



VINAMILK



SUSTAINABLE DEVELOPMENT REPORT

2018

BUILDING

A SUSTAINABLE FUTURE

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#### Sustainable Development Management

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#### What we take and preserve

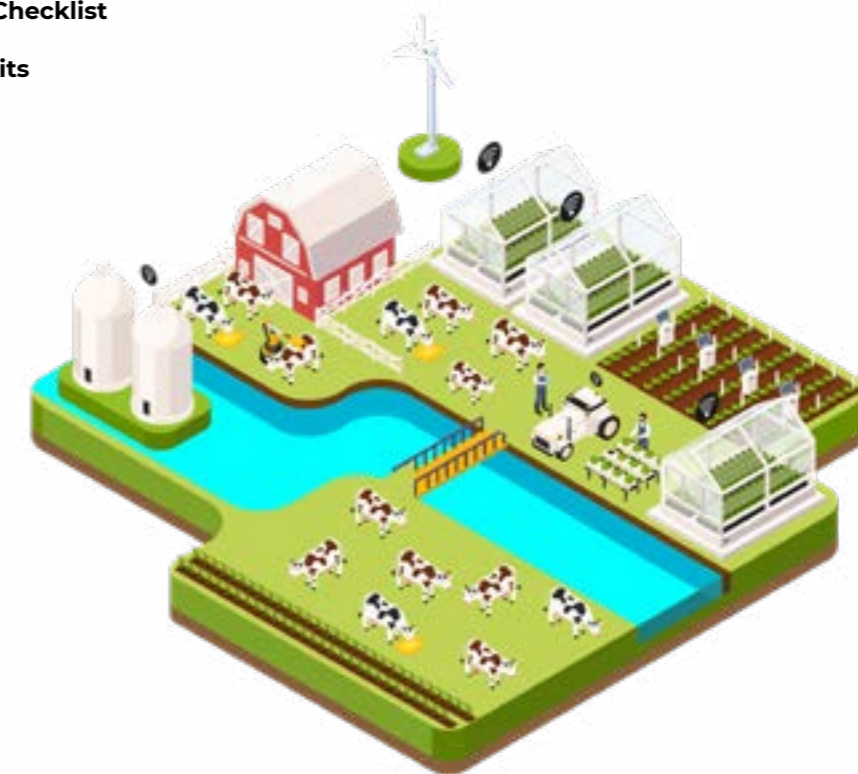
Workforce: From Strong Human Resources	50
Materials: quality, organic, environmentally friendly	56
Energy - Natural Resources	68
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#### To create the value and give benefits to all related parties

Employees	92
Customers	104
Shareholders and Investors	116
Community	130
Partners	142
Government	154

#### GRI Standards Checklist

##### Subordinate units



## CEO'S MESSAGE

With the vision and mission “respect, love and high responsibility for life, people and society”, Vinamilk is keeping non-stop efforts on its journey to bring the best value to the related parties through promoting sustainable development activities and initiatives.

In spite of changes and challenges in socio-economic situation in 2018, Vinamilk has also recorded some significant progress in the process of implementing and improving its sustainable development programs.

### Orientation of circular economy and direction for sustainable development

As an enterprise that always sets a business goal in parallel with environmental protection and benefits for related parties, Vinamilk considers circular economy as a guideline in the direction for its sustainable development. This brings a great opportunity, and also a big challenge that requires determination, effort of Vinamilk, and cooperation and alliance of all related parties.

### Perfecting sustainable development management framework

Continuously reviewing the sustainable development management framework and referring to good practices such as The Dairy Sustainability Framework (DSF), United Nations Sustainable Development Goals - SDGs, United Nations Global Compact on Sustainable Development Initiatives - UNGC. The review results show that many existing aspects require Vinamilk to supplement and improve such as: identifying long-term strategies and objectives; building a sustainable development management framework that is powerful enough; and increasing the interest and efforts of staff at all levels in the practice of sustainable development.

### Increasing the value brought to related parties

With the goal of harmonizing the values of business, environment and social responsibility; minimizing input resources and enhancing resource use efficiency; at the same time, building sustainable, trustworthy relationships and increasing value for stakeholders, Vinamilk applied lots of initiatives and deployed many activities in 2018:



### Towards healthy products

Promoting the strategy of product diversification, especially good health care product lines such as natural and organic product lines, sugar and/or fat reduction products.

### Environmental protection and activities towards circular economy

- ▶ Continuing the strategy of using clean energy, renewable energy.
- ▶ Maintaining and improving the waste control system, accelerating the efficiency of water recovery, filtration and reuse.
- ▶ Rehabilitating and improving nutrient sources for soil by microbiological and natural methods. Investing and operating waste treatment systems in livestock and recycling into natural, effective and safe fertilizer sources.
- ▶ Using recyclable materials and reducing the use of plastic materials.
- ▶ Researching and preparing to deploy solar power system for production and husbandry activities.

### Extending the journey of sharing for the community

Continuously implementing activities of meaningful and practical benefits to the community:

- ▶ One million green trees for Vietnam fund - over 6 years of implementation, nearly 680,000 trees have been planted and it is aiming to reach the goal of 1 million trees.
- ▶ Until end of 2018, Stand Tall Vietnam Milk Fund has been operated for 10 years, Vinamilk has awarded more than 33 million milk glasses to nearly 420,000 disadvantaged children along the country.
- ▶ The School Milk program Vinamilk operates in nearly 10 provinces/cities, contributing to improve the nutritional status of preschool and primary children for high quality human resources of the country in the future.
- ▶ Organized nutrition examinations and consultations for many target groups, especially young children, women and the elderly.

Year 2018 closed with full of difficulties and challenges. However, the achievements of Vinamilk have shown the continuous efforts of all employees, with the support, companion and trust of related parties, including all Customers and Suppliers, Distributors, Partners, Shareholders and Government.

Thank you for the attention and acknowledgment of all related parties for Vinamilk's efforts on the path of sustainable development. The requirements, encouragement and support of the parties are a tremendous motivation for Vinamilk to proceed its firm beliefs and steps on the journey for building a sustainable future.

**Mai Kieu Lien**  
CEO

# VINAMILK AT A GLANCE

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## GENERAL INFORMATION

### VIETNAM DAIRY PRODUCTS JOINT STOCK COMPANY

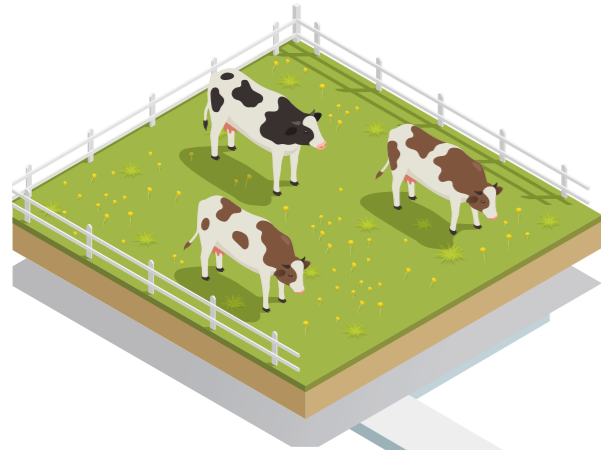
<b>Stock code</b>	VNM
<b>Name in Vietnamese</b>	Công ty Cổ phần Sữa Việt Nam
<b>Abbreviated name</b>	Vinamilk
<b>Charter capital</b>	VND 17,416,877,930,000
<b>Headquarter</b>	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City
<b>Phone number</b>	(84-28) 54 155 555
<b>Fax</b>	(84-28) 54 161 226
<b>Email</b>	vinamilk@vinamilk.com.vn
<b>Website</b>	<a href="http://www.vinamilk.com.vn">www.vinamilk.com.vn</a> <a href="http://www.vuoncaovietnam.com">www.vuoncaovietnam.com</a> <a href="https://www.youtube.com/user/Vinamilk">www.youtube.com/user/Vinamilk</a>

Business registration certificate and tax code: **0300588569**

## SCALE & OPERATION

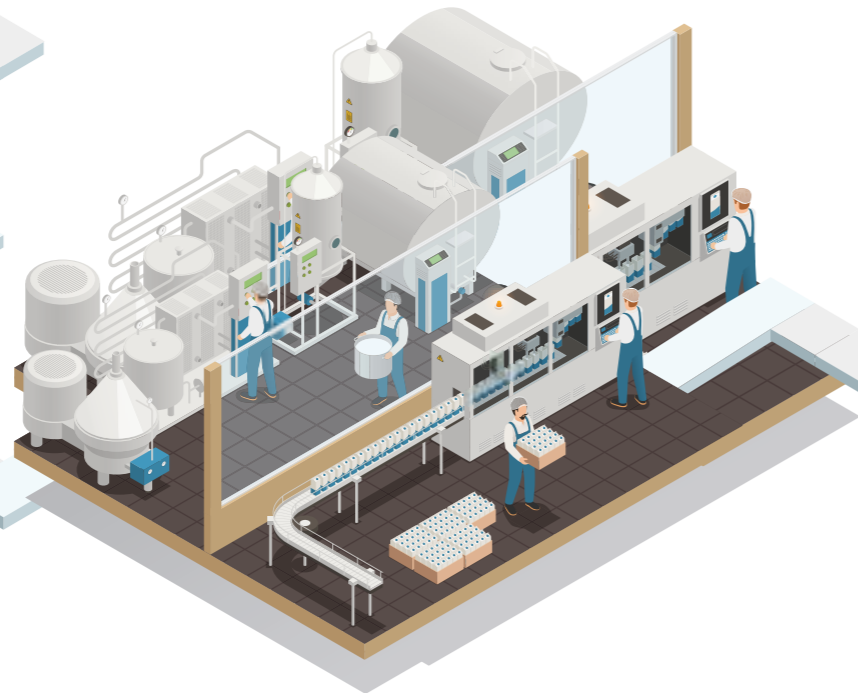
List of subordinate units are compiled at pages 174 - 175

### RAISING DAIRY COWS



- DOMESTIC → **12** dairy farms
- **1** raw milk center
- FOREIGN → **1** dairy farm

### MANUFACTURING & SUPPLYING MATERIALS → **1** Factory



### PRODUCING & PROCESSING BEVERAGE AND DAIRY PRODUCTS

DOMESTIC → **13** Factories



FOREIGN → **2** Factories



### DISTRIBUTING & TRADING BEVERAGE AND DAIRY PRODUCTS

- **3** Branches
- **49** Countries & territories
- **2** Logistics enterprises

#### IN VIETNAM:

- **208** Distributors
- **249,991** Retailers
- **426** "Vietnam Dairy Dream" stores
- **1,180** Convenience stores
- **3,209** big and small supermarkets
- **17.6 million** products consumed every day

### HEALTH CARE NUTRITION

- **1** General Clinic
- **1** Nutrition Center





Vinamilk constantly invests deeply and extensively in scale. The system of diverse business units, including subsidiaries, associates, dairy farms and factories spread throughout Vietnam and constantly reach beyond the sea has gradually formed a continuous value chain from materials to livestock, production and distribution of products to consumers.

## CORE VALUE



## BUSINESS PHILOSOPHY

Constantly developing production, trade and service activities in the areas of business activities to: maximize the benefits and enhance the Company’s value in harmony with the interests of Shareholders; continuously improve the life, income and working environment of workers; and at the same time ensure the interests of other stakeholders towards sustainable and responsible development.



## FOCUS AREAS AND GOALS

**1. People**

(Employees, consumers, suppliers and partners, shareholders and investors, community, government)

- To nurture the resources
- To join hands in value creating
- To share the value
- To develop sustainably

**2. Products**

(Top quality, various category, to satisfy the diverse nutritional needs of Consumers)

- Continuous innovation
- Quality materials
- Infrastructure, modern technology & machineries
- Quality products

**3. Planet**

(Energy, water resources, emission and waste management)

- To use resources effectively
- To prioritise green energy
- To utilise, recycle and control waste resources effectively
- To manufacture and breed sustainably

## 6 CULTURAL PRINCIPLES

**1. Responsible**

When the incident occurs, the first cause is me

**2. Result oriented**

Talk to each other by quantification

**3. Creative and Active**

Do not say no, always look for 2 solutions

**4. Cooperative**

Adults do not need superior supervision

**5. Straightforward**

My speech shows myself

**6. Excellent**

I am an International standard expert in my field



# VALUE CHAIN

## Throughout the value chain



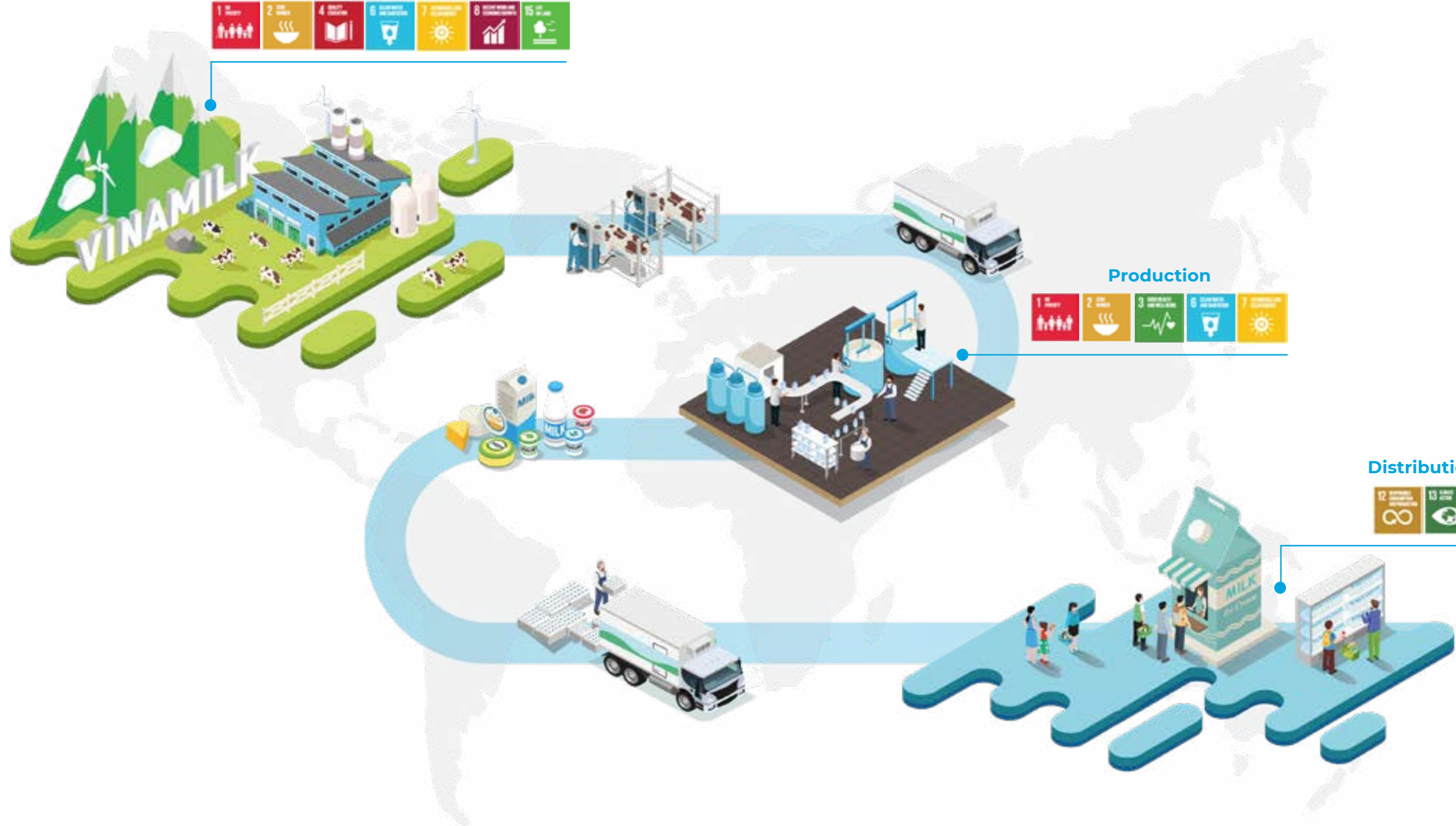
### Input, Livestock



### Production



### Distribution



# SUSTAINABLE DEVELOPMENT MANAGEMENT

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## CONTEXT OF SUSTAINABLE DEVELOPMENT IN THE WORLD

### 17 Sustainable Development Goals - Numbers and events



- ▶ The 2030 agenda for global sustainable development has provided a detailed plan to bring and enhance dignity, peace and prosperity for people and planet at present and in the future.
- ▶ According to the United Nations' Sustainable Development Goals Report 2018, the situation of implementing 17 SDGs in the areas has undergone certain changes.

### Environment



- ✓ 93% of the world's 250 largest companies published the Sustainable Development Report.
- ✓ Data from 79 countries showed that 59% of wastewater was treated.
- ✓ In 2015, the ratio (carbon intensity/dollar of value added) decreased by 19% compared to its in 2000, from 0.38 to 0.31 kg of carbon dioxide/ dollar, respectively.
- ✗ In 2016, 91% of urban population worldwide were breathing polluted air, an estimated 4.2 million people died as a result of high level of ambient air pollution.
- ✗ Climate change, inequality and conflict are increasing challenges.

- ✓ Global labor productivity, calculated by the value of the output product per employee at about USD 2,005, increased by 2.1% in 2017, reaching the highest growth rate since 2010.
- ✓ The global unemployment rate in 2017 was 5.6%, down from 2000 (6.4%). Youth were three times more likely to be unemployed than adults, up to 13% in 2017.
- ✓ 108 countries had national policies on sustainable consumption and production, as of 2018.
- ✓ The global share of manufacturing value added in GDP increased from 15.2% (2005) to 16.3% (2017), driven by the rapid growth of manufacturing in Asia.

### Economy



### Human

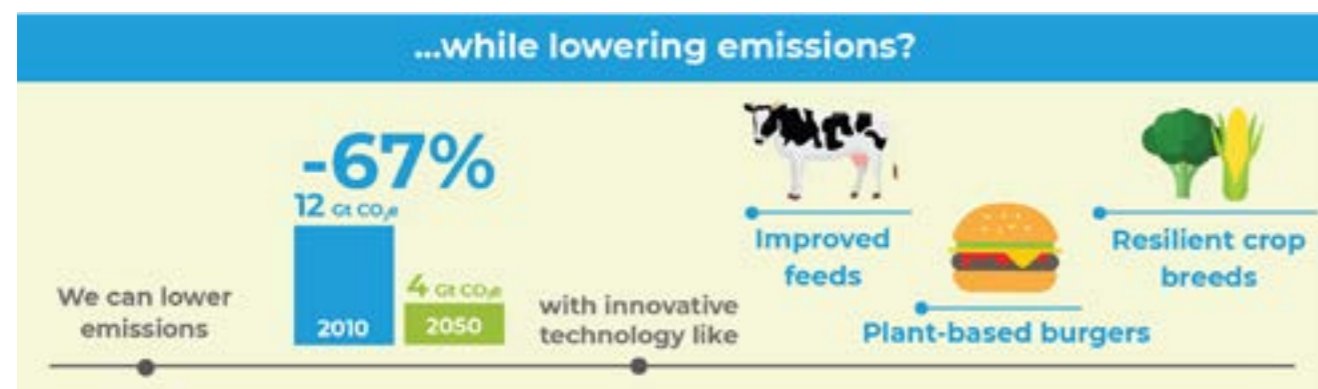
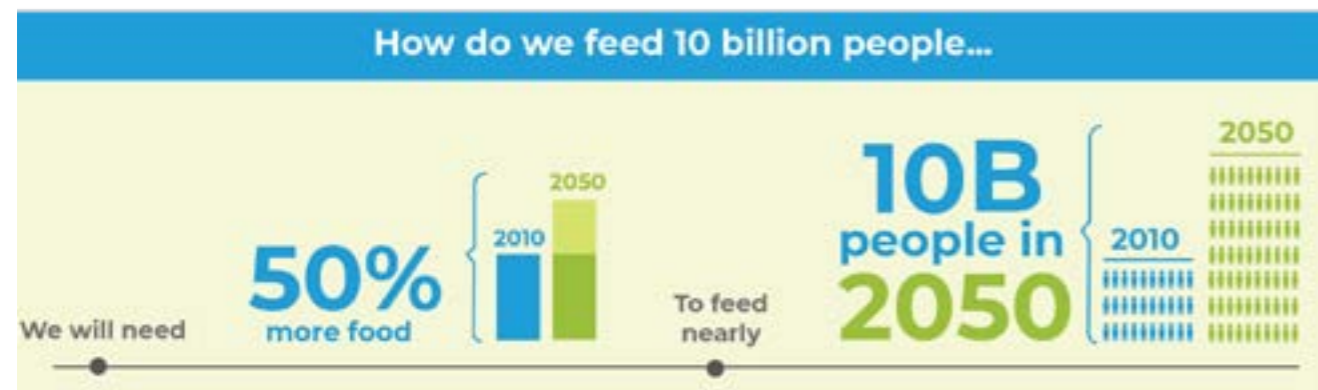


- ✗ The proportion of undernourished people worldwide increased from 10.6% (2015) to 11.0% (2016), mainly due to conflict, drought and disaster related to climate change.
- ✗ In 2017, there were 151 million children under age 5 suffered from stunting (low height for their age), 51 million suffered from wasting (low weight for height) and 38 million were overweight.
- ✗ Whilst some forms of discrimination against women and girls are diminishing, gender inequality continues to hold woman back and deprives them of basic rights and opportunities.
- ✗ Earning inequalities are still pervasive: men earned 12.5% more than women in 40 out of 45 countries with data.

## Creating a sustainable food future by 2050

In the context of conflict, climate change and inequality being increasingly complex and having unpredictable developments, the Sustainable Development Goals related to poverty, climate change, food and nutritional security, creating a sustainable food future by 2050 have become major challenges for the world.

# Creating a SUSTAINABLE FOOD FUTURE by 2050



Source: World Resources Institute

## Circular economy - Self-control key for an innovate future

Circular economic applications will help reduce the cost of business administration, increase competitiveness and lead to global development opportunities worth up to USD 4,500 billion by 2030 (according to the Circulatory Economic Practices Guidelines for CEO, WBCSD).

The circular economic model aims to effectively use natural resources throughout the value chain, from production, consumption to the recovery process, using high-tech products and services, thereby optimizing the use of resources. The key to a strong circular economy development is to balance economic benefits and environmental benefits; obtain economic efficiency but still save natural resources. In order to achieve that, the business must proceed sustainable development.

By shifting to a circular economy, the business can achieve significant benefits, including:

- ▶ Innovation and competitiveness improvement;
- ▶ Cost optimization;
- ▶ Reduction of energy consumption and CO<sub>2</sub> emissions;
- ▶ Increased efficiency of the supply chain and the resource use;
- ▶ Sustainable growth

## OUTLINE OF THE CIRCULAR ECONOMY



Source: <https://www.ellenmacarthurfoundation.org/>

## DAIRY MARKET CONTEXT

### Industry index 2018

In the context of conflict, climate change and inequality are increasingly complex and there are unpredictable incidents, achieving Sustainable Development Goals (SDGs) related to poverty, hunger, climate change, food and nutrition security, and creating a sustainable future for food before the 2050 threshold became major challenges for the whole world.

#### Vietnam economic growth rate - 2018

(Source: GSO of Vietnam)

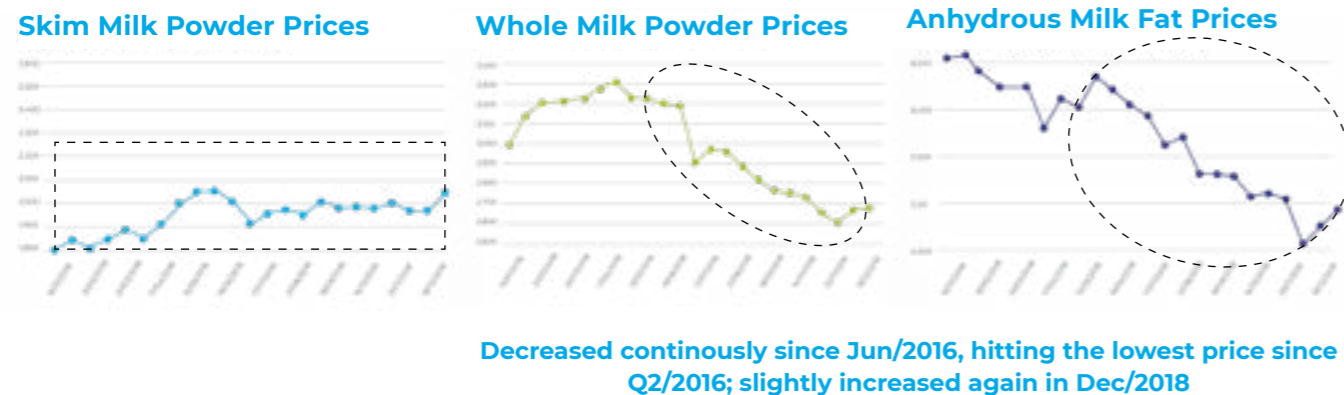


#### Exchange rate fluctuation - 2018



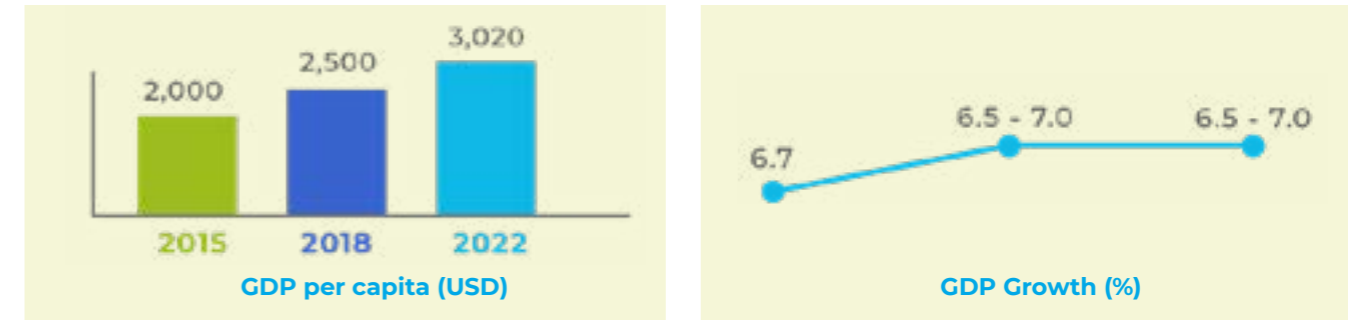
#### Fluctuation of global SMP, WMP and AMF | 2018

(Source: globaldairytrade.info)



### Trend of consumer demand

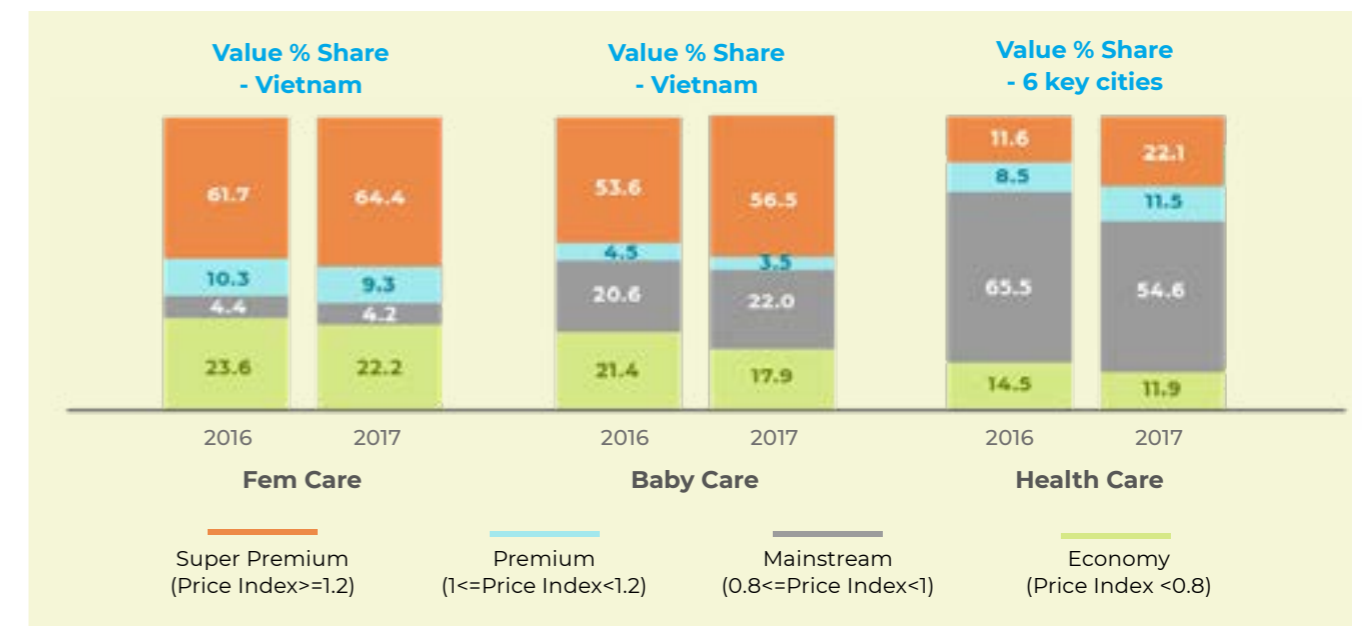
#### Increase in income & consumption



(Source: GSO of Vietnam)

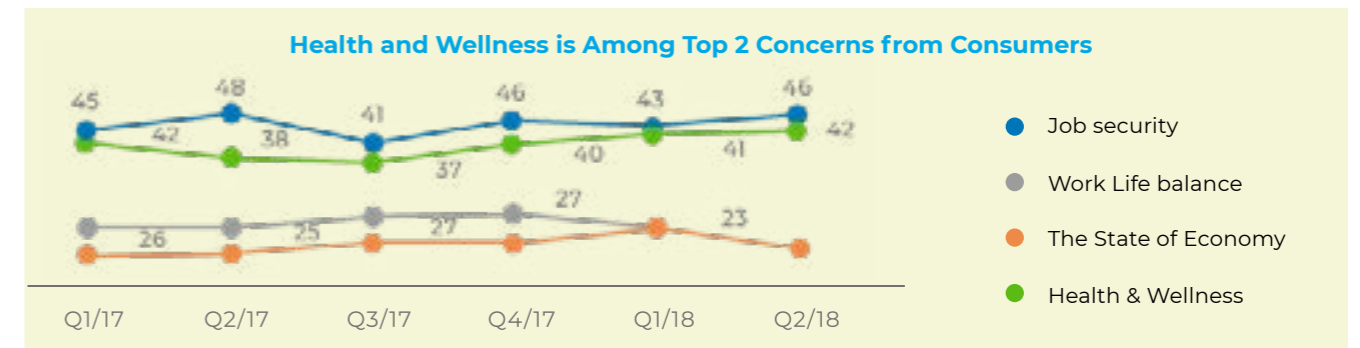


(Source: Kantar WorldPanel)



(Source: Nielsen)

#### Increasing health awareness



(Source: Kantar WorldPanel)

## Change in investment structure and distribution system infrastructure

- Modern distribution channels develop rapidly
- The explosion of e-commerce

## Competitors increase, change and expand everyday, competitiveness is getting more and more fiercely

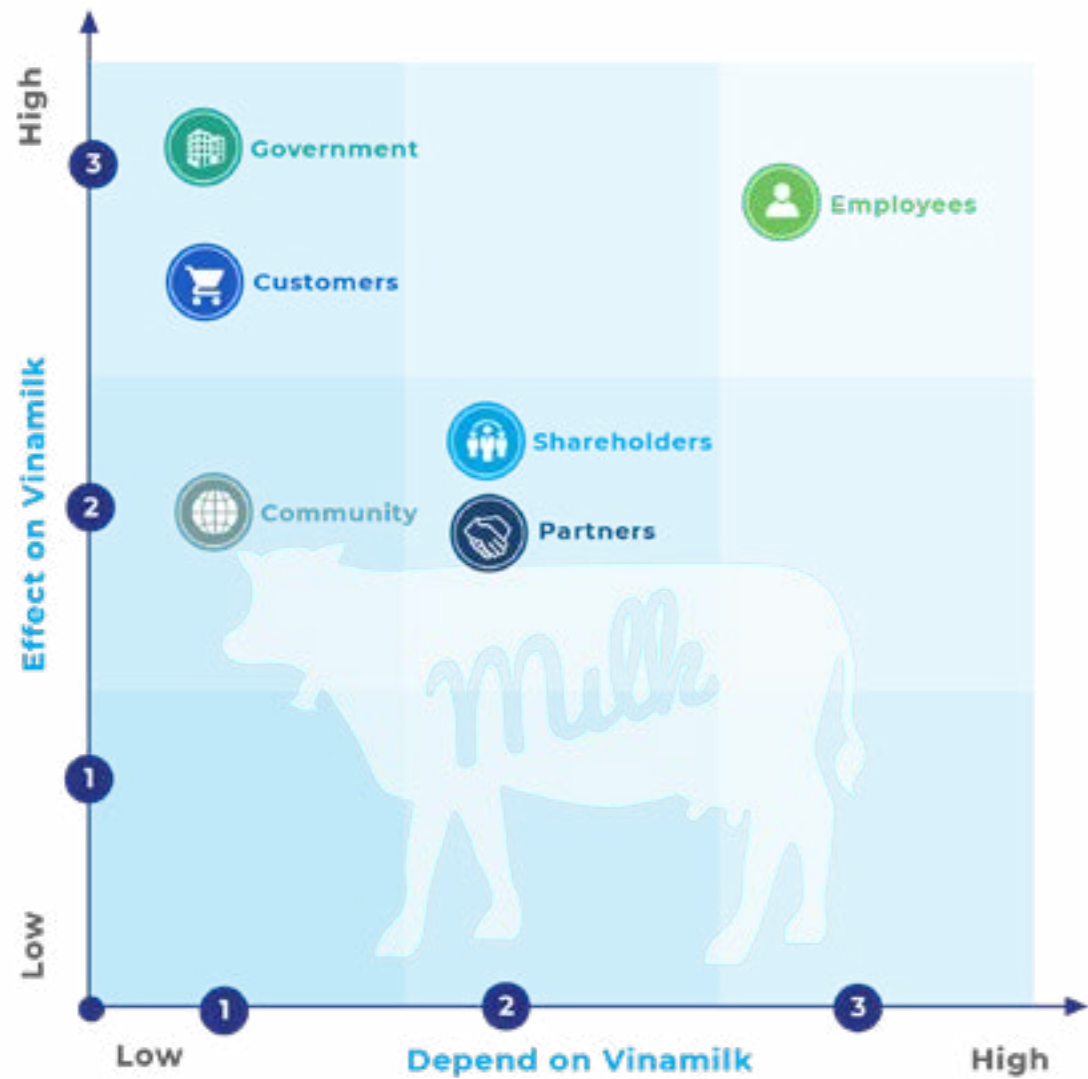
- Newly established competitors: appear more and more
- Existing competitors:
  - Dairy companies around the world expand their markets, increase investment in Vietnam market
  - Existing rivals enhance promotions, launch many new products



## ENGAGEMENT WITH RELATED PARTIES

Vinamilk's prerequisite and crucial goal is to create long-term value for related parties. To achieve that goal, Vinamilk understands the importance of maintaining effective interaction and dialogue with related parties, based on trust, transparency and upholding the corporate ethical standards.

### KEY STAKEHOLDERS OF VINAMILK



## SHAREHOLDERS



### Approach

- Directly consult through the Annual General Meeting of Shareholders.
- Collect shareholders' opinions in writing.
- Directly communicate with major shareholders through investment projects.

### Concerns

- Efficiency of investment capital use.
- Information transparency.
- Assurance of investor interests.
- Market value of the stock and the value of the business.
- Good corporate governance capacity.

## SUPPLIERS AND PARTNERS

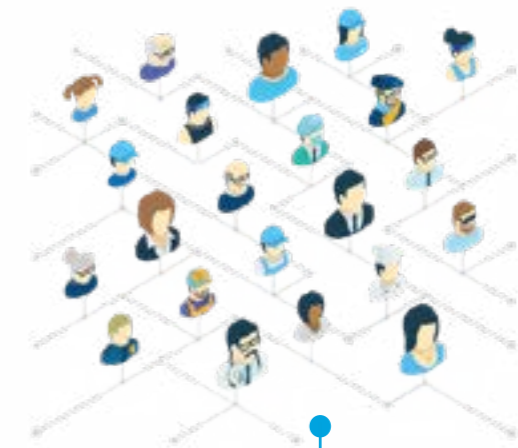


### Approach

- Evaluate suppliers and track supply process.
- Directly communicate through training sessions, training programs.
- Participate and consult ideas in seminars.

### Concerns

- Cooperation for development.
- Practical energy saving, efficient production.
- Responsible business and production.



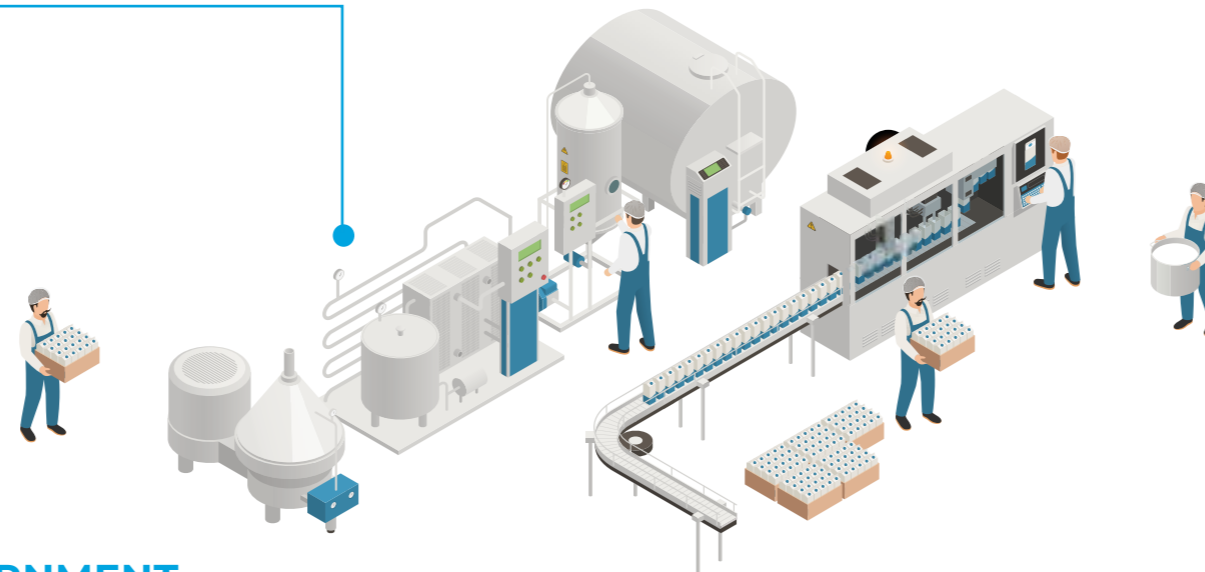
## EMPLOYEES

### Approach

- Survey all employees on the working environment: salary, bonus and welfare; work, superiors, colleagues; training and development opportunities.
- Annual employee conference, year-end summation meetings, New Year's greetings, etc.
- Training courses, knowledge updates.

### Concerns

- Safe, free, non-discriminatory work environment.
- Good welfare, income and good working policy.
- Opportunity for training and promotion.
- Achievements and contributions recorded.



## COMMUNITY

### Approach

- Directly communicate through events held in many provinces across the country.
- Coordinate with local authorities.
- Disseminate and raise awareness about sustainable development through propaganda and promotion of Vinamilk programs and activities.

### Concerns

- Contribution to the community.
- Assistance in basic living conditions for local people and construction of local facilities.
- Responsible implementation of animal husbandry, production and business, and protection of living environment.

## GOVERNMENT



### Approach

- Proactively recommend and comment on legal documents, actively interact with government to perfect the legal system.
- Actively attend and contribute ideas at conferences and seminars organized by the State.
- Pioneer in updating and applying new policies/regulations promulgated by the State.

### Concerns

- Contribution to the State budget.
- Responsible business and production.
- Implementation and support of the State's policies.
- Compliance with law.
- Development of Local economic and Dairy farming.

## CUSTOMERS

### Approach

- Collect information from salespeople/distributors.
- Support customer online and hotline.
- Survey the tastes of expert organizations.
- Survey and evaluate customer satisfaction.
- Disseminate and raise awareness on sustainable development through the use of environmentally-friendly products.
- Update and disseminate information on sustainable consumption on websites.

### Concerns

- Products with high quality, safety, nutritional value.
- A diversified product portfolio to meet the needs of different groups of customers.
- Products made at prices affordable, accessible to all customers.
- Transparent, reliable information.

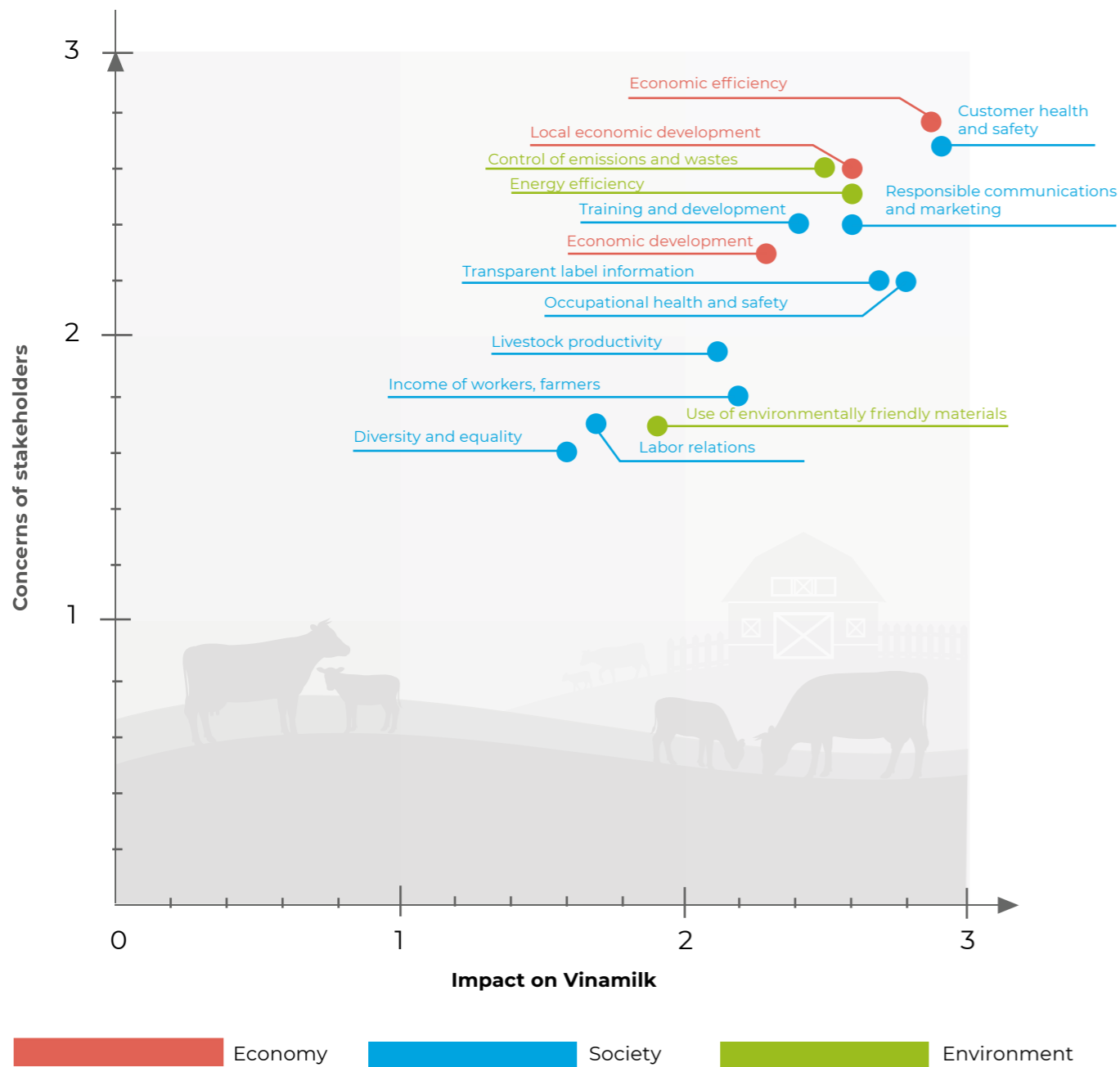




## MATERIALITY AND SUBJECT RANGES

Vinamilk offers options on the key issues in the sustainable development strategy based on an analysis of the organizational context combined with the sustainable structure of the global dairy industry. This is also the basis for making important fields of concern and action.

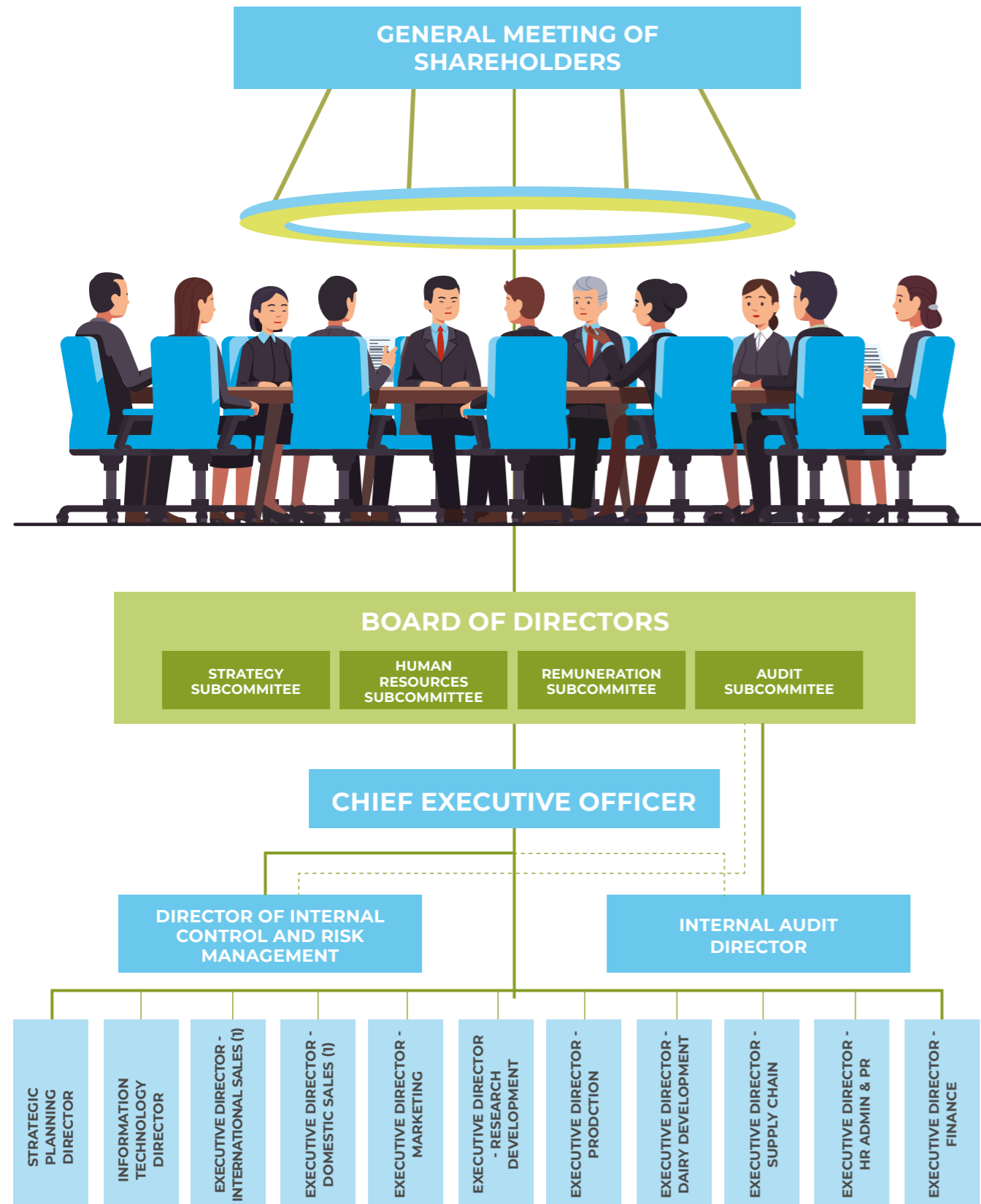
### MATERIAL SUBJECTS OF VINAMILK



	Sustainable development targets	Focus issues	Critical areas
<b>ECONOMY</b> 	Market development	Beneficially cooperate with the value chain parties through transparent and effective market development.	<ul style="list-style-type: none"> <li>Economic efficiency.</li> <li>Economic development.</li> </ul>
	Local economy	Bring economic value and industry stability to farmers and local communities.	<ul style="list-style-type: none"> <li>Local economic development.</li> </ul>
<b>SOCIETY</b> 	Labor and employment	Ensure a safe and full benefit working environment for employees.	<ul style="list-style-type: none"> <li>Income of workers, farmers.</li> <li>Occupational health and safety.</li> <li>Training and development.</li> <li>Diversity and equality.</li> <li>Labor relations.</li> </ul>
	Product liability	<ul style="list-style-type: none"> <li>Guarantee transparency and honesty throughout the supply chain.</li> <li>Ensure product safety, quality, and nutrition.</li> </ul>	<ul style="list-style-type: none"> <li>Customer health and safety.</li> <li>Transparent label information.</li> <li>Responsible communications and marketing.</li> </ul>
	Animal welfares	Make sure that the herd of cows is cared for and enjoys comfortable, adequate and favorable living conditions to optimize milk production.	<ul style="list-style-type: none"> <li>Livestock productivity.</li> </ul>
<b>ENVIRONMENT</b> 	- Emissions - Waste	Minimize, and when impossible to mitigate: Must be recycled or reused.	<ul style="list-style-type: none"> <li>Control of emissions and wastes.</li> </ul>
	- Energy - Material - Water	Control the amount of water; efficiently, economically use the energy during operation and production.	<ul style="list-style-type: none"> <li>Energy efficiency.</li> <li>Use of environmental friendly materials.</li> </ul>

# MANAGEMENT STRUCTURE FOR SUSTAINABLE DEVELOPMENT

## Organizational chart



(1): Sales Department was separated into Domestic Sales Department and International Sales Department, effective on 01/12/2018

## RESPONSIBILITIES

### THE BOARD OF DIRECTORS FOR THE 2017-2021

**10** MEMBERS  
including **3** INDEPENDENT MEMBERS  
**4** SUB-COMMITTEES

Being responsible for developing strategies and identifying priorities in business operations of the Company; orientation and management control; making decisions on key issues of the Company.

### CHIEF EXECUTIVE OFFICER (CEO)

Being in charge of organizing the management and administration of daily business and production activities; setting up and organizing the implementation of detailed business plans based on strategies and priorities adopted by the Board of Directors and the General Meeting of Shareholders.



## 7 LEADERSHIP BEHAVIORS

1. Work with KPIs, plans and reports
2. Care and motivate in time
3. Observe capacity and train immediately
4. Create a good environment and connect well both inside and outside the Department/Division
5. Need to know "bone spread" - give instructions, not do them instead
6. Be an "adult" in every act
7. Be the chief and an attendant



## Risk management framework

**Establish & orient Risk Management (RM)**  
Board of Directors (Audit Subcommittee)




**Deploy and manage RM system**  
Risk Management Council, including the CEO and Executive Directors, with support and coordination from the Internal Control and Risk Management Department



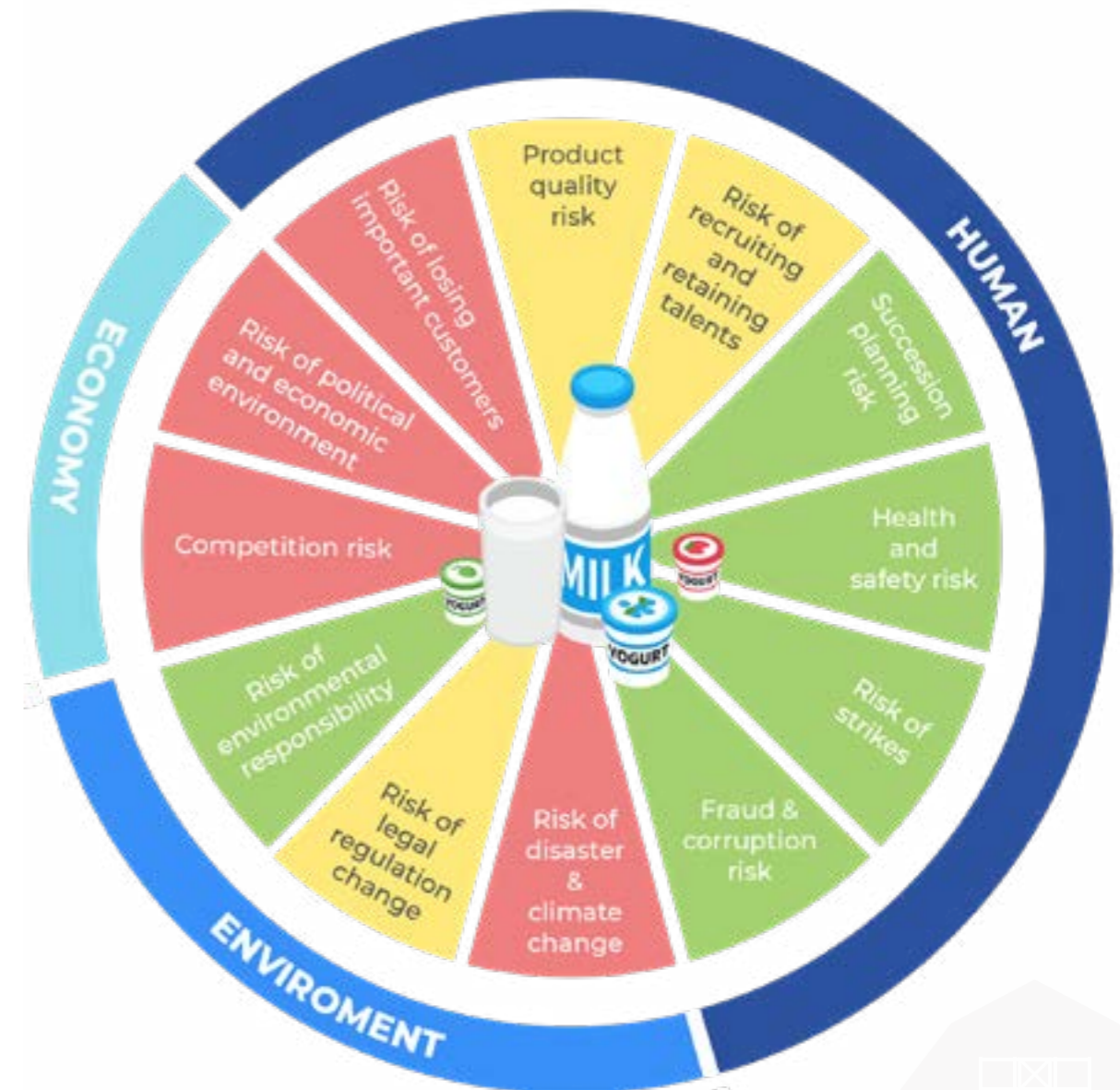
**Execute and directly manage risks**  
Risk owner



**Ensure the system is operated effectively, including the operation of the common system and the management of specific risks**  
Internal Audit Department




## MANAGEMENT OF RISKS RELATED TO SUSTAINABLE DEVELOPMENT



### Risk level classification of Vinamilk



# VINAMILK AND SUSTAINABLE DEVELOPMENT ACHIEVEMENTS IN 2018



**1 NO POVERTY**

**No poverty**

- ▶ Jobs for thousands of workers
- ▶ High income level
- ▶ Local economic development



**2 ZERO HUNGER**

**Zero hunger**

- ▶ 17.6 million products consumed per day
- ▶ Donation of more than 1.4 million milk glasses to poor children
- ▶ Budget of around 100 billion VND for School Milk Program
- ▶ 50% of the product category as complementary food



**3 GOOD HEALTH AND WELL-BEING**

**Good health and well-being**

- ▶ Occupational health and safety for employees
- ▶ Care of material and spiritual life for employees
- ▶ Nutrition advice, health awareness improvement for the Community
- ▶ Joint hands to help the Community



**4 QUALITY EDUCATION**

**Quality education**

- ▶ 632 training courses costed ~ VND 11.23 billion
- ▶ Vocational training and support for local dairy farming practices



**5 GENDER EQUALITY**

**Gender equality**

- ▶ No discrimination
- ▶ 40% of senior female leaders
- ▶ Policies and additional benefits for Female employees



**6 CLEAN WATER AND SANITATION**

**Clean water and sanitation**

- ▶ 100% of hazardous wastewater treated
- ▶ Reduced amount of water used by 1.71% compared to 2017 (at Production Department)
- ▶ Water exploitation at right allowed capacity by 100% units



**7 AFFORDABLE AND CLEAN ENERGY**

**Affordable and clean energy**

- ▶ Rate of renewable energy: 67.80 % (at Production Department)
- ▶ Testing of solar energy at Organic Dalat Farm



**8 DECENT WORK AND ECONOMIC GROWTH**

**Decent work and economic growth**

- ▶ High-income jobs for > 6,000 workers
- ▶ Export to 39 markets
- ▶ ISO 45000/OHSAS 18001 certification obtained by 13 Factories
- ▶ Dense distribution system, stretching across Vietnam



**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

**Industry, innovation and infrastructure**

- ▶ 18 initiatives applied on energy saving and sustainable development
- ▶ 100% of infrastructure evaluated and searched for new investment opportunities
- ▶ Top 10 Sustainable Development Enterprises in 2018 in manufacturing sector



**10 REDUCED INEQUALITIES**

**Reduced inequalities**

- ▶ No complaints about inequality
- ▶ No complaints about discrimination
- ▶ No forced labor, no child labor



**11 SUSTAINABLE CITIES AND COMMUNITIES**

**Sustainable cities and communities**

- ▶ 100% of output wastewater treated up to standard
- ▶ 100% of waste disposal service providers licensed



**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

**Responsible consumption and production**

- ▶ 13/13 Factories certified for FSC 22000, ISO 14001, ISO 50001, ISO 45000/OHSAS 18001
- ▶ 04 Factories assessed for social responsibility according to SMETA Sedex standards
- ▶ Compliance with laws and regulations in the field of economy, society and environment
- ▶ Transparent information to related parties
- ▶ Good customer service
- ▶ Top 10 Sustainable Development Enterprises in 2018 in manufacturing sector



**13 CLIMATE ACTION**

**Response to climate change**

- ▶ 18 initiatives applied on energy saving and sustainable development
- ▶ Creativity and application of initiatives encouraged



**14 LIFE BELOW WATER**

**Life below water**

- ▶ 100% of wastewater properly treated



**15 LIFE ON LAND**

**Life on land**

- ▶ 9 operating farms meet Global GAP
- ▶ 1 farm meets the Organic standards



**17 PARTNERSHIPS FOR THE GOALS**

**Partnerships for the goals**

- ▶ Promoting and establishing the mechanism of the dairy industry in Vietnam in exporting to China
- ▶ Sustainable companionship with suppliers, partners and livestock households



**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**

**Peace, justice and strong institutions**

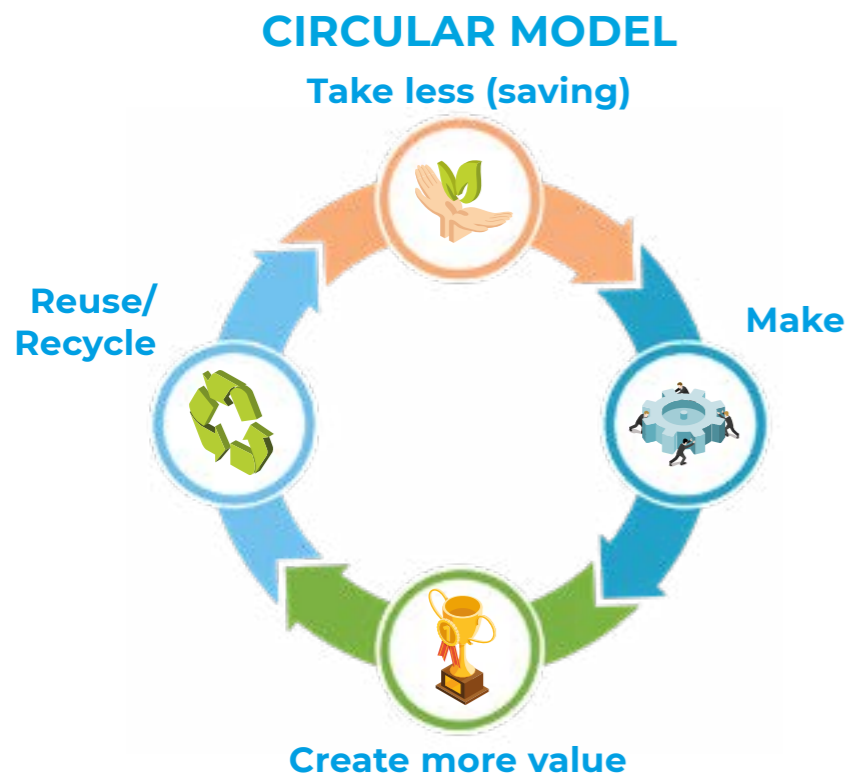
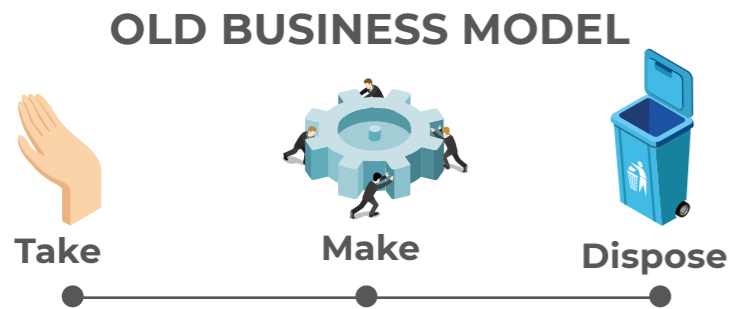
- ▶ Participation in comments on construction and adjustment of legal documents
- ▶ Assistance and companionship with the State towards sustainable development goals

## STRATEGIES AND OPERATION TARGETS

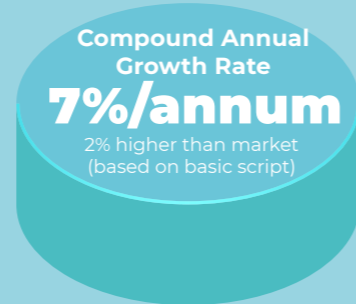
Redirecting from the old business model: Take resources -> Produce and make products -> consume and dispose, Vinamilk has been implementing a circular model with 3 strategies:

- ▶ **1. Reduce the amount of materials used, especially plastic materials or impossible/expensive to recycle**
- ▶ **2. Upgrade and replace materials with environmentally friendly materials**
- ▶ **3. Enhance reuse and recycling.**

This is an inevitable trend to harmonize business interests, environment and social responsibility, helping Vinamilk get closer to the goal of bringing more and more values to the stakeholders, leading to build a sustainable future.



## STRATEGIC OBJECTIVES 2019 - 2021



TO  
**2021**

**Continuing to maintain the No. 1 position in the Vietnam market and aims to become one of the top 30 largest dairy companies in the world in terms of revenue.**

- ▶ To hold the leading position in Vietnam's dairy industry
- ▶ To become the dairy company created the highest value in Southeast Asia
- ▶ To lead in innovation with high applicability

### Increasing in investment and production capacity

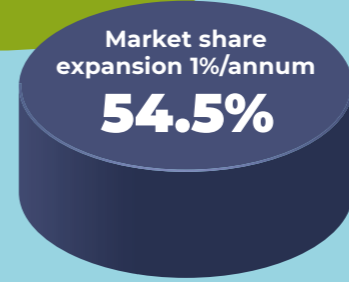
- ▶ The average production capacity increases by 2.8 million tons per annum in 2021
- ▶ As of 2021, the total herd of cows at Vinamilk's farms is expected to reach 44,400 cows. The amount of milk purchased from Vinamilk farms reaches 157,000 tons, and the amount of milk collected from dairy farm households reaches 251,000 tons.

### Investing in technology and developing core products

- ▶ To continue research and development of new products for the purpose of innovation and diversification of product portfolio on the basis of consistent with consumer tastes and needs of customers.

### Reviewing resources, Strengthening internal resources, Being ready to transform

- ▶ Orientation of Circular Economy and Technology Platform 4.0 will be Vinamilk's guideline in the long-term strategy towards implementing SDGs objectives, joining hands to build a sustainable future.



IN  
**2019**

### Change to growth

- ▶ Consolidated revenue is not lower than VND 56,000 billion.
- ▶ Earning before tax ratio is not lower 20%.

- WORKFORCE**  
Changing culture, ways of working  
→ **Compact, effective**
- PRODUCTS**  
Product development, anticipating consumer trends  
→ **Increased customer satisfaction**
- MEANS**  
Improving technology and machinery; modernizing, optimizing production capacity  
→ **Modernized and optimized production capacity**
- ENVIRONMENT**  
Actively promoting initiatives to effectively use resources and energy; being sensitive in applying advanced techniques in production and breeding  
→ **Saved energy, improved performance**
- COMMUNITY**  
Promoting sustainable development  
→ **Increased values brought to the stakeholders**

## SUSTAINABLE DEVELOPMENT REPORT

### Scope of the report

- ▶ At Vinamilk, the Sustainable Development Report is prepared annually, to present and publish official information related to the Company's sustainable development goals, orientations and activities. In 2018, the Sustainable Development Report continued being formulated separately from the Annual Report. All figures were reported for the year ended 31 December 2018.
- ▶ In this report, key areas are identified based on a combination of stakeholder interests and their impact on Vinamilk. The information presented includes management methods, goals, sustainable development orientation of Vinamilk in each period (including short and long term); Vinamilk's commitment to related parties; current status, outstanding programs and activities of the year relating to key areas; assessments and achievements of the Company in the year, the level of meeting Vinamilk's commitments and the concerns of related parties, in order to outline the overall picture of the Company's activities in the year, and sustainable development orientation for the future.
- ▶ The report is prepared in accordance with the Global Report Initiative Standards on Sustainable Development Reporting (GRI Sustainability Reporting Standards) issued by Global Sustainability Standards Board (GSSB) in 2016. This is the latest version and the highest international standard for Sustainability Reporting. In addition, some indicators are adjusted according to GRI guidelines dedicated for food industry (GRI Food Processing).
- ▶ Also presented in this report, the objectives and strategic activities in Vinamilk's orientation are also linked to the United Nations' Sustainable Development Goals (17 SDGs), the Dairy Sustainability Framework (DSF) and the United Nations Global Compact (UNGC); general information about the market, the dairy industry is also referenced from the sources reported by market research companies, such as: Nielsen, World Resource Institute...

### Units included in the report

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

- ▶ Vinamilk, including operations of Headquarter and 13 factories, 03 branches, 02 logistics enterprises and Cu Chi Raw Milk Center.
- ▶ Vietnam Dairy Cow One Member Limited Company, including 09 farms (exclusive Dairy Farms of Vinamilk Da Lat (3-Organic), Thong Nhat Thanh Hoa 1, Thong Nhat Thanh Hoa 2, Lao-Jagro Development Xiengkhouang Co., Ltd, which are under construction and have not been put fully into operation).



#### Particularly, Occupational Safety and Health Index GRI 403-2 is listed and reported for the scope of operations of:

- ▶ Vinamilk, including operations of Headquarter, An Khang clinic, 03 branches, 02 logistics enterprises and 13 factories and Cu Chi Raw Milk Center;
- ▶ Vietnam Dairy Cow One Member Limited Company, including activities of 09 farms.

### Independent Limited Assurance for the Report

In order to provide accurate and reliable information about sustainable development performance to related parties, Vinamilk's 2018 Sustainable Development Report continued to be assured by PwC Vietnam Co., Ltd. Vinamilk affirmed that there was no contradiction in the benefits of appointing an assurance service provider.

Sustainable development indicators are selected according to key areas covering specific economic, environmental and social sectors, including:

- ▶ Amount of milk purchased from local farming (kg) - GRI 203-2;
- ▶ Accident rate and total working hours lost due to accident/total working hours in the year -GRI 403-2 ;
- ▶ % of sugar reduced products and % low fat products in the product structure – GRI sector supplement – Food processing sector – GRI FP6;
- ▶ Amount of energy consumption (kg CO2) - GRI 305-2;
- ▶ Amount of energy consumption (MJ) - GRI 302-1; and
- ▶ Water and effluent:
  - % of water reused/recycled in production - GRI 303-3; and
  - Waste water discharge per sources - GRI 306-1; and
- ▶ Total weight of waste by type and disposal method - GRI 306-2.



## MEMBERS IN CHARGE OF SUSTAINABLE DEVELOPMENT PROGRAM

The CEO directs the program and assigns the participants including:

### Working environment

**Ms. Bui Thi Huong**  
General responsibility  
Executive Director of Human Resources - Administration & Foreign Affairs  
Email: bthuong@vinamilk.com.vn

**Ms. Vu Bich Nghia**  
Human Resources Director  
In charge of human resources and working environment  
Email: vbnghia@vinamilk.com.vn

**Mr. Le My Ha**  
Head of Recruitment and Labor Relations Department  
In charge of recruitment, labor management, promotion and occupational health and safety  
Email: lmha@vinamilk.com.vn

**Ms. Duong Thi Truc Ly**  
Head of Organizational Development Department  
In charge of Company's team development and training programs.  
Developing tools and criteria for evaluating employees  
Email: dtty@vinamilk.com.vn

**Mr. Do The Tuyen**  
Head of Salary & Welfare Department  
In charge of salary, bonus and welfare issues for employees  
Email: dttuyen@vinamilk.com.vn

### Product responsibility

**Mr. Nguyen Quoc Khanh**  
Executive Director of Research and Development  
Generally responsible for product issues  
Email: nqkhanh@vinamilk.com.vn

**Ms. Bui Thi Thu Hoai**  
Director of Research and Development  
Responsible for research and product development  
Email: btthoai@vinamilk.com.vn

**Ms. Nguyen Thi Hoang**  
Manager of Product Research and Development Department  
Responsible for research and product development  
Email: nthoang@vinamilk.com.vn



### Environment & Energy

**Mr. Tran Minh Van**  
Executive Director of Production  
In charge of environmental issues - energy in production  
Email: tmvan@vinamilk.com.vn

**Mr. Trinh Quoc Dung**  
Executive Director of Raw Material Region Development  
Responsible for environmental-energy issues in farm operations  
Email: tqdung@vinamilk.com.vn

**Mr. Nguyen Quoc Phong**  
Head of Energy & Environmental Management Department  
Responsible for implementation of environmental management and energy conservation activities  
Email: nqphong@vinamilk.com.vn

**Mr. Trinh Phuong Nam**  
Director of Agriculture  
Responsible for agriculture and animal health  
Email: tpsnam@vinamilk.com.vn

**Mr. Nguyen Dang Khoa**  
Technical Director of Vietnam Dairy Company  
Responsible for implementation of environmental and energy management activities at farms  
Email: ndkhoa@vinamilk.com.vn

### Coordination And Reporting Team

In charge of coordination, synthesis and reporting, including members:

**Mr. Nguyen Tuong Huy**  
Director of Internal Control and Risk Management  
Email: nthuy@vinamilk.com.vn

**Ms. Le Hoang Anh**  
Manager of System Control Department  
Email: lhanh@vinamilk.com.vn

**Ms. Ha Thi Dieu Thu**  
System Control Specialist  
Email: htdthu@vinamilk.com.vn

**Ms. Tran Thi My Hanh**  
Manager of Risk Management Department  
Email: Ttmhanh1@vinamilk.com.vn

**Ms. Nguyen Thi Thanh Ha**  
Quality Management System Specialist  
Email: nttha1@vinamilk.com.vn



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

# INDEPENDENT ASSURANCE REPORT



## To The Shareholders of Vietnam Dairy Products Joint Stock Company

We have been engaged by Vietnam Dairy Products Joint Stock Company ("Vinamilk") to perform an independent limited assurance engagement on non-financial data for the year ended 31 December 2018 selected and reported in Vinamilk's Sustainability Report 2018 (hereinafter referred to as "selected Sustainability Indicators").

### Responsibility of Board of Directors

Board of Directors of Vinamilk is responsible for the preparation of Vinamilk's Sustainability Report 2018 pertaining to the reporting scope described in pages 42-43 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 Sustainability Report 2018 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 give their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with Vinamilk's procedures on the reporting of its sustainability performance. In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

### Subject Matter

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

- ▶ Amount of milk purchased from households (kg) - GRI 203-2 (page 161);
- ▶ Injury rate and total working hours lost due to occupational accidents/total working hours in the year - GRI 403-2 (page 96);
- ▶ Percentage (%) of sugar reduced products and percentage (%) low fat products in the product structure – GRI sector supplement – Food processing sector – GRI FP6 (page 110);
- ▶ Amount of energy consumption (kg CO2) - GRI 305-2 (pages 134-135);
- ▶ Amount of energy consumption (MJ) - GRI 302-1 (pages 76-77-78); and
- ▶ Water and effluent:
  - Percentage (%) of water reused/recycled in production - GRI 303-3 (page 80); and
  - Waste water discharge (m<sup>3</sup>) per sources - GRI 306-1 (page 133); and
- ▶ Total weight of waste (m<sup>3</sup>) by type and disposal method - GRI 306-2 (page 136).

Our limited assurance engagement has been undertaken in respect of the selected Sustainability Indicators for the year ended 31 December 2018 as reported in the Sustainability Report 2018 only. Our limited assurance has not been provided for information or data pertaining to earlier periods or any other elements included in the Sustainability Report 2018 and, therefore, do not express any conclusion thereon.

### Criteria

The Subject Matter above has been assessed according to the criteria set forth in the defined procedures by which the environmental and social data are gathered, collated and aggregated internally as part of the data management of Vinamilk following the Global Reporting Initiative Standards and pertaining to the reporting scope described on pages 42-43 of Vinamilk's Sustainability Report 2018.

### 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; and
- ▶ 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 the selected Sustainability Indicators as presented in Vinamilk's Sustainability Report 2018, have not been fairly stated in accordance with its internal policies, reporting scope and principles on sustainability reporting for the year ended 31 December 2018 as presented on pages 42-43.

### Use of Our Report

This report is addressed to the Board of Directors of Vinamilk in connection with reporting on the selected Sustainability Indicators in Vinamilk's Sustainability Report 2018 and should not be used or relied upon for any other purposes. Our report is not to be disseminated to any third party in whole or in part. Accordingly, we will not accept or assume any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

### Other Matter

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

The maintenance and integrity of the Vinamilk website is the responsibility of the management; the work carried out by the assurance provider does not involve consideration of these matters and, accordingly, the assurance provider accepts no responsibility for any differences between selected Sustainability Indicators of Vinamilk on which the assurance report was issued and the information presented on the website.

For and on behalf of PwC (Vietnam) Limited

**Hoang Duc Hung**  
Deputy General Director



Authorised signatory  
Ho Chi Minh City, Vietnam  
9 April 2019



## WHAT WE TAKE AND PRESERVE

- **Workforce: From strong human resources** 50
- **Materials: quality, organic and environmentally friendly** 56
- **Energy - Natural Resources** 68
- **Modern technology** 82



## Workforce: From strong human resources



## FROM STRONG HUMAN RESOURCES PERSONNEL REQUIREMENTS



### “CREATIVITY IS A VITAL FACTOR”

*Mai Kieu Lien  
Vinamilk's CEO*

“**Straightforward, responsible, and excellent** for the collectivity to reach out

Do our best, where the passion of sublimation is home

We are **creative, cooperative** and regard one another as brothers

To bring the shared **results**, we rise forever and ever”

*(Excerpt from the song  
“Everyone is a Pilot” by  
Vinamilk crew)*

Quality human resources are the foundation for sustainable development. Therefore, Vinamilk always attaches importance to quality and transparency in recruitment. The evaluation of candidates is committed to be fair, accurate and appropriate based on diverse, effective, quality recruitment resources and regularly updated to suit the development of the human resource market and the requirements of the work and the needs of the Company.

Recruitment policy: **“When there is a demand for recruiting employees, the Company will give priority to recruiting workers in the localities where the Company’ business places are located to create more jobs for local workers, at the same time, to stabilize the Company’s labor force.”**

Statistics of number of employees	Male	Female	Total
<i>Statistics by labor contract</i>	5,133	1,604	6,737
Indefinite term	4,291	1,366	5,657
Definite term of 1 - 3 years	800	220	1,020
Seasonal, short term contracts	3	5	8
Probationary contracts	39	13	52
<i>Statistics by industry</i>	5,133	1,604	6,737
Processing (at the Factories)	1,753	224	1,977
Sales	361	40	401
Support activities (administrative, office, accounting, etc.)	2,525	1,135	3,660
Agricultural activities (at the Farms)	494	205	699
<i>Statistics by age</i>	5,133	1,604	6,737
+ Age <30	1,188	404	1,592
+ Age of 30 to 40	2,365	702	3,067
+ Age of 40 to 50	1,196	394	1,590
+ Age over 50	384	104	488

Component of management levels	Male	Female	Total
<i>Statistics by age</i>	586	198	784
+ Age <30	48	19	67
+ Age of 30 to 40	187	69	256
+ Age of 40 to 50	267	80	347
+ Age over 50	84	30	114
<i>Statistics by industry</i>	586	198	784
Processing (at the Factory)	170	35	205
Sales	36	2	38
Support activities (administrative, office, accounting, etc.)	354	158	512
Agricultural activities (Farms)	26	3	29

## Strict requirements on occupational health and safety working environment

Occupational health and safety are the prerequisite for an ideal working environment. At Vinamilk, safety and health risks are considered by Vinamilk to be a critical risk and strictly controlled according to OHSAS18001:2007 standards. Labor safety control and enforcement results are reported to the Board of Directors under the supervision of the Risk Management Subcommittee. Since then, the Company has issued regulations on advanced safety practices, training and implementation guidance for employees, and implemented periodic assessments to ensure that labor safety is strictly followed and effective.

Current controlling labor safety at the Units:

- ▶ Establishing the grassroots labor safety and hygiene council, establishing hygiene and safety teams, assigning staff to work in safety and health.
- ▶ Making annual plans on occupational safety and health, risk analysis related to occupational accidents and occupational health and providing measures to improve and eliminate root causes in a timely manner.
- ▶ Providing adequate personal protective equipments protection equipment and mandatory compliance during the implementation of the work.
- ▶ Conducting periodic health examination and examinations for occupational disease risk detection for workers.
- ▶ All employees at Units must be trained on occupational safety and hygiene; proactively detect, prevent and comment on working conditions and safety and health.
- ▶ Performing self-inspection, monitoring and evaluation of daily, monthly, and annual safety tasks at each Unit.
- ▶ Implementing periodic assessment programs (every 6 months) for occupational safety and health of the company level for Units.

## Orientation of human resource development

Vinamilk always strives to bring the best working conditions, meeting the employees' concerns, including:

- ▶ Safe, free, non-discriminatory work environment
- ▶ Good welfare, income and good working policy
- ▶ Opportunities for training and promotion
- ▶ Proper recognition of Employees' achievements and contributions.

## Vinamilk's commitments



Transparency and equality in recruitment, building talented and effective staff



Ensuring safe working conditions, equal freedom and occupational health care



Creating jobs that bring good income, provide welfare regimes, take care of material and spiritual life for employees



Constantly improving the working environment, creating learning and development opportunities for employees

## Focus on 4 aspects

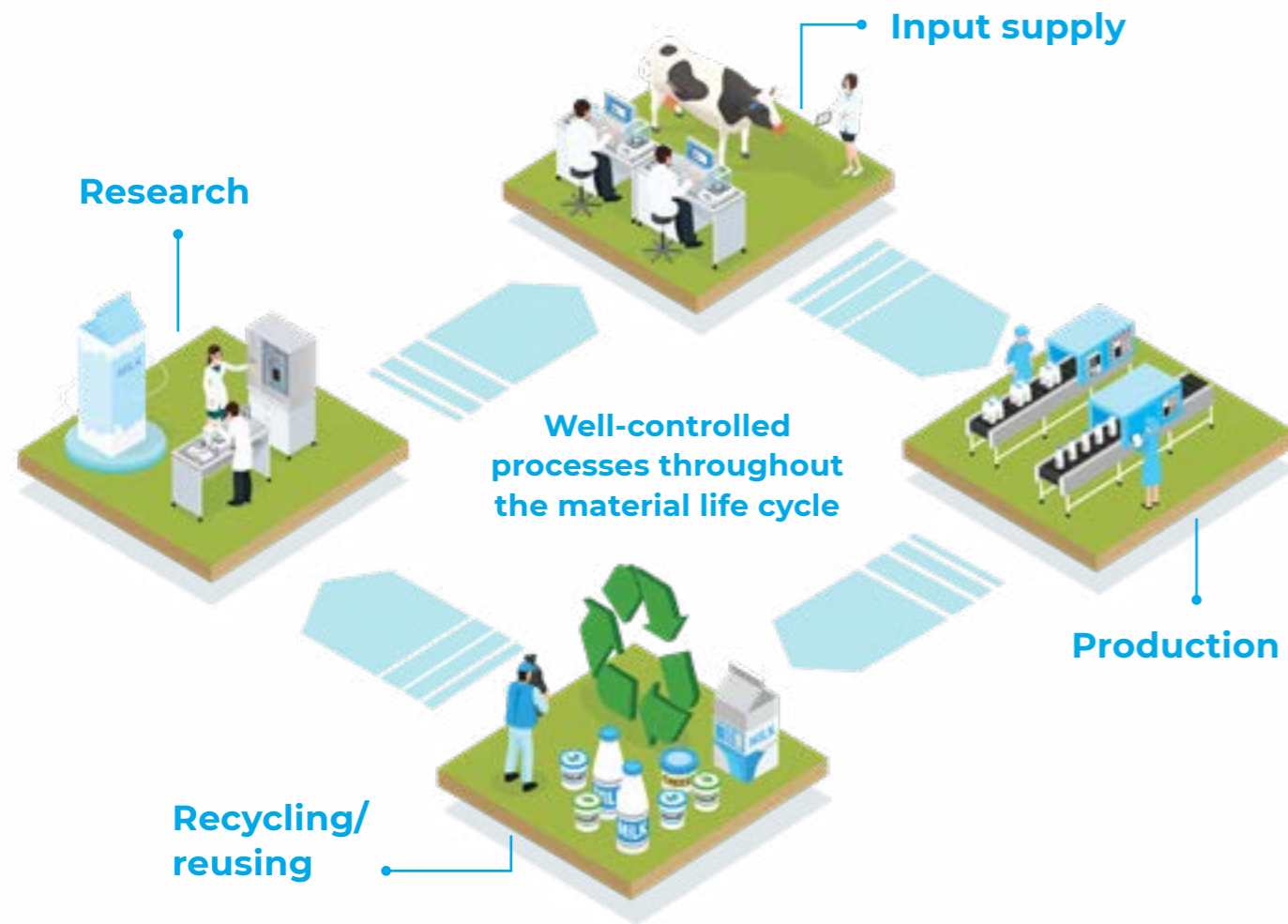


# Materials: Quality, Organic, Environmentally Friendly

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## MATERIALS



### Research

#### Towards using organic and good-for-health ingredients

##### Organic ingredients

- ▶ Grasping the development trend of organic product lines in the world, Vinamilk has researched and searched for quality organic materials, while contributing to encourage suppliers to follow the common organic trend. So far, Vinamilk has launched many organic products: respectively, from fresh milk, yogurt to infant formula milk powder and cereal powder.
- ▶ In 2018, Vinamilk had 5 more factories achieving organic certification, including: Lam Son, Tien Son, Nghe An, Vietnam Powdered Milk, Dielac Dairy Factory.

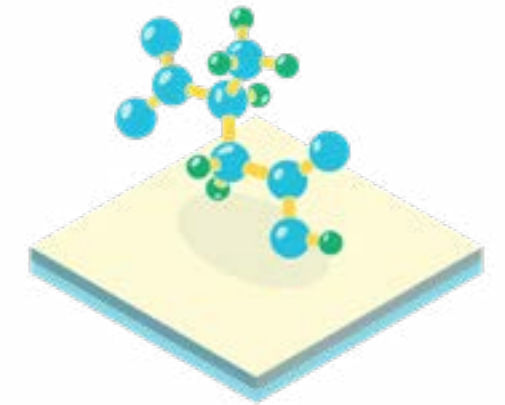


**5 factories**  
achieving organic  
certification

##### A2 milk material

- ▶ On July 2018, Vinamilk shipped the first batch of A2 milk, pioneering in the production of pasteurized and sterilized A2 milk with superior quality, meeting the increasingly high and diverse nutritional needs of the consumers in Vietnam.
- ▶ A2 milk cows produce milk with Beta-casein A2 protein only, unlike normal cows which provide 2 types of Beta-casein proteins A1 and A2. The Beta-casein A2 protein reduces stomach upset symptoms such as flatulence, diarrhea, and is more easily absorbed by some people who do not digest well Beta-Casein A1 in normal fresh milk.

All A2 cows were DNA tested and purely certified A2 by New Zealand genetic testing centers and Livestock Improvement Corporation (LIC).



**Protein Beta Casein A2**



**Reduce sugar  
lower fat  
better for health**

##### Good-for-health ingredients

- ▶ Ingredients is also selected and balanced in product's content to the aims of producing reduced sugar and reduced fat products for better for health.
- ▶ Natural sources or Nature-identical flavoring are prioritized to be used, restricting synthetic materials

#### Prioritize to use recyclable materials and Reduce packaging materials usage

- ▶ Using paper packaging made from Tetra Brick Aseptic Edge technology of Tetrapak, the packaging can be fully recycled and FSC certified (awarded by the international non-profit organization The Forest Stewardship Council) - certification of products offering environmental, economic and social benefits.
- ▶ Deployment of reducing plastic packaging material usage to reduce the burden of plastic waste pollution to the natural environment (from February 2019)
- ▶ Reducing plastic scoops in the yoghurt box: from 40 scoops to 20 scoops/box
- ▶ Orientation to remove the label layer on the bottle cap of ICY 500ml and ICY 360ml products, expected to be deployed in quarter 2/2019



**Tetra Brick Aseptic Edge technology**

## Input supply

### Quality control of raw milk

For raw milk from Vinamilk farm system:



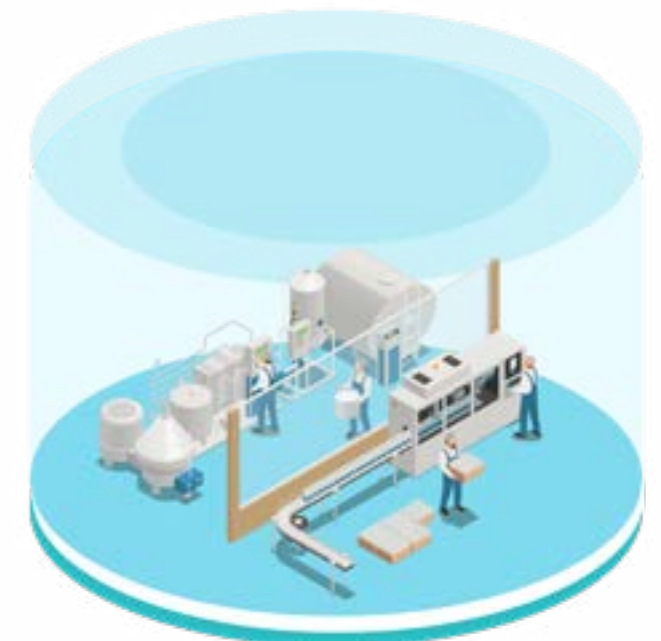
- ▶ **BREED:** Vinamilk pays attention right from the selection of breeding dairy cows. All dairy cows at Vinamilk are purebred HF selected and imported directly from Australia, USA, and New Zealand.
- ▶ **THE RATIONS:** for cows are established by Vinamilk under the advice of a foreign nutritionist and blended according to TMR (Total Mixed Ration) method, ensuring adequate and balanced nutritional components in accordance with daily needs of each cow group, including: **Energy - Protein - Fat - Vitamin - Mineral**



**GLOBALG.A.P**

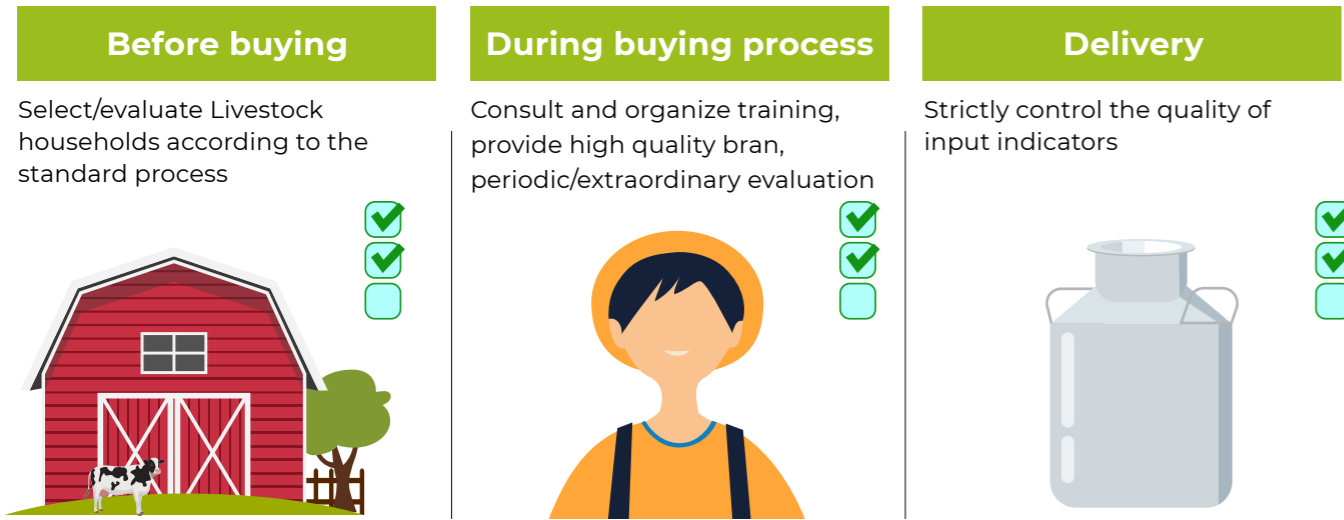
- ▶ Mixed feed is produced from GlobalG.A.P standard suppliers according to the diet formulated by Vinamilk.
- ▶ Green feed is strictly controlled from the time of planting until harvest.
- ▶ All ingredients are controlled in input quality and can be traced.

- ▶ Quality of raw fresh milk is controlled in a systematic and strict way, ensuring quality and meeting strict standards of Food Safety and Hygiene.



## Quality control of raw milk

### For raw milk purchased:



▶ Before signing the Purchasing Contract, Vinamilk always surveys and assesses the conditions of feeding, cage sanitation, environment, full vaccination of Livestock Households.

▶ Support Livestock Households to improve milk quality through advisory activity, technical assistance, improvement of farming processes in accordance with local weather and soil conditions, and provide quality feed for cows.

▶ Maintain a supply of quality feed for dairy cows with stable prices

▶ Cu Chi Raw Milk Center comes into stable operation. The center is the focal point for purchasing, controlling the quality of milk from livestock households and distributing to manufacturing factories, limiting the quality risks compared to purchasing through transfer stations like before.

▶ Cu Chi Raw Milk Center is ISO 9001: 2015 certified



## Control of material suppliers on the basis of risk management

### Before buying:

**Evaluate Material Risk:** Select Suppliers (preferably international standards of food safety certification (FSSC 22000/BRC/IFS/SQF) accredited by GFSI (Global Food Safety Initiative)



**Assess Suppliers with criteria for Food Safety and Quality such as:** quality status; physical, chemical, biological hazards; danger of tampering ... In addition, Suppliers are evaluated in the following aspects: Environmental Protection; ensuring health safety for workers; towards social responsibility ...

### During buying process:

▶ Control 100% of input materials and monitor the supply process

▶ Assess Suppliers' Risk Level

▶ Determine the appropriate way and frequency of supplier control

▶ Criteria for evaluating suppliers of materials are built, reviewed regularly to improve and meet the quality requirements increasingly strict of the Company.

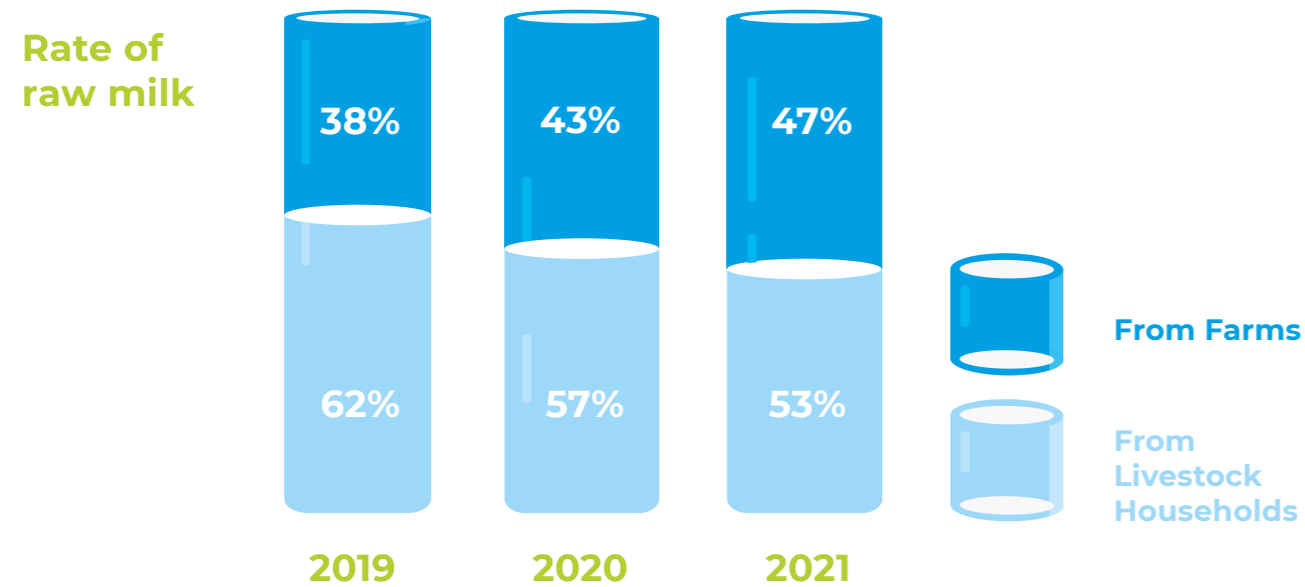
▶ The supplier's evaluation program is planned annually. Suppliers are assessed, reviewed during the period of supplying. Auditors are trained methodically in knowledge and skills, many of whom have obtained PCQI certification - a training certificate on FDA's Food Safety Modernization Act.





## Being active in sources of raw milk - quality control

Vinamilk aims at expanding and enhancing productivity in livestock activities to meet the growing demand for raw milk. The roadmap for supplying raw milk for the period of 2019-2021 is as follows:



► In order to achieve this roadmap, the existing farms such as Tay Ninh and Organic in Da Lat and Thong Nhat - Thanh Hoa farms are completed in construction and expanded. Moreover, the orientation of developing more farms in Laos, Quang Ngai and some localities with appropriate soil.

► By taking the initiative in supply, Vinamilk aims to proactively control the quality, raise the standard of raw fresh milk to international level through the system of high-tech farms and the international quality management system such as ISO 9001:2015, GlobalG.A.P and Organic.



## Production - Saving and using materials efficiently

Enhancement of performance, productivity and quality



Reasonable production planning



Reduction of small production lots



Well-controlled processes, defect reduction



Continuous improvement, performance enhancement

Vinamilk continuously encourages all employees to contribute initiatives in economical and efficient use of materials to optimize production costs. At the same time, Vinamilk mobilizes Factories to implement the movement to save materials and effectively use labor, maximize the productivity.

Unit	% material savings compared to 2018's quota	% direct labor savings compared to 2018's quota
Binh Dinh Dairy Factory	0.17%	11.8%
Can Tho Dairy Factory	0.17%	10.3%
Dielac Dairy Factory	0.05%	3.2%
Lam Son Dairy Factory	0.21%	6.4%
Saigon Dairy Factory	0.23%	12.8%
Thong Nhat Dairy Factory	0.75%	7.5%
Tien Son Dairy Factory	0.37%	5.9%
Truong Tho Dairy Factory	0.16%	3.1%
Vietnam Dairy Factory	0.13%	0.8%
Vietnam Powdered Milk Factory	0.18%	0.4%

### Initiatives for efficient use of materials: Automatic bran silo system, minimizing the amount of packaging used for bran

In 2018, the whole farm system were invested with a system of bran Silo with fully automatic operation system to shorten the operation time, reduce labor costs, operating costs for food mixing, save packaging costs, and ensure quality is not affected by the weather.

## Utilization and Recycling

Vinamilk is always aware that any production activities have impacts on the surrounding environment. Therefore, Vinamilk always strives to find solutions to minimize adverse impacts on the environment and find ways to effectively use resources and energy. All solutions are aimed at the main purposes: efficient use of inputs (materials, energy, water sources) and control of output factors to minimize environmental impacts.

In the process of investing in machinery and equipment, Vinamilk invests in a bottle blowing line using plastic bottles that do not meet the external shape requirements during bottle blowing/extrusion and re-uses at the inlet of the bottle production process. The production process complies with the supplier technology designed for the line, quality assurance and food safety. Currently, Vinamilk uses HDPE plastic only from the process of producing bottles for recycling and putting into use.



**Damaged plastic bottles**

**Crushing with crusher**

**Feeding in bottle extrusion stage (middle layer of bottles)**

With the multi-layer bottle design, the plastic obtained by damaged bottles will be collected and fed into the mill to be crushed to an appropriate size. This powdered portion will be blended into the middle bottle layer in the extrusion phase for Vinamilk's multi-layer bottle design. The outer and inner plastic part of the bottle uses a white plastic layer from the original material.

Thus, the amount of damaged material in the production process will be reused in the most efficient way.



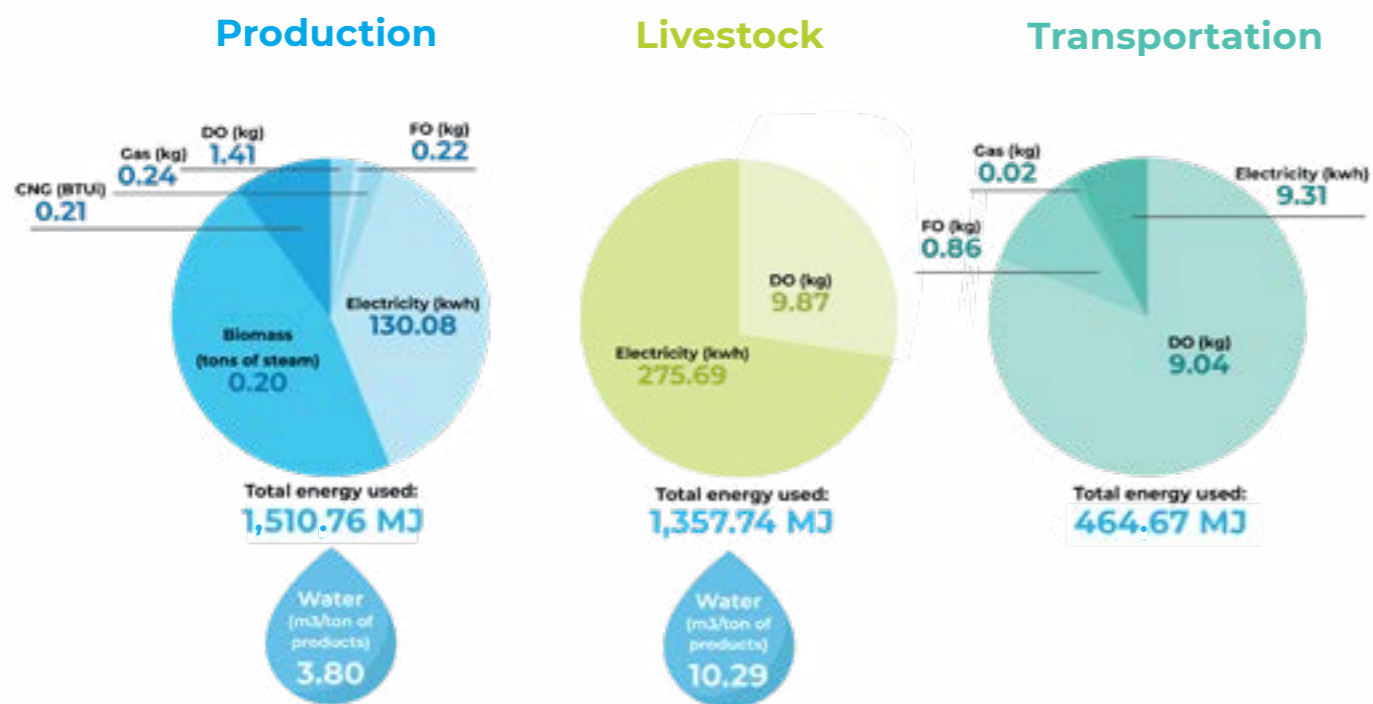
## Energy - Natural resources



## ENERGY - NATURAL RESOURCES



### Take



STRUCTURE OF ENERGY-RESOURCE USE PER TON OF PRODUCTS IN LIVESTOCK - PRODUCTION - TRANSPORTATION CHAIN 2018

### Use

Livestock	Production	Transportation
Application of technology 4.0 in livestock activities	ISO 50001 certified for energy management system	Use of electric forklift Roadmap for replacing all current forklift with electric vehicles during 2018-2020
Breeding according to GlobalG.A.P and Organic standards	ISO 14001 certified for environment management system	Equipped with intelligent warehouse
Pilot use of solar energy	18 energy-environment initiatives	100% of transportation suppliers being evaluated for environmental criteria, waste management
Investment in modern and environmentally friendly technology, machinery and equipment	Application of 4.0 technology in production	
Planting 64,000 trees to protect erosion and regulate underground water levels	Investment in modern and environmentally friendly technology, machinery and equipment	
	5 Factories using CNG	

### Reuse, Recycle

Livestock	Production
100% of farms invested in waste treatment technology using Biogas anaerobic technology	
100% of output wastewater treated and reused	Recovery and reuse of water
Soil regeneration with crop rotation of legumes	9 Factories using energy from Biomass
Hot water heating system using Biogas energy in Tay Ninh Dairy Farm	
Pioneer in organic farming field	

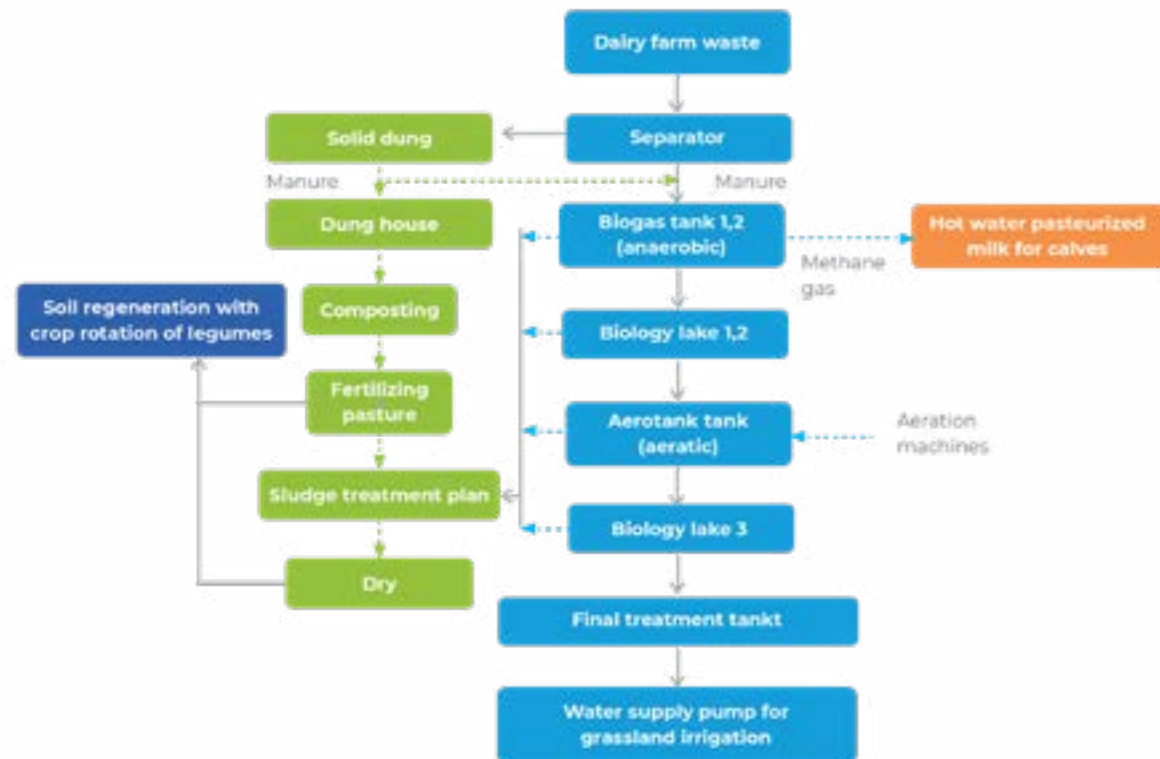
## Circular economy orientation in using energy resources

### Circulatory cycle in green agriculture

Land and Water are inestimable natural resources to which Vinamilk always respects. To keep these values, Vinamilk applies clean farming and green agriculture in the circulation.

The green agricultural cycle with a focus on biogas technology brings numerous benefits to Vinamilk and the environment:

- ▶ **About energy:** Creating clean and renewable energy sources with economic value
- ▶ **About environment:** conditioning the air to protect the environment, and reducing greenhouse gas emissions, reducing the direct discharge of waste into the environment
- ▶ **About land, surface water and groundwater:** improving microbiology, organic waste treatment, organic substances from manure converted into nitrogen-containing nutrients are minerals - easily absorbed by plants, protecting soil from discoloration and reducing soil, surface water and groundwater pollution. The sludge and liquid waste are used to make fertilizer to enhance crop yield and increase soil fertility.



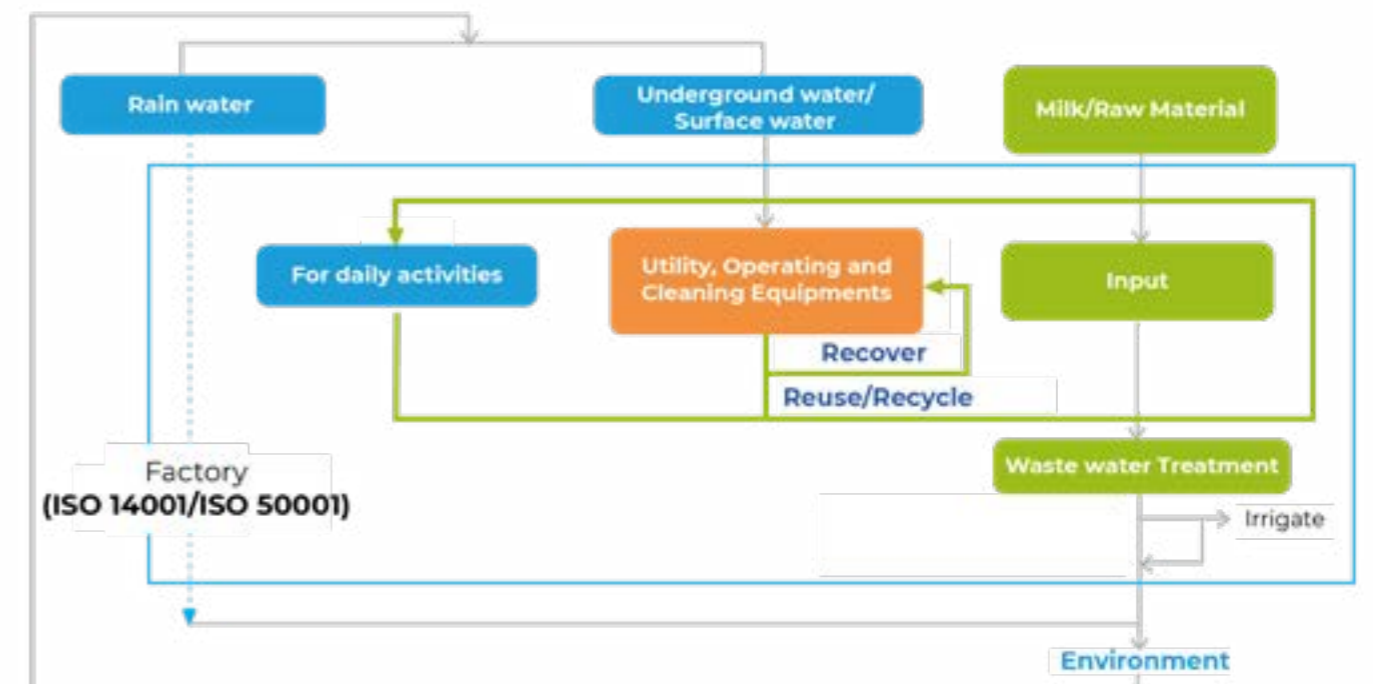
#### Land regeneration activities:

- ▶ Preserve the nature of land by organic livestock
- ▶ No chemicals in food and beverages.
- ▶ No use of pesticides and chemicals in forage field.
- ▶ Nitrogen content of soil must be controlled as requirements of Organic EU standards.
- ▶ Planting legumes to improve soil on organic farm land. Besides, Vinamilk also actively plants trees to prevent soil erosion and regulate groundwater levels.

- ▶ 100% of farms invested in waste treatment technology using Biogas anaerobic technology
- ▶ 100% of output wastewater was treated and reused
- ▶ Hot water heating system using Biogas energy in Tay Ninh Dairy Farm

### Water recirculation in production activities

- ▶ Water - an essential resource for human life, sustainability of all countries and a top priority for sustainable development. Water is also an important factor in ensuring food security, energy security and industrialization and modernization of the country
- ▶ At present, about one-third of the countries in the world suffers from water shortages and by 2025 this number will be two-thirds with about 35% of the world's population falling into serious water shortage.
- ▶ Recognizing and appreciating the value of water resources, Vinamilk always uses water economically and effectively, performs overall management of activities and deploys a series of programs, initiatives for saving, recovering and reusing water sources.



**Solutions and initiatives for saving water resources**

No.	Solutions and initiatives for saving water resources	Saved cost (million VND/year)
1	Renovation of CIP regime for UHT 15 tons/h	18.4
2	Recovery of cold water at 2 dispensing machines A3	56.8
3	Renovation of heat exchanger system at two machines UHT1+UHT2	183.9
4	Reuse of treated wastewater to water ornamental plants	74.3
5	Shortening of Fino milk mixing time	14.4
6	Equipment CIP water saving improvements for CIP 2 and CIP 3 centers	58.1
7	Improvement of return cold water pump to pasteurization system H45	18.1
<b>TOTAL</b>		<b>424.0</b>

**Orientation of renewable energy - Biomass energy**

“Vietnam’s national energy development strategy to 2020, vision to 2050” has set the target of new and renewable energy sources reaching about 11% of the total primary commercial energy by 2050.

**Green energy and renewable energy are the main energy sources in production activities at Vinamilk**

Unlike fossil fuels (coal, oil), outputs after Biomass fuel combustion process have the main components contained in ash that are residual Carbon, Silica, trace metal, etc. Pollutants such as sulfur, nitrogen produce virtually negligible emissions of SOx and NOx.

Type of fuel	Unit	Emission factor			
		Dust	SO <sub>2</sub>	NOx	VOC
Biomass	Kg/ton	3.6000	0.0075	0.3400	0.8500
FO	Kg/ton	0.4400	0.6000	7.0000	0.1630
DO	Kg/ton	0.2800	0.0100	2.8400	0.0350
Coal	Kg/ton	0.1240	0.3900	9.0000	0.0550
Liquefied petroleum gas (LPG)	m <sup>3</sup>	0.0310	0.0040	1.5100	0.0600

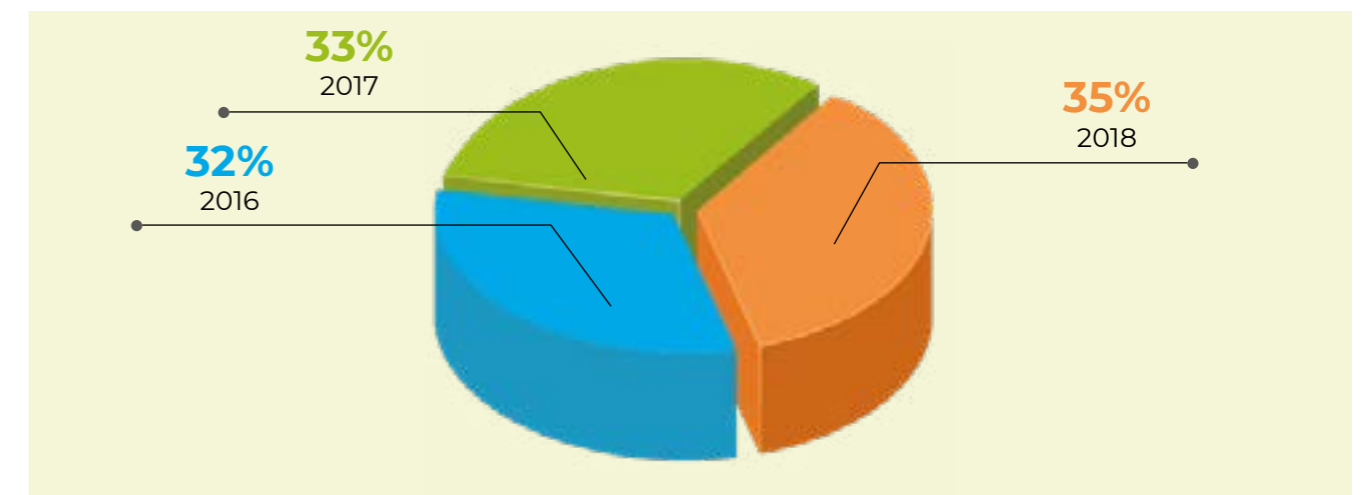
**Table of emission factor when using 1 ton of burning material for boiler**

Source: World Health Organization (WHO) - 1993

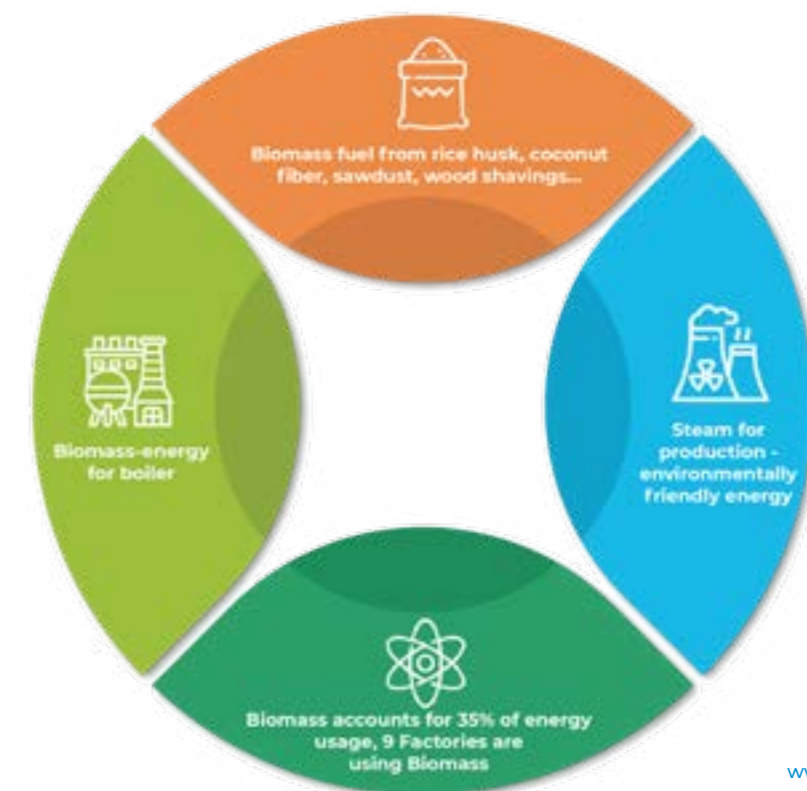
Vinamilk affirmed its pioneering role in reducing Carbon Footprints in operation and business and accompanying the government in implementing the “Development of Vietnam National Energy Strategy to 2020, vision to 2050” through activities:

- ▶ Continuing to maintain the central role of energy from saturated steam and CNG in production, the energy sources account for a large proportion in production.
- ▶ Application of the latest technology from Japan for Biomass fuel boiler, ensure dust after passing the treatment system to be discharged into the environment meeting the standard of QCVN19: 2009/BTNMT - Column B National Standard on industrial emissions of dust and inorganic substances.

**ALLOCATION OF BIOMASS FOR USE IN PRODUCTION 2016-2018**



**GREEN ENERGY CYCLE**



## Statistics on energy-resource use in 2016-2018

### Livestock activities

Reporting criteria	2016	2017	2018
<b>Energy</b>			
<b>DO (kg)</b>	366,541	574,405	790,488
<i>Average (kg)/ton of products</i>	6.63	8.05	8.49
<b>Electricity (kwh)</b>	12,748,370	20,998,531	25,667,877
<i>Average (kwh)/ton of products</i>	248.03	294.20	275.69
Total energy consumption (MJ)	60,563,526	100,306,843	126,410,734
<i>Average (MJ)/ton of products</i>	1,178.30	1,405.30	1,357.74
<b>Resource</b>			
<b>Water (m<sup>3</sup>)</b>	637,744	1,069,543	958,349
<i>Average (m<sup>3</sup>)/ton of products</i>	12.41	14.98	10.29



### Production activities

Reporting criteria	2016	2017	2018
<b>Energy</b>			
<b>DO (kg)</b>	1,468,363	1,606,219	1,638,192
<i>Average (kg)/ton of products</i>	1.40	1.40	1.41
<b>FO (kg)</b>	1,277,824	388,073	258,284
<i>Average (kg)/ton of products</i>	1.22	0.34	0.22
<b>Gas (kg)</b>	261,971	283,826	285,038
<i>Average (kg)/ton of products</i>	0.25	0.25	0.24
<b>Electricity (kwh)</b>	144,360,370	148,632,261	151,636,749
<i>Average (kwh)/ton of products</i>	137.61	129.82	130.08
<b>Biomass (Tons of steam)</b>	216,133	219,414	233,381
<i>Average (tons of steam)/ton of products</i>	0.21	0.19	0.20
<b>CNG (mm BTUi)</b>	311,772	311,640	247,180
<i>Average (mm BTUi)/ ton of products</i>	0.30	0.27	0.21
Total energy consumption (MJ)	1,773,605,073	1,773,086,165	1,761,171,318
<i>Average (MJ)/ton of products</i>	1,690.71	1,548.61	1,510.76
<b>Resources</b>			
Ground water (m <sup>3</sup> )	2,083,104	2,117,168	2,063,301
Tap water (m <sup>3</sup> )	2,352,567	2,309,415	2,366,864
<i>Average (m<sup>3</sup>)/ ton of products</i>	4.23	3.87	3.80



Transportation activities

Reporting criteria (*)	2017	2018
<b>Energy</b>		
<b>DO (kg)</b>	2,355,904	2,407,926
Average (kg)/ton of self-transporting products	8.68	9.04
<b>Gasoline (kg)</b>	171,588	228,770
Average (kg)/ton of self-transporting products	0.63	0.86
<b>Electricity (kWh)</b>	1,607,437	2,478,135
Average (kWh)/ton of self-transporting products	5.92	9.31
<b>Gas (kg)</b>	-	4,290
Average (kg)/ton of self-transporting products	-	0.02
<b>Total energy consumption (MJ)</b>	115,081,198	123,907,195
Average (MJ)/ ton of self-transporting products	423.90	464.67

Cu Chi Raw Milk Center

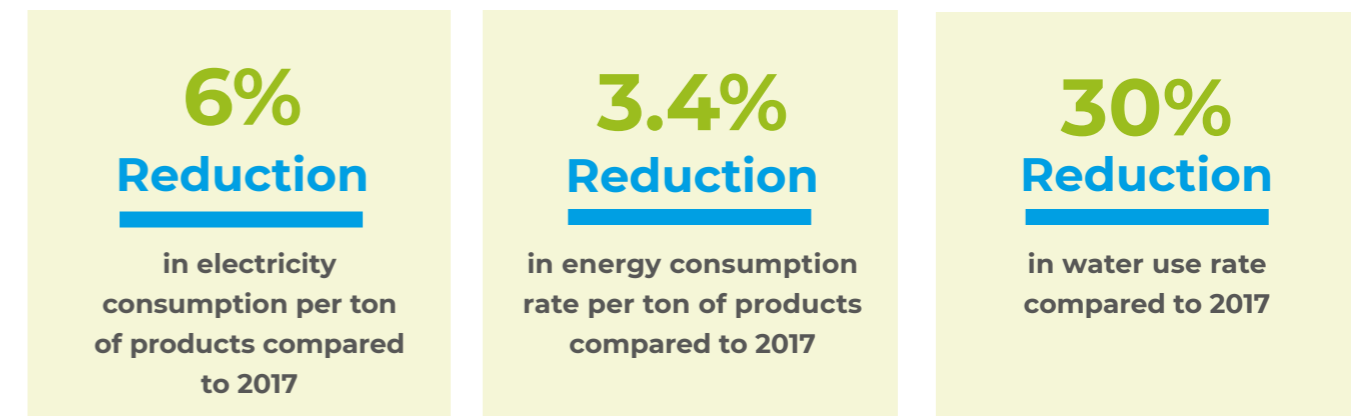
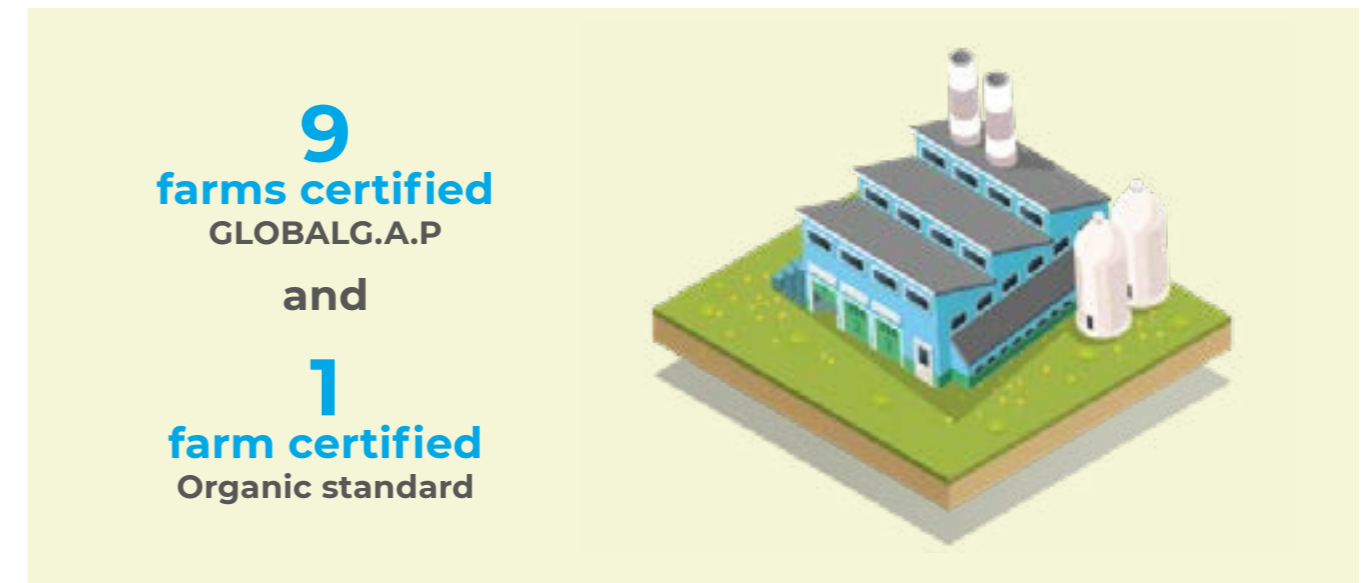
Reporting criteria (**)	2018
<b>Energy</b>	
<b>DO (kg)</b>	415,325
Average (kg)/ton of products	3.02
<b>Gasoline (kg)</b>	12,532
Average (kg)/ton of products	0.09
<b>Electricity (kWh)</b>	310,958
Average (kWh)/ton of products	2.97
<b>Total energy consumption (MJ)</b>	19,561,747
Average (kWh)/ton of products	142.41
<b>Resource</b>	
<b>Water (m<sup>3</sup>)</b>	36,422
Average (m <sup>3</sup> )/ton of products	0.35

Note:

(\*) Data of energy-resource from Transportation activities were firstly reported by Vinamilk in 2017  
 (\*\*) Data of energy-resource from Cu Chi Raw milk center were firstly reported by Vinamilk in 2018

Assessment of energy-resource use in 2018

Livestock activities



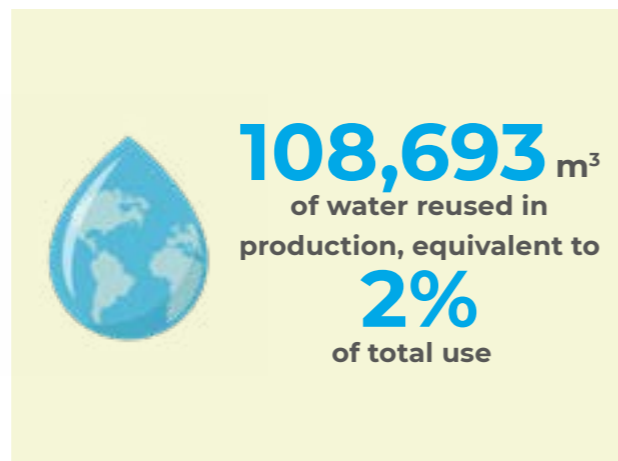
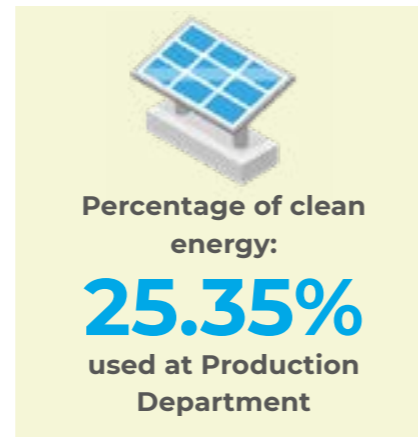
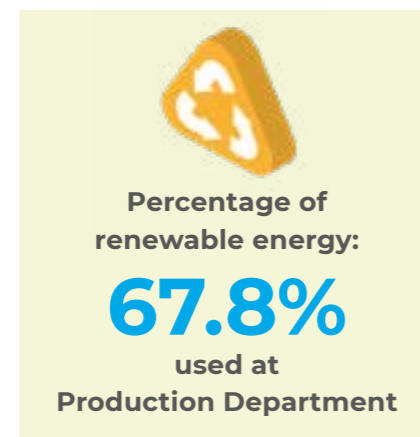
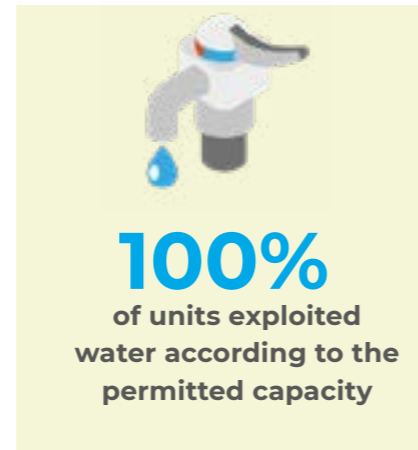
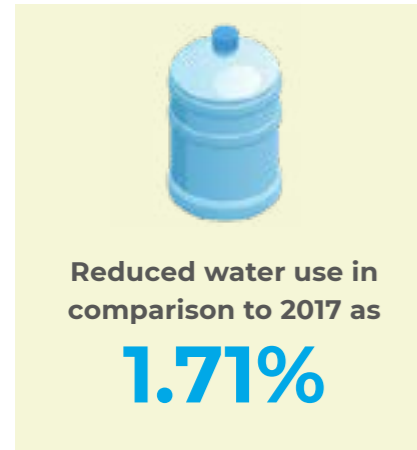
In 2018, by implementing policies and comprehensive solutions to effectively use energy and resources, circular economic applications, the livestock sector has made positive progress in the use of electricity efficiency, energy and natural resources, especially water resources. Featured activities:

- ▶ Policy enforcement uses saving energy and natural resources with circulating economic orientation
- ▶ Use of technology 4.0 on high-tech breeding
- ▶ Plan and effectively implement maintenance and maintenance programs, subdivide areas to monitor and manage electricity use
- ▶ Install additional control valve clocks to monitor the amount of water used by each area.

In addition to the positive signs, the indexes of DO use increased over the same period. The main reason is due to the promotion of a series of investment activities, upgrading of machinery and equipment for farming areas of more than 1,000 hectares, renovation of construction of cages, composting, construction of new areas and construction sites.



**Production activities**



In 2018, Factories implemented large investment to increase production capacity. Electricity used for installation and renovation of machinery equivalent to 4,173,803 kWh. Therefore, the general evaluation of the total electricity used in 2018 exceed 0.20% compared to 2017. However, excluding unusual activities and fluctuations, namely the electrical energy used in investment activities during the year, the electricity rate used in production activities got the savings of 2.56% compared to 2017.

**Transportation activities**

Under the impact of a digital era, the explosion of modern distribution channels and the rapid development of e-commerce, consumer behavior is affected and changed dramatically. Notably, the number of product consumption with small orders tends to increase. In 2018, whether the total consumption of FMCG industry in general and the dairy industry in particular showed signs of slowing or falling slightly over the same period, the decline in volume on a single delivery and the increase in quantity of small orders increase the amount of Vinamilk's trips in 2018 by about 10% over the same period. Therefore, energy use indicators in supply activities also increased over the same period.

Vinamilk is researching the model of transfer stations to reduce the number of trips from the center to the customer, optimize the routes to minimize costs, improve and improve energy efficiency.

**Energy-resource saving initiatives in 2018:**

**Livestock activities**

- ▶ Upgraded lighting system with energy-saving LED lights at Thong Nhat Thanh Hoa farm, reduced electricity consumption significantly but still met the lighting intensity to ensure the activities for cows and workers.
- ▶ Prioritized the use of motorized equipment ((tractors, multi-purpose long arm forklifts, etc.) and energy-saving electrical equipment, such as electric motors that use soft starters, use inverters (rotor shredding machine, pump, air compressor, etc.)

**Production activities**

No.	Energy saving innovation solutions and initiatives	Saved cost (million VND/year)
1	Renovation of CIP regime for UHT 15 tons/h	52.8
2	Automatic air blowing drying machine box A3	8.7
3	Recovery of cold water at 2 dispensing machines A3	4.4
4	Improvement of wastewater pipeline into collection tanks and neutral tanks	5.7
5	Cooling water tower of pasteurization system	31.1
6	Replacement of new cold water system	269.0
7	Automatic condense discharge by the water level for the central pressure tank of compressed air system.	30.6
8	Optimization of compressed air supply system to save electricity.	23.3
9	Optimization of uptime of wastewater treatment system	27.9
10	Maximum utilization of heat amount in Loos boiler exhaust smoke	665.8
11	Establishment of display board showing the state of silo 90m <sup>3</sup> containing milk powder of drying tower	5.0
12	Optimized CIP system (device) Optimized CIP steps (technology)	297.4
13	Shortening of Fino milk mixing time	92.1
14	Change of the time for running the mixing tank stirrer blade, automatically turned off the stirrer blade at finished pasteurization	4.0
<b>TOTAL</b>		<b>1,517.9</b>

# Modern Technology

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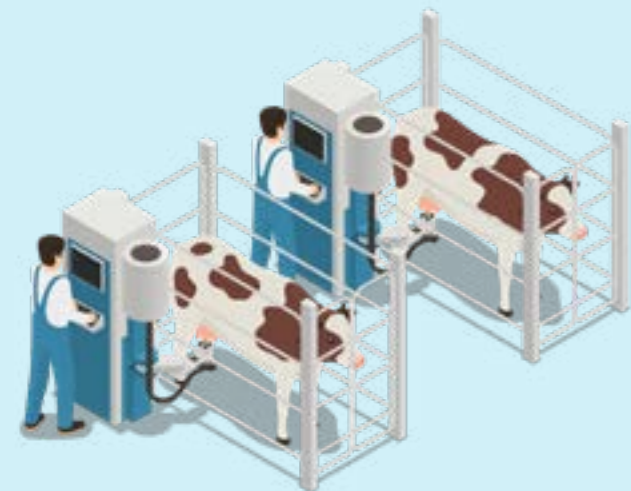
## MODERN TECHNOLOGY AND INTERNATIONAL MANAGEMENT SYSTEM STANDARDS

### Application of technology 4.0 in livestock and production

#### Livestock activities

Aiming to learn and apply the most advanced technologies in the world, at the same time self-studying to find the most suitable and optimal solution, Vinamilk's dairy farming system has been standardized and increasingly improved.

Each stage in the process of livestock from planting grass, processing food, taking care of cows to milking is automatic with the most modern technologies. In particular, these systems are linked together to help monitor and manage individual cows in real time from birth to elimination, help the farm manage information and operate easily and effectively with the daily reporting system from smart systems that can access information properly and sufficiently and promptly.

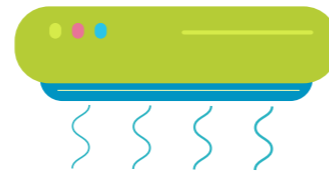


#### CARING

Robot to push food automatically



Automatic cooling system under Israeli technology



System of itchy scratching brush, massage, automatic stool raker



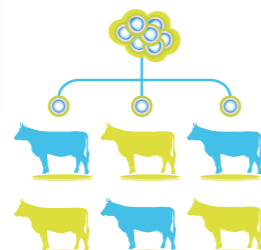
Management system for veterinary drugs for cow treatment



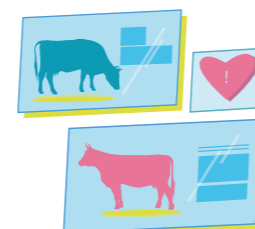
#### INSEMINATION

Each cow is managed by a system of identification and movement chips through the flock management software. All information about milk productivity and yield; movement; health status; reproductive cycle; ect. are continuously collected for early abnormality warning and arranging appropriate care plans, timely examination and timely artificial insemination.

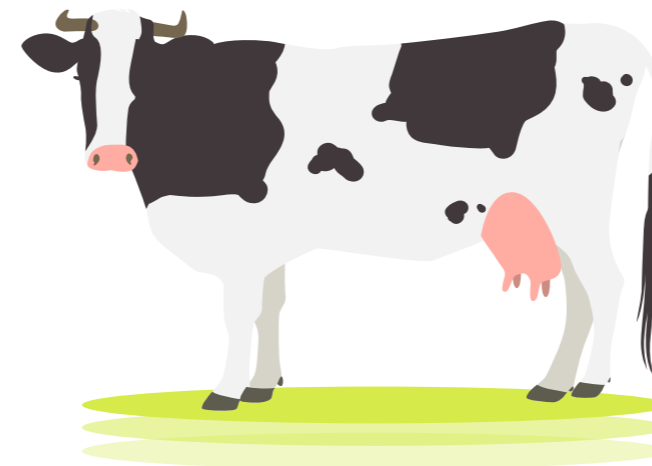
Embryo transfer center



Management system for estrus and health

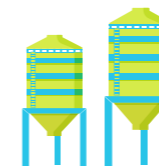


#### WASTE MANAGEMENT



#### SELECTING/ PROCESSING FOOD SOURCES

Silage tank system, Silo to provide concentrate automatically



Corn and grass mincing center



Diet management system for each cow group

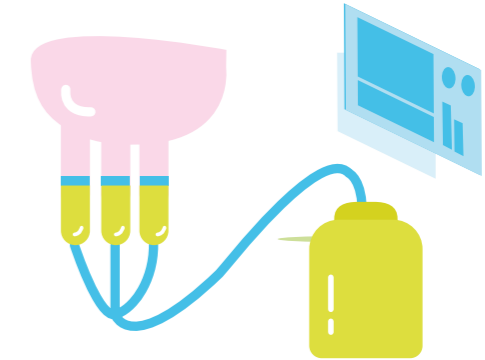


Food mixing center



#### MILKING

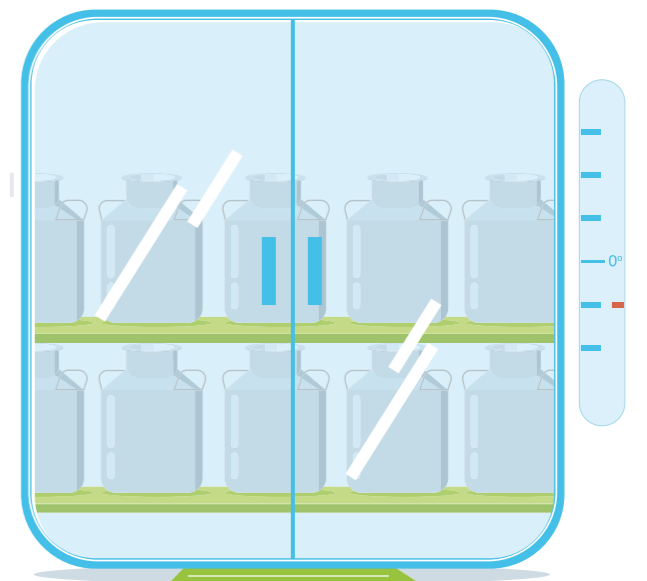
European technology milking system, managing individual cows in details, giving warnings when there are abnormal signs



#### PRESERVATION AND TRANSPORT OF RAW FRESH MILK

System to store and monitor the milk temperature in real time, warning when the temperature exceeds the threshold.

Cu Chi Raw Milk Center is equipped with modern machinery and equipment including cold storage to store concentrated samples; The system of fast analyzers operates by barcode, returning results to each households; Automatic sanitation system (CIP), fast milk cooling tank system, large volume, high flexibility can receive milk from the buying stations when needed, and can receive directly from household livestock farmers





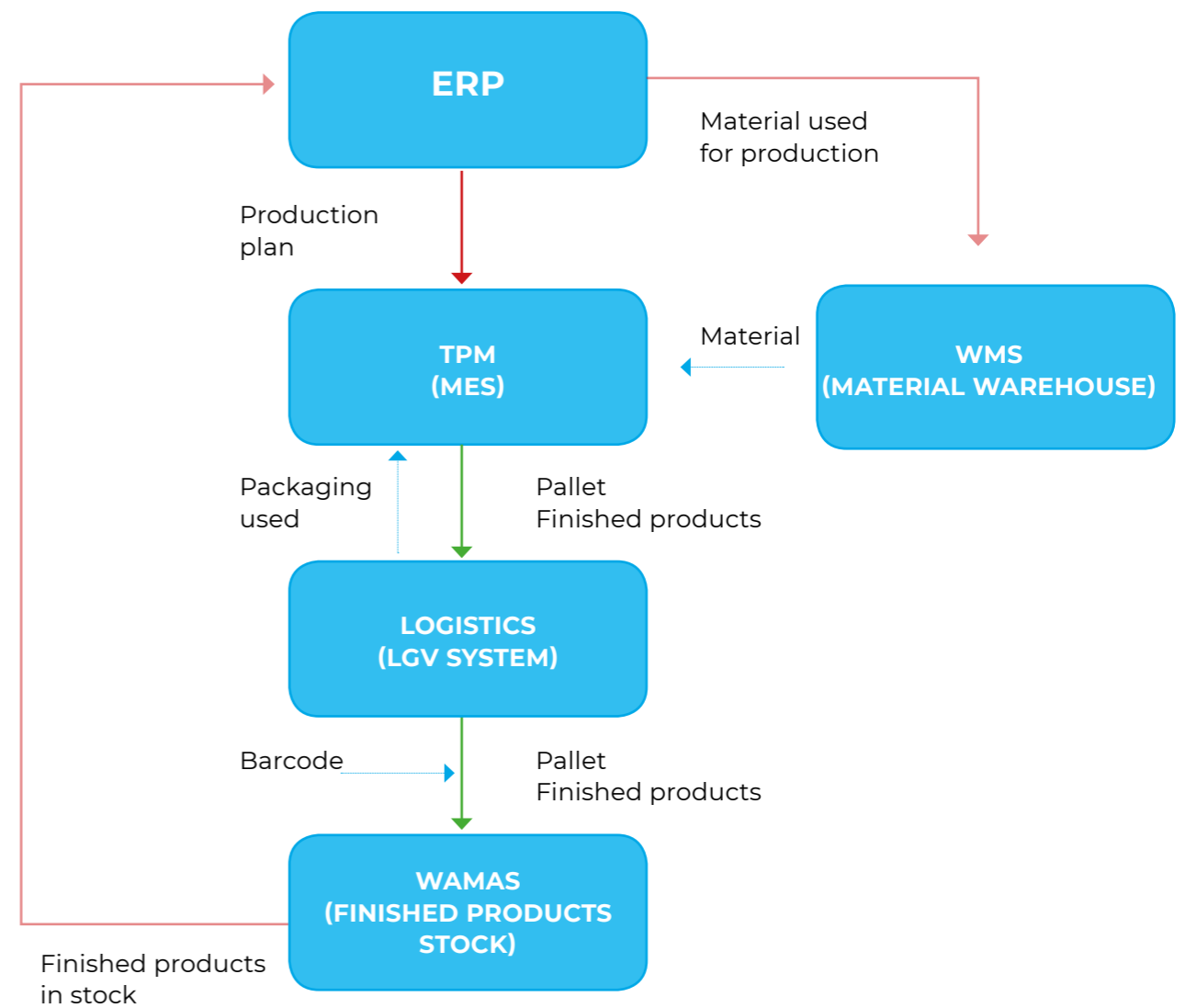
**Production activities**

**TPM SYSTEM**

Virtualization technology is applied in TPM production control system at Mega Factory, creating the premise for big data usage in analyzing and processing data to improve production efficiency and minimize the risk of production interruption.

In 2018, Vinamilk also promoted the completion of the MES system in Vietnam Dairy Factory, completing data connection from ERP to TPM, making the production process fully automated from planning, production deployment, smart storage and export.

As a result, the Factory could control and monitor all activities taking place in the area to monitor, monitor and control quality continuously.



*Operation simulation of the MES system at Vietnam Dairy Factory*

Production plans & materials used are created on ERP and automatically transferred to Tetra Plant Master (TPM), Warehouse Management System (WMS). Accordingly, WMS transfers all materials used for production according to information from ERP, and packaging is also transferred into production through Logistics system (LGV System).

- ▶ Tetra Plant Master system provides all production reports through which management can assess the entire operation of the Plant, analyze and make appropriate production plans and raise the efficiency of use of machinery and equipment.
- ▶ Tetra Plant Master system also applies virtualization technology, which helps improve performance & stability, safety for the system with compact hardware, high performance and rapid recovery when hardware failure happening.
- ▶ In addition, the Wamas intelligent warehouse management system integrated with the ERP company resource management system, linked to the Tetra Plant Master provides a seamlessness in plant operations with activities from planning production, importing raw materials to the finished product ex-warehousing of the whole company.

### ONE STEP TECHNOLOGY

In 2018, Vinamilk completed the application of One Step processing technology Da Nang Dairy Factory. This is the leading processing technology from Tetra Pak, eliminating many intermediate storage steps during the preparation of raw milk, full automation and continuous operation, minimizing losses from processing steps, optimizing and simplifying the production process, and improving product quality uniformity.

## Application of information technology in asset management

### ASSET MANAGEMENT ON ERP

Asset databases of 13 factories are built on ERP. Assets are classified, standardized and continuously updated, supporting the management of categories and types, the easily retrieving maintenance history, specifications, costs of using technical materials...to evaluate the use efficiency of the property.

## 2017

Completed classification of assets by chain, type, encryption and uploading to ERP



## 2018

Completed construction of technical specifications of machinery and equipment on ERP (utility group)



## 2019

Continue to build specifications of machinery and equipment belonging to production technology group



Develop more strict control systems for planning and use of technical materials



### MANAGEMENT OF ASSET MAINTENANCE ON ERP

- ▶ Maintenance activities are managed on ERP, through the construction of work content, material list, planning, to issuing orders, maintenance, repair and update of real performance results.
- ▶ Develop more tools to support EAM operation. Significantly reduce the workload by replacing manual data entry on ERP with ADI tool, with the function of transmitting the performance result data directly from users' machines to ERP.



### CONSTANT INVESTMENTS TO INCREASE PRODUCTION CAPACITY

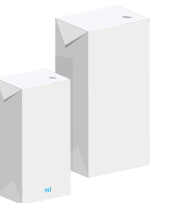
To increase capacity, Vinamilk continues the world's most modern production line investment projects for its Factories nationwide. Some typical projects Vinamilk has been implementing:

- ▶ Phase 2 of Vietnam Dairy Factory (Super Mega Factory) in Binh Duong has been completed and put into use, raising the total capacity of the factory from 400 million liters/year to 800 million liters/year.
- ▶ Project to invest in a high-speed liquid milk production line (A3 Speed) with 100ml and 180ml cans at Tien Son and Lam Son factories to serve the School Milk program in Hanoi and Northern provinces.
- ▶ 2 yoghurt production lines with a capacity of 80,000 jars/hour/machine are also invested by Vinamilk in Sai Gon and Tien Son factories. This is the most modern and largest capacity yogurt production line in the world today.



800 million liters/year

Production line (A3 Speed)



80.000 jars/hour/machine



# TO CREATE THE VALUE AND GIVE BENEFITS TO ALL RELATED PARTIES

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• Employees	92
• Customers	104
• Shareholders and Investors	116
• Community	130
• Partners	142
• Government	154



# Employees



## MATERIAL SATISFACTION, MENTAL FIRMNESS, PERFORMANCE MAXIMIZATION

In 2018, Vinamilk first rose to the No. 1 position in the “Top 100 Best Workplaces in Vietnam” (according to Anphabe survey). In addition, Vinamilk was also voted as the Top 2 of the Top 100 Favorite Employers (according to CareerBuilder Vietnam survey). That achievement is a recognition of Vinamilk’s efforts and activities in bringing about a safe and quality working environment, with attractive and highly competitive welfare and bonus policies; ensuring freedom, fairness, transparency and efficiency; creating a firm launch platform for talents to develop their potentials.

### Achievement



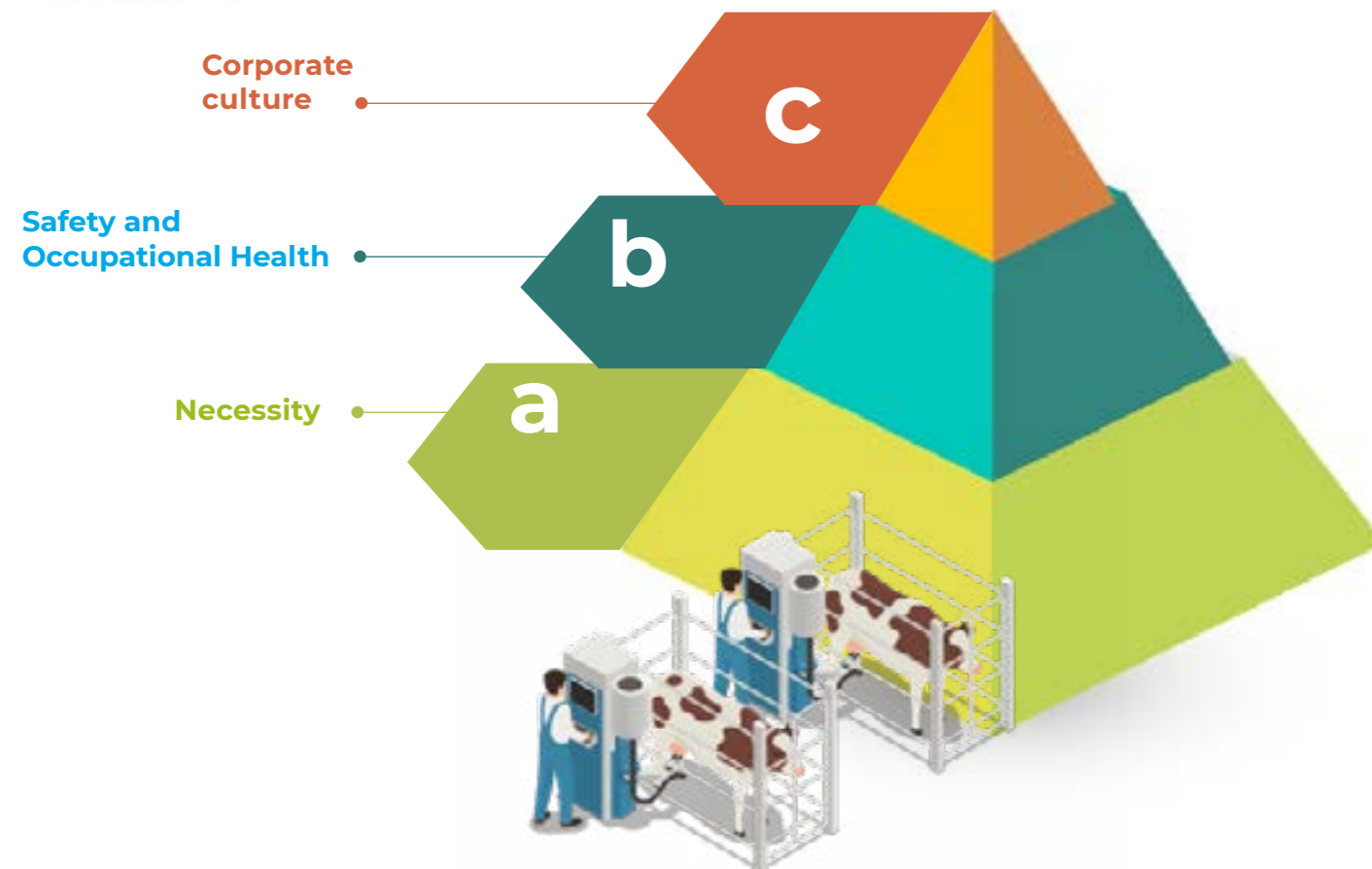
#### Top 1 - The best place to work in Vietnam 2017

Anphabe Company and Intage Vietnam



#### Top 2 - The most favorite employers in Vietnam 2017

CareerBuilder Vietnam



### Necessity

**Stable jobs, high income:** For many years, Vinamilk was voted as the most attractive employer brand in the criteria of Salary, Bonus and Welfare.

**Related benefits:** Except for those who are on probation, all employees including temporary or part-time employees who have signed labor contracts, fully enjoy the Company’s welfare policies, including:

- ▶ Health insurance
- ▶ 24/24 accident insurance
- ▶ Right to buy/own stocks
- ▶ Maternity allowance
- ▶ Lunch allowance
- ▶ Annual vacation
- ▶ Birthday and marriage gifts
- ▶ Gifts for female employees: 08 March, 20 October
- ▶ Gifts for employees’ children: 01 June, Mid-Autumn Festival, Good Students, etc.

In addition, the Company also encourages the employee’s morale by rewarding based on performance during the year, Employee Stock Option Plan (ESOP), etc.

### Occupational health and safety

In 2018, Vinamilk implemented a comprehensive evaluation and self-assessment program on



**Safety - Occupational Health - Environment for 13 factories**

Rate of labor in the committees on occupational safety and health:



**8.7%**  
(In 2017: 8.2%)



Occupational health and safety index	2018	2017
Occupational Disease Rate (ODR) (a)	0.12	0.15
Leave Day Rate (LDR) (b)	116.87	108.15
Absence Rate (AR) (c)	2,784.26	2,750.25
Injury Rate (IR) (d)	-	0.04

**Note:**

1. These criteria are aggregated for:

- ▶ Vinamilk, including: Head Office, An Khang clinic, 03 branches, 02 logistics enterprise, 13 factories and Cu Chi Raw Milk Center;
- ▶ Vietnam Dairy Cow One Member Limited Company, including activities of 09 farms

2. The rates are calculated according to OSHA standards of occupational health and safety. In which, the coefficient 200,000 is calculated by 50 working weeks with 40 hours per week over 100 employees. The rates calculated from this coefficient relate to the number of employees, not related to the number of hours.

**(a) The percentage of occupational diseases is calculated by the formula:**

Number of cases of occupational diseases\*200,000/Total actual working hours.

**Where:** The number of occupational diseases is statisticized according to the unit's occupational disease monitoring records.

**(b) The percentage of days off is calculated by the formula:**

Number of days off\*200,000/Total actual working hours.

**Where:** The number of days off is the number of days lost due to occupational accidents or illness recorded at: Attendance records and investigation/declaration/report on occupational accidents and medical records of the unit.

**(c) The percentage of absent employees is calculated by the formula:**

Number of days the employee is absent\*200,000/Total actual working days .

**Where:** Number of days the employee is absent (not working), including: leave due to labor accidents or sickness and unpaid leave; excluding holidays, training, maternity, leave, paid leave, statisticized by timesheets.

**(d) The percentage of injury is calculated by the formula:**

Number of injury cases\*200,000/Total actual working hours.

**Where:** The number of statisticized injuries are cases of injury incurred during the working period and recorded as occupational accidents and mild injuries.

**Injury classification at Vinamilk:**

- ▶ Mild injury: injuries arising during the working process/time recorded at the Unit's medical department records, such as: skin abrasion/tearing with bleeding, mild body software damage ... leading to a break from work.
- ▶ Occupational accidents: injuries arising during the working process/time recorded at the unit's medical department records, resulting in loss or impairment of working capacity.

In 2018, no injury cases recorded in the whole Company (2017: 3 cases of mild injury)

As at 31 December 2018, 9 cases of occupational deafness with hearing loss of 2-10% were being recorded across the entire Company (in 2017: 11 cases). All of these employees have been assigned suitable jobs.



## Corporate culture



### Freedom and equality

“The company implements the principle of equality between men and women in recruitment, employment, training, wage payment, remuneration, reward, promotion, social insurance and health insurance unemployment insurance regimes, working conditions, occupational safety, working time, rest time and other welfare regimes. Additionally, the Company is interested in and offers certain incentives for female workers.”

(According to the current Female Labor Welfare Policy and Regime)

- ▶ The percentage of total employees participating in collective bargaining agreements at Headquarter and all Units is 100%.



- ▶ All employees who have signed official labor contracts of the Company are entitled to participate in the Collective Labor Agreement, and join the Trade Union. Employees are free to express their wishes, suggestions and complaints through various forms, such as: sending comments to the Trade Union, suggestion box; direct communications and recommendations at the Labor Conference, etc.

## Principles for receiving and handling complaints



- ▶ All opinions and questions of employees are guided, explained and solved satisfactorily by the functional departments and the Trade union. So in 2018, no complaint was arisen across the entire Company.



### Be judged fairly

- ▶ All employees are evaluated in a comprehensive, efficient, fair and transparent manner.
- ▶ In 2018, Vinamilk continued the evaluation of Management level capacity:

- ▶ **In May 2018:** Reviewed the performance of Capacities to improve/develop in the Capacity Development Action Plan established at the end of 2017.
- ▶ **In December 2018:** Evaluated the Capacity for Company-wide Management Level, 369/369 Managers conducted a capacity assessment and orientation of Capabilities to improve/develop in the next assessment.

In addition, after completing the assessment of Capacity, the Company conducted additional survey of Management level to make the evaluation system more efficient.



### Be integrated

- ▶ All new employees are allowed to participate in the Integration training program to help employees quickly get acquainted with and integrate with the new environment and work, and simultaneously master and understand their rights and responsibilities.
- ▶ The integration program includes important contents to provide general information about Vinamilk: The process of formation and development of the Company; Vision, Mission, Core values; Information security regulations, Human resources policies; Introduction to collective and community activities; cultural principles, leadership behavior of the Company, etc. In addition, new employees are instructed how to access the electronic library system to search for documents and regulations necessary for business as well as implementing online business processes, etc.

#### Internal communication programs:

- ▶ In 2018, Vinamilk promoted internal communications, with a significant increase in operating frequency and quality, with the goal of bringing people closer together, forming a solid, sustainable and jointly developed block.
- ▶ The internal communication activities are implemented by various means of communication: Livestream, Youtube, Video Clips, Email newsletter, etc.

#### A. Internal Communication Outcome

Communication about Vinamilk's culture	104	Email: <b>35</b> Website: <b>63</b> Video clip youtube: <b>6</b>
The Company & subordinate units news:	90	Email: <b>23</b> Website: <b>64</b> Video clip youtube: <b>3</b>
Supports for brand/sales	48	Email: <b>48</b>
<b>Total outcomes</b>	<b>242</b>	



#### B. Cultural activities

33

Company level: 3  
Unit level: 10

Kicked-off the Vinamilk's cultural theme of 2018

Internal communication for Vinamilk's culture

Planned & Implemented activities about Vinamilk's culture in subordinate units

## Be trained



Criteria	2018	2017
<i>KPIs on training index</i>		
Number of training courses organized	632	601
Number of participants in training courses	22,399	21,523
<i>KPIs on budget, expenses for training activities</i>		
Budget for training (VND billion)	16.50	16.39
Training costs for actual use (VND billion)	11.23	11.29
Proportion of actual cost/budget (%)	68%	69%

In 2018, the entire Company organized the following courses:

### Programs to improve capacity for management team:

- ▶ Training Governance Capacity for Middle Management for newly promoted managers;
- ▶ Marketing seminars held at home and abroad (Spike Asia in Singapore; New trends in creativity, communication, advertising, packaging design associated with partners like Tetrapak, Ogilvy organized);

### Professional, operational and soft skill training programs for staff:

- ▶ Training on occupational safety and hygiene contents, food hygiene and safety, electrical safety, chemical safety, equipment operation safety, fire and explosion prevention, first aid, awareness of quality standards (PAS 99, FSSC 22000, ISO 27001, ISO 17025, ISO 9001, ISO 50001, Halal, FDA's food defense standards, energy management, etc.), internal auditor evaluation training. The strengthening of internal training through centralized training organization at the Unit helps many trainees to access more training content while saving costs and organizational time to follow the form of sending individuals to participate in external classes.
- ▶ Training to update continuous medical knowledge about otorhinolaryngology, hearing, cardiology, analgesics, vaccination, testing, ultrasound, obstetrics, gynecology, etc.
- ▶ Soft skills training for employees: thinking methods and problem solving skills, presentation skills - presenting in front of the crowd and chairing the meeting, negotiating skills, coaching skills and feedback on work, etc.
- ▶ Updated training on labor laws, IFRS financial standards, tax, accounting, customs, etc.
- ▶ Training on GlobalG.A.P, Organic, SCR standards, embryo transfer, breeding, feed management, etc. at dairy farms
- ▶ Training on production technology process, product quality management, operation, repair and maintenance of machinery, etc.
- ▶ Training of professional skills: bidding, internal communication, self-certification of origin, food sensory, financial reporting, risk management, internal control, animation design, etc.



## Given respect and self-actualization

- ▶ As a succession for 2017, in 2018, the Company continued to deploy the Succession Personnel Planning Program for key senior and middle positions for the period of 2017-2021 in response to its 5-year Strategy. The company sought and evaluated candidates for 12 key positions at middle level and identified a list of 13 candidates to develop the 1st Development Plan. In parallel, 10 candidates assessed for the 9 key middle positions in the 2016 Talent Management Program were also reviewed and evaluated to include the succession personnel planning program for the period 2017-2021 and have been developed for the 2nd Development Plan.
- ▶ Every year, Vinamilk organizes a survey of employees' opinions to measure and acknowledge their awareness and satisfaction of the Company's image, working environment, current job and working relationships and corporate activities. Especially, since the annual survey 2018, Vinamilk implemented online survey on the website interface, in order to deploy automatically, quickly and effectively, according to the policy of "paperless office" was launched on Company-wide scope.



- ▶ This result is constantly stable at a high level, showing that Vinamilk employees are always satisfied with the work, training and development policies, salary, bonus and welfare policies, satisfied with the superiors and cooperation from colleagues.



Statistics of rotation employees	Male	Female	Total
<i>Statistics by industry</i>	366	128	494
Production and processing (at Factories)	65	18	83
Sales	44	3	47
Support activities (administrative, office, accounting, etc.)	136	75	211
Agricultural activities (at Farms)	121	2	153
<i>Statistics by age</i>	366	128	494
+ Age < 30	173	64	237
+ Age of 30 to 40	134	27	161
+ Age of 40 to 50	27	12	39
+ Age over 50	32	25	57

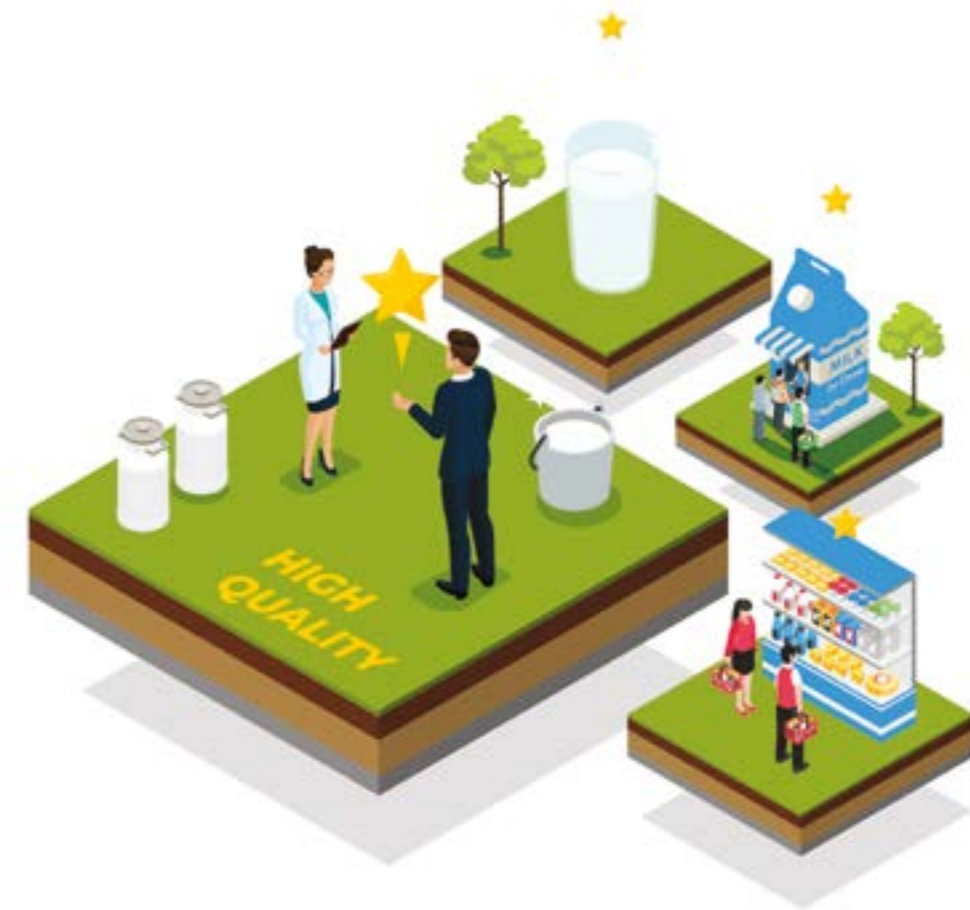
Statistics of new recruits	Male	Female	Total
<i>Statistics by industry</i>	487	129	616
Production and processing (at Factories)	109	2	111
Sales	45	3	48
Support activities (administrative, office, accounting, etc.)	189	63	252
Agricultural activities (at Farms)	144	61	205
<i>Statistics by age</i>	487	129	616
+ Age < 30	366	100	436
+ Age of 30 to 40	142	25	167
+ Age of 40 to 50	9	3	12
+ Age over 50	-	1	1



Thanks to a good working environment, good physical and mental care, Vinamilk has been very successful in attracting and retaining employees. The resignation rate in Vinamilk maintains about 5-7.5%, this is the ideal rate for "human resource health" of Vinamilk being maintained at a healthy level, human resource changes do not affect production and business activities, but still ensure innovation and refinement.

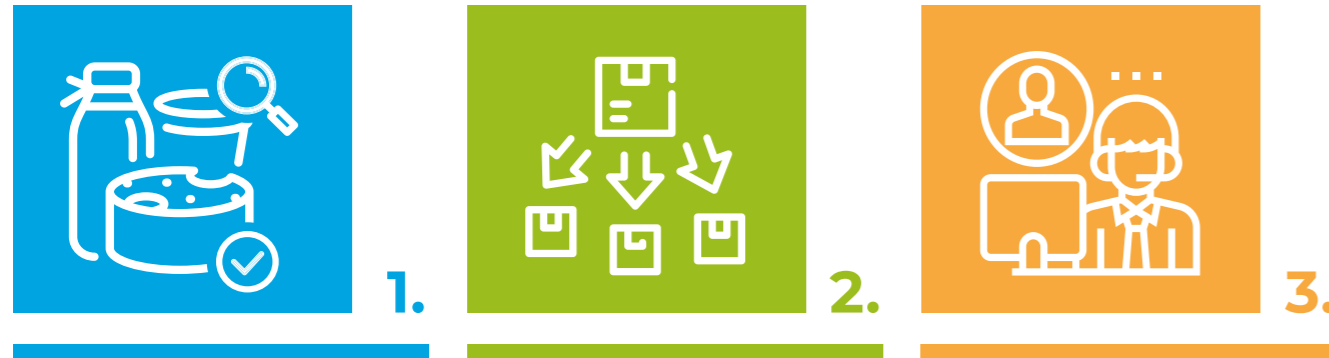


# Customers



## CONTINUOUS CREATING - ADDITIONAL VALUE SHARING

Meeting the needs and achieving customer satisfaction are the key to all sustainable successes, the Company's success is also measured by creating value for customers. Thus, sharing and constantly increasing the value brought to customers is the ultimate goal that Vinamilk always aims at.



### 1. Research, development and production stage:

- ▶ Diverse product portfolio, meeting the needs and needs of many groups of customers
- ▶ Quality, safe, nutritious products

### 2. Distribution stage:

- ▶ Published information is transparent and reliable
- ▶ Products are easily accessible to all customers

### 3. After-service stage:

- ▶ Good customer service

### Product development trend:

- ▶ Update market trends, research and develop products to meet customers' tastes and needs in a timely manner
- ▶ Continue to expand the product portfolio, increase diversity, meet the needs of a wide range of customer groups
- ▶ Enhance health benefits for product lines (micronutrient supplement, sugar reduction, etc.), towards organic products, etc.
- ▶ Study and prioritize the use of environmentally friendly materials, limit the use of non-recyclable/ recirculating materials.

## Diversified product portfolio to meet the needs of different groups of customers

Vinamilk currently has more than 250 products in 10 groups of categories:

- ▶ Powdered milk
- ▶ Liquid milk
- ▶ Eating yogurt
- ▶ Ice cream
- ▶ Soft drinks and Products for teenagers
- ▶ Drinking yogurt
- ▶ Cheese and Dessert Products
- ▶ Condensed milk
- ▶ Nutritional powder
- ▶ Soymilk

### Meeting diverse nutritional needs:

#### Natural



#### Organic



#### Beauty



#### Probiotics



#### Convenience



#### Lower fat, reduced sugar



#### Senior care



#### Plant-based



Besides maintaining the quality of existing products, Vinamilk also continuously creates, researches and launches new products, with the aim of diversifying products, ensuring creativity and constant increase in quality.

Statistics of new and improved products during 2018:

New product and Improved product  
**46 Product**

**18** New products  
**28** Renewed products

**70** New and renewed  
Domestic products to be announced completed

**22** New and renewed  
Exporting products to be announced completed

ADM Banana



Pineapple yogurt



Susu Drinking cheese



A2 Milk



Strawberry Cheese Twin Cows Ice Cream



Chocolate Matcha Delight Icecream



Yolo Delight Icecream: coconut, coconut taro, chocolate



Tai Loc condensed milk



Blueberry flavor Probi



Violet glutinous rice yogurt



Orange Dielac Mama



Greek yogurt  
Source: dairyreporter.com



Source: dairyreporter.com

Walnut Soymilk  
Source: dairyreporter.com



## Products with high quality, safety, nutritional value

"Product quality has always been the guideline for all business activities of the Company for the past 40 years. Not only strictly complying with regulations on food safety and hygiene, Vinamilk always aims at international quality products, according to the highest standards of the world"

Mr. **Nguyen Quoc Khanh**  
Executive Director of Product Research and Development of Vinamilk



\* For purpose of satisfying the increasing nutritional needs of domestic and international consumers, Vinamilk constantly strives to improve and develop products, provides consumers with the most quality and healthy products.

\* Not only adding micronutrients that are beneficial for health, strengthening resistance, Vinamilk also aims to reduce sugar, fat in materials and product ingredients.

\* Statistics in 2018 show that the rate of sugar reduction and fat reduction by each product group sold by Vinamilk is as follows:

Product Groups	% fat reduction	% sugar reduction
Nutritional powder	–	1.97%
SCA	0.97%	–
Powdered milk	0.49%	3.77%
Sterilized fresh milk	0.45%	1.58%
<b>Total</b>	<b>1.91%</b>	<b>7.31%</b>

% of consumption of fat reduced products compared to other products in the same product line

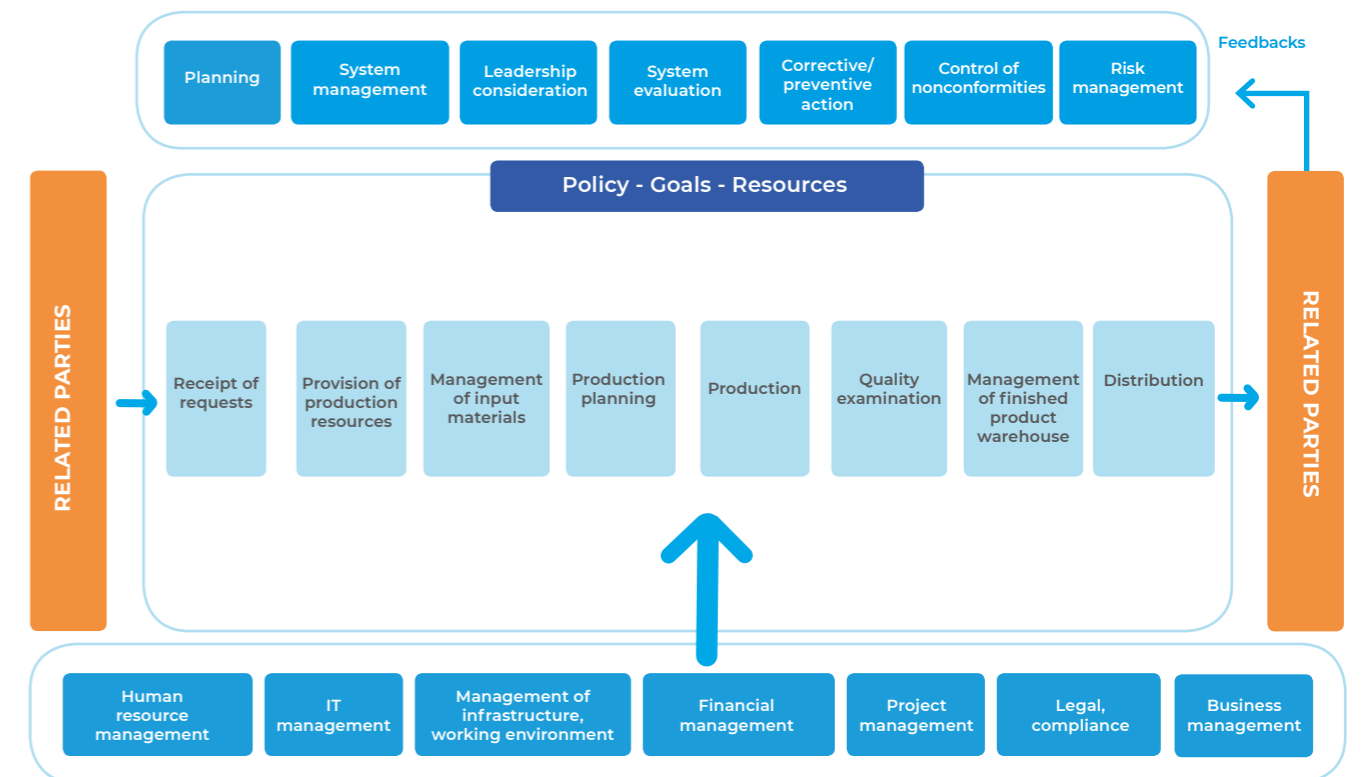
% of consumption of sugar-reduced products compared to previously launched products



Always satisfy and be responsible to customers by diversifying products and services, ensuring quality, safety and hygiene of food with competitive prices, respecting business ethics and complying with laws with competitive prices, respect for business ethics and compliance with laws.



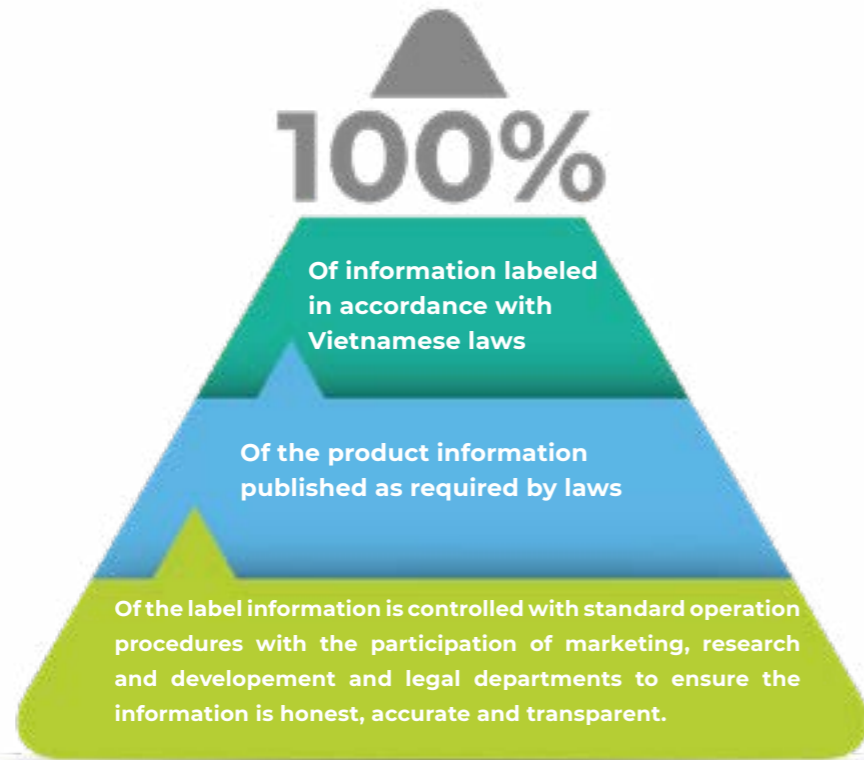
- ▶ In order to create a safe and quality products that requires strict control from input to output, Vinamilk always gives customers peace of mind about quality and food safety and hygiene with control system with more than 40 years of experience.
- ▶ Vinamilk's quality management system is established from farms to desk on the PDCA principle (Plan-Do-Check-Act) of ISO 9001:2015 with the integration of other international standard series such as food safety & hygiene management under FSSC 22000, FSMA-U.S.FDA, EU Organic Standard, risk management under ISO 31000, raw milk quality management under GlobalG.A.P, laboratory management under ISO 17025, etc. In addition, processes are interconnected and managed for integration, ensuring ERP traceability, ISO 27001 information security control, etc. This integration is intended to assure specialized areas effectively deployed and managed and aims to constantly improve the system in a comprehensive way, providing products and services that are safe and quality for customers.





## Transparent, reliable information

- ▶ All information about products must be proposed and carefully reviewed and verified by the Research & Development, Marketing and Sales departments. Before being published, product labeling information continues to be compliance reviewed by the Legal Department, to ensure that the information is valid, reasonable and legal.



- ▶ In addition, Vinamilk also organizes programs for children to visit its Factories and Farms. Thereby, encouraging the children to learn, explore and create, and promote the image of clean production, green breeding, modern machinery systems, safety and hygiene and production processes to create high quality products.



Family guests visiting at  
Dalat Organic Vinamilk Farm



Children visiting at  
Vietnam Dairy "Super Factory"

## TABLE OF CRITERIA RELATED TO PRODUCT LIABILITY IN 2018

Criteria	Degree
Number of factories certified ISO 9001:2015, FSSC 22000	13
Number of factories with laboratories certified according to ISO 17025	13
Number of certified factories registered with the US FDA	5
Number of factories certified to meet the requirements of EU organic standards	7
Number of farms certified GlobalG.A.P	9
Number of farms certified Organic EU	1
Number of violations of food safety and hygiene	0
Number of cases subject to product recall due to off-quality	0
Total number of incidents of non-compliance with regulations and standards (voluntary participation) related to the health and safety impact of products and services throughout the life cycle	0
Number of incidents of non-compliance with voluntary regulations and rules regarding product and service information and labeling	0
Selling prohibited and disputed products	0
Total number of non-compliances with voluntary marketing regulations and laws, including advertising, promotion and sponsorship by type of results	0
Total claims with evidence of customer privacy violations and loss of customer data	0
Monetary value of significant penalties for non-compliance with laws and regulations regarding the provision and use of products and services	0



## Products easily accessible to all customers



- Thanks to a wide distribution network and comprehensive communication coverage, Vinamilk not only maintains but also increases market share even in the year the Vietnam dairy industry has a negative growth. Besides, the foreign market also pays more attention to Vinamilk's products. In 2018 alone, Vinamilk developed 3 new markets: Timor Leste, Cameroon, Sierra Leone. Vinamilk products of condensed milk, liquid milk, powdered milk, nutritional powder, eating yoghurt, drinking yoghurt, various fruit juices, soya milk ... have been widely distributed in 49 countries and territories, and increasingly trusted by foreign customers.
- With the aim of reaching consumers, increasing awareness and the level of brand preference, Vinamilk continues to promote products in the media. Vinamilk's advertisements are comprehensively covered on most "media fronts", including: broadcasting in "golden time frame" on most TV channels in Vietnam; social networks: facebook, youtube, etc.; e-commerce websites: Vinamilk e-Shop (Vietnam Dairy Dream), Vinamilk website; advertising run-ads on Google and so on. With vivid images, joyful melodies, unique and memorable messages, Vinamilk's films and advertising images have become familiar to many consumers, especially children.



Vinamilk products displayed in the Expo in China



Vinamilk's booth in Thaixex in Thailand

## Customer service



- In order to improve the sales capacity and quality of consulting for customers, in 2018 Vinamilk focused on training and supervising salespeople, to provide more professional, efficient and timely advice and customer service.
- Especially in 2018, Vinamilk served products for the Government Office, Office of the National Assembly, Government Inspectorate, Supreme Court in accordance with the delivery schedule of agencies required.
- The care and settlement of customer satisfaction is paid attention, and customer satisfaction survey is absolutely 100%.

Satisfaction degree of domestic customers		
<b>Satisfaction level of domestic customers</b>	Satisfaction degree of domestic retail partners	98.7%
<b>CRM goal</b>	Correct, sufficient and timely delivery	99%
	Employee's attitude of customer care	98.9%
	Percentage of satisfied customers about exchanging broken products	100%

**The satisfaction level of key export partners** is 100% (The survey was carried out on customers with turnover of over USD 300,000 per year)

In 2018, Vinamilk did not get any customer complaints related to customer information security rights.



# Shareholders and Investors

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## SHAREHOLDERS AND INVESTORS

Vinamilk's  
objective

“Bring sustainable added value to  
shareholders and investors”

### Shareholder Information

#### Shares and Shareholder Structure:

##### Shares:

- Registered charter capital: VND 17,416,877,930,000
- Number of outstanding shares: 1,741,411,583 shares
- Market capitalization value: VND 208,969 billion

##### Ownership Structure:

List of shareholders (1)	Number of shares	Ownership (%)
<b>Major shareholders (&gt;=5%)</b>	<b>1,160,467,659</b>	<b>66.63%</b>
Domestic	627,063,835	36.00%
Overseas	533,403,824	30.63%
<b>Treasury shares</b>	<b>276,210</b>	<b>0.02%</b>
<b>Other shareholders</b>	<b>580,943,924</b>	<b>33.35%</b>
Domestic	83,058,931	4.76%
Overseas	497,884,993	28.59%
<b>TOTAL</b>	<b>1,741,687,793</b>	<b>100.00%</b>
<b>In which</b>		
Domestic	710,398,976	40.79%
Overseas	1,031,288,817	59.21%
<b>List of major shareholders (1)</b>	<b>Number of shares</b>	<b>Ownership (%)</b>
SCIC	627,063,835	36.00%
F&N Dairy Investments Pte Ltd (2)	301,496,383	17.31%
Platinum Victory Pte, Ltd	184,880,461	10.62%
F&NBev Manufacturing Pte Ltd (2)	47,026,980	2.70%

Note:

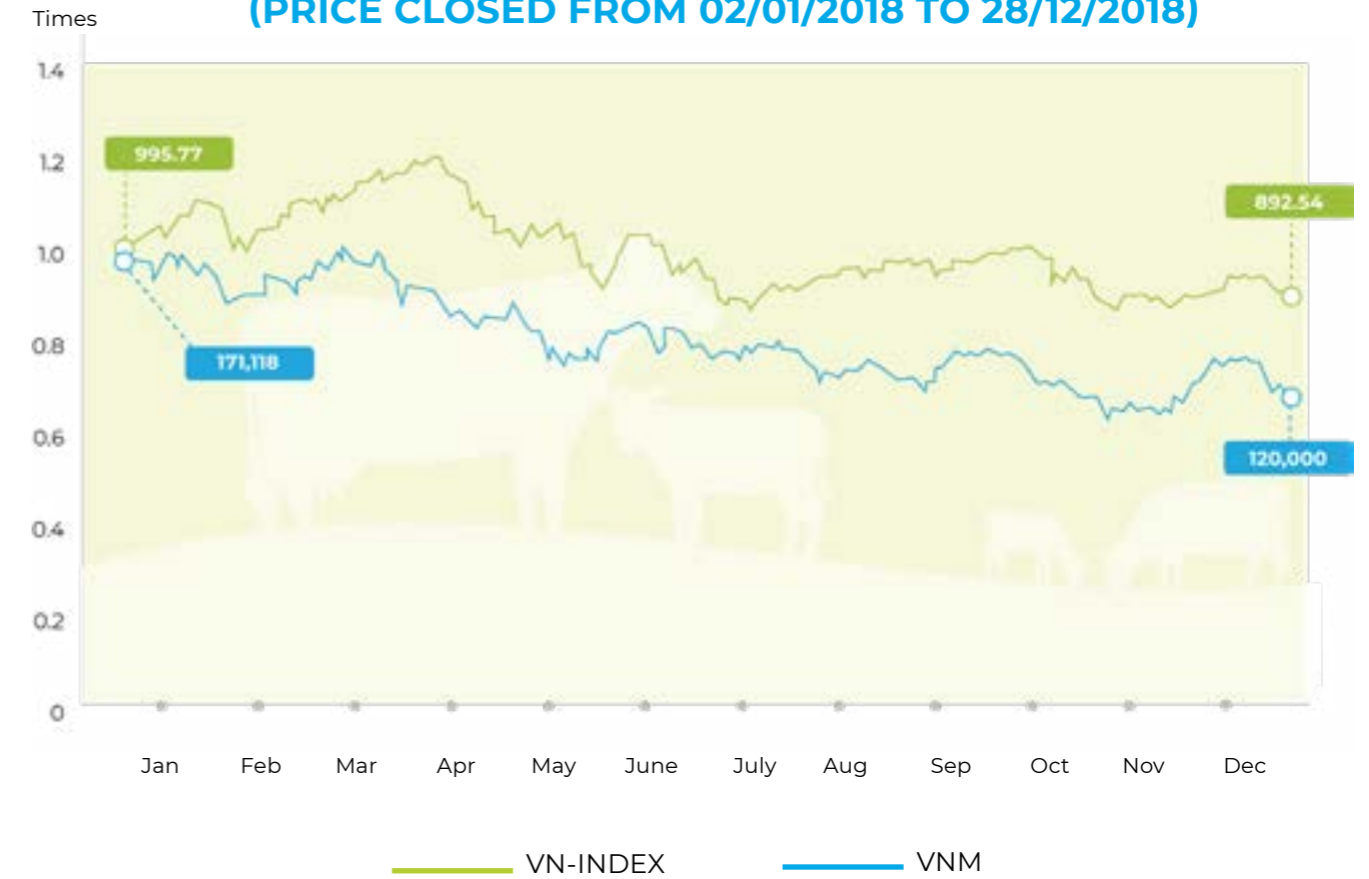
(1) according to shareholders listed on 28/12/2018

(2) F&NBev Manufacturing Pte, Ltd is a subsidiary fully controlled by F&N Dairy Investments Pte, Ltd.

#### Stocks and Transactions:

### PRICE FLUCTUATION OF VNM STOCK COMPARED TO VN-INDEX IN 2018

(PRICE CLOSED FROM 02/01/2018 TO 28/12/2018)



#### Dividends:

- Vinamilk Dividend Policy: At least 50% of profit after tax
- Dividends paid in 2018: VND 6,821 billion



## Efficiency of investment capital use

### Business results in 2018



Gross consolidated revenue:  
**52,629 VND billion**

- 85% domestic consolidated revenue
- 15% overseas consolidated revenue



Consolidated profit before tax:  
**12,052 VND billion**

Consolidated profit after tax:  
**10,206 VND billion**

Unit: VND billion

Basic financial indicators	2013	2014	2015	2016	2017	2018
Total revenue	31,586	35,187	40,223	46,965	51,135	52,629
Profit before tax	8,010	7,613	9,367	11,238	12,229	12,052
Profit after tax	6,534	6,068	7,770	9,364	10,278	10,206
EBITDA	8,797	8,686	10,495	12,475	13,558	13,730
EV/EBITDA	12.0	10.1	13.8	13.9	21.9	14.6
Profit attributable to equity holders of the Company	6,534	6,069	7,773	9,350	10,296	10,227
EPS (VND)	6,533	4,556	4,864	5,831	6,355	5,295
Total assets	22,875	25,770	27,478	29,379	34,667	37,366
Equity	17,545	19,800	20,924	22,406	23,873	26,271
Share capital	8,340	10,006	12,007	14,515	14,515	17,417
Total liabilities	5,307	5,970	6,554	6,973	10,794	11,095
Equity/ Total assets	77%	77%	76%	76%	69%	70%
Total liabilities/ Total assets	23%	23%	24%	24%	31%	30%
ROE	40%	32%	38%	43%	44%	41%
ROA	31%	25%	29%	33%	32%	28%

### Operation of subsidiaries-affiliated companies abroad

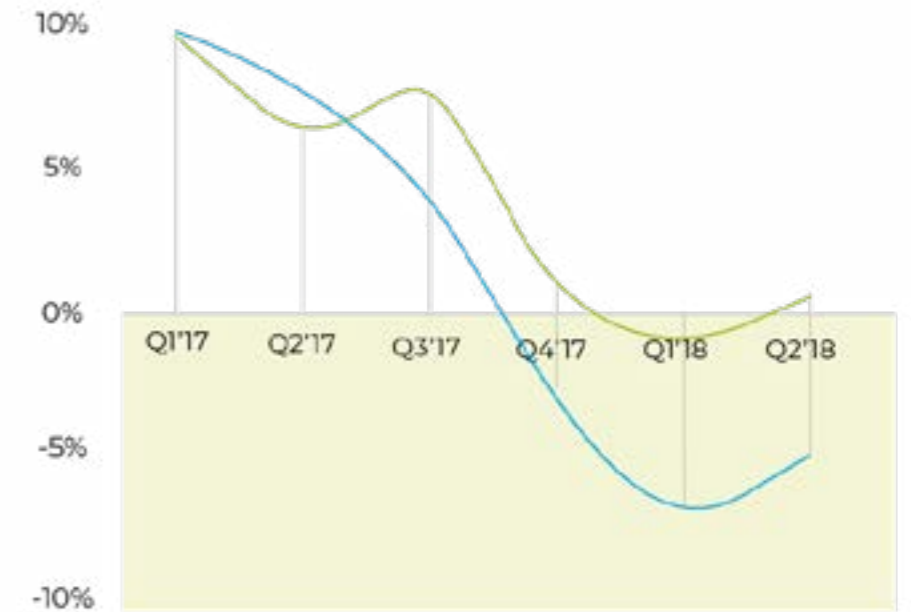
- ▶ **Driftwood Dairy Holding Corporation:** Total revenue of 2018 reached over USD 116.2 million (equivalent to VND 2,674 billion)
- ▶ **Angkor Dairy Products, Co. Ltd:** Total revenue of 2018 reached USD 39.8 million (equivalent to VND 915 billion)
- ▶ **Vinamilk Europe Spółka Z Ograniczona Odpowiedzi-alnoscia:** Total revenue of 2018 reached USD 30.9 million (equivalent to VND 711 billion)

**0.9%**

Vinamilk's total dairy market share increased in 2018

**“But even in the year when the dairy industry grew negatively, Vinamilk still gained market share. That is the point.”**

**Ms. Mai Kieu Lien,  
Vinamilk's CEO**



Industry growth rate

Source: Nielsen, Rong Viet Securities

— Dairy industry — FMCG Industry

Although 2018 was a difficult year for the dairy industry, with concrete actions Vinamilk maintained its leading position and increased its market share in the market:

- ▶ Successfully launched many new and impressive product lines, contributing to increase market share: Violet glutinous rice yogurt, Greek Style Yogurt, 100% A2 Fresh Milk, Creating a rich experience for consumers.
- ▶ Performed effective communication through traditional channels, digital marketing communications. Creating and maintaining traditional to online purchase channels.
- ▶ Had effective interaction, combining functional departments, typically as the coordination to create success for the School Milk program in Hanoi.
- ▶ Constantly kept looking for opportunities to expand the market in 2018:
  - Exported goods to 39 countries through 70 customers
  - Expanded 3 new markets of ASEAN and Africa
  - Attended 12 international fairs, especially Booth at the Food Fair in China.



Vinamilk's various dairy products launched to Chinese consumers at the first China International Import Fair (CIIE 2018) in Shanghai.

Category	+/- YTD (%) 2018 vs 2017
<b>Total Dairy</b>	<b>0.9</b>
Liquid Milk	0.9 ↑
Powdered milk for baby and children	1.1 ↑
Nutritious drinking milk	2.9 ↑
Drinking yoghurt	1.8 ↑
Condensed milk	0.5 ↑
Soy milk	0.9 ↑

Market share increased compared to 2017

## Prospect in 2019

### Dairy industry context:

In 2018, milk consumption demand decreased, even negative growth in urban areas, not only Vinamilk but also dairy enterprises in Vietnam in general faced many difficulties. This downward trend is derived from:

- ▶ Consumption trends of Vietnamese consumers are changing like the general consumption trend of developed countries such as the US and the European Union as they increasingly focus on products with high nutritional content beneficial to health (high-quality milk, yogurt, plant alternative milk)
- ▶ The distribution system is affected by the wholesale distributors seeking other investment opportunities from the real estate, securities and gold markets in the early months of 2018.

However, the long-term growth potential of the dairy industry is still quite positive with positive signs:

- ▶ The milk consumption per capita of Vietnam is still low compared to other countries in the region, only about 17 liters/person/year compared to Thailand (35 liters/person/year) or Singapore (45 liters/person/year)

Growth rate of the milk industry of Southeast Asia Country 2018-2022	Yogurt	Drinking Milk	Condensed Milk
Vietnam	10,3	10,2	4,9
Thailand	4,7	6,2	4,8
Indonesia	10,3	5,8	4,9
Myanmar	N/A	N/A	N/A
Malaysia	4,1	4,9	1,5
<b>Total</b>	<b>7,4</b>	<b>6,8</b>	<b>4,1</b>

Source: Euromonitor, RongViet Securities



The consumption of milk per capita

Source: RongViet Securities

- ▶ Demographic structure has a great potential with a large population (97 million people), a large population growth rate, a young population structure (estimated at 50% of the population under 30 years of age) and educational and income levels of the middle class are increasing.

## Vinamilk strategy

### Upgrading the value of branches

Upgrading the value of branches, focusing on developing high-class branches:



### International market expansion

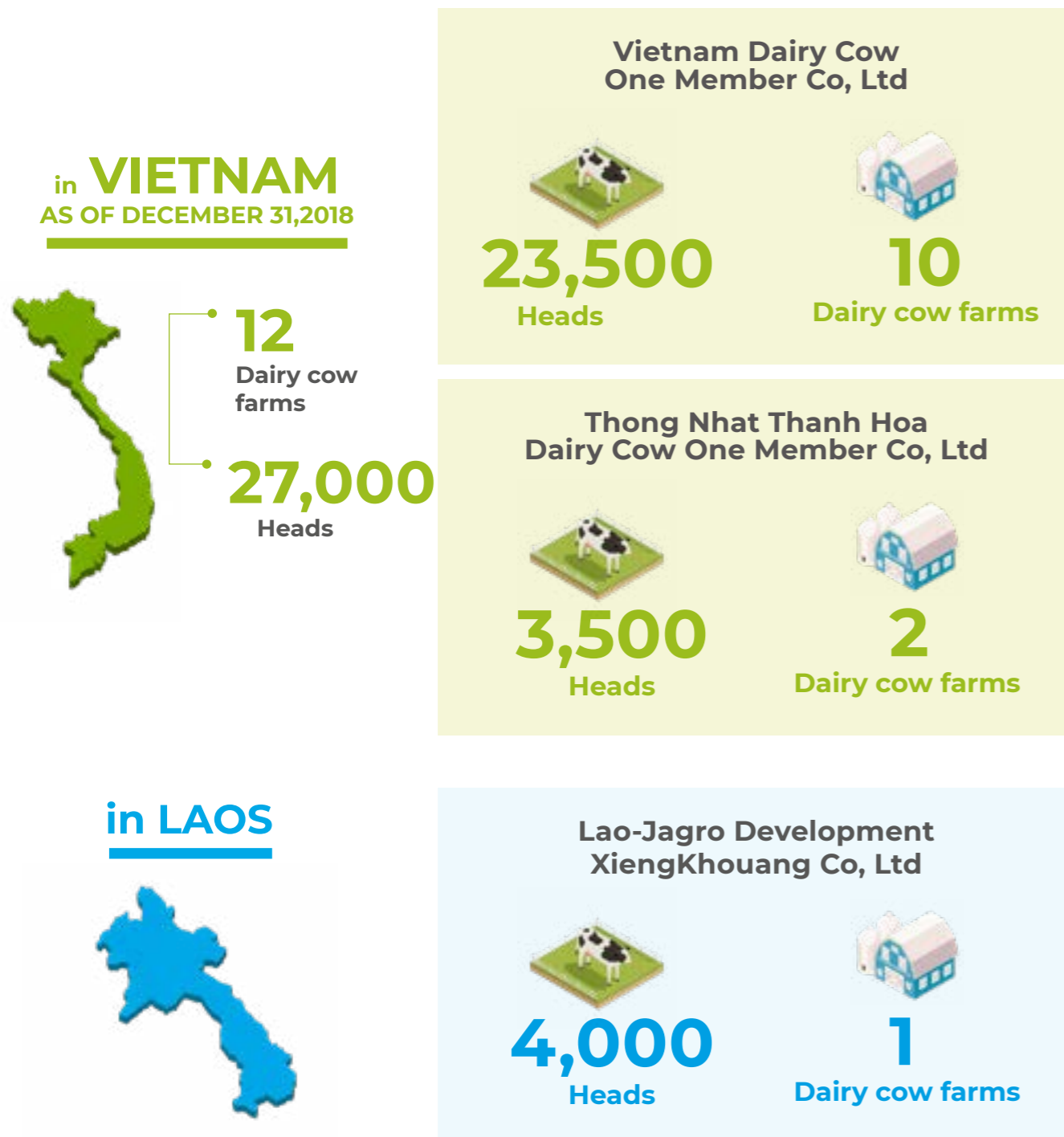
In addition to maintaining and increasing market share in the domestic market, Vinamilk also aims to reach out to the world market - developing production activities at overseas factories, actively seeking customers and exporting into big markets with imposing rigorous and strict requirements for product quality. This is a great challenge, but also a worthy motivation and encourages Vinamilk to constantly develop, thereby heightening capital use efficiency, bringing the greatest benefits to shareholders and investors.

- ▶ In 2019, Vinamilk is continuing to look for M&A opportunities with dairy companies in other countries to expand markets and increase sales.
- ▶ Preparing all the premise for Export to China market.

## Be proactive in supply

Control of output and input material price is one of the important factors for Vinamilk to take the initiative in supply, respond to all changes. Vinamilk is continuing to proceed through the expansion of dairy farms:

- ▶ In 2018, it invested in buying 51% shares in Lao-Jagro Xienghuoang Development Co., Ltd to develop organic dairy farm of 4,000 heads (phase 1) in Laos.
- ▶ In 2019, Vinamilk will put into operation the No.11 Farm in Thanh Hoa Vinamilk High-Tech Dairy Farm Complex and start construction of dairy farms in Quang Ngai and Laos.



## Association with investors

### Information transparency

Information transparency is one of the top criteria that Vinamilk always complies with for the benefit of Shareholders. Vinamilk's information disclosure staff always strives to bring transparency and publicity, ensuring equal access opportunities, even for small shareholders.

Vinamilk's commitments:

- ▶ Compliance with regulations on submission and publication of financial statements
- ▶ Compliance with Information Disclosure regulations for related parties
- ▶ Compliance with Statement of Conflicts of Interest for Managers and Suppliers
- ▶ Timely preparation and publication of corporate governance reports



### Transparency guarantee through an independent department within the Company

Vinamilk is one of the pioneering companies in establishing Internal Auditing activities. Internal audit with Independent and Objective professional principles to ensure the Company achieves its objectives through the assessment and improvement of the effectiveness of risk management, control and corporate governance systems:

- ▶ 2018 audit plan has been completed
- ▶ The audit results show that the processes have been complied
- ▶ Redirecting from Guaranteed Auditing to Consulting Auditing in 2018 and continuing for the following years to increase operational efficiency.
- ▶ The audit recommendations are strictly followed by the business units.

## Constant improvement of management capacity and brand reputation Governance Framework and Governance Principles at Vinamilk

Since the beginning of 2017, Vinamilk has officially applied the most advanced management model that very few Vietnamese enterprises have applied until now, though it has been popular in the world. That is the mechanism for monitoring through an Audit Committee of the Board of Directors, discontinuing to maintain the Supervisory Board. The audit committee from its inception to the end of 2018, chaired by an independent Board member, has had full authority, resources, and independence to support the Board of Directors to perform its supervisory function.



### Commitments on Corporate Governance:

Vinamilk establishes mechanisms on corporate governance, specifically:

- ▶ Corporate Governance Regulations
- ▶ Operational regulations of the Compliance Committee
- ▶ Established Secretariat to support Corporate Governance activities

### Activities of the Board of Directors

- ▶ **Members of the BOD:** Number to the present time: 10 Members, including 3 independent BOD Members (accounting for 1/3).
- ▶ **Subcommittee of BOD:** Including 4 Subcommittees: Audit Subcommittee, Strategy Subcommittee, Human Resource Subcommittee, Compensation Subcommittee. Audit Subcommittee, Human Resource Subcommittee and Compensation Committee are all chaired by independent BOD members.
- ▶ **Responsibilities and powers:** As stipulated in the Corporate Governance Regulation and Subcommittees' own operating regulations. These include mechanisms for working, monitoring and reporting to the Board of Management as well as the BOD and Shareholders.
- ▶ **BOD meetings:** BOD meetings are held on a quarterly basis, to work and to approve the duties of the Board of Directors. In addition, the Subcommittees will also hold separate meetings to handle the subcommittee's affairs.

### Control system

Vinamilk establishes the Internal Control and Risk Management System and the Internal Audit:

- ▶ Internal Control and Risk Management System: identifying and controlling risks through a multi-level control system from the Company - Department - Division, supporting the implementation of the Company's objectives.
- ▶ Internal audit system: Auditing and monitoring actual activities at the units, ensuring compliance with the Company's regulations and contributing to improving the effectiveness of the risk management and control system.

### Information disclosure

Vinamilk establishes regulations on Information Disclosure, ensuring transparency, timeliness and confidentiality to ensure Shareholders' rights.

### Relationship with Shareholders and Related Parties

Vinamilk always ensures the interests of Shareholders, maintains a stable relationship with related parties:

- ▶ Declaring the responsibilities and rights of Shareholders, especially the Small Shareholders in the Corporate Governance Regulation.
- ▶ Adoption of Dividend Policy and proper implementation, ensuring transparency in financial reporting data.



## Awards related to Corporate Governance

### Vinamilk is the most prestigious company in Sugar, milk and confectionery industry in 2018

The survey was evaluated based on 3 criteria:

- ▶ 1. Financial capacity shown in the most recent financial statements (total assets, total revenue, profit, operational efficiency, capital use efficiency, etc.);
- ▶ 2. Media prestige evaluated by Media Coding method - encoding company articles on influential media channels;
- ▶ 3. Survey of consumers about their level of awareness and satisfaction with the company's products/services; Survey of experts assessing the position of companies in the industry; and Survey of enterprises conducted in September 2018 in terms of market size, labor, capital, revenue growth rate, profit, operational plan in 2018, etc.

### Award of "Lifetime Achievement" of Vinamilk's CEO

Within the Women's Summit 2018, which took place on 18 October 2018 in Ho Chi Minh City, Forbes Vietnam announced the "Lifetime Achievement" for the first time to honor Ms. Mai Kieu Lien - Vinamilk's CEO.

The announcement ceremony of the "Lifetime Achievement" award was within the framework of Forbes Vietnam Women's Forum 2018 with the theme "Future Creation" - this is the biggest event discussing the leadership role of women and how to support women to develop in Vietnam. For the first time awarding, Forbes Vietnam honored only one outstanding Vietnamese woman whose achievements and contributions have been proven and greatly influenced a field, society or nation. For selection of candidates for this award, the Forbes Vietnam team consulted an advisory board of prestigious figures in society, including business leaders, intellectuals, etc.



### Other prominent awards affirming Vinamilk brand

- ▶ Vinamilk rose to lead the Top 100 Best Workplaces in Vietnam in 2017. The prize was announced by Anphabe career network and INTAGE Market Research Company.
- ▶ Vinamilk topped the list of 40 most valuable companies in Vietnam for 3 consecutive years. The award was published by Forbes VN.
- ▶ Vietnam's most prestigious export enterprise in 2017. The award was announced by the Ministry of Industry and Trade.
- ▶ Certificate of Merit from the Prime Minister on development of sustainable agriculture. The prize was awarded by the Prime Minister on 26 November 2018.
- ▶ Top 50 best listed companies in Vietnam. The award was selected by Forbes Vietnam, published on 26 July 2018.
- ▶ Vinamilk 5 times in a row achieved the national brand under the National Brand program approved by the Prime Minister.



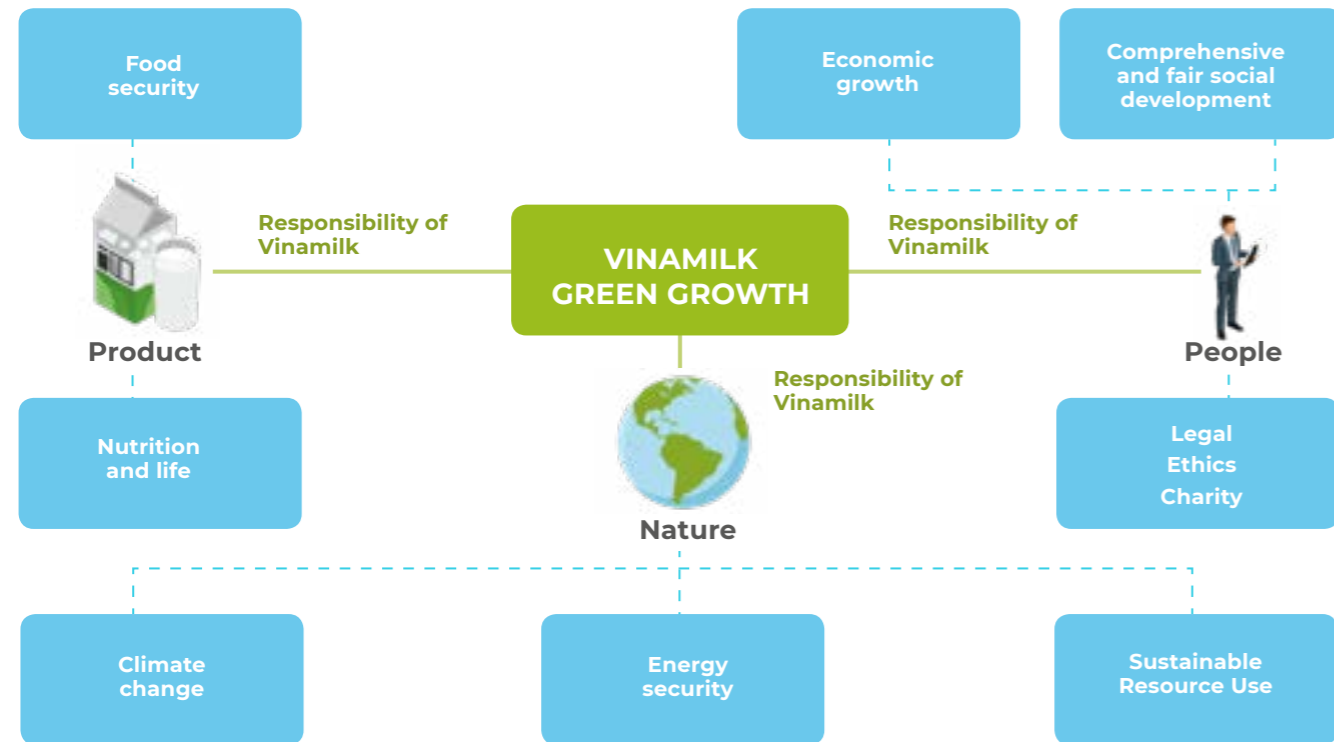
# Community



## COMMUNITY

### Perform responsible business production, protect environment

In the context of the world in general and Vietnam in particular is constantly striving and jointly achieving 17 SDGs towards sustainable global development, Vinamilk implements corporate responsibility to society and community in the role of leading enterprise in the food sector.



### Vinamilk - Top 10 sustainable development enterprises in production sector

2018 is the third year in a row that Vinamilk has been voted among the Top 10 Sustainable Manufacturing Enterprises, the Award is held by Vietnam Business Council for Sustainable Development (VBCSD) under the Vietnam Chamber of Commerce and Industry (VCCI).

To be in the Top 10 Sustainable Manufacturing Enterprises, the company is assessed through 131 criteria of the Corporate Sustainability Index (CSI). This set of indicators is a measure of corporate value based on criteria for sustainable development in the economic, environmental and social sectors, such as maintaining stable economic growth; making good progress and social justice; rational exploitation, economical use of natural resources, protection and improvement of the quality of the living environment.

The title is not only a remarkable achievement but also a tremendous motivation for Vinamilk to confidently proceed on the sustainable development roadmap. At the same time, this is also the basis for Vinamilk to further promote and more comprehensively deploy activities and programs around 3 main pillars, namely people, products and planet to cope with global challenges of food security, nutrition and life, climate change, economic development, social justice and comprehensive development.

### Vinamilk - Reducing Carbon Footprint on green growth roadmap

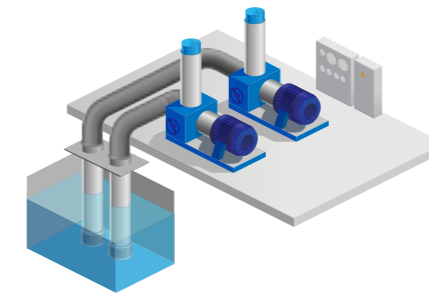
In addition to appreciating input resources, efficient use of resources, etc. a strong effort can be included in accountability to the community to provide a sustainable environment that is the waste source management and carbon footprint improvement in the green growth path by Vinamilk.

In order to minimize carbon footprints on the green growth roadmap, Vinamilk continues to apply multiple overall solutions in various aspects towards a sustainable future.

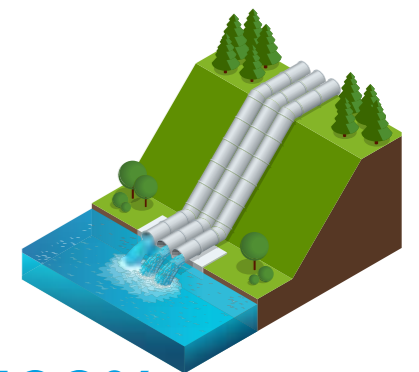
#### Solutions of science and technology



Invest in the construction of models of application of new energy and renewable energy (biomass, biogas, solar energy, etc.)



**100%** of the total **3,395,142.00 m<sup>3</sup>** of output wastewater in production activities is treated



**100%** of wastewater in animal husbandry is treated and reused after satisfactory treatment.

#### Solution for capacity enhancement training



Invest in the training and improvement of managerial capacity for managers and energy managers in key energy-using units on economical and efficient use of energy.



Invest in communication, information, education, awareness raising on energy saving.

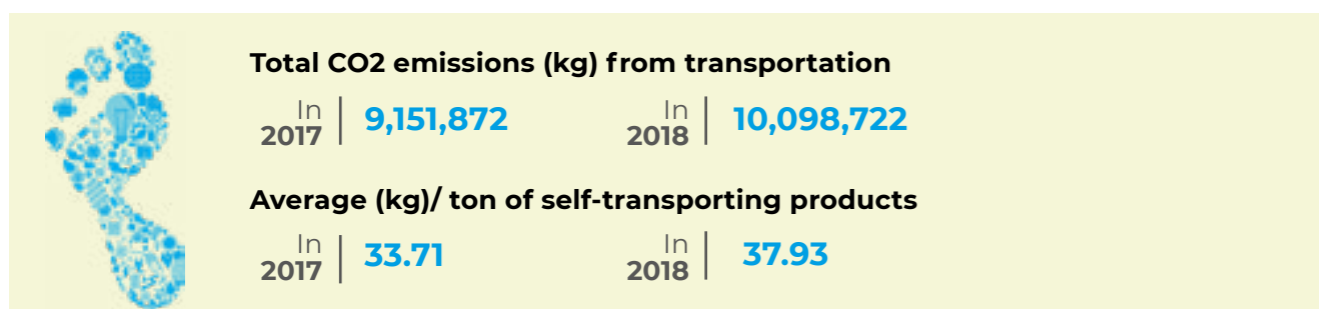
## Solutions to improve management system efficiency



## Solution of cooperation for development

- ▶ To cooperate with training organizations and units to enhance the capacity of staff working in the field of energy conservation and efficiency.
- ▶ To select consultancy organizations for design, testing, energy audit, energy management consulting and other consulting activities

### Current status CO2 emissions in Vinamilk's chain of livestock, production and transportation activities



One of the remarkable points in 2018 is the amount of CO2 emissions on Average/ ton of products in livestock activities decreased significantly equivalent to 13% compared to 2017. In production activities, the average CO2 emissions (kg)/ ton of products also decreased over the years 2016-2018, respectively



- ▶ Particularly, transportation activities recorded an average increase in CO2 emissions compared to 2017 due to changes in consumer behavior: diverting to small retail consumption, leading to an increase in single quantity. goods, number of shipments, etc. Therefore, the energy use index in the supply also increased over the same period.
- ▶ For activities in Cu Chi Raw Milk Center, the amount of CO2 emission was 1,574,143 kg. 2018 is the first year to record CO2 emission data at this unit. This is the premise for implementing CO2 emission reduction activities for the following years.
- ▶ Overall, 2018 recognized Vinamilk's efforts and first advances in minimizing carbon footprints on the green growth roadmap.

## Effective management of waste sources

By maintaining the efficiency and effectiveness of the current control system, constantly seeking, researching and applying advanced waste treatment methods, technology applications, environmentally friendly techniques in waste management, Vinamilk succeeded in maintaining the stability of the indicators of waste management over the years 2016-2018.



### 1. PLANING

International standard wastewater management and control system design:

- ▶ Legal requirements
- ▶ Requirements of the ISO 14001:2015 system

### 2. IMPLEMENTATION

- ▶ Periodic training and retraining
- ▶ Waste classification at source
- ▶ Self-control, continuous monitoring of wastewater treatment system and waste
- ▶ Good management of waste disposal contractors
- ▶ Investment in modern technologies on waste treatment
- ▶ Operating system according to ISO 14001:2015 standard
- ▶ Biogas anaerobic technology treatment system

### 3. CONTROL

- ▶ Internal evaluation
- ▶ Cross evaluation among units
- ▶ External evaluation
- ▶ Inspection from state agencies

### 4. CONTINUOUS IMPROVEMENT

- ▶ Constant improvement of the technology of waste disposal
- ▶ Continuous improvement of management system
- ▶ Expanded scope of influence on the supply chain in waste management of transport unit

## Waste statistics for 2016-2018

### Livestock Activities

Criteria	2017	2018
Total amount of hazardous waste (kg)	9,850	14,314
Average (kg)/ ton of products	0.12	0.15
<b>Scrap (kg)</b>	176,438	926,697
Average (kg)/ ton of products	2.50	9.97
<b>Domestic waste (kg)</b>	34,372	184,389
Average (kg)/ ton of products	0.50	1.98

### Production Activities

Criteria	2016	2017	2018
Total amount of hazardous waste (kg)	86,696	84,631	94,307
Average (kg)/ ton of products	0.08	0.07	0.08
<b>Scrap (kg)</b>	9,201,355	10,012,336	9,717,728
Average (kg)/ ton of products	8.77	8.74	8.34
<b>Domestic waste (kg)</b>	690,211	743,005	579,505
Average (kg)/ ton of products	0.66	0.65	0.50

### Transportation Activities

Criteria	2017	2018
Total hazardous waste (kg)	56,391	50,469
Average (kg)/ ton of self-transporting products	0.21	0.19
<b>Scrap (kg)</b>	162,644	84,203
Average (kg)/ ton of self-transporting products	0.61	0.32
<b>Domestic waste (kg)</b>	64,803	114,854
Average (kg)/ ton of self-transporting products	0.24	0.43

### Cu Chi Raw Milk Center

Criteria	2018
<b>Domestic waste (kg)</b>	65,300
Average (kg)/ ton of products	4.48

### Community programs

In 2018, Vinamilk continued to lengthen meaningful journeys to join hands to build a green, clean and well-being living environment; nurturing the preschool; sharing pains with unhappy lives; and above all, to spread beautiful values, encourage the Community to act together for a better future life.

#### 1. "One million green tree for Vietnam Fund" and the journey of greening along the length of the country

The program "One million green tree for Vietnam Fund" is an activity for Community, initiated by Vinamilk in collaboration with the Ministry of Natural Resources and Environment, with the aim of planting more trees for localities nationwide; contributing to socializing environmental protection; promoting planting, management and protection of trees to improve air quality and habitat for Vietnamese people.

In 2018, Vinamilk continued coordinating with the Ministry of Natural Resources and Environment to plant trees in Ca Mau and Bac Kan Provinces:

#### In Ca Mau: May 2018

At the first stop of 2018, the One-million green tree fund planted nearly 100 thousand trees of various kinds such as mangrove, casuarina and nacre, etc. amounted about VND 900 million in areas such as the national coordinate landmark GPS 0001, the coastal area of Dat Mui Commune, Ngoc Hien District and Cai Nuoc District of Ca Mau Province to overcome the drought and saline intrusion in the locality.



#### In Bac Kan: August 2018

Apart from 100,000 trees of the program "One-million green tree fund for Vietnam" dedicated to Bac Kan Province, Vinamilk also donated 20 gifts to families of martyrs, war invalids, former youth volunteers, people with meritorious services to the revolution in Bac Kan Province.

Through 6 years of implementation up to now, Vinamilk and the Fund have planted approximately 680,000 trees of various kinds with a value of nearly VND 9 billion, step by step approaching the target of 1 million trees for Vietnam.



### “Stand Tall Vietnam Milk Fund” and journey of sending millions milk glasses with warm love

In 2018, the Stand Tall Vietnam Milk Fund continued donation of 1,540,800 glasses of milk equivalent to VND 10 billion to more than 17,000 children in 23 provinces and cities nationwide. Through a 10-year journey, the Fund has donated more than 33 million glasses of milk, equivalent to nearly VND 140 billion to approximately 420,000 disadvantaged children in Vietnam.

#### School Milk Program and Stand Tall Vietnam journey

Vinamilk is the pioneer in performing the “School Milk” program from the 2007 academic year. Up to now, Vinamilk constantly brings international quality nutritional milk products to students across the country, helping them to develop comprehensively both physically and intellectually, for a Vietnam to stand tall.



In 2018, Vinamilk carried out milk distribution for 09 projects: Hanoi, Bac Ninh; Ha Nam; Da Nang; Khanh Hoa; Kon Tum; Ben Tre; Ba Ria - Vung Tau and Tay Ninh; 2 projects increased compared to 2017.

#### Journey of Community Health Care

In 2018, Vinamilk continued to organize nutrition examination and counseling programs, coordination with associations and social organizations to implement community activities and seminars on nutrition and sports festivals for health to raise people’s knowledge about nutrition and health improvement. The program aimed at many different target groups, especially young children, pregnant women and elderly people in all regions of the country, from highland, border to localities having undergone natural disasters and floods.

Programs in 2018	Description
Examining and consulting on field nutrition	31.711 examinations Donation of 530 boxes of milk powder, 427 liquid milk cartons
Phone nutrition counseling	3.025 calls
Online exchange	<ul style="list-style-type: none"> <li>1 online exchange with Alobacsi about the health of the elderly</li> <li>4 livestream sessions about Dielac Grow Plus</li> </ul>
Communication on Nutrition field	<b>Subject:</b> <ul style="list-style-type: none"> <li>Nutrition and reasonable lifestyle behaviors that help optimize height and brainpower in preschool children</li> <li>Role and advantages of School Milk Program</li> <li>Stunting malnutrition</li> </ul>
Seminar on internal nutrition	<b>Special subject:</b> <ul style="list-style-type: none"> <li>Office Disease Syndrome</li> <li>Nutrition - reasonable sleep to prevent cardiovascular disease and occupational diseases</li> <li>Nutrition - reasonable sleep to prevent cardiovascular disease - Breast cancer - cervical cancer</li> <li>Nutrition - reasonable sleep to support beauty and health - quality of life</li> </ul>
Scientific Research on nutritional health	Investigating proper nutrition behavior - raising children to help increase height - brain in the field combined with the nutrition counseling examination.

No.	Program 2018	Scope	Organizing units	Contents
1	Mini-Event (Small Workshop)	<b>- Scope:</b> Nationwide -  <b>- Attendees:</b> 150-250 People/ Workshop	<b>- VNM:</b> MKT Working Group  - Cooperating with local Women’s Union/ Elderly Association/ Veterans’ Association, etc.	<ul style="list-style-type: none"> <li>Measuring osteoporosis</li> <li>Nutrition consultant for Elderly Advice by Vinamilk representative of specialized nutrition products for the Elderly (Sure Prevent/ Sure Diecerna/ CanxiPro)</li> </ul>
2	Elderly Workshop	<b>- Scope:</b> Nationwide -  <b>- Attendees:</b> 400-600 People/ Workshop	<b>- VNM:</b> Brand label and public relations department  - Coordination with Elderly/ Red Cross Associations/ Consumer Associations.	<ul style="list-style-type: none"> <li>Measuring osteoporosis</li> <li>Nutrition consultant for the elderly</li> <li>Advice by Vinamilk representative of specialized nutrition products for the Elderly (Sure Prevent/ Sure Diecerna/ CanxiPro)</li> </ul>
3	Activation	<b>- Scope:</b> 15 major cities and provinces  <b>- Attendees:</b> 600 People/ Program	<b>- VNM:</b> Brand labels and Agency  - Coordination with local Elderly Association/ Women’s Union/ Consumer/ Veteran Association, etc.	<ul style="list-style-type: none"> <li>Measuring osteoporosis/ Blood pressure/ BMI</li> <li>Nutrition consultant for the elderly</li> <li>Advice on specialized nutrition products for the elderly (Sure Prevent/ Sure Diecerna/ CanxiPro)</li> </ul>
4	Diabetes Club	<b>- Scope:</b> Nationwide  <b>- Attendees:</b> 100 - 150 People/ Program.	<b>- VNM:</b> MKT Working group  - Coordination with Hospitals with Diabetes Club	<ul style="list-style-type: none"> <li>Measuring Blood Sugar</li> <li>Nutrition consultant for Diabetic People.</li> <li>Advice by VNM representative of specialized nutritional products for Diabetic People (Sure Diecerna).</li> </ul>
5	Nursing Event	<b>Large scale:</b> 1500-3000 People/ Event	<b>-VNM:</b> Brand label and public relations department  - Coordination with Elderly Association/ Nursing Association	<ul style="list-style-type: none"> <li>Performing arts/ Nursing</li> <li>Health examination and nutritional counseling/ nutrition products for the elderly</li> </ul>

Journey to spread love

Not only sponsoring Community programs, Vinamilk often assigns its staff to participate in programs to directly send high and beautiful hearts and gestures to difficult lives. Moreover, understanding the journey of love spreading not only stops at gifts, gestures, Vinamilk also actively encourages employees to share ideas, join hands to help and spread such high and beautiful hearts and gestures to more people, all towards a happy, sustainable and warm community.

Internal Communications Newsletter encouraging employees to share ideas and spread love:

The screenshot shows an internal newsletter page with the Vinamilk logo at the top. It features several articles and images:

- MÓN QUÀ ĐẶC BIỆT DÀNH TẶNG CHO MỘT "CHIẾC LÁ CHỮA LÀNH"**: An article about a special gift for a "healing leaf" (likely a person in need).
- ÔNG TRẦN HỮU PHƯƠNG - GIÁM ĐỐC CN CẦN THƠ CHIA SẺ**: A testimonial from Mr. Trần Hữu Phương, Director of Cần Thơ branch.
- SỰ CHÀO ĐÓN ẤM ÁP TỪ GIA ĐÌNH VINAMILK**: A section about the warm welcome from Vinamilk families.
- ANH TRẦN QUỐC HÙNG - CV MARKETING**: A profile of Mr. Trần Quốc Hùng, a marketing employee.

There are also several photographs showing people in various settings, likely related to the newsletter's content.

This poster is titled "HÃY CÙNG VINAMILK ĐỒNG HÀNH VỚI NGƯỜI CAO TUỔI VIỆT NAM!" (Let's go with Vinamilk with the elderly of Vietnam!). It features the Vinamilk logo and a large image of a group of people, including elderly individuals, gathered for an event. The text below the image reads:

**HÃY CHIA SẺ NHỮNG Ý TƯỞNG CỦA BẠN ĐỂ CÙNG VINAMILK GIÚP NCT SỐNG VUI, SỐNG KHỎE, SỐNG CÓ ÍCH NHÉ!**

Trong hành trình suốt 8 năm qua, Vinamilk đã tổ chức lễ chào mừng sinh nhật hơn 450.000 người cao tuổi (NCT) trên khắp cả nước, riêng trong năm 2018, đã có hơn 130.000 NCT tham gia trong các hoạt động của Vinamilk. Hành trình ý nghĩa sẽ được Vinamilk tiếp tục đẩy mạnh trong năm 2019!

Việc qua, ngày 24/02/2019 tại Công viên Văn hóa Đầm Sen, hơn 1.500 NCT bên đa bản TP.HCM đã tham gia Hội nghị kỷ niệm lễ hoạt động năm 2018 của Vinamilk & nhận hàng Sure Prevent phù hợp với Trung tâm tư vấn và chăm sóc sức khỏe Người Cao Tuổi TP.HCM, Hội Chữ Thập đỏ TP.HCM và khác. Đây cũng là dịp để công nhân tại hành trình trong năm 2018 với nhiều hoạt động bổ ích và ý nghĩa mà Vinamilk đã đồng hành cùng NCT cả nước!

Chương trình này cũng là hoạt động mở đầu cho chuỗi hội thảo chăm sóc người cao tuổi 2019 do Nhân hàng Sure Prevent thực hiện. Bên cạnh các hội thảo tư vấn sức khỏe, song những năm qua, Vinamilk đã thực hiện nhiều hoạt động phong phú như: Đồng hành dưỡng sinh, Luyện tập thể dục thể thao cho NCT.

Đại diện cho NCT tham gia sự kiện, cô Khổng Thị Lan (87 tuổi), thuộc Hội người cao tuổi quận 2 nói đồng chia sẻ: "Lần đầu tiên được tham dự một chương trình có quy mô hoành tráng như vậy, có vẻ công nhân rất vui và rất đồng ý với sự quan tâm của Vinamilk dành cho NCT. Có lẽ hội đồng và sẽ tiếp tục ủng hộ những sản phẩm dinh dưỡng của Vinamilk cho NCT".

**Ý TƯỞNG HAY, NHẬN QUÀ NGAY!**

THEO BẠN, VINAMILK CÓ THỂ TỔ CHỨC HOẠT ĐỘNG NÀO CHO NCT ĐỂ GIÚP HỌ SỐNG VUI, SỐNG KHỎE?

Hãy nhanh tay gửi ngay ý tưởng của bạn về [hoathinh@vinamilk.com.vn](mailto:hoathinh@vinamilk.com.vn)  
Hạn chót: cuối tháng 02/2019  
8 Ý TƯỞNG HAY NHẤT ĐƯỢC CHỌN QUÀ TẶNG TỪ VINAMILK SURE PREVENT NHÉ!

This poster is titled "VINAMILK HỢP TÁC NỘI NHI KHOA TRIỂN KHAI CHƯƠNG TRÌNH HÀNH TRÌNH GIÚP 12.000 TRẺ THOÁT SUY DINH DƯỠNG, THẤP CÔL, TĂNG CÂN SAU 3 THÁNG" (Vinamilk partners with Pediatrics to launch a program to help 12,000 children escape malnutrition, stunted growth, and gain weight after 3 months). It features the Vinamilk logo and a large image of a group of children and staff. The text below the image reads:

TPHCM CHỈ PHẢI, ngày 24/11/2018 tại UBND xã Trung Lập Thượng (Gò Công) - nhân hàng Vinamilk Ditarac Grow Plus đã phối hợp NỘI NHI KHOA bắt đầu triển khai chương trình "hành trình giúp trẻ thoát nhanh suy dinh dưỡng, thấp còi, tăng cân sau 3 tháng".

Theo đó, hành trình sẽ diễn ra từ tháng 11/2018 đến tháng 02/2019 tại 03 huyện miền của Hậu Nghĩa, tổng số 12.000 trẻ suy dinh dưỡng được tiếp cận, khám và tư vấn dinh dưỡng, cung cấp kiến thức cho họ.

Mỗi người chuyên gia giàu kinh nghiệm với sự công tác, giám sát từ các cơ quan chức năng của Bộ Y tế Khoa, các bác sĩ từ Trung tâm dinh dưỡng Vinamilk và địa phương.

**L. ĐOÀN VINAMILK, BÁC SĨ NGUYỄN YU LINH - CHỖNH BAN CHĂM TRỢ VÀ TRUYỀN THÔNG DINH DƯỠNG - TRƯỞNG TẠM DINH DƯỠNG VINAMILK AT BỐN:**

Tại thủ đô công ty của hàng đầu Việt Nam cũng sẽ nhận ra kết quả mang đến cho cộng đồng người dân đường phố hàng đầu. Vinamilk với hành trình với Hội Nội Khoa - một trong các đơn vị dinh dưỡng đầu tiên - triển khai hành trình nhận những đơn hàng mua sắm của Vinamilk để có thể nhận được sự an toàn, kết quả hàng đầu, nhận được sự tin tưởng.

Hàng cũng chuyển hành trình của Vinamilk với sản phẩm Ditarac Grow Plus đạt chuẩn quốc tế, đã được chứng nhận lâm sàng giúp trẻ tăng cân sau 3 tháng, tăng chiều cao, giảm tỷ lệ bệnh, ngày càng nhiều trẻ em Việt Nam sẽ.

**"THOÁT NHANH SUY DINH DƯỠNG, THẤP CÒI, BẮT KỊP BÀ TĂNG TRƯỞNG"**



# PARTNERS





## VALUE ENGAGEMENT-JOINT DEVELOPMENT

### Suppliers



### Industry associations

- ▶ Vietnam Dairy Association
- ▶ Vietnam Ruminant Husbandry Association



### Strategic partners

- ▶ National Institute of Nutrition
- ▶ Cho Ray Hospital
- ▶ DSM, Switzerland - world's leading nutrition group
- ▶ Chr. Hansen Group, Denmark
- ▶ Vietnam Airlines
- ▶ DHG Pharma and other strategic partners



### Distributors, Retailers



**“Vinamilk always wants to ensure a stable and reliable supply on the basis of sustainable relationships and harmonious benefits with the suppliers at high standards”**

**“We will respect and trade equally with suppliers and partners. We always respect long-term cooperative relationships on the basis of honesty, transparency and harmonization of interests”**

*Excerpts from Vinamilk's Code of Conduct*

## Creating a healthy competitive environment

Vinamilk is committed to dealing with suppliers and partners on the principle of fairness, honesty, objectivity and harmonization of interests, in order to create a fair and transparent competitive environment for all parties.

### FAIR COMPETITION ENVIRONMENT AT VINAMILK

Transparency in Selection criteria based on price competitiveness, quality, on corporate social responsibility

Compliance with the provisions of the law

Control of conflicts of interest with key transactions

Respect for the Code of Conduct

Clear cooperation process and balanced benefits of parties

To fulfill that commitment, Vinamilk has established, seriously implemented and continuously improved the effectiveness and efficiency of the control system based on advanced models in supply chain management, to bring about fairness, transparency and reliability for all partners.

## Affirming leading position, performing sustainable development along with partners

Vinamilk constantly strives to create a reliable partner image by continually strengthening its internal strength in all aspects: finance, brand prestige, competitiveness, etc. and sustainable development with partners.

- ▶ On finance: Over the years, Vinamilk has always affirmed its financial foundation through strong financial indicators:

Value of money capital is at all times maintained at a high level. Liquidity and cash flow management are controlled at an effective and safe level, meeting capital needs for business operations and cooperation at any time.

The payment policy with the Supplier is maintained in a reasonable and strict manner, in accordance with the Company's operation situation and each transaction with the Supplier. In 2018, the payable debt ratio improved, falling to 7.4 times compared to 8.2 times in 2017.

- ▶ On brand value: For many consecutive years, Vinamilk has been recognized as a National Brand and No.1 Brand in Vietnam. With a high and stable market share, continuous growth over the years, Vinamilk is the leading enterprise and occupies the absolute market share in some key products: condensed milk, eating yogurt, powdered milk, etc. The cooperation with Vinamilk always brings sustainable value to Partners.
- ▶ About competitiveness: With strong financial potential; modern factory system and green and clean farms covering all provinces and cities; quality, prestige and thickness of operation over 40 years; in addition to a wide and strong distribution network, Vinamilk has built a series of competitive advantages that any retail business must "dream of".

## Companion - Sharing responsibility

For suppliers:

### Enhancing social responsibility

In 2018, following the spreading of value to society in the supply chain, Vinamilk consulted and implemented the set of criteria on social responsibility and environment to 100% of transport partners in supply chain. This is one of the remarkable steps in the active chain of Engaging value - Sharing and Enhancing environmental and social responsibilities that Vinamilk aims to work with partners.



**Collective labor agreements with the minimum terms equal to legal provisions**

**Care of life, salary and welfare regime**

**Neither forced nor compulsory labor**

**Environmental sanitation; management of waste, wastewater and emissions**

**Criteria for environmental and social responsibilities**

**Safety and Occupational health**

**No employment of juvenile labor and child labor**

**Policy on Wages & Welfare, Maternity**

**Policies to avoid discrimination**

**System and policies for prevention/ mitigation of occupational accidents/ diseases**

**Compliance with obligations to society, economy and community**

### Increasing efficiency

Also in 2018, Vinamilk cooperated with transport units in direct and indirect training on efficient use of pallets, avoiding damage. In addition, Vinamilk also cared and shared with transport partners about the application of technology in management, particularly vehicle operation software, from which to operate on the same database together with Vinamilk, improving interaction efficiency and reducing errors in manual labor.

### For distributors:

#### Listening and constantly improving satisfaction

Listen and constantly improve your partner's satisfaction the continuous improvement and quality improvement of:

- ▶ Promotion team
- ▶ Business operations
- ▶ Distribution system development
- ▶ Freight forwarding
- ▶ Customer service



The satisfaction of distributors for Vinamilk is 98%, which is the result of harmonious combination of many factors that bring value to distributors such as:

- ▶ Good preferential regime
- ▶ Support for business management
- ▶ Business equipment support
- ▶ Management digitalization
- ▶ Training and fostering for sales staff



Besides positive results, Vinamilk also actively acknowledges the points that can be improved to constantly better the quality of products and services, aiming to satisfy the stakeholders, enhancing partner relationship.

#### Participation, consultation for a win-win cooperation

##### Developing skills and knowledge for distributor salespersons

Recognizing the importance of sales staff in advising, sharing and introducing Vinamilk products to customers, Vinamilk always focuses on developing skills and knowledge for distributor's sales staff, constantly communicating and expanding valuable knowledge and experience through training programs.

##### Training on



Orientation in 2019, Vinamilk will build an online training system. With a knowledge system that is designed to be intuitive, concise, easy to access, Vinamilk aims to train the right knowledge and full skills for employees, while enhancing and imparting more deeply the knowledge sources of appropriate and necessary quality for each job position.

### Organizing thematic documents for distributors

With the aim of supporting distributors step by step to grow, increase operational efficiency and meet the requirements of product storage and ensure occupational safety at warehouses, in 2018, Vinamilk has developed and implemented 03 sets of thematic documents to distributors. Specifically:

- ▶ Guideline of transportation, preservation of Ice cream with insulation crate & dry ice
- ▶ Guideline of Stacking - Storage
- ▶ Safety rules for operating forklifts and racking

In addition to implementing these topics, Vinamilk also conducts regular monthly check and assessment activities to assist distributors in reviewing and seeking improvement opportunities, thereby making corrective and preventive actions in a timely manner, minimizing risks & improving operational efficiency.

In the future, Vinamilk aims to deploy deeper and broader activities of knowledge sharing with specific distributors in areas such as warehouse management technology, transporting and cargo handling technology, delivery roadmap arrangement, maximization of operation of transport vehicles and delivery staff, introduction to effective warehouse and delivery management applications, etc.

### For industry associations and strategic partners



### Be Proactive as a key member of the Association

As a key member of the Vietnam Dairy Association, with the dedication to the dairy industry, Vinamilk has always proactively participated and contributed to the Association's activities, such as: in-depth discussion; sponsoring conferences and exhibitions; contributing to the overall development of the dairy industry, towards sustainable development.

In 2018, Program, one of the important projects contributing Vinamilk and the Vietnam Dairy Association contributed comments to many law drafts, especially the Draft Circular of Regulations for fresh milk products for School Milk to the development of future preschool.

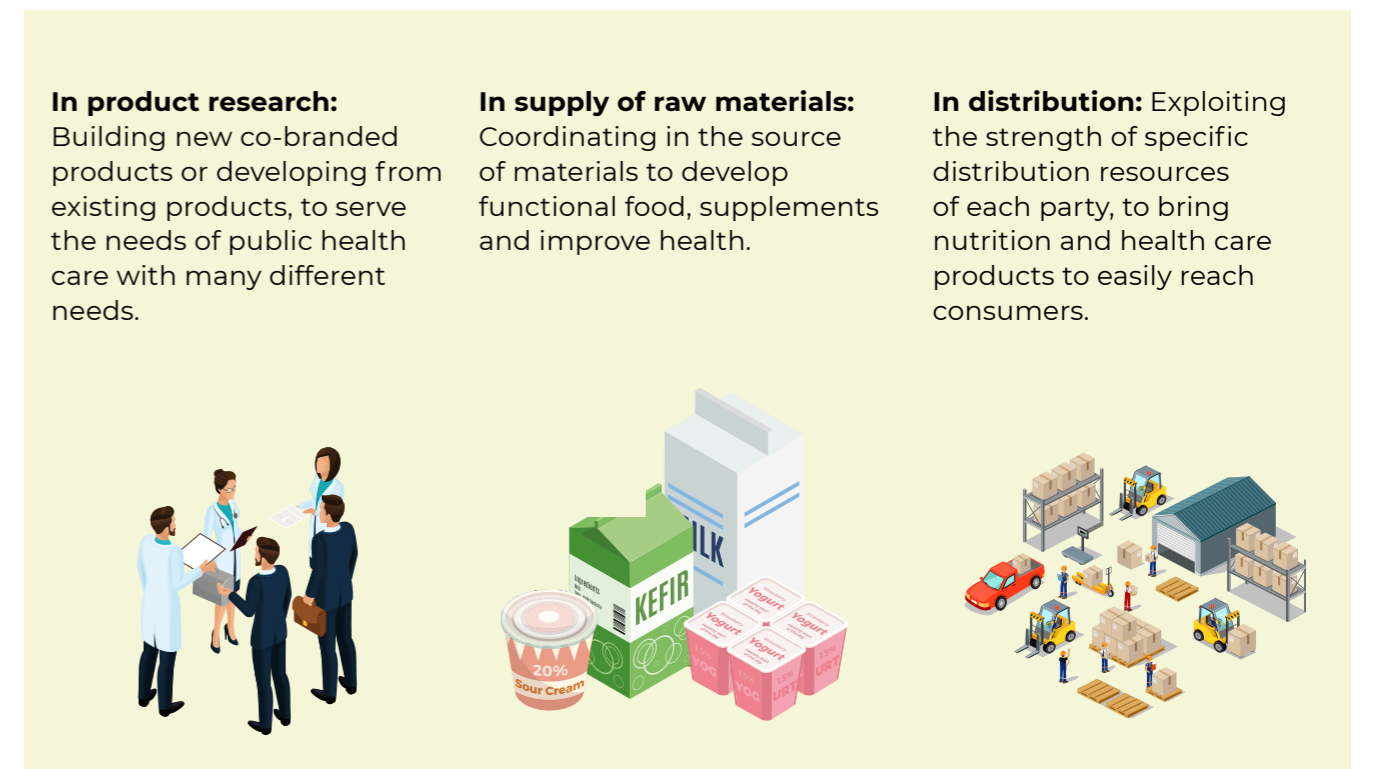
Besides, in 2019, Vinamilk is expected to engage with Vietnam Dairy Association as the main sponsor for the International Milk and Dairy Products Exhibition - Vietnam Dairy 2019. This is considered an important trade promotion activity, a bridge for domestic and international enterprises to meet, exchange, seek partners, expand markets, enhance investment cooperation capabilities, contribute to competitiveness improving towards sustainable development for Vietnam Dairy industry.

### Cooperation to improve social responsibility for public health with Cho Ray Hospital

On 02 September 2018, within the framework of the international clinical nutrition conference held at IFEMA Convention Center, Madrid City, Spain, Vinamilk and Cho Ray Hospital together signed the Strategic Cooperation agreement to continue 3 years of 2019 working the issue of "Nutritional care, specialized product development for Patients with inpatient and outpatient treatment and training of specialized clinical nutritionists with international standards" with attendance, witness and support of professors from Geneva University Hospitals.

### Engaging value chains with DHG Pharma to create new values for life for the community

Implementing the strategic orientation of products for health, in March 2018, Vinamilk and DHG Pharma together signed a strategic cooperation on product research and development to meet health care needs and create new values for the community, towards a healthier life.



**Strategic cooperation with Vietnam Airlines to Share value and bring Vietnamese brand to international level**

On 06 August 2018 in Ho Chi Minh City, Vietnam Airlines JSC (Vietnam Airlines) and Vinamilk officially announced the multi-sector strategic cooperation program for a period of 5 years (2018-2023).

- ▶ On business: Vinamilk provides nutritional products, with individually designed packaging bearing co-branded images on Vietnam Airlines flights departing from Vietnam for Vietnam Airlines and its subsidiaries. Vinamilk's total value of products supplied on Vietnam Airlines' aircraft is expected to grow 10% per year.
- ▶ About brand: cooperating in co-branding and marketing programs.
- ▶ About knowledge management: sharing experiences in supply chain management and operation, warehousing systems.



# GOVERNMENT



## GOVERNMENT

Engagement - Accompanying - Cooperation on the foundation of **Respect, Trust and Transparency, towards sustainable development.**

Enterprises play a central role in the goal of sustainable development and improve national competitiveness in many respects: Contributing a large revenue to the budget when the enterprises develop in scale and business efficiency, Supplying products, goods, services, constructing infrastructure for the economy, Enhancing capacity for the economy through positive contributions in stabilizing prices, curbing inflation, ensuring social security, maintaining growth and employment for workers.

Vinamilk in this relationship always maintains the position of a leading enterprise: Compliance with Laws, Professional Consultation to create an appropriate legal environment for economic development, pioneering contributions and efforts to cooperate, create value and support economic development, especially local economy and foreign economy.

### Compliance with Laws

In the Company's Code of Conduct, Vinamilk sets the commitment to "Comply with the Law" at top. "Compliance" is also 1 of 5 Core values constantly maintained and promoted by Vinamilk towards sustainable development.

- ▶ Vinamilk affirms to be an Integrity company in all relations with the State Agency.
- ▶ Vinamilk undertakes not to commit illegal, unethical acts to collect information or to conceal information in order to gain its own benefits.
- ▶ At the same time, Vinamilk commits not to carry out bribery behaviors to achieve special incentives on benefits such as licenses, contracts, etc.

### IN 2018



**Pioneer in updating and applying new policies/regulations promulgated by the State**



**Implementation of management of risks in compliance with the Law**



**No penalties incurred for non-compliance with laws or regulations on Environment-Economy-Society**



**No cases of corruption and conflicts of interest arisen**



**An incessant competition on the principles of honesty, fairness and non-infringement to the interests of the State, the public interests, the legitimate rights and interests of consumers**

## Professional support and consultation, accompanying the Government

Vinamilk continued to proactively propose and comment on legal documents, actively interacted with the Government to perfect the legal system, participated and contributed ideas at conferences and seminars organized by the state.

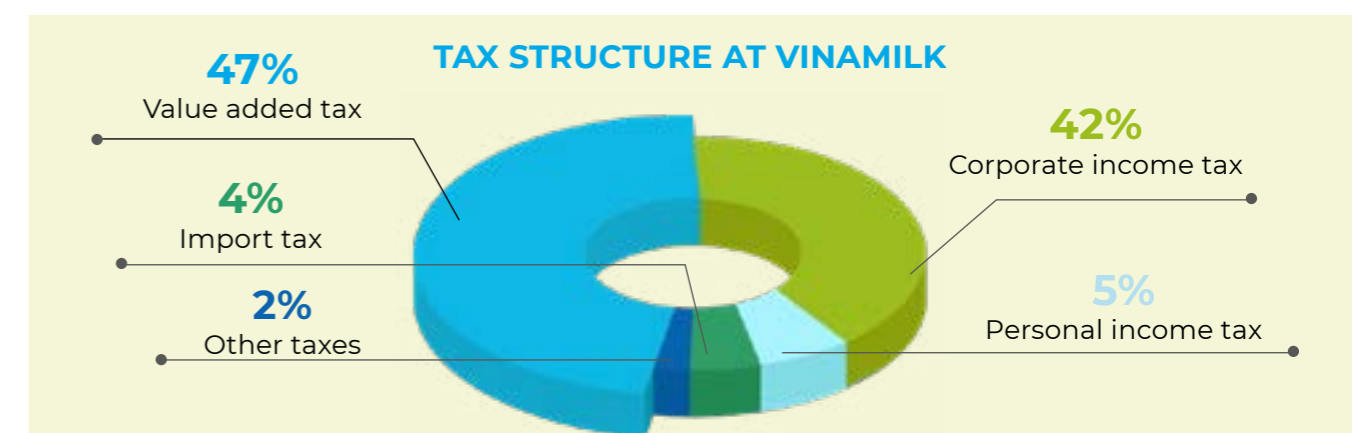
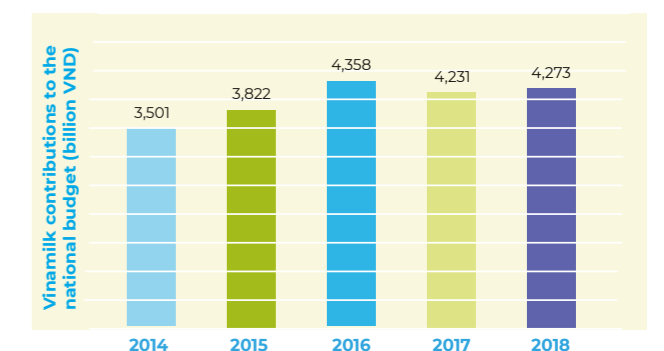
### List of legal documents Vinamilk consulted in 2018:

No.	Commented documents	Receiving agency
1	Draft Decree guiding on Competition Law	Vietnam Competition Authority - Ministry of Industry and Trade
2	Draft Decree guiding on Competition Law	Vietnam Dairy Association
3	Draft National Standard on soy milk	Directorate for Standards, Metrology and Quality - Vietnam Standards and Quality Institute
4	Draft amendments and supplements to Decree No. 134/2016/ND-CP guiding the Law on export tax and import tax	Vietnam Dairy Association
5	Suggestions for review procedures under Circular No. 26/2012/TT-BKHCHN and Circular No. 12/2017/TT-BKHCHN	Vietnam Dairy Association
6	Draft Circular of Regulations for fresh milk products for school milk program to improve nutritional status, contributing to raising stature of preschool and primary children by 2020	Vietnam Food Administration - Ministry of Health
7	Draft Circular amending and supplementing Circular No. 25/2016/TT-BNNPTNT	Vietnam Food Administration - Ministry of Health

## Contribution to the national budget

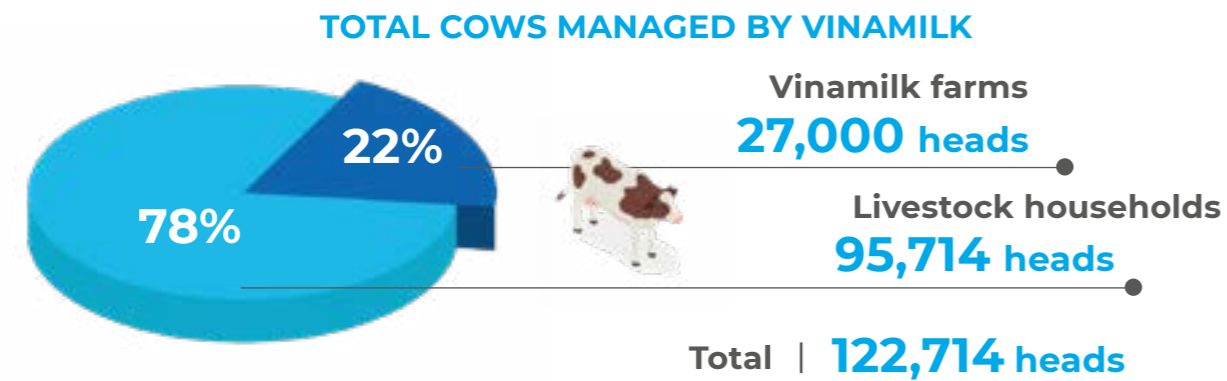
According to the General Department of Taxation statistics published in August 2018, Vinamilk continues to rank among the top 10 enterprises paying the most corporate income tax (CIT) in Vietnam in 2017 (ranked 6th), with the total amount of CIT paid up to VND 1,800 billion.

For many years, Vinamilk is proud to be one of the most contributors to the national budget, partly contributing to the development of the country.



## Support for vocational training and local economic development

Not only excellent in agricultural development, helping farmers to reduce poverty, Vinamilk is also recognized by the Government for its contributions to changing the face of Vietnamese countryside on the foundation of dairy farming development from the internal resources of the enterprise.



### For farm system

In 2018, Vinamilk continued expanding the system of concentrated dairy farms applying the world's most advanced and high technologies:

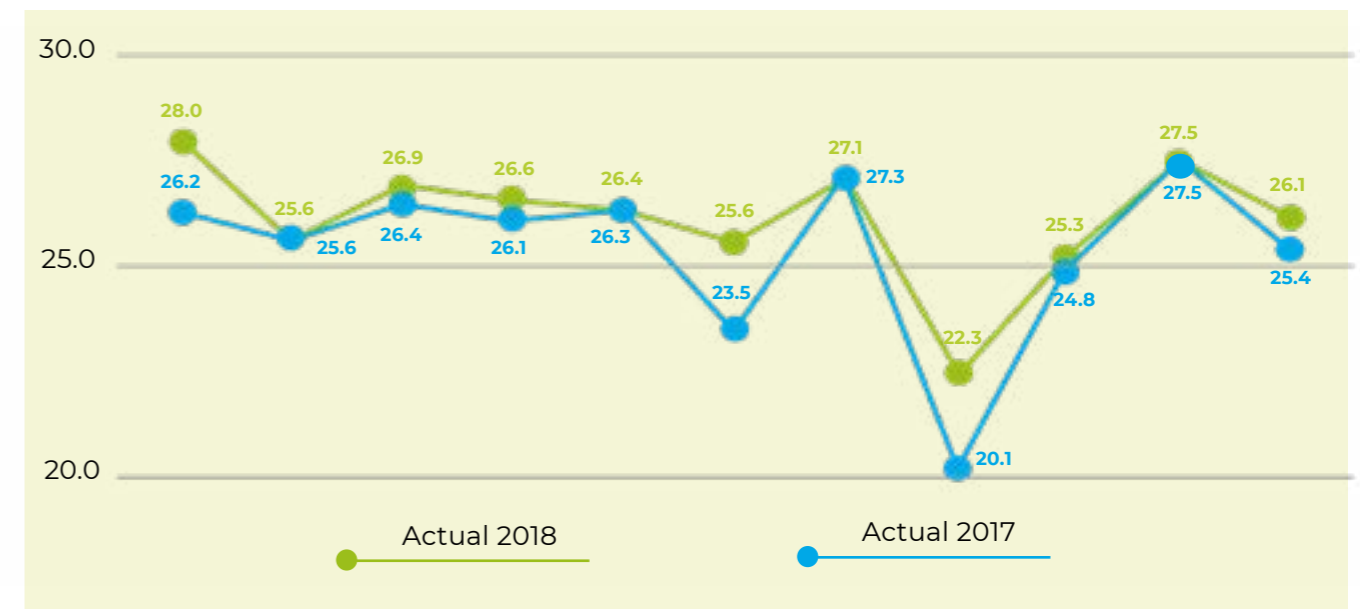


Farm No. 1 was inaugurated on March 28, 2018 in Yen Dinh District, Thanh Hoa Province

- ▶ Inaugurated the farm No.1 in the project on complex of high-tech dairy farms. Began construction of farm No. 2.
- ▶ Expanded Organic Dalat farm, doubling the number of Organic cows.
- ▶ Added 5 milk collection stations: 4 stations in Lam Dong and 1 in Ben Tre.
- ▶ The total number of cows was 122,714, not increasing compared to 2017, but the average milk yield reached 26.1 kg/ head/ day, up 3% compared to 2017. The highest yield ever achieved was 33.06kg/ head/ day.

## AVERAGE MILK YIELD IN 2018

(kg/head/day)



	Tuyen Quang	Thanh Hoa	Nhu Thanh	Nghe An	Ha Tinh	Binh Dinh	VNM Da Lat	VNM Organic	Tay Ninh	TNTH	System Average
●—	28.0	25.6	26.9	26.6	26.4	25.6	27.1	22.3	25.3	27.5	26.1
●—	26.2	25.6	26.4	26.1	26.3	23.5	27.3	20.1	24.8	27.5	25.4
+/-	7%	0%	2%	2%	0%	9%	1%	11%	2%	1%	3%





## For Livestock Households

Vinamilk continued to have practical and effective activities in supporting Livestock Households throughout the process: from selecting breeds- buying and growing feeds - optimizing breeding environment, cleaning cattle - to milking, preserving fresh milk to increase milk quality and productivity.



### 1. Selecting breeds

- ▶ Opening training courses to improve knowledge and skills of dairy farming
- ▶ Training for new livestock households
- ▶ Technical guidance on selecting breeds for high productivity



### 2. Buying and growing feeds

- ▶ Supporting seeds, fertilizers and clear when harvesting
- ▶ Training in planting, harvesting, caring for the field, etc.
- ▶ Advising livestock households to use reasonable cattle compound feed at 100% feeder stations
- ▶ Supporting additional manure to each cutting, or leftover food for more fertilizing



### 3. Optimizing breeding environment and cleaning cattle

- ▶ Surveying the actual environment of breeding facilities and making recommendations for 100% of livestock households to improve the situation of breeding



### 4. Milking, preserving milk

- ▶ Assisting in harvesting by machines and equipment of the Raw Milk Center
- ▶ Supporting the most convenient conditions for purchasing and transporting for households, while ensuring the best quality of raw milk
- ▶ Instructions for preserving raw milk to increase milk quality and productivity
- ▶ Ensuring stable output for raw milk products

- ▶ In 2018, the average cow herd size of Livestock Households reached 15.9 heads/ household, up 12.8% compared to 2017
- ▶ The amount of milk purchased from households in 2018 reached 187,800,877 kg. Milk yield also improved, reaching 13.36 kg/ milking cow, compared to 2017: 12.91 kg/ milking cow
- ▶ In 2019, Vinamilk continues promoting the deployment of the project of expanding farms; encouraging the development of dairy farming with livestock households; aiming to increase the herd size to 150,000 heads and enhance milk productivity. At the same time, Vinamilk tries harder in improving weather conditions, harsh soils to enhance productivity; actively investing in modern technologies in the production and processing of raw milk; supporting the livestock households to standardize their cow herds, increase productivity and quality of milk.

### Improving national competitiveness

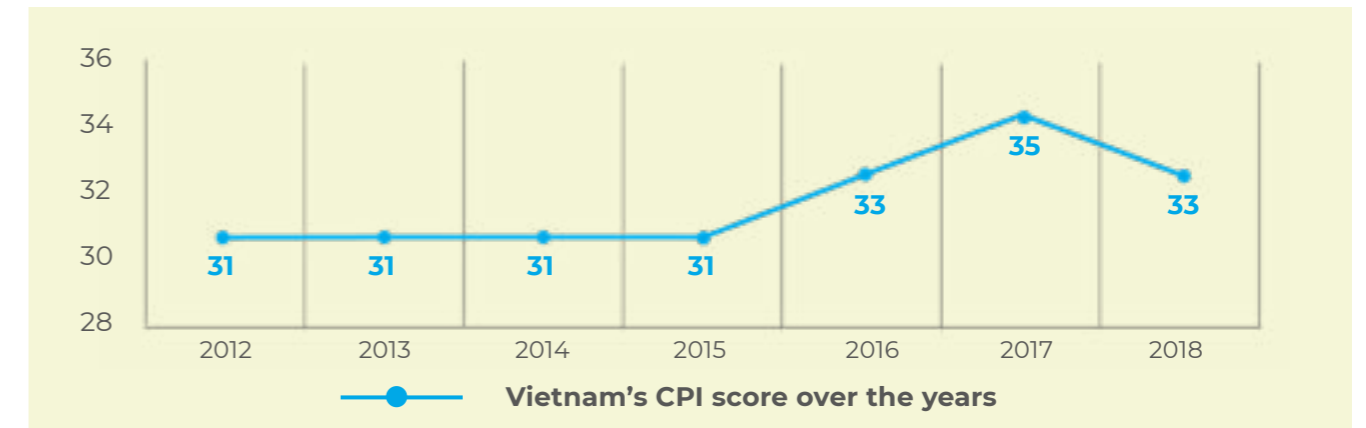
The World Economic Forum (WEF) has just released the Global Competitiveness Report 2018 which ranks Vietnam as 77<sup>th</sup> in total of 140 countries and territories in the rankings, down 3 grades compared to 2017.

### Anti-corruption, cooperation based on transparency and integrity

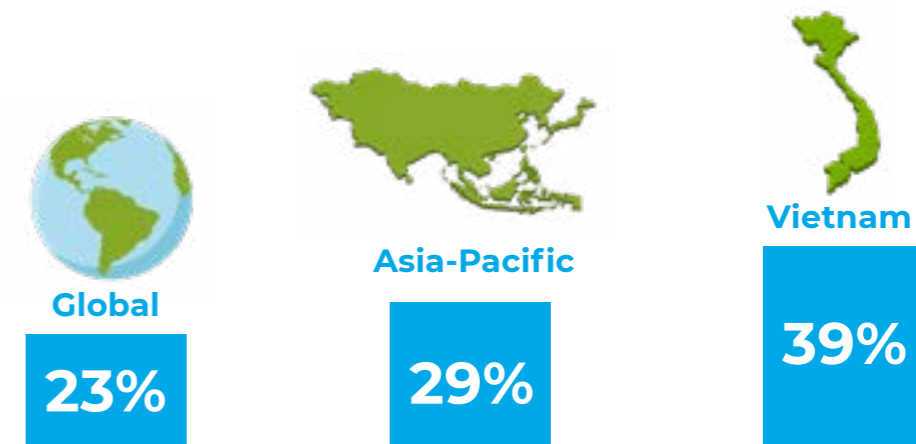
Background of Corruption - Bribery and Fraud in Vietnam in 2018

### Corruption

Transparency International (TI) has announced the Corruption Perceptions Index (CPI) 2018, ranking 180 countries and territories based on the opinions of experts and entrepreneurs about public sector corruption. Accordingly, corruption of Vietnam now reaches 33 points (2 points lower than 2017).



### Bribery

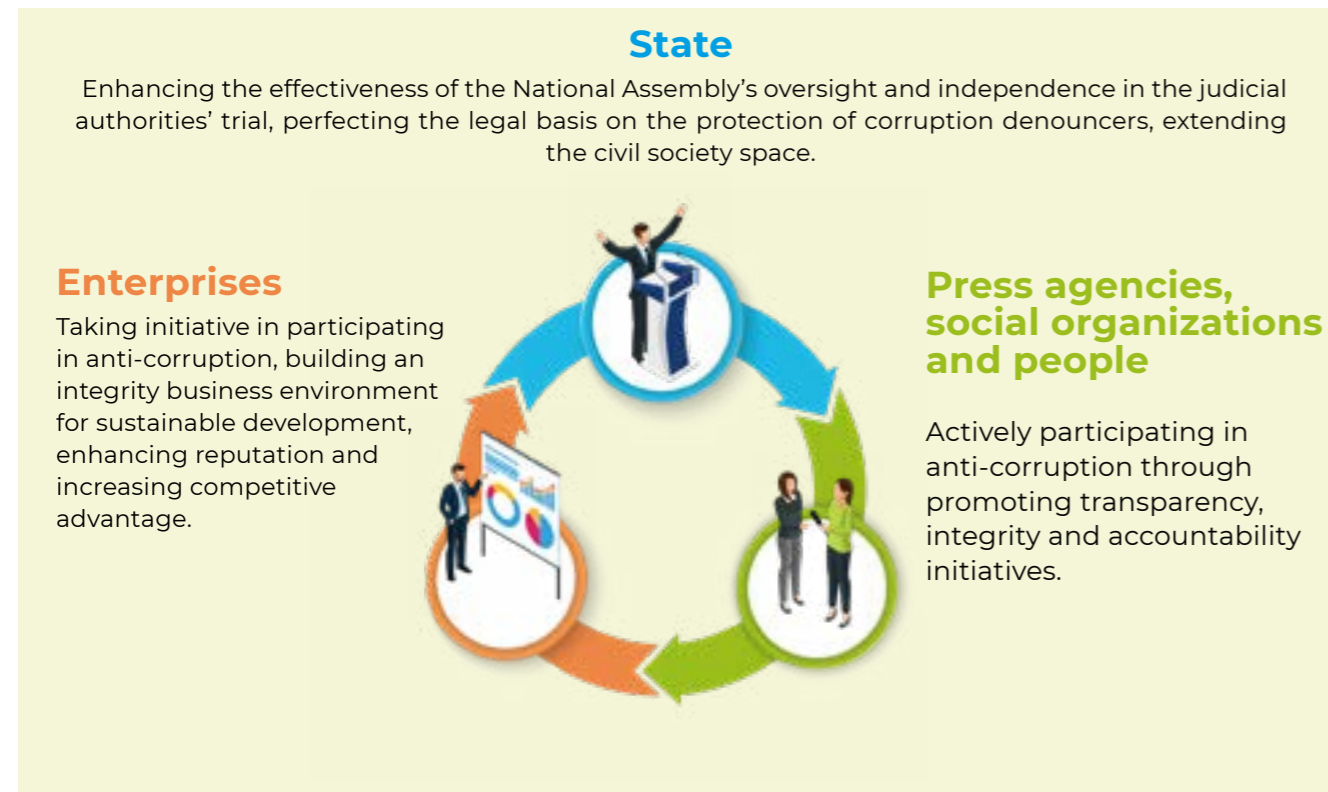


PWC - 2018 Global Economic Crime and Fraud Survey: Vietnam perspective

## Fraud



Vietnam is attempting to implement anti-corruption solutions, in which outstanding solutions come from both the Government, enterprises in the public and non-state sectors, and people:



As a leading enterprise, Vinamilk is always aware of its roles and responsibilities in joining hands with the State to minimize Fraud & Corruption - Bribery.

**Vinamilk's viewpoint on Fraudulence**

**Fraud** is the act of deliberately ignoring, in opposition to the provisions of the company, not performing the assigned duties and/or falsifying or deceiving for personal interests.

**Vinamilk's viewpoint on Corruption**

**Corruption** is understood as an act of abusing positions and powers or being assigned tasks and powers for personal interests.

**Viewpoints on sanctioning issues**

- ▶ Employees, whether working in any position with fraudulent acts, with any form of expression or value, shall be disciplined in accordance with the provisions of the Company's Internal Labor Rules and provisions of the Labor Code.
- ▶ In case of fraud, corruption showing signs of criminal offense, the Company will report to the competent authority in accordance with the law.

### Some of Vinamilk's outstanding control activities against Fraud - Corruption:

#### About mechanism:

- ▶ Establishing and Maintaining a Code of Conduct, Gift Regulation for Employees in appropriate conduct with State Agencies.
- ▶ Establishing and implementing Regulations related to Fraud and corruption, especially the Process of receiving and processing complaints.
- ▶ Establishing the Compliance Committee headed by the General Director. The Compliance Committee will be responsible for preventing, investigating, detecting and handling cases of fraud and corruption.

#### About receiving and exchanging information:

Implementing propaganda and fostering legal knowledge of Fraud and Corruption in the units.

- ▶ The channel for receiving Compliance information is established:
  - Reflecting and denouncing in the form of meeting directly with responsible people (manager, director, Board of Managers)
  - Through the Company's official reception channel for fraud acts and denunciations:

+ Hotline: [0902 77 44 34](tel:0902774434)

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

+ The address box: [Vietnam Dairy Products Joint Stock Company - Compliance Committee - No. 10, Tan Trao Street, Tan Phu Ward, District 7, Ho Chi Minh City](#)

#### About implementation of declaring Conflicts of Interest:

- ▶ In 2018, the Company continued to declare conflicts of interest online. The mandatory declaration applied to all management levels, the Executive Board and members of the Board of Directors of the Company. Declaration information included all organizations with related interests (owned by capital contribution or shares), individuals with related interests (including immediate family members, authorized representatives, etc.)
- ▶ Declaration of interest conflict also applies to partners (contractors, suppliers) with great value transactions, all Distributors and Shops introducing and selling products of partners.

## National brand - Representative of Vietnam to ring the world's bell

On 20th December 2019, Vinamilk was honored to receive the title of "National Brand" for the fifth time in a row (Title selected and announced every 2 years). Vinamilk is also the only dairy company in Vietnam that is continuously appreciated and voted as a national brand for a long and continual period.

In 2018, Vinamilk also represented Vietnam to attend major fairs around the world, bringing Vietnamese products closer to international friends.

### First China International Import Expo in Shanghai

On 05th November in Shanghai, Vinamilk represented Vietnam to attend the first China International Import Expo (CIIE 2018). Vietnam is one of 12 countries attending the fair as an honorary nation.

- ▶ This is an important trade, investment and tourism promotion event that helps strengthen links with other regional countries, maximizing the benefits brought about by the ASEAN - China Free Trade Area and strengthening Vietnam's exports of goods and services to China and ASEAN countries as well as ASEAN countries to China through Vietnam's border gates.



### 15th ASEAN - China Expo (CAEXPO)

In September 2018, Vinamilk also attended the 15th ASEAN – China Expo (CAEXPO) which took place in Nanning, Guangxi with its partners to introduce some of Vinamilk's specialty products to Chinese consumers. Especially yogurt products are evaluated to taste delicious, diverse types, suitable to the needs of many consumers.

### Engaging to raise the national brand level

Vinamilk and Vietnam Airlines signed a cooperation agreement in August 2018 about Vinamilk to become the only brand of dairy products served on Vietnam Airlines flights. This has confirmed the quality of Vinamilk products and created a bridge between the top brands of Vietnam for developing and enhancing national brands.



GRI Standards		Sustainable development report 2018	Page
GRI Standard Number	GRI Standard Title		
<b>GRI 102</b>	<b>GENERAL DISCLOSURES</b>		
102-1	Name of the organization	<input checked="" type="checkbox"/>	9
102-3	Location of headquarters	<input checked="" type="checkbox"/>	9
102-4	Location of operations	<input checked="" type="checkbox"/>	9
102-5	Ownership and legal form	<input checked="" type="checkbox"/>	9
102-6	Markets served	<input checked="" type="checkbox"/>	114
102-7	Scale of the organization	<input checked="" type="checkbox"/>	10-13, 16-17
102-8	Information on employees and other workers	<input checked="" type="checkbox"/>	53
102-9	Supply chain	<input checked="" type="checkbox"/>	10-11, 16-17
102-10	Significant changes to the organization and its supply chain	<input checked="" type="checkbox"/>	34
102-11	Precautionary Principle or approach	<input checked="" type="checkbox"/>	36-37
102-12	External initiatives	<input checked="" type="checkbox"/>	20-23
102-13	Membership of associations	<input checked="" type="checkbox"/>	144, 151
102-14	Statement from senior decision-maker	<input checked="" type="checkbox"/>	4-5
102-15	Key impacts, risks, and opportunities	<input checked="" type="checkbox"/>	22-37
102-16	Values, principles, standards, and norms of behavior	<input checked="" type="checkbox"/>	14-15
102-17	Mechanisms for advice and concerns about ethics	<input checked="" type="checkbox"/>	162-163
102-18	Governance structure	<input checked="" type="checkbox"/>	34-35, 126-127
102-19	Delegating authority	<input checked="" type="checkbox"/>	34-35
102-20	Executive-level responsibility for economic, environmental, and social topics	<input checked="" type="checkbox"/>	44-45
102-21	Consulting stakeholders on economic, environmental, and social topics	<input checked="" type="checkbox"/>	30-33
102-22	Composition of the highest governance body and its committees	<input checked="" type="checkbox"/>	34-35, 126-127
102-23	Chair of the highest governance body	<input checked="" type="checkbox"/>	35
102-24	Nominating and selecting the highest governance body	<input checked="" type="checkbox"/>	34-35, 126-127

102-25	Conflicts of interest	<input checked="" type="checkbox"/>	162-163
102-26	Role of highest governance body in setting purpose, values, and strategy	<input checked="" type="checkbox"/>	34-35
102-27	Collective knowledge of highest governance body	<input checked="" type="checkbox"/>	34-35
102-28	Evaluating the highest governance body's performance	<input checked="" type="checkbox"/>	4-5
102-29	Identifying and managing economic, environmental, and social impacts	<input checked="" type="checkbox"/>	20-27
102-30	Effectiveness of risk management processes	<input checked="" type="checkbox"/>	36-37
102-31	Review of economic, environmental, and social topics	<input checked="" type="checkbox"/>	32-33, 38-39
102-32	Highest governance body's role in sustainability reporting	<input checked="" type="checkbox"/>	44-45
102-33	Communicating critical concerns	<input checked="" type="checkbox"/>	38-39
102-34	Nature and total number of critical concerns	<input checked="" type="checkbox"/>	38-39
102-35	Remuneration policies	<input type="checkbox"/>	
102-36	Process for determining remuneration	<input type="checkbox"/>	
102-37	Stakeholders' involvement in remuneration	<input type="checkbox"/>	
102-38	Annual total compensation ratio	<input type="checkbox"/>	
102-39	Percentage increase in annual total compensation ratio	<input type="checkbox"/>	
102-40	List of stakeholder groups	<input type="checkbox"/>	
102-41	Collective bargaining agreements	<input checked="" type="checkbox"/>	98
102-42	Identifying and selecting stakeholders	<input checked="" type="checkbox"/>	28-29
102-43	Approach to stakeholder engagement	<input checked="" type="checkbox"/>	30-31
102-44	Key topics and concerns raised	<input checked="" type="checkbox"/>	32-33
102-45	Entities included in the consolidated financial statements	<input checked="" type="checkbox"/>	42-43
102-46	Defining report content and topic Boundaries	<input checked="" type="checkbox"/>	42-43
102-47	List of material topics	<input checked="" type="checkbox"/>	32-33
102-48	Restatements of information	<input type="checkbox"/>	
102-49	Changes in reporting	<input type="checkbox"/>	
<b>GRI 103</b>	<b>MANAGEMENT APPROACH</b>		
103-1	Explanation of the material topic and its Boundary	<input checked="" type="checkbox"/>	32-33, 42-43

103-2	The management approach and its components	<input checked="" type="checkbox"/>	34-35
103-3	Evaluation of the management approach	<input checked="" type="checkbox"/>	126-127
<b>GRI 201</b>	<b>Economic Performance</b>		
201-1	Direct economic value generated and distributed	<input checked="" type="checkbox"/>	120
201-2	Financial implications and other risks and opportunities due to climate change	<input checked="" type="checkbox"/>	37, 20-21
201-3	Defined benefit plan obligations and other retirement plans	<input checked="" type="checkbox"/>	95
201-4	Financial assistance received from government	<input type="checkbox"/>	
<b>GRI 202</b>	<b>Market Presence</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<input type="checkbox"/>	
202-2	Proportion of senior management hired from the local community	<input type="checkbox"/>	
<b>GRI 203</b>	<b>Indirect Economic Impacts</b>		
203-1	Infrastructure investments and services supported	<input checked="" type="checkbox"/>	41, 64, 84-89, 158-161
203-2	Significant indirect economic impacts	<input checked="" type="checkbox"/>	158-161
<b>GRI 204</b>	<b>Procurement Practices</b>		
204-1	Proportion of spending on local suppliers	<input type="checkbox"/>	
<b>GRI 205</b>	<b>Anti-corruption</b>		
205-1	Operations assessed for risks related to corruption	<input checked="" type="checkbox"/>	161-162
205-2	Communication and training about anti-corruption policies and procedures	<input checked="" type="checkbox"/>	161-162
205-3	Confirmed incidents of corruption and actions taken	<input checked="" type="checkbox"/>	161-163
<b>GRI 206</b>	<b>Anti-competitive Behavior</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<input checked="" type="checkbox"/>	161-163
<b>GRI 301</b>	<b>Materials</b>		
301-1	Materials used by weight or volume	<input type="checkbox"/>	
301-2	Recycled input materials used	<input checked="" type="checkbox"/>	66

301-3	Reclaimed products and their packaging materials	<input checked="" type="checkbox"/>	66
<b>GRI 302</b>	<b>Energy</b>		
302-1	Energy consumption within the organization	<input checked="" type="checkbox"/>	70-81
302-2	Energy consumption outside of the organization	<input type="checkbox"/>	
302-3	Energy intensity	<input checked="" type="checkbox"/>	70-81
302-4	Reduction of energy consumption	<input checked="" type="checkbox"/>	70-81
302-5	Reductions in energy requirements of products and services	<input checked="" type="checkbox"/>	70-81
<b>GRI 303</b>	<b>Water</b>		
303-1	Water withdrawal by source	<input checked="" type="checkbox"/>	70-81
303-2	Water sources significantly affected by withdrawal of water	<input checked="" type="checkbox"/>	70-81
303-3	Water recycled and reused	<input checked="" type="checkbox"/>	70-81
<b>GRI 304</b>	<b>Biodiversity</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<input checked="" type="checkbox"/>	
304-2	Significant impacts of activities, products, and services on biodiversity	<input checked="" type="checkbox"/>	72
304-3	Habitats protected or restored	<input type="checkbox"/>	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<input type="checkbox"/>	
<b>GRI 305</b>	<b>Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	<input checked="" type="checkbox"/>	133-134
305-2	Energy indirect (Scope 2) GHG emissions	<input checked="" type="checkbox"/>	133-134
305-3	Other indirect (Scope 3) GHG emissions	<input checked="" type="checkbox"/>	133-134
305-4	GHG emissions intensity	<input checked="" type="checkbox"/>	133-134
305-5	Reduction of GHG emissions	<input checked="" type="checkbox"/>	133-134
305-6	Emissions of ozone-depleting substances (ODS)	<input type="checkbox"/>	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<input type="checkbox"/>	

<b>GRI 306</b>	<b>Effluents and Waste</b>		
306-1	Water discharge by quality and destination	<input checked="" type="checkbox"/>	135-136
306-2	Waste by type and disposal method	<input checked="" type="checkbox"/>	135-136
306-3	Significant spills	<input checked="" type="checkbox"/>	
306-4	Transport of hazardous waste	<input checked="" type="checkbox"/>	
306-5	Water bodies affected by water discharges and/or runoff	<input checked="" type="checkbox"/>	
<b>GRI 307</b>	<b>Environmental Compliance</b>		
307-1	Non-compliance with environmental laws and regulations	<input checked="" type="checkbox"/>	39, 156
<b>GRI 308</b>	<b>Supplier Environmental Assessment</b>		
308-1	New suppliers that were screened using environmental criteria	<input checked="" type="checkbox"/>	145-147
308-2	Negative environmental impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>	81, 135
<b>GRI 401</b>	<b>Employment</b>		
401-1	New employee hires and employee turnover	<input checked="" type="checkbox"/>	102
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<input checked="" type="checkbox"/>	95
401-3	Parental leave	<input checked="" type="checkbox"/>	95
<b>GRI 402</b>	<b>Labor/Management Relations</b>		
402-1	Minimum notice periods regarding operational changes	<input checked="" type="checkbox"/>	
<b>GRI 403</b>	<b>Occupational Health and Safety</b>		
403-1	Workers representation in formal joint management-worker health and safety committees	<input checked="" type="checkbox"/>	54, 95
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<input checked="" type="checkbox"/>	94-97
403-3	Workers with high incidence or high risk of diseases related to their occupation	<input checked="" type="checkbox"/>	94-97
403-4	Health and safety topics covered in formal agreements with trade unions	<input checked="" type="checkbox"/>	54
<b>GRI 404</b>	<b>Training and Education</b>		

404-1	Average hours of training per year per employee	<input checked="" type="checkbox"/>	100
404-2	Programs for upgrading employee skills and transition assistance programs	<input checked="" type="checkbox"/>	100
404-3	Percentage of employees receiving regular performance and career development reviews	<input checked="" type="checkbox"/>	98, 101
<b>GRI 405</b>	<b>Diversity and Equal Opportunity</b>		
405-1	Diversity of governance bodies and employees	<input checked="" type="checkbox"/>	53
405-2	Ratio of basic salary and remuneration of women to men	<input checked="" type="checkbox"/>	
<b>GRI 406</b>	<b>Non-discrimination</b>		
406-1	Incidents of discrimination and corrective actions taken	<input checked="" type="checkbox"/>	54, 98
<b>GRI 407</b>	<b>Freedom of Association and Collective Bargaining</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<input checked="" type="checkbox"/>	98
<b>GRI 408</b>	<b>Child Labor</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	<input checked="" type="checkbox"/>	145
<b>GRI 409</b>	<b>Forced or Compulsory Labor</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<input checked="" type="checkbox"/>	145
<b>GRI 410</b>	<b>Security Practices</b>		
410-1	Security personnel trained in human rights policies or procedures	<input checked="" type="checkbox"/>	87-88
<b>GRI 411</b>	<b>Rights of Indigenous Peoples</b>		
411-1	Incidents of violations involving rights of indigenous peoples	<input checked="" type="checkbox"/>	
<b>GRI 412</b>	<b>Human Rights Assessment</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	<input checked="" type="checkbox"/>	
412-2	Employee training on human rights policies or procedures	<input checked="" type="checkbox"/>	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<input checked="" type="checkbox"/>	

<b>GRI 413</b>	<b>Local Communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	☑	158-161
413-2	Operations with significant actual and potential negative impacts on local communities	☒	
<b>GRI 414</b>	<b>Supplier Social Assessment</b>		
414-1	New suppliers that were screened using social criteria	☑	146-147
414-2	Negative social impacts in the supply chain and actions taken	☒	
<b>GRI 415</b>	<b>Public Policy</b>		
415-1	Political contributions	☒	
<b>GRI 416</b>	<b>Customer Health and Safety</b>		
416-1	Assessment of the health and safety impacts of product and service categories	☑	32-33, 110-113
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	☑	113
<b>GRI 417</b>	<b>Marketing and Labeling</b>		
417-1	Requirements for product and service information and labeling	☑	112
417-2	Incidents of non-compliance concerning product and service information and labeling	☑	113
417-3	Incidents of non-compliance concerning marketing communications	☑	113
<b>GRI 418</b>	<b>Customer Privacy</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	☑	115
<b>GRI 419</b>	<b>Socioeconomic Compliance</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	☑	39, 156









# VINAMILK

**Vietnam Dairy Products Joint Stock Company**

No.10 Tan Trao Street, Tan Phu Ward,  
District 7, Ho Chi Minh City

Tel : (84. 28) 54 155 555

Fax : (84. 28) 54 161 226

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

[www.vinamilk.com.vn](http://www.vinamilk.com.vn)