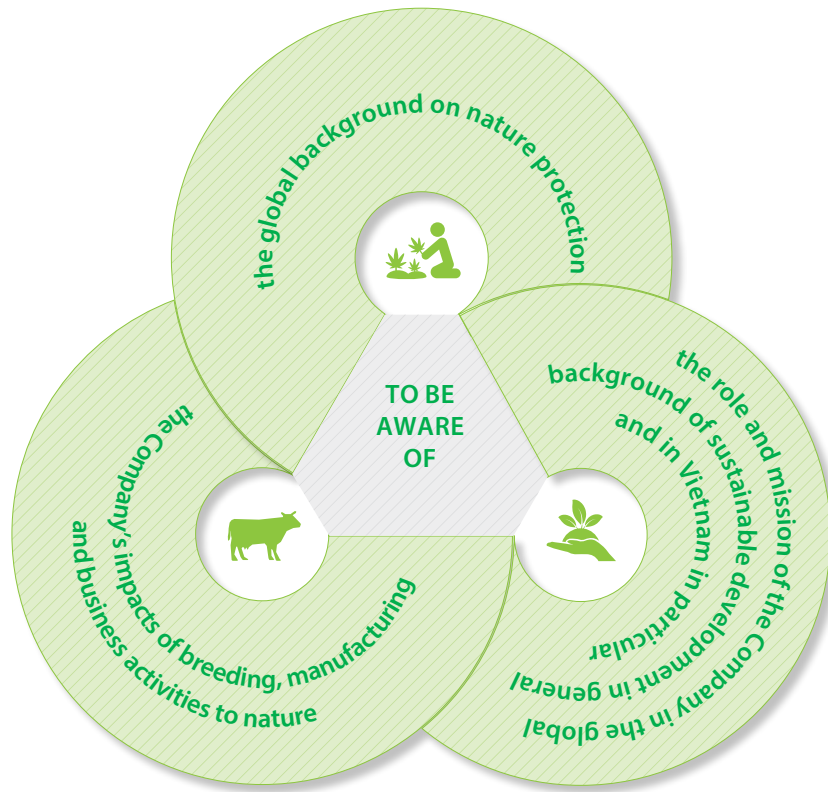
### ACTION PROGRAMMES FOR SUSTAINABLE DEVELOPMENT OF NATURAL RESOURCES AND ENVIRONMENT SECTOR IN THE PERIOD OF 2016 - 2020

The objectives to orient national activities including the objectives relating to Vinamilk's operation as follows:

- 1 To minimize degradation, use land resources efficiently and sustainably.
- 2 To protect water environment and use water resources sustainably.
- 3 To reduce air and noise pollution in large urban areas and industrial parks.
- 4 To manage solid waste and hazardous waste properly.
- 5 To preserve and develop biodiversity.
- 6 To minimize impacts and tackle climate change, prevent disasters.
- 7 To set up a set of monitoring and assessing norms for sustainable development of natural resources and environment sector.



## DEVELOPMENT PLANS AND GOALS OF VINAMILK



Always strive to perform and maintain programs of occupational safety and health, and environment protection with an orientation towards sustainable development. To perform the good working conditions; green and clean environment with the motto:

🌱 Safety-Health-  
GOOD environment, GOOD life.



For that commitment to be realized, Vinamilk continuously integrates the sustainable development strategy into its operational strategy, puts the risk of environment and climate change into control following the principles and guidelines of ISO 31000, sets out key goals focused on environment and nature protection;

### Vinamilk commits:

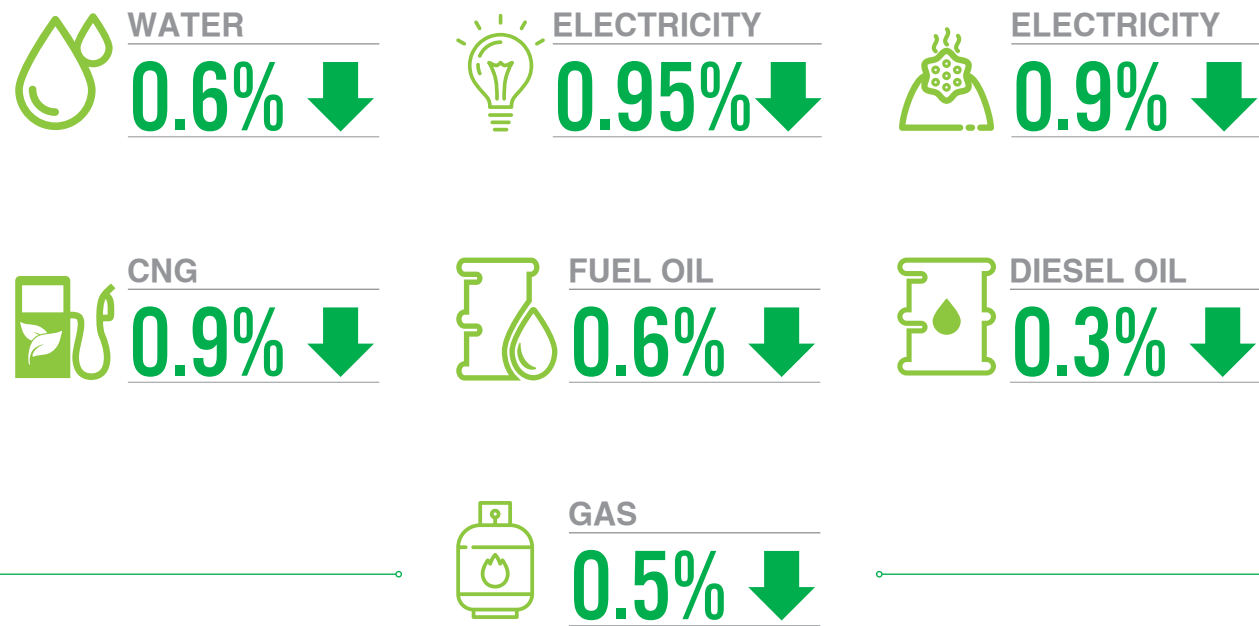
- 1 To comply with laws and regulations;
- 2 To ensure food hygiene and safety and environmental sanitation;
- 3 To Prevent serious accidents/incidents;
- 4 To Protect the environment and protect employees' health;
- 5 To continuous improvement in terms of labor safety, environmental friendliness and climate change response;
- 6 To Regularly raise awareness for all employees.

### Vinamilk aims to:

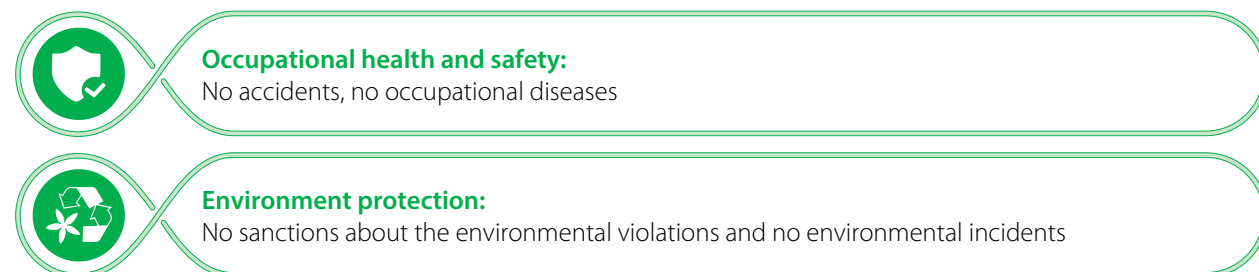
- » Be a pioneer in the application of modern scientific technology into sustainable manufacturing and livestock breeding
- » Ensure the responsible use of natural resources (land, water, etc.)
- » Optimize energy usage
- » Promote the use of green and renewable energy
- » Utilize efficiently the natural resources through reuse
- » Reduce emission by effective management of waste sources

## DEVELOPMENT PLANS AND GOALS OF VINAMILK (continued)

### MANUFACTURING DEPARTMENT'S OBJECTIVES OF ENERGY, RESOURCES IN 2017



### OBJECTIVES OF OCCUPATIONAL HEALTH AND SAFETY, ENVIRONMENT PROTECTION IN 2017



## OVERVIEW ON THE ENVIRONMENT AND ENERGY MANAGEMENT SYSTEM AT VINAMILK

» <b>100%</b> employees are trained to be aware of environment protection as well as economical and efficient use of energy	
» <b>13/13</b> factories are certified with the energy management system following ISO 50001, the environment management system following ISO 14001	
» <b>9/13</b> factories are in use of Biomass energy	
» <b>5/13</b> factories are in use of CNG	
» <b>13/13</b> factories are performing energy audit as regulated	
» No complaints and no sanctions about the environmental violations in 2016	
» <b>8/9</b> farms achieved Global Gap certification	
» <b>100%</b> of farms invest in waste treatment system using Biogas technology	





## LAND RESOURCE



Responding to the Sustainable Development Action Plan of the Ministry of Natural Resources and Environment on land, Vinamilk has implemented sustainable land use programs in adaptation to climate change and enhanced scientific - technology research activities combined with reduce of land degradation and reclamation of degraded land; application of advanced cultivation techniques to ensure the sustainable use of land resources.

All investment projects at Vinamilk are all carried out the assessment on actual quality condition of land, water, air, biological resources, geographic and geological conditions, etc.; from which to forecast impacts and provide methods to prevent and reduce negative

impacts of that project to the environment. 7/7 farms are carried out the risk assessment on their farming area, in which specially focus on ensuring that the land is free from contamination (alum, heavy metals, chemicals, etc.) by practical solutions in Environment Plan. In addition, the appropriate solution for the risks of erosion and waterlogging are also given.

In 2016, Vinamilk continued to implement eco-friendly and energy-saving measures methods in manufacturing, livestock breeding and product quality management to ensure its meeting to Vietnam technical standards and specifications, and maintain the title of "Hi-tech agricultural enterprise".



## WATER RESOURCES



In the background that Vietnam is implementing National Strategy on Water Resources to 2030, with a vision to 2050 on setting up planning for water resources throughout the country, Vinamilk is applying the policy to use water resources efficiently and limit underground water exploitation, at the same time to comply strictly with the requirements of law.

In 2016, by setting up a measuring & monitoring system and monitoring water yield as well as continuously developing water saving solutions, Vinamilk has implemented many water saving and recovery programs. Typical solutions bringing good effects are as below:

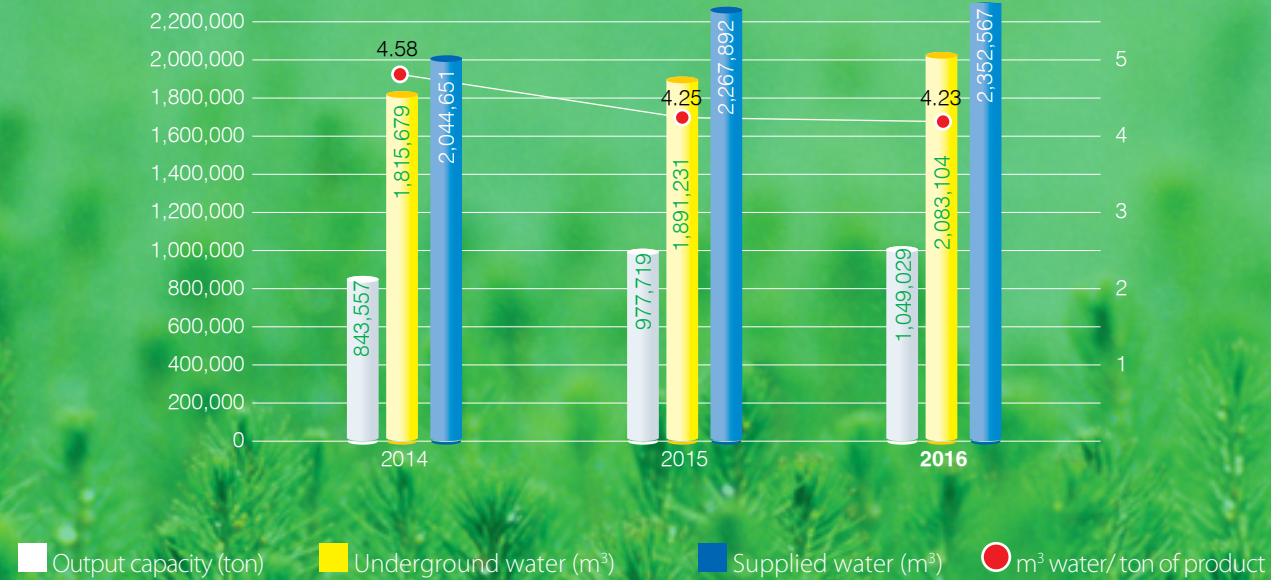
- 1 Recovering cooling water and condensed water of systems during production processes
- 2 Transferring aloe vera jam steaming technology to indirect steaming (circulating cooling water instead of direct steaming)
- 3 Rationalization of manufacture planning to save water in the process of cleaning equipment
- 4 Optimization of cleaning in place processes (CIP) for machinery & equipment system
- 5 Installation of flush sensors at toilets
- 6 Use of intermediate water tank to cool down processing system, pouring system and central air conditioning system



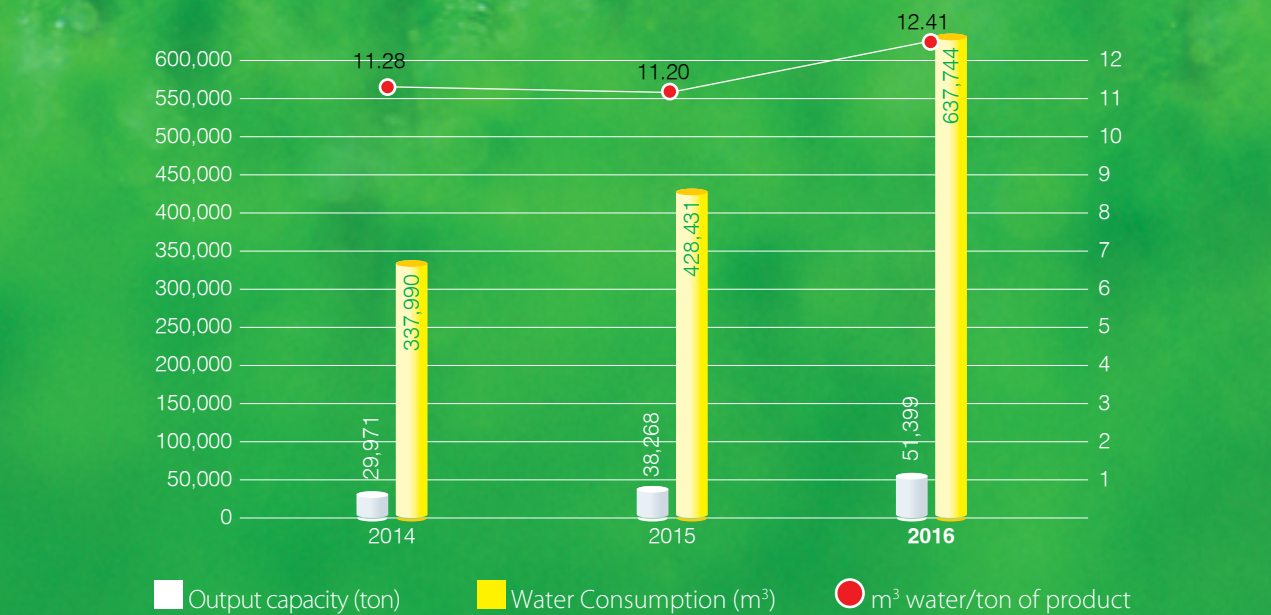


### STATISTICS FOR WATER USE AT VINAMILK FOR THE PERIOD OF 2014 - 2016

#### Production activities



#### Livestock breeding activities



#### Water recovery solutions in production

Water recovery solutions in production	Reused water (m³)
Condensed water recovery in production	62,274
Cooling water recovery from equipment (pouring machine, UHT, etc.)	7,974
Cooling water recovery in processing, air conditioning system	1,046
Hot water recovery from equipment (UHT, heat exchange, etc.)	14,221
Boiler water recovery	573
<b>Total</b>	<b>86,088</b>
<b>Proportion of reused water</b>	<b>1.9%</b>

#### In production activities:

In 2016, Vinamilk sustained the efficiency of water usage. The proportion of water used per ton product was slightly decreased in comparison to 2015. Besides, water saving activities were promoted.

Proportion of reused water in 2016 was 1.9%. New approach in collecting data and statistical method resulted in the fluctuation of the proportion in comparison to previous years.

#### Livestock breeding activities:

Due to the early steps of systemizing the operation of two new farms Nhu Thanh and Ha Tinh, the amount of water used was increased in 2016.

The 2016 data does not include the amount of water used from Tuyen Quang Lake in Tuyen Quang Farm, because data collection methods have not been applied to ensure the accuracy.

Data on water use in 2014 and 2015 have changed compared to that reported in previous years due to changes in approach in data collection and statistics.





## ENERGY RESOURCES



Besides land and water, using energy efficiently is one of the top priorities at Vinamilk. To achieve this objective, challenges in efficient management from investment planning to usage process monitoring and continuously improving are considerable. Up to 2016, 13/13 factories of Vinamilk have achieved certification on energy management system following ISO 50001, which confirmed the commitment to pioneer in economical and efficient use of energy.

In addition, Energy planning and management procedures were established to clarify responsibilities and provide guidance for relevant departments in reviewing energy usage, setting up energy baseline, establishing energy performance indicators (EnPIs), and seeking opportunities to improve energy efficiency by economical and efficient management. In 2016, Vinamilk continued to promote the improvement activities, in particular:

### STRATEGIC PLANNING AND MANAGEMENT SYSTEM

- » Formulating and implementing annual plan on economical and efficient use of energy; incorporating energy management program with quality management programs, cleaner production program and environment protection program;
- » Formulating standards and norms on energy usage, Investing to modernize high-efficiency production and processing lines, replacing gradually low-efficiency equipment, aiming to remove backward technology and equipment with high energy consumption, and reaching the reduction of at least 3% of energy usage demand by 2017;
- » Using more effective types of alternative energy in the production chains to improve energy efficiency in production activities;
- » Applying technical measures and infrastructures to maximise the efficiency of lighting, ventilation and cooling systems and utilise natural light and ventilation;
- » Using energy-saving Led lamps to replace high-pressure and fluorescent lamps with high capacity.

### IMPLEMENTING AND MONITORING ENERGY USE

- » Implementing operation procedures, maintenance policies of vehicles and equipment in the production lines to reduce energy wasting;
- » Maintaining monitoring and reporting system, and tackling efficiently with energy loss.

### IMPROVING AND RATIONALIZING PROCESSES

- » Turning heat energy into electric energy, electric energy to heat energy, mechanical energy and other forms of energy transformation;
- » Utilizing extra heat of boiler, hot steam for production purpose
- » Applying technical measures to reduce energy loss in power supply and heat supply systems; heat loss in heating, cooling equipment; Burning fuel in boilers and ovens;
- » Using high-performance electric engines, boilers and pumps, inverter equipment, speed control equipment for newly-constructed or replaced, repaired works;

### OUTSTANDING INITIATIVES AND PROGRAMS IN REALIZING SOLUTIONS IN 2016

#### Reframe the energy baseline at Factories

The energy quotas were set up from 2014 on the statistic basis of current situation at factories, from which to set out appropriate quotas with its operation. After three years of implementation and continuous improvement of management system as well as development of initiatives, in 2016, Vinamilk has basically completed data to initially build the baseline. The goal in 2017 is to aim at saving more with challenging goals to improve energy usage efficiency.



## Energy resources (continued)

### Initiatives of energy saving in production

List of innovations that brought saving value on energy use in 2016:

No.	Solutions and initiatives for innovation	Saved cost (million dong/ year)
1	Investing in replacement of valves and cylinders which have compressed air leaks in processing area and milk filling machine, Thoroughly correcting compressed air leaks at equipment, optimizing air compressors according to load requirements	411
2	Reinsulating the insulation defects on steam pipes. Investing in replacement of leaked steam traps at the filling machine area	1,227
3	Reinsulating the insulation defects on cold water pipes, optimizing the operation mode of refrigeration compressors according to load requirements	91
4	Recovering condensed water in the area of fresh milk and soybean milk	277
5	Solutions of replacing the old decanter by 2 new Decanters (extraction efficiency increases by 11%, equivalent to save machine-running hours by 11%)	90
6	Replacing the old fluorescent lamps (capacity 40W) by the Led Tube (capacity18W)	24
7	Saving the heat for the P90 pasteurization system: » Adjusting hand valve lift of hot water system so that the temperature of yogurt will reach an appropriate value without the need to use tower block to cool down (saved 41% of the steam using P90 system. The EnPI decreased from 128.06 kg/t to 72.97 kg/t)	840
8	Transforming heat from resistance to electromagnetic: » Replacing resistor rings by electromagnetic rings with heating zone of 1, 2, 3 on bottle blowing machine Probi Hipact 1 and 2.	23.20
9	Operating according to pollution load (wastewater treatment) » Designing to install by pass pipelines to adjust supply capacity for two anaerobic and aerobic tanks, combining with operation according to pollution load, which is suitable for each microorganism of each tank.	47
10	Rationalization of water treatment system control program » Improving pump control program of water treatment system to satisfy timely the water supply demand for production and save energy when consumers do not use. » Rationalizing pump program filtered from raw tank to refined tank. The well pumping program combining chemical dosing pumps to ensure technical requirements of water and maintain stability.	27

No.	Solutions and initiatives for innovation	Saved cost (million dong/ year)
11	Rationalization of control program for vacuum pumps » Designing & installing inverter for vacuum pump to adjust pumping capacity to suit usage needs. » Designing cooling homogenization watersphere, fixing cooling capacity to increase duration of cold homogenization	2
12	Optimization of spoon drying process » Not increasing heat at drying room 2 but only turning on air fan » Increasing heat at drying room 1 by 10°C compared with actual temperature in use (T <sup>o</sup> ≥90%)	1
13	Installation of inverter for homogenizer of pasteurization line 2	228
14	Setting up energy measurement system in energy management	605
15	Optimizing the management of air compressor operation	153
16	Coordinating the operation of refrigeration compressors to avoid peak hours	233
<b>Total</b>		<b>4,279</b>

### Initiatives of energy saving in livestock breeding

» Application of solar battery solution in Organic farming system:

The farms have been invested solar battery solution with the system monitored by software of remote data collecting and monitoring via computer, internet, Iphone, etc. Power grid generated from Solar battery will be connected to the power grid of EVN and the system will prioritize using electricity generated from solar battery. When the amount of electricity generated from Solar battery is surplus after supplying to additional charge, the excessive generated electricity will be transferred to power grid of EVN.

By investing the system of using Solar battery, besides saving money, it also helps to reduce CO<sub>2</sub> emission to the environment. As calculated, 50 tons of CO<sub>2</sub> emissions are reduced each year.

» Solution to install conventional ceiling fans at Thanh Hoa Farm:

Vinamilk implemented to install modern ceiling fans system at Thanh Hoa Farm. The advantages of this fan system are:

- » Starting system by inverter saves 30% of electricity compared to normal fans
- » Operating automatically resulting to reducing operators and maintenance time.
- » The propeller speed is adjusted according to temperature of environment

By investing the pilot system at Thanh Hoa Farm, Vinamilk is the first company in Vietnam to use this kind of fan.



Energy resources (continued)

REVIEW OF ENERGY USAGE IN 2016

Electricity, Biomass and CNG are key sources of energy at Vinamilk while FO and DO are provision energy. In general, Vinamilk sustained the efficiency of energy usage

In 2016, the amount of Biomass usage is increased compared to 2015 while the amount of CNG is decreased in the trend of reducing greenhouse gas emission at Vinamilk. The increasing of electricity usage amount was due to the commissioning of new production lines. The growth in raw milk transportation activities from farms to factories resulted in the increasing of DO for vehicles. Besides, due to changing oil forlifts to gas forlifts in compliance with food safety requirements, gas usage amount in 2016 increased accordingly.



Total energy consumption at Vinamilk over the years

Total energy consumption of production activities:

Reporting criteria	2014	2015	2016
Total output (Ton)	843,557.00	977,719.00	1,049,029.00
<b>DO</b>			
» (kg)	1,052,966.00	1,286,733.00	1,468,363.00
» Average (kg/ton of product)	1.25	1.32	1.40
<b>FO</b>			
» (kg)	1,756,726.00	1,223,632.00	1,277,824.00
» Average (kg/ton of product)	2.08	1.25	1.22
<b>Gas</b>			
» (kg)	185,887.00	224,564.00	261,971.00
» Average (kg/ton of product)	0.22	0.23	0.25
<b>Electricity</b>			
» (kwh)	118,470,050.00	132,468,905.00	144,360,370.00
» Average (kwh/ton of product)	140.44	135.49	137.61
<b>Biomass</b>			
» (vapor ton)	118,527.00	184,256.00	216,133.00
» Average (vapor ton/ton of product)	0.14	0.19	0.21
<b>CNG</b>			
» (mm BTUi)	415,871.00	379,255.00	311,772.00
» Average (mm BTUi/ton of product)	0.49	0.39	0.30
<b>Total energy consumption (MJ)</b>	<b>1,435,159,694.89</b>	<b>1,672,909,375.06</b>	<b>1,773,605,072.58</b>
<b>Average energy consumption (MJ/ton of product)</b>	<b>1,701.32</b>	<b>1,711.03</b>	<b>1,690.71</b>

Total energy consumption of livestock breeding:

Reporting criteria	2014	2015	2016
<b>DO</b>			
» (kg)	206,137	282,613	366,541
» Average (kg/ton of product)	6.40	6.87	6.63
<b>Electricity</b>			
» (kwh)	4,569,519	9,026,739	12,748,370
» Average (kwh/ton of product)	152.47	235.88	248.03
<b>Total energy consumption (MJ)</b>	<b>24,696,819.08</b>	<b>43,804,066.60</b>	<b>60,563,526.67</b>
<b>Average energy consumption (MJ/ton of product)</b>	<b>824.02</b>	<b>1,144.67</b>	<b>1,178.30</b>

## ENVIRONMENT AND CLIMATE CHANGE



Towards environment and climate change issue, Vinamilk has controlled tightly the pollution sources in production and breeding activities through environmental impact assessment, constantly updating advanced practices on environmental science & technology and sustainable development, waste treatment and recycling technologies, energy saving technologies in the world to reduce carbon emissions, etc.

### Monitoring and controlling air and noise pollution in production and livestock breeding

- » Concentrating on the performance of measures to prevent arising pollution sources, strictly implementing the post-inspection work
- » 'Not approving the investment projects affecting environment for the investment projects using backward production technologies and causing environmental pollution.

### Reducing greenhouse gas emission at Vinamilk

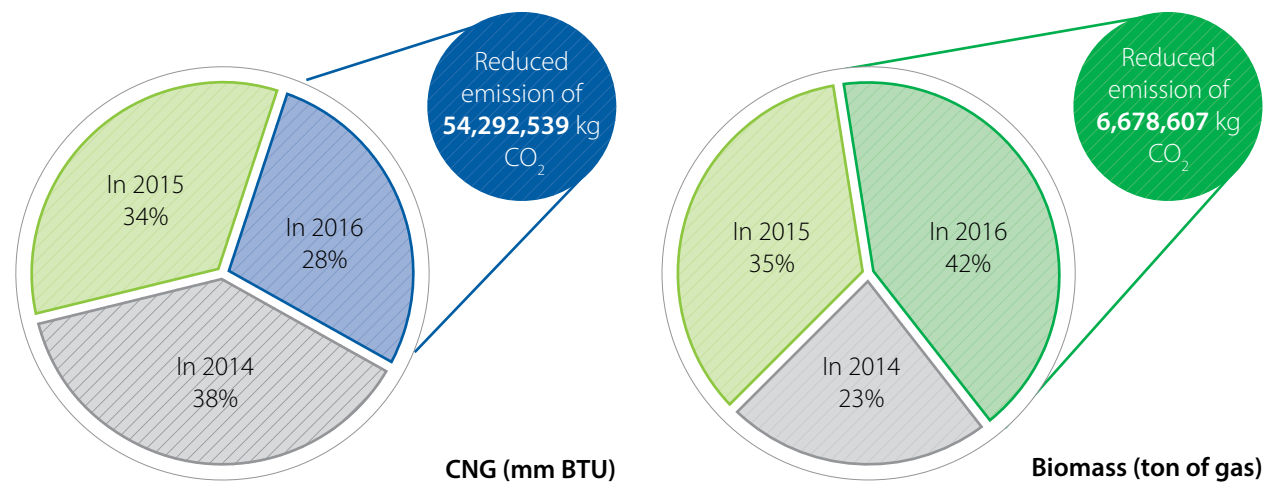
By saving energy, limiting the use of high-CO<sub>2</sub> generating fuels, and increasing green energy use, Vinamilk advocates

to reduce greenhouse gas emissions, aim to develop low-carbon production and livestock breeding and green growth.

In 2016, Vinamilk has continued to use saturated vapor gas - Biomass and slightly reduced the use of CNG (CNG is a clean energy but the reduction of greenhouse gas emission is not as good as Biomass). In comparison to 2013, the base year from which Biomass and CNG were used in production, 186,000 ton of CO<sub>2</sub> has been cut.

Besides, statistic in 2016 shows that the proportion of CO<sub>2</sub> emission per ton product was 21% lower than 2013 in production while the total output has been increased 29%.

### Total consumption of CNG and Biomass over the years:



### Total CO<sub>2</sub> emissions at Vinamilk over the years:

CO <sub>2</sub> Emissions	2014	2015	2016
Total CO <sub>2</sub> emission in production (kg)	126,673,783	125,853,235	125,683,301
Total CO <sub>2</sub> emission in livestock breeding (kg)	20,167,304	27,984,980	31,756,459
Average CO <sub>2</sub> emission in production (kg/ton of product)	150.17	128.72	119.81
Average CO <sub>2</sub> emission in livestock breeding (kg/ton of product)	672.89	731.29	617.84

Note: Calculation method of CO<sub>2</sub> emission is represented in page 140 of Appendix.

## EFFLUENTS AND WASTE MANAGEMENT



» *Environment protection is the responsibility of the whole society. Each individual must be aware of their responsibility and join hands to protect the environment, so it will be possible to create positive changes and improve effectiveness in environment protection in general and emission management in particular to gradually prevent environmental pollution.*

### The Government's solutions on effluents and Waste management

Implementing the Law on Environmental Protection 2014, Decree No. 38/2015/NĐ-CP on management of wastes and discarded materials, National strategy for integrated management of solid waste up to 2025, with a vision to 2050 and issued guideline Circular, the Government has concluded the solutions of waste management as follows:

- » Solutions relating to organization, management, mechanism and policy.
- » Communications solutions to improve awareness and develop human resources: To promote building up and popularly introduce the database and websites, technical instructions on management.
- » Investment and financial solutions: To mobilize all investment sources for management work, to give preferences on tax and fee; to prioritize the procurement of eco- friendly products, post-cycling products and waste treatment products, etc.
- » Solutions on supervising, checking and inspecting: To strengthen the cooperation among state management authorities in the field of environment.
- » Solutions on technical support and research and development of technologies: To research and develop waste treatment technology, to enhance research, transfer and application of eco-friendly technologies; to promote building up pilot models on recycling, reusing and recovering energy from solid wastes to select appropriate model to apply on a nationwide scale, etc.
- » Solutions on promoting international cooperation, enhancing technical exchanges and coordination with international organizations: To cooperate bilaterally and multilaterally, to exchange experiences in management and treatment of solid wastes; to attract foreign investment in the development of infrastructure and plants for solid wastes management and treatment; to receive technical support, technology transfer and training in recycling, reuse and recovery of energy from solid waste, etc.





## Effluents and waste Management (continued)

### Effluents and Waste management solutions at Vinamilk

- » To systematize documents and guidelines relating to emission management
- » To train and retrain periodically on waste sorting and management
- » To prioritize using eco-friendly materials, using renewable energy CNG and Biomass, to implement recycling solutions
- » To supervise, to conduct self-evaluation, internal evaluation, external evaluation, and cross-evaluation among units
- » To recover energy from wastes; to enhance research, transfer and application of eco-friendly technologies
- » To update and invest modern technologies on waste source treatment and mitigation of impacts on the environment.

All solutions are fully applied by Vinamilk to control pollution by industrial wastewater and by industrial solid wastes and hazardous wastes.

As of 2016, besides achieving ISO 14001 certification for production activities and Global Gap for livestock breeding activities, Vinamilk has made remarkable efforts in effluents and waste management:

- » 100% of 3,237,136.00 m<sup>3</sup> wastewater from production has been treated.
- » 100% of wastewater from breeding activities has been treated and recycled.
- » 100% of wastes from production activities have been sorted.
- » 100% of waste treatment contractors have been licensed.

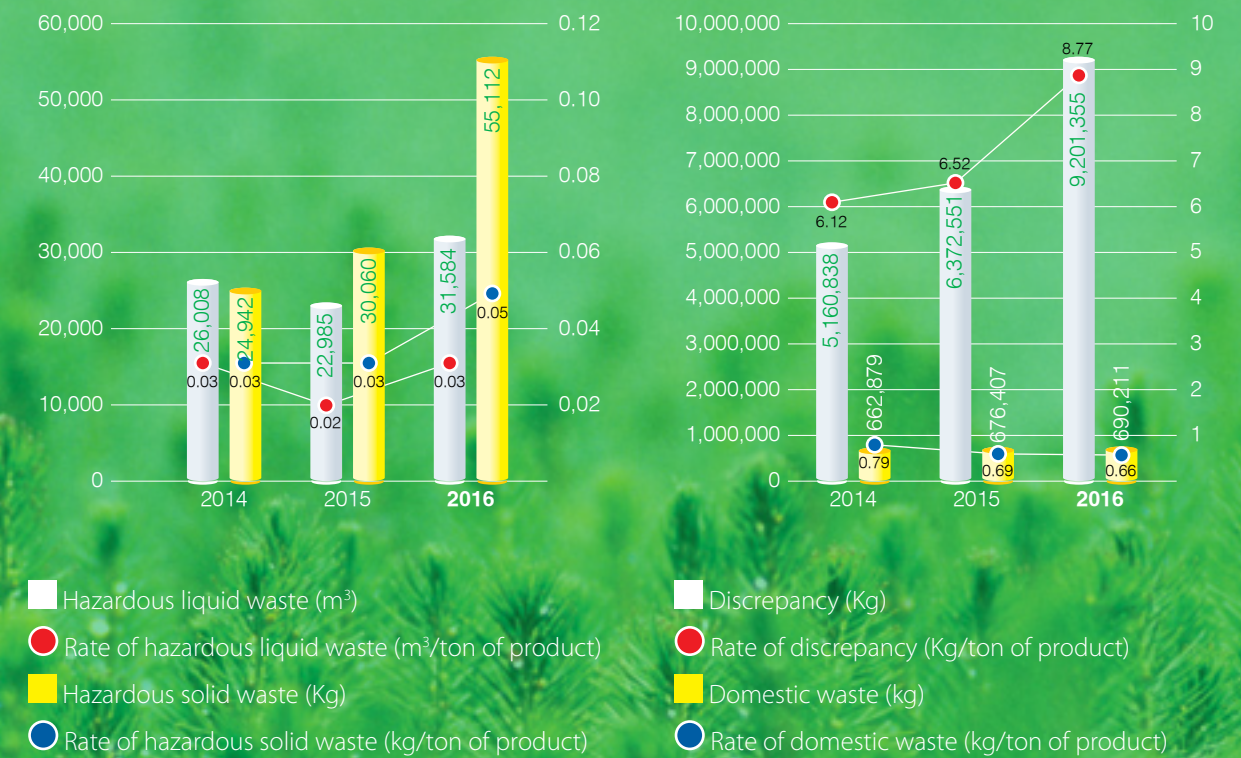
### Assessment of effluents and waste management in 2016

- » The amount of hazardous waste increased by replacing the battery and engine oil over the overhaul period of the self-propulsion system at the Vietnam Dairy Factory.
- » The amount of discrepancy is different from that reported in previous years due to changes in approach in data collection and statistics.

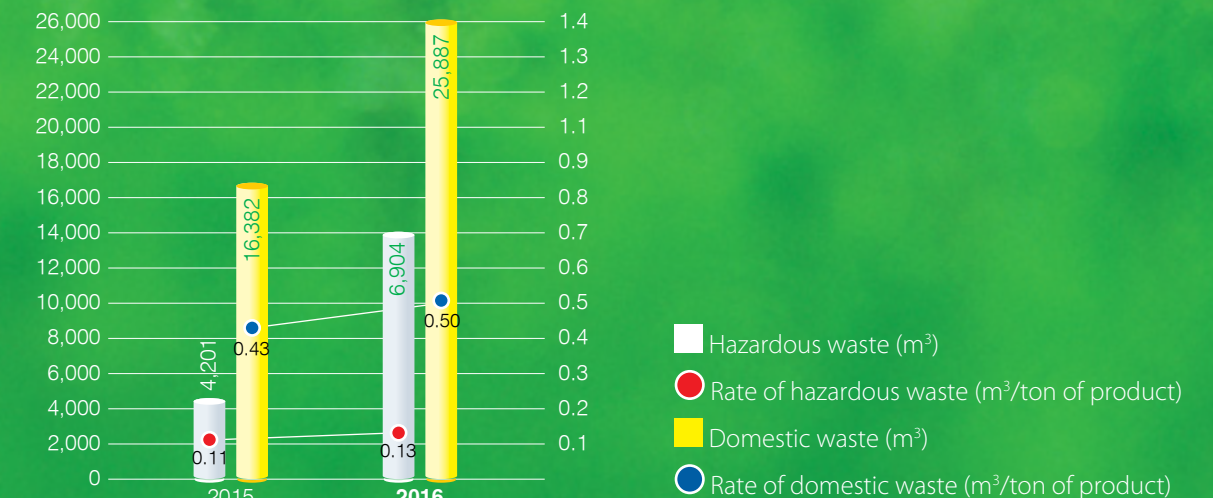


## WASTE GENERATED FROM 2014 TO 2016

### Production activities



### Livestock breeding activities





# GRI G4 CHECKLIST



GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>GENERAL STANDARDS</b>			
<b>STRATEGY AND ANALYSIS</b>			
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	✓	2,5
G4-2	Description of key impacts, risks, and opportunities	✓	5
<b>ORGANIZATION PROFILE</b>			
G4-3	Name of the Company	✓	9
G4-4	Primary brands, products, and/or services	✓	68,69
G4-5	Headquarter	✓	9
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	✓	10,11
G4-7	Nature of ownership and legal form	✓	10,11
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	✓	10,11
G4-9	Scale of the reporting organization	✓	10,11
G4-10	Report on workforces	✓	53-55
G4-11	Percentage of total employees covered by collective bargaining agreements	✓	58
G4-12	Description of the organization's supply chains	✓	24,25
G4-13	Any significant changes during the reporting period regarding size, structure, ownership or supply chain	✓	10,11
G4-14	Report the organization to have precautionary measure or principle is addressed by the organization	✓	48-49
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	✓	22-23
G4-16	List the members' right in the associations and organizations operated in local and international country	☒	

GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
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	✓	28
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	✓	32
G4-19	List all the material aspects identified in the process for defining report content	✓	40-41
G4-20	Report the Aspect Boundary within the organization for each material aspect	✓	40-41
G4-21	Report the Aspect Boundary outside the organization for each material aspect	✓	40-41
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	✓	115,124
G4-23	Report the significant changes of Size and Field boundaries compared to the earlier reports	✓	28
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	Provide list of stakeholder groups engaged by the organization	✓	32-39
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	✓	32-39
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	✓	32-39
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	✓	32-39
<b>REPORT PROFILE</b>			
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided	✓	28
G4-29	Date of most recent previous report (if any)	✓	28
G4-30	Reporting cycle (annual, biennial, etc.)	✓	28
G4-31	Contact point for questions regarding the report or its contents	✓	42-43



GRI G4 CHECKLIST (continued)



GRI G4 checklist	GRI Indicators	Report 2016	Page
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)	✓	126-138
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	✓	29-31
<b>GOVERNANCE</b>			
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks	✓	47-51
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	✓	48-49
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	✓	50-51
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	✓	34-35
G4-38	Report the composition of the highest governance body and its committees	✓	48-49
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)	✓	48-51
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	✓	47
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	✓	47

GRI G4 checklist	GRI Indicators	Report 2016	Page
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	✓	47
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	✓	47
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	✓	47
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	✓	48-49
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	✓	48-49
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	✓	48-49
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	✓	48-49
G4-49	Report the process for communicating critical concerns to the highest governance body	✓	48-49
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	✓	47

GRI G4 CHECKLIST (continued)



GRI G4 checklist	GRI Indicators	Report 2016	Page
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	✓	47
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	✓	47
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	☒	
<b>ETHICS AND INTEGRITY</b>			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	✓	14-15
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	✓	14-15
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	✓	75
<b>SPECIFIC STANDARD DISCLOSURES</b>			
<b>CATEGORY: ECONOMIC</b>			
<b>ASPECT: ECONOMIC PERFORMANCE</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	
EC1	Direct economic value generated and distributed	✓	36-39
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	☒	

GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>ASPECT: MARKET PRESENCE</b>			
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	☒	
<b>ASPECT: INDIRECT ECONOMIC IMPACTS</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	85-87
EC7	Development and impact of infrastructure investments and services supported	✓	85-87
EC8	Significant indirect economic impacts, including the extent of impacts	✓	85-87
<b>ASPECT: PROCUREMENT PRACTICES</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	87
EC9	Proportion of spending on local suppliers at significant locations of operation	☒	
<b>CATEGORY: ENVIRONMENTAL</b>			
<b>ASPECT: MATERIALS</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN1	Materials used by weight or volume	☒	
EN2	Percentage of materials used that are recycled input materials	☒	
<b>ASPECT: ENERGY</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	106-109
EN3	Energy consumption within the organization	✓	116-121
EN4	Energy consumption outside of the organization	☒	
EN5	Energy intensity	✓	116-121
EN6	Reduction of energy consumption	✓	116-121
EN7	Reductions in energy requirements of products and services	✓	116-121
<b>ASPECT: WATER</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	106-109
EN8	Total water withdrawal by source	✓	113-115
EN9	Water sources significantly affected by withdrawal of water	✓	113-115
EN10	Percentage and total volume of water recycled and reused	✓	113-115



GRI G4 CHECKLIST (continued)



GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>ASPECT: BIODIVERSITY</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	104-111
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	✓	112
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	✓	112
EN13	Habitats protected or restored	✓	112
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	☒	
<b>ASPECT: EMISSIONS</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	104-111
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	✓	122
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	✓	122
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	✓	122
EN18	Greenhouse gas (GHG) emissions intensity	✓	122
EN19	Reduction of greenhouse gas (GHG) emissions	✓	122
EN20	Emissions of ozone-depleting substances (ODS)	☒	
EN21	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	☒	
<b>ASPECT: EFFLUENTS AND WASTE</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	104-111
EN22	Total water discharge by quality and destination	✓	123
EN23	Total weight of waste by type and disposal method	✓	123
EN24	Total number and volume of significant spills	✓	123
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	✓	123
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	✓	123

GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>ASPECT: PRODUCTS AND SERVICES</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	100
EN27	Extent of impact mitigation of environmental impacts of products and services	☒	
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	☒	
<b>ASPECT: COMPLIANCE</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	108
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	✓	111
<b>ASPECT: TRANSPORT</b>			
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	☒	
<b>ASPECT: OVERALL</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	104-109
EN31	Total environmental protection expenditures and investments by type	☒	
<b>ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
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	☒	
<b>ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	☒	

GRI G4 CHECKLIST (continued)



GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>CATEGORY: SOCIAL</b>			
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>			
<b>ASPECT: EMPLOYMENT</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	✓	54,61
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	✓	55,63
LA3	Return to work and retention rates after parental leave, by gender	✓	59
<b>ASPECT: LABOR/MANAGEMENT RELATIONS</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	45-46
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	☒	
<b>ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	56-57
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	✓	56-57
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	✓	56-57
LA7	Workers with high incidence or high risk of diseases related to their occupation	✓	56-57
LA8	Health and safety topics covered in formal agreements with trade unions	✓	56-57
<b>ASPECT: TRAINING AND EDUCATION</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	60
LA9	Average hours of training per year per employee by gender, and by employee category	✓	60
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	✓	60
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	✓	60-62

GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	58
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	✓	58
<b>ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
LA 13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	☒	
<b>ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>			
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	☒	
<b>ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	58
LA 16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	✓	58
<b>SUB-CATEGORY: HUMAN RIGHTS</b>			
<b>ASPECT: INVESTMENT</b>			
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	☒	
<b>ASPECT: NON-DISCRIMINATION</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	58
HR3	Total number of incidents of discrimination and corrective actions taken	✓	58



GRI G4 CHECKLIST (continued)



GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	55,58
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	✓	58
<b>ASPECT: CHILD LABOR</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	58
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	✓	58
<b>ASPECT: FORCED OR COMPULSORY LABOR</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	58
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	✓	58
<b>ASPECT: SECURITY PRACTICES</b>			
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	☒	
<b>ASPECT: INDIGENOUS RIGHTS</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	☒	
<b>ASPECT: ASSESSMENT</b>			
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	☒	
<b>ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR10	Percentage of new suppliers that were screened using human rights criteria	☒	
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	☒	

GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS</b>			
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	✓	58
<b>SUB-CATEGORY: SOCIETY</b>			
<b>ASPECT: LOCAL COMMUNITIES</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	85
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	✓	85-86
SO2	Operations with significant actual and potential negative impacts on local communities	☒	
<b>ASPECT: ANTI-CORRUPTION</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	87
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	✓	87
SO4	Communication and training on anti-corruption policies and procedures	✓	87
SO5	Confirmed incidents of corruption and actions taken	☒	
<b>ASPECT: PUBLIC POLICY</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
SO6	Total value of political contributions by country and recipient/beneficiary	☒	
<b>ASPECT: ANTI-COMPETITIVE BEHAVIOR</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	✓	87
<b>ASPECT: COMPLIANCE</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	87
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	✓	87
<b>ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	☒	
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	☒	

GRI G4 CHECKLIST (continued)

GRI G4 checklist	GRI Indicators	Report 2016	Page
<b>ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	☒	
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>			
<b>ASPECT: CUSTOMER HEALTH AND SAFETY</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	90
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	✓	94
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	✓	97
<b>ASPECT: PRODUCT AND SERVICE LABELING</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	100
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	✓	100
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	✓	97
PR5	Results of surveys measuring customer satisfaction	✓	75
<b>ASPECT: MARKETING COMMUNICATIONS</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	97,100
PR6	Sale of banned or disputed products.	✓	97
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.	✓	97
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	✓	97
<b>ASPECT: COMPLIANCE</b>			
G4-DMA	Generic Disclosures on Management Approach.	✓	97
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	✓	97





# APPENDIX

## METHOD FOR THE CALCULATION OF CO<sub>2</sub> EMISSIONS

### Calculation of CO<sub>2</sub> emissions of used electricity

<b>Step 1</b>
» Determine the used electricity amount (kWh)
<b>Step 2</b>
» Calculate CO <sub>2</sub> emissions of used electricity:
CO <sub>2</sub> emissions of used electricity = Electricity amount * CO <sub>2</sub> emission factor of electricity (1)
› CO <sub>2</sub> emission factor of used electricity = 0.6612 kg CO <sub>2</sub> / kWh (as announced by the Ministry of Natural Resources & Environment)

### Calculation of CO<sub>2</sub> emissions of used fuel

<b>Step 1</b>
» Determine the fuel sources involved in the operation process and used amount
<b>Step 2</b>
» Calculate the energy consumption of each fuel type:
Energy consumption (TJ) = q * m / 10 <sup>3</sup>
In which:
q: The calorific value of the fuel (GJ/ ton)
m: The fuel quantity (ton)
» Determine the CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O emission factor for each fuel type (in Vol. 2, chapter 2 of IPCC 2006)
<b>Step 3</b>
» Calculate CO <sub>2</sub> / CH <sub>4</sub> / N <sub>2</sub> O emissions:
E (CO <sub>2</sub> ) = energy consumption * CO <sub>2</sub> emission factor
E (CH <sub>4</sub> ) = energy consumption * CH <sub>4</sub> emissions factor
E (N <sub>2</sub> O) = energy consumption * N <sub>2</sub> O emission factor
» Calculate CO <sub>2</sub> emissions of used fuel:
CO <sub>2</sub> emissions of used fuel = E (CO <sub>2</sub> ) + 25 * E (CH <sub>4</sub> ) + 298 * E(N <sub>2</sub> O) (2)
› Factor 25, 298: Global warming potential for 100-year time of CH <sub>4</sub> and N <sub>2</sub> O versus CO <sub>2</sub> (as IPCC 2006)

### Calculation of CO<sub>2</sub> emissions from wastewater treatment

<b>Step 1:</b>
» Determine the wastewater treated amount
<b>Step 2:</b>
» Determine total COD pollution load
» Determine total BOD pollution load
» Determine the total amount of sludge
<b>Step 3:</b>
» Calculate the industrial wastewater emission factor for each discharge system:
CH <sub>4</sub> emission factor (kg CH <sub>4</sub> / kg COD) = CH <sub>4</sub> generated from the process* Methane correction factor
› CH <sub>4</sub> generated from the process = 0.25 kg CH <sub>4</sub> / kg COD (being chosen to follow Table 6.2, Vol. 5, chapter 6 of IPCC 2006)
› Methane correction factor: being chosen to follow wastewater treatment technology (following Vol. 5, chapter 6 of IPCC 2006)
<b>Step 4:</b>
» Calculate CH <sub>4</sub> emissions (following formula no. 6.4, Vol.5, chapter 6 of IPCC 2006):
EWastewater = (Total COD load + Total BOD load - Total amount of sludge * CH <sub>4</sub> emission factor
» Calculate CO <sub>2</sub> emissions from wastewater treatment:
CO <sub>2</sub> emissions from wastewater treatment = 25 * EWastewater (CH <sub>4</sub> ) (3)
› FACTOR 25: Global warming potential for 100-year time of CH <sub>4</sub> versus CO <sub>2</sub> (as IPCC 2006)

### Calculation of CO<sub>2</sub> emissions from livestock (Cow)

» Calculate CH <sub>4</sub> emissions from livestock (Cow)
GHG emissions in the livestock breeding sector of Vietnam are based on emission factor following IPCC, with the formula as follows:
Ea = Pa × EFa × 10 <sup>-3</sup>
In which:
Ea: CH <sub>4</sub> emissions from livestock "a" (thousand tons /year)
Pa: productivity of livestock "a" (× 1,000 heads)
EFa: CH <sub>4</sub> emission factor of livestock "a" (kgCH <sub>4</sub> /head/year)
10 <sup>-3</sup> : Conversion factor (to Thousand tons)
› The EFa emission factor for livestock in general and for buffalo, cow in particular is still based on the default factor of IPCC for the Asian region
» Calculate CO <sub>2</sub> emissions from livestock (Cow)
CO <sub>2</sub> emissions from livestock = 25 * Ea (3)
› Factor 25: Global warming potential for 100-year time of CH <sub>4</sub> versus CO <sub>2</sub> (as IPCC 2006)



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