



**GO GLOBAL
GO GREEN**

Sustainable Development Report | 2019

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Sustainable Development Report 2019

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HIGHLIGHTS IN 2019

 Total revenue (consolidated) — VND56,400 billion	 Profit after taxes (consolidated) — VND10,554 billion	 The most valuable brand in Vietnam — USD2.2 billion
 Market capitalization — VND202,907 billion	 GLOBAL G.A.P certified dairy farms — 12 farms	 Total dairy cows — 130,000



"Stand Tall Vietnam" Milk Fund

12 years

35 million glasses of milk

441 thousand children

"School milk" program

13 years | **21** provinces and cities

Journey to help children escape malnutrition, stunting

10 provinces and cities | **12** thousand children



"A million trees for Vietnam" fund

8 years | **851,000** trees in 18 provinces and cities



Contribute
VND4,840 billion
to the State budget



Sustainable Development Enterprise of Manufacturing for
the 4th
consecutive year

26
initiatives and solutions in production

SAVED
VND18.59 billion

↓REDUCED
230,865
kgs of plastic

↓REDUCED
1,122,807
kWh/year

↓REDUCED
54,302
m³ of water/year

New launching and re-launching 19 products



Vinamilk has enhanced environmental activities by:



Introducing environmental-friendly canvas bags as to reduce plastic wastes.

Making packaging more eco-friendly: removed plastic strap around bottle cap.

CEO's Message

First of all, we would sincere thank for the cooperation and recognition of Stakeholders to Vinamilk on the journey of "Go Global, Go Green" In 2019, it is not only marking the recovery in financial indicators, but also marking the proud recognition that Stakeholders have made for Vinamilk in the field of Sustainable development. That is the result of implementing many sustainable initiatives, leading in innovation and creativity with high applicability for adding value to Stakeholders. In particular, we:

CONTINUE TO IMPROVE THE GOVERNANCE FRAMEWORK FOR SUSTAINABLE DEVELOPMENT

Vinamilk conducted a review of strategies and goals, focusing on the Sustainable development aspect under the direction of Strategy Committee; systematize the Sustainable development goals, integrate deeper and broader with business goals in the Company level; establishing categories and managing risks related to Sustainable development.

HARMONIZE COMMON VALUES OF VINAMILK AND STAKEHOLDERS

Economics: besides financial growth, Vinamilk creates the win-win partnership with Partners, Shareholders and Investors to contribute to the development of the local economy and create stable jobs for employees.

Society: Vinamilk shares its values to the community, and contributes to raising the dairy industry of Vietnam, contributing to the state budget as well as accompanying the Government in Vietnam's sustainable development.

Environment: green energy and renewable energy such as CNG, Biogas, solar energy that continue to be the key in Vinamilk's sustainable energy strategy. At the same time, Vinamilk effectively manages the waste sources, effectively uses, recovers and reuses water, renovates and uses land sources sustainably. In particular, Vinamilk has initially implemented programs to reduce the use of plastic materials, towards the use of eco-friendly materials.

Diverse and quality products: Vinamilk improves and diversifies its product categories with international quality, providing consumers with appropriate nutrition, leading organic products and plant-based products such as nut milk, fruit juice, etc.

THE CIRCULAR ECONOMIC ORIENTATION SHALL BE THE "LODESTAR" IN VINAMILK'S SUSTAINABLE DEVELOPMENT STRATEGY.

In 2020, Vinamilk will further promote Sustainable development programs and initiatives; set up a specialized unit in charge of Circular Economy; efforts to accomplish the Sustainable development goals set out, aiming to the target "The world's 30 largest dairy companies" and become the most valuable dairy company in Southeast Asia by 2021.

I believe that, with the efforts of Vinamilk and all employees and companionship of Stakeholders, we will continue to conquer greater challenges in the context of Sustainable development of the world in general, and Vietnam in particular, to achieve the Sustainable development goals.



Mai Kieu Lien
CEO



VINAMILK AT A GLANCE

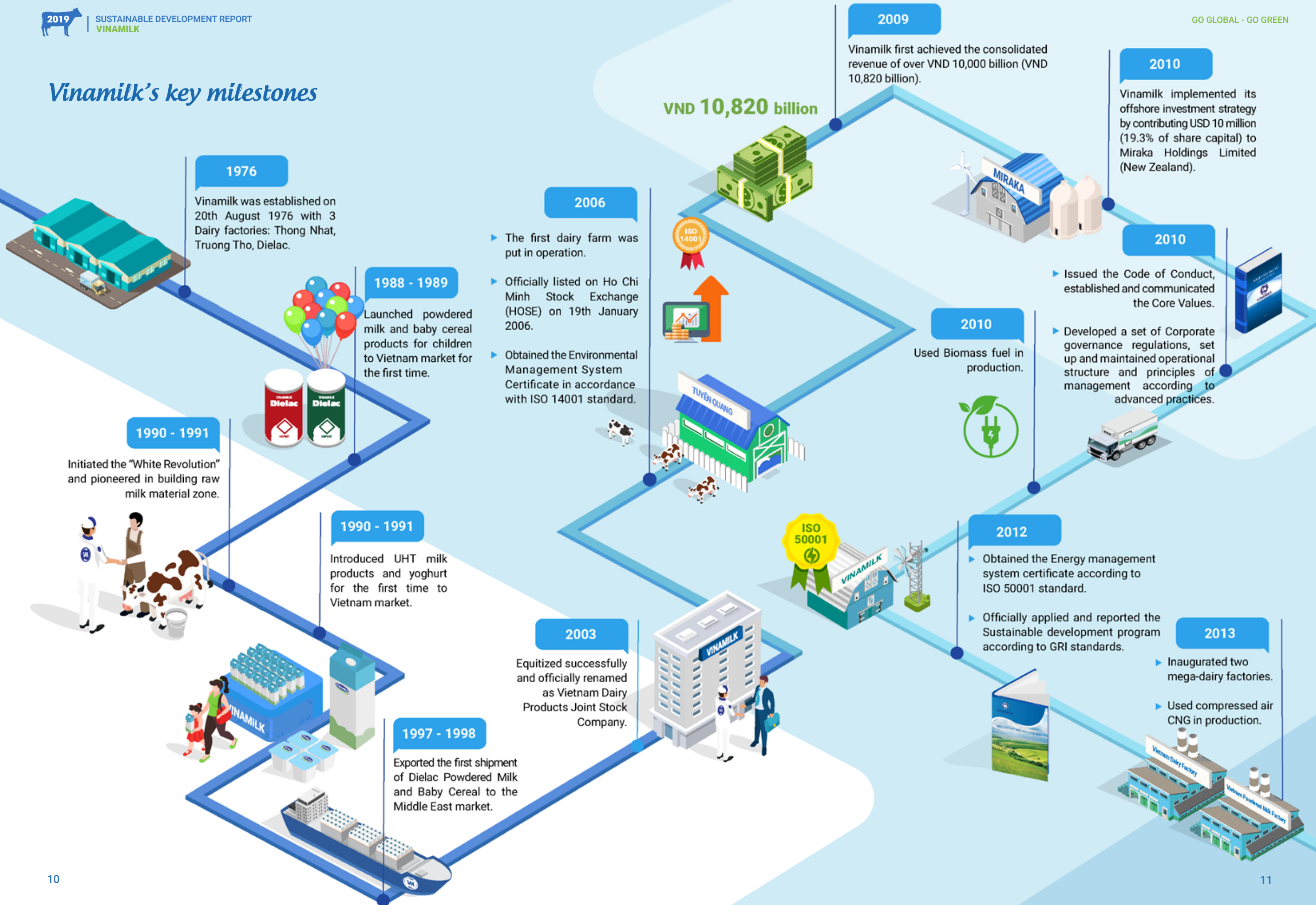
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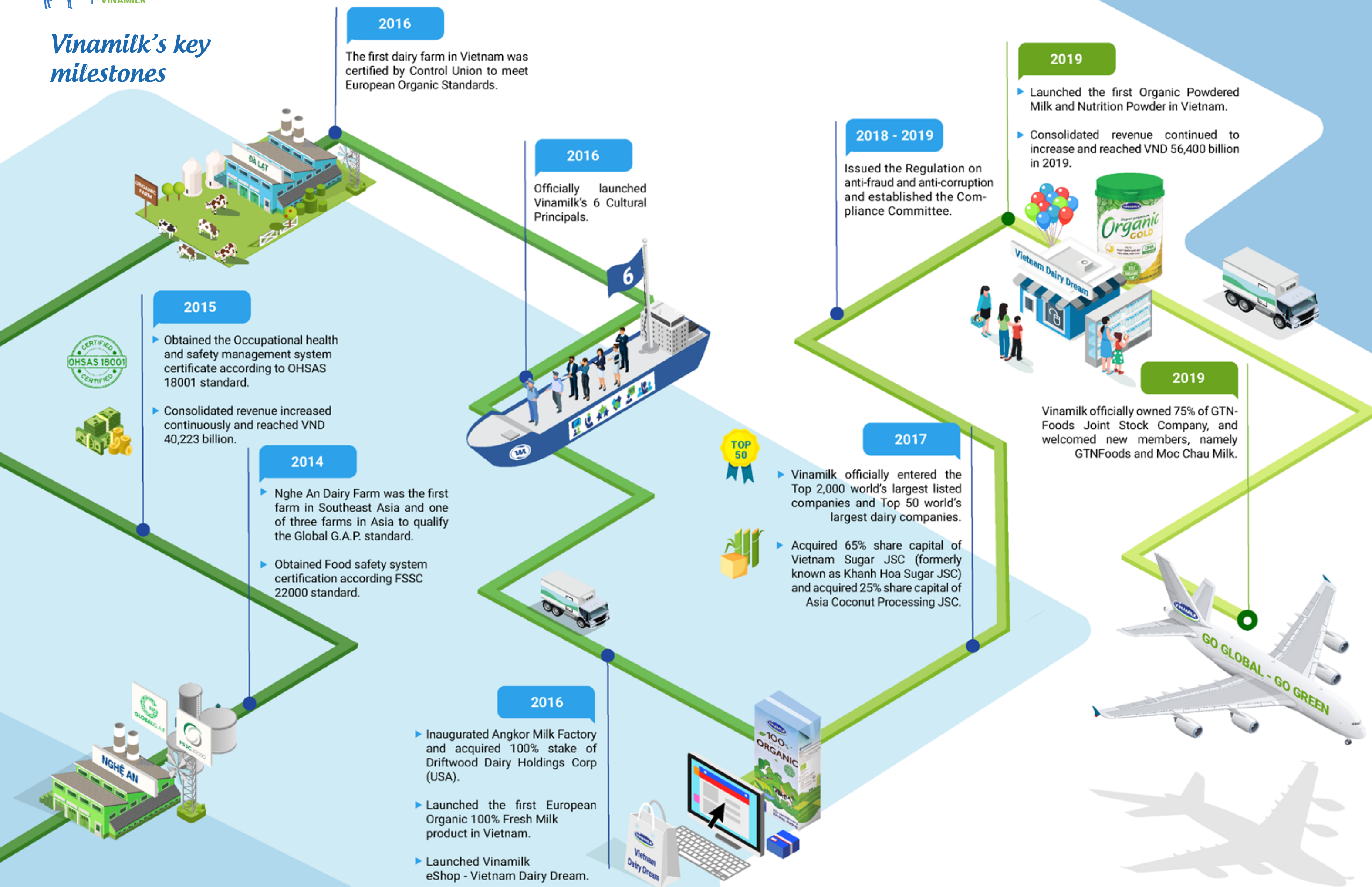
General information Vietnam Dairy Products Joint Stock Company

Stock code:	VNM
Name of Vietnamese:	Công ty Cổ phần Sữa Việt Nam
Abbreviated name:	Vinamilk
Charter capital:	VND 17,416,877,930,000
Headquarter:	10 Tan Trao, Tan Phu Ward, District 7, Ho Chi Minh City
Phone number:	(84-28) 54 155 555
Fax:	(84-28) 54 161 226
Email:	vinamilk@vinamilk.com.vn
Website:	www.vinamilk.com.vn www.vuoncaovietnam.com www.youtube.com/user/Vinamilk
Business Registration Certificate and Tax Code:	0300588569

Vinamilk's key milestones



Vinamilk's key milestones



Scale & Operation





DAIRY FARMING PRODUCTION OF RAW MATERIALS

VIETNAM

-  **12** | Global G.A.P. dairy farms
-  **1** | Cu Chi Raw Milk Center
-  **83** | Raw milk collection stations
-  **1** | Raw material production and supply factory (Sugar)

FOREIGN COUNTRIES

-  **1** | Lao-Jagro dairy farm complex - Laos
-  **1** | Vinamilk Europe Spółka Z Ograniczoną Odpowiedzialnością - Poland

MANUFACTURING AND PROCESSING BEVERAGE AND DAIRY PRODUCTS

VIETNAM


-  **13** | Factories
-  **1** | Moc Chau Factory in 2019

FOREIGN COUNTRIES

-  **1** | Driftwood Factory - USA
-  **1** | Angkor Milk - Cambodia

DISTRIBUTION

VIETNAM


-  **3** | Sales branches
-  **2** | Logistics enterprises

TRADING

VIETNAM



-  **More than 200** | Distributors
-  **251,000** | Retail point nationwide
-  **430** | "Vietnam Dairy Dream" stores
-  **1,356** | Convenience stores
-  **3,899** | Large and small supermarkets

FOREIGN COUNTRIES

-  Exported to 5 continents and 53 countries and territories

HEALTH CARE, NUTRITION

VIETNAM

-  **1** | Polyclinic
-  **1** | Nutrition center

VISION
MISSION
BUSINESS PHILOSOPHY



VISION

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

MISSION

"Vinamilk commits to deliver the valuable nutrition to community with our respect, love and responsibility".

BUSINESS PHILOSOPHY

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



Maximize the benefits and enhance the Company's value in harmony with the interests of Shareholders.



Continuously improve the life, income and working environment of workers.



Ensure the interests of other stakeholders towards sustainable and responsible development.

Business model



MAIN RESOURCES

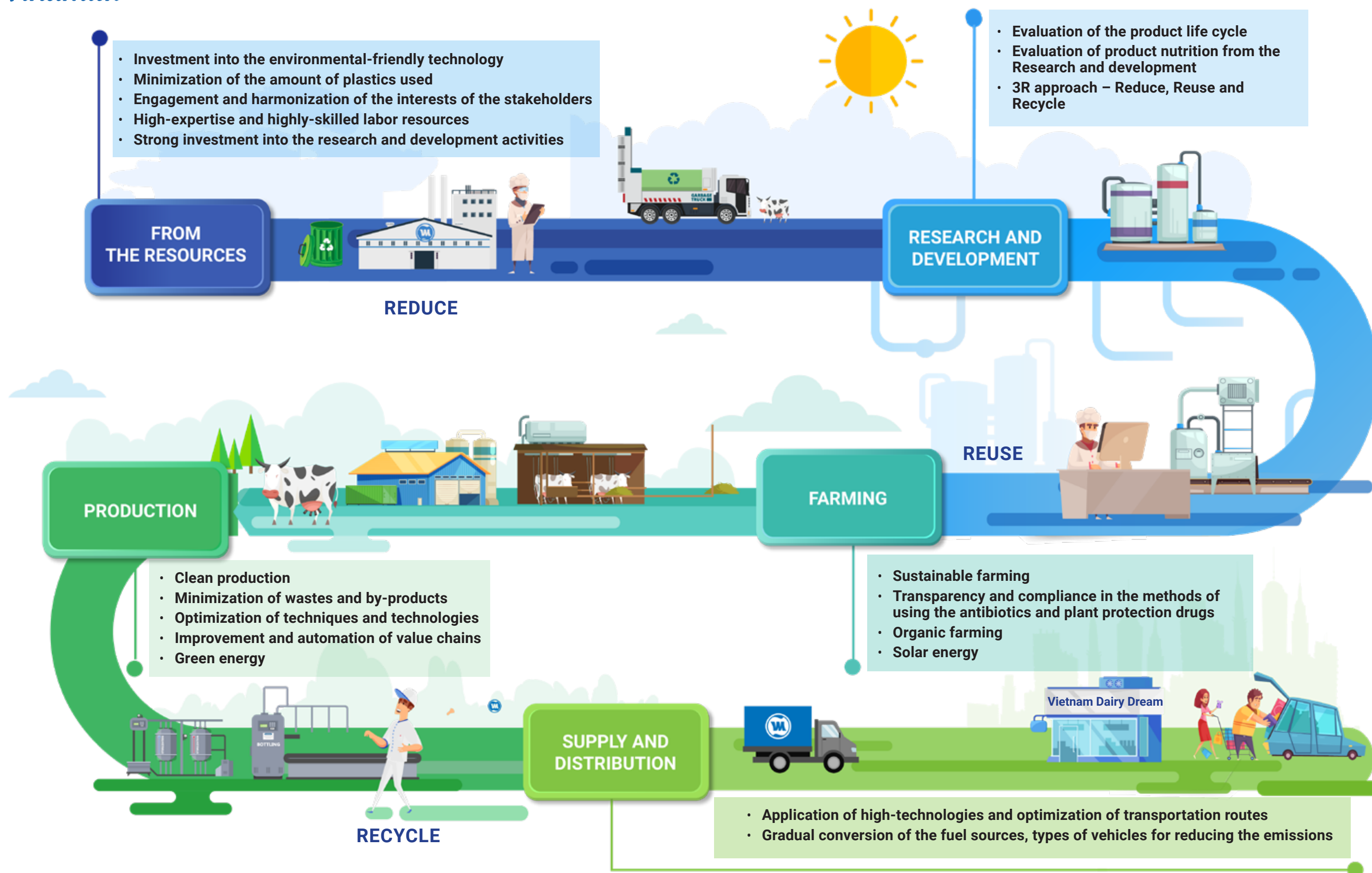
BUSINESS ACTIVITIES

VALUES CREATING



Circular economy and value chain of Vinamilk

TECHNOLOGY 4.0





SUSTAINABILITY MANAGEMENT

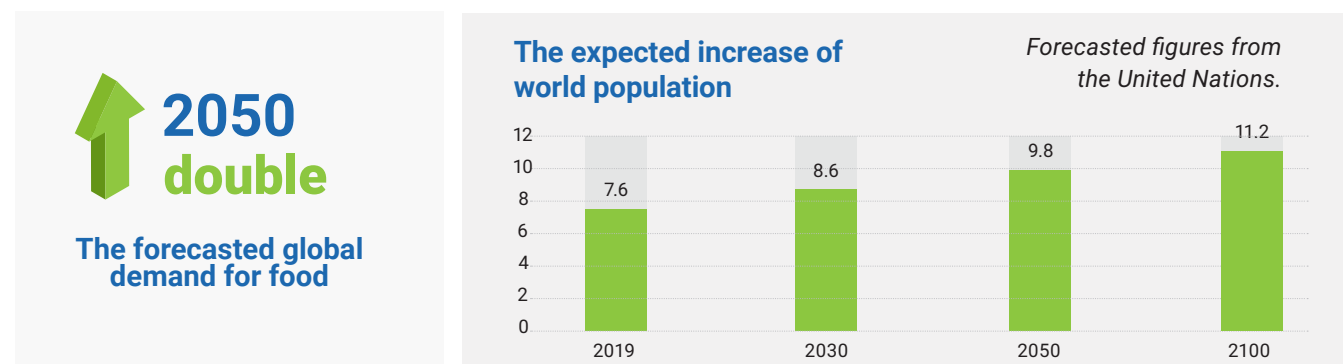
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Context of Sustainable development

GLOBAL TREND OF SUSTAINABLE DEVELOPMENT IN THE FOOD INDUSTRY

POPULATION EXPLOSION AND CHALLENGES FACED BY THE FOOD INDUSTRY



Challenges posed on the global food industry are provision of the adequate nutritional food sources and sustainable production in the context of depletion of natural resources and climate change.

INCREASING COSTS CAUSED BY THE UNSUSTAINABLE FOOD

- Today, for each dollar paid for food, the society pays two dollars for medical, environmental and economic costs, notably problems related to obesity, diabetes and malnutrition.
- Air pollution, antibiotic resistance, water pollution and pesticide exposure from food production may claim the live of nearly five million people each year by 2050, doubling the current mortality rate caused by obesity.

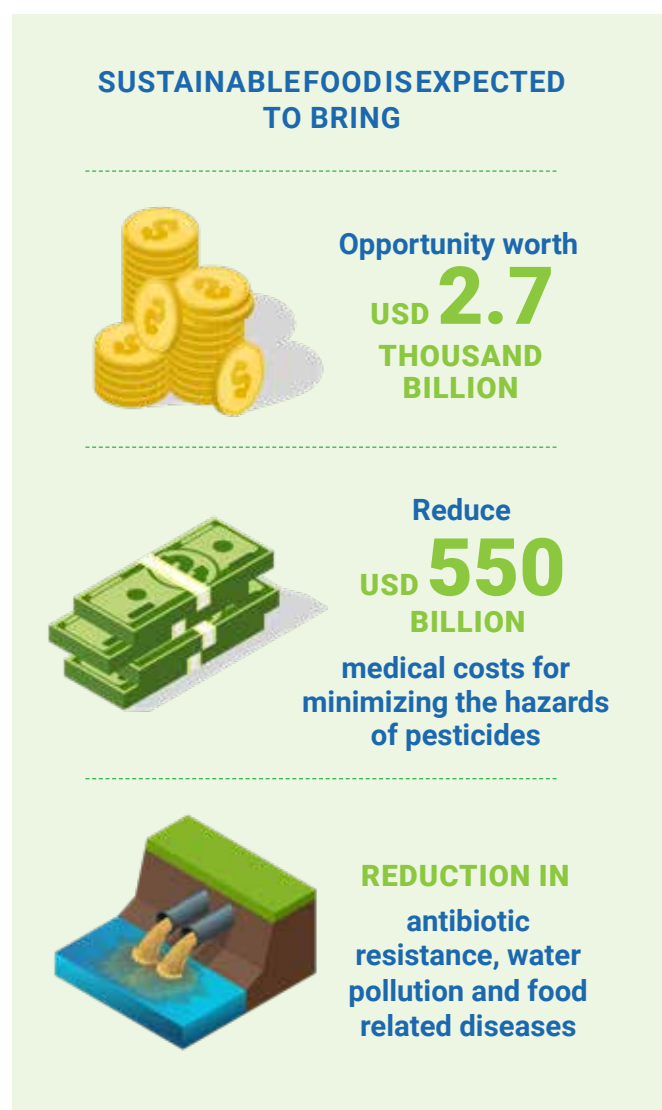
“Caring and awareness about nutrition and healthy food are increasing recently.”

FUTURE OF FOOD INDUSTRY

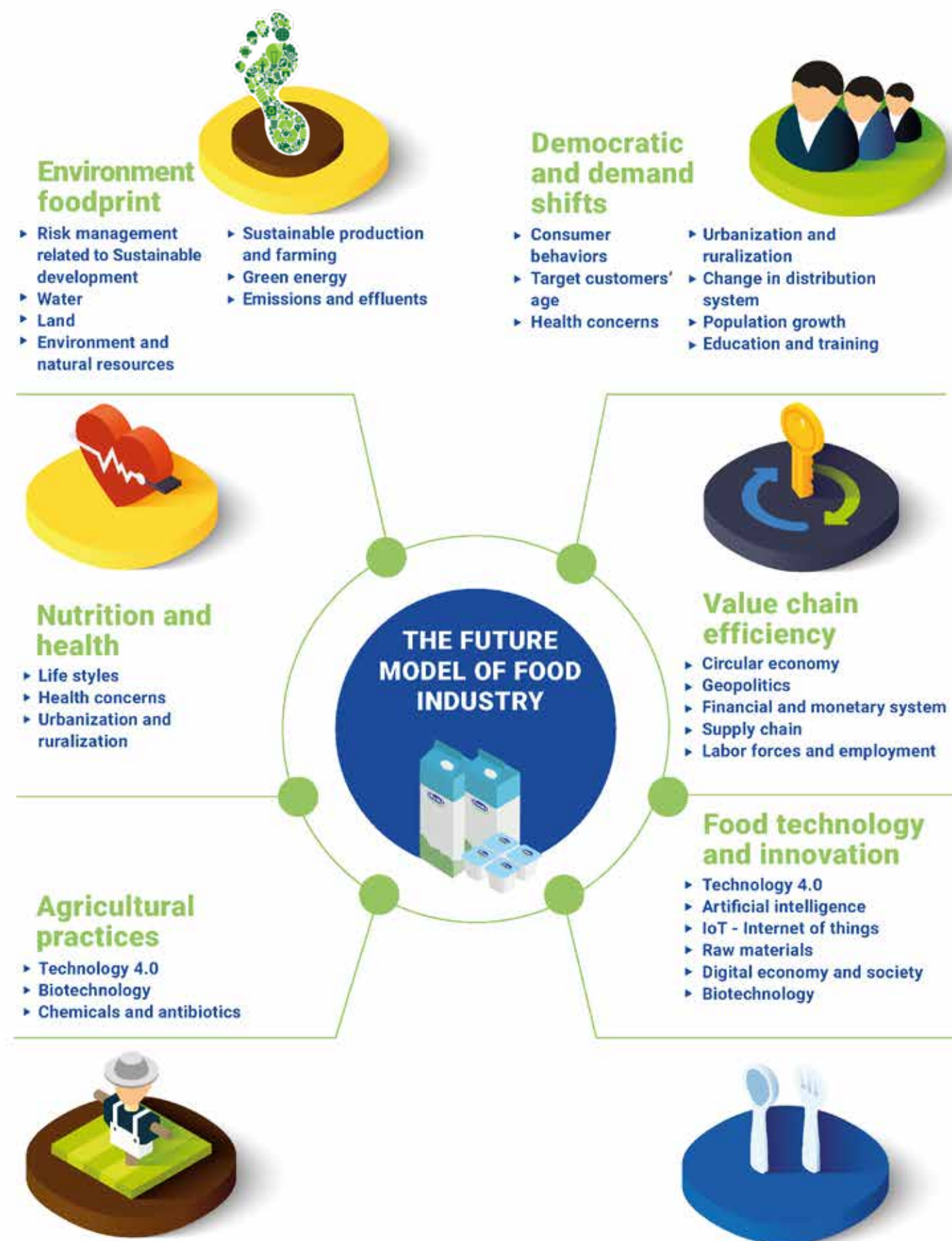
In this context, the concerned issues of the food industry in general and Vinamilk in particular include:

- Satisfaction with the increasingly-diverse demand of customers
- Adequate provision of the food with the optimal nutrition source
- Price stabilization
- Research and production of the green, clean and good-quality food
- Animal welfare for the dairy farming

Source: weforum.com



THE FUTURE MODEL OF FOOD INDUSTRY THAT VINAMILK CONCERNS

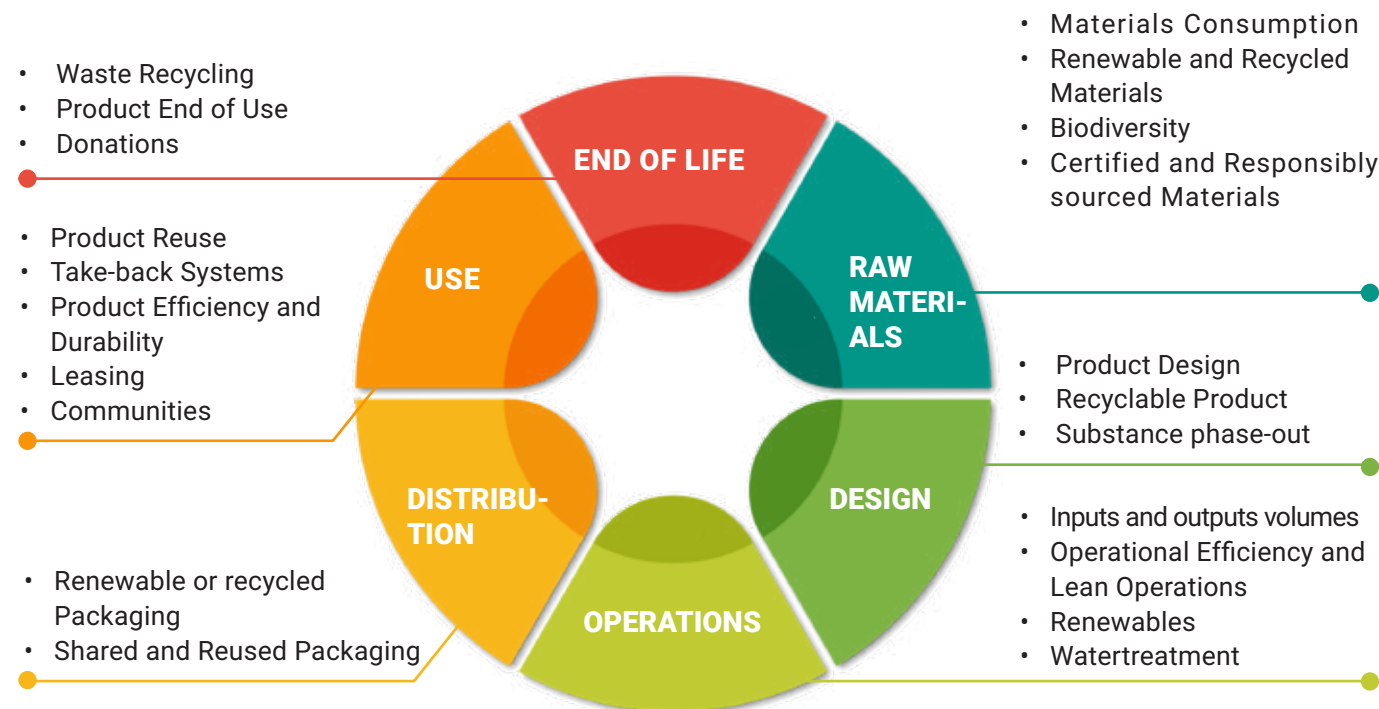


CIRCULAR ECONOMY OPPORTUNITIES

CIRCULAR ECONOMY MODEL AND ITS VALUES

It is forecasted by the United Nations that the demand of natural resources will triple by 2030 compared to the present. This exceeds the supply capacity of natural resources. Among the regions, Asia is a region which witnesses the increasing demand for natural resources for economic development activities and where many countries are under the heavy impacts of climate change.

Circular economy model helps to reduce the operating costs, increases competitiveness and opens the global development opportunity worth USD 4,500 billion by 2030 with the orientations to: Technology innovation, cost-cutting, reduction of consumption of natural resources and energy, Reduction of CO₂ emissions, increasement in supply chain effectiveness and sustainable growth.



VIETNAM AND CIRCULAR ECONOMY

Vietnam is one of the developing countries and also a newly-emerging market and a production center at the present and will become a consumption center in future. In the context of many changes experienced by the consumption and production model at the global level, promoting the development of the circular economic model is actually an appropriate shift which Vietnam is targeting for the objective of sustainable development. It is also a driving force for acceleration and a key to prosperity.

Over the last years, along with the world's trend of sustainable development, Vietnam has continuously promoted the circular economy through developing the Socio-economic Development Strategy for a period 2021-2030, organizing the national programs and conferences on sustainable development for international and national specialists and companies to introduce and share their researches on and experiences about production methods

of the circular economic as well as technological breakthroughs in order to promote the circular economy, apply the corporate sustainability index and create the optimal conditions for application of the models and initiatives to promote the circular economy; improve the quality of human capital and social labor productivity; promote the public-private partnership and develop the social enterprises, etc.

In the context that Vietnam in particular and other nations in the world in general, specially markets where Vinamilk is operating, are facing many challenges like depletion of natural resources, environment pollution and climate change, Vinamilk considers circular economy as a key for sustainable development and improvement of competitiveness. This is a Vinamilk-implemented key strategy that revolves around three pillars of sustainable development including human beings, products and nature.

PERFORMANCE OF 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs)

- 1 No poverty**
- Poverty rate in rural areas triples that in urban ones
 - There is an increase in natural disasters caused by climate change, heavily affecting the poor countries

- 2 Zero hunger**
- South Asia region accounts for two-thirds of the world's undernourished people.
 - 821 million people were undernourished in 2017, up from 784 million in 2015
 - 5.9 % (40 million) children under 5 years of age are overweight
 - 22% (149 million) children under 5 years of age are stunted
 - Food prices escalate

- 3 Good health and wellbeing**
- 41% of woman with their infants receive maternity welfare

- 4 Quality education**
- 750 million adults are still illiterate, in which two thirds are women

- 5 Gender equality**
- Women account for 39% of labor forces but only 27% in the leader forces

- 6 Clean water and sanitation**
- By 2030, 700 million people may live in the condition of water scarcity

- 7 Affordable and clean energy**
- For generating one USD of outputs for the economy on average, the energy used reduces by 2.3%
 - 17.5% of total final consumption energy comes from renewable energy

- 8 Decent work and economic growth**
- Average wage per hour paid to a man is 12% higher than to a woman
 - The global unemployment rate was 5% in 2018
 - Labor productivity in 2018 increases by 2.1% as compared with 2017



Source: Sustainable development goals 2019 of the United Nations report

- 9 Industry, innovation and infrastructures**
- Global investments for research and development is USD 2 thousand billion (in 2016), an increase of USD 739 billion (as compared with 2000)
 - High-technology production has been developing in the world

- 10 Reduced inequalities**
- Low-income countries continue to benefit from the trade preference

- 11 Sustainable cities and communities**
- 9 out of 10 urban dwellers inhale the polluted air

- 12 Responsible consumption and production**
- Global physical footprint grows rapidly, far beyond population and economic growth
 - For producing the same economic yield, natural resources used by the developed countries are only one third of those used by the developing countries
 - Nearly 100 nations actively approve the policies and measures to encourage the sustainable production and consumption

- 13 Climate action**
- Climate change and natural resources are expected to claim the life of 1.3 million people during the period 1998 – 2017
 - To implement the 2050 targets, the global carbon emissions should reduce 55% as compared to the 2010 level by 2030

- 14 Life below water**
- The CO₂-absorption ability of the ocean is negatively impacted by an increase of acidity in the ocean by 26% since pre-industry

- 15 Life on land**
- One-fifth of the land on the earth is under the impact of erosion, affecting the life of one billion people

- 16 Peace, justice and strong institutions**
- Many countries are establishing their legal frameworks and institutions to protect the human rights however the speed remains slow.

- 17 Partnership for the goals**
- Tax is one of important national resources to be mobilized effectively to achieve the sustainable development goals.

Vinamilk's context

CORPORATE GOVERNANCE

01

Establishing clear Roles, Responsibilities and Commitment of the Board of Directors

The Board of Directors is an agency with the adequate rights to perform all the rights in name of the Company except for the authority of the General meeting of Shareholders – Charter.

02

Establishing the professional and qualified Board of Directors

A member of the Board of Directors has leadership, integrity, accountability, maturity, ethnicity and receive the trusts from the shareholders and other members in the Board of Directors, managers and employees in the company – Corporate governance regulations.

04

Establishing the committees under the Board of Directors

The Board of Director establishes an auditing sub-committee, strategy sub-committee, personnel sub-committee and compensation and benefits sub-committee to support the operation of the Board of Directors – Corporate governance regulations.

03

Ensuring effective leadership and independence of the Board of Directors

The total number of members in the independent Board of Directors accounts for one third of the total number of members of the Board of Directors at least - Charter

05

Ensuring the effective performance of the Board of Directors

The Board of Director conducts an evaluation on the Board in combination with an assessment on the Sub Committees' operation. The evaluation is undertaken once per year – Corporate governance regulations.

06

Establishing and maintaining the ethical culture in the company

The Board of Directors approves the company's Code of Conduct – Corporate governance regulations.

07

Establishing the risk management framework and strong control environment

The Boards of Director takes the final responsibility in front of the stakeholders for establishing an effective risk management structure, ensuring and promoting the widespread application of the risk management process – Risk management policy.

The audit committee monitors the risk management system and internal control system – Corporate governance regulations.

08

Establishing the framework for effective implementation of the shareholders' rights

A shareholder is an owner of the Company with the rights and obligations corresponding to the number and type of shares he or she owns – Charter

Sequences and procedures for convening and voting at the General meeting of Shareholders, measures to execute the rights and obligations of the shareholders are described in the Corporate Governance Regulation in details.

10

Building effective stakeholder engagement

The strategy sub-committee identifies the stakeholders and their interests and expectation (via contact-keeping and dialogue) as well as balance the benefits between the Company and the stakeholders – Corporate governance regulations.

Vinamilk conducts its business on the principle of "Orienting to the harmony of interests between business efficiency for bringing the best benefits to the shareholders and the sustainable development based on the values of business ethnics for ensuring the interests of the stakeholders and bringing the values to the society" – Sustainable development strategy.

09

Strengthening company disclosure practices

Information disclosure and public announcement of the company are implemented in accordance with the provisions of law – Charter.

The content of information published should be clear, adequate, accurate, timely and compliant with the provisions of law – Regulations on Information Disclosure.

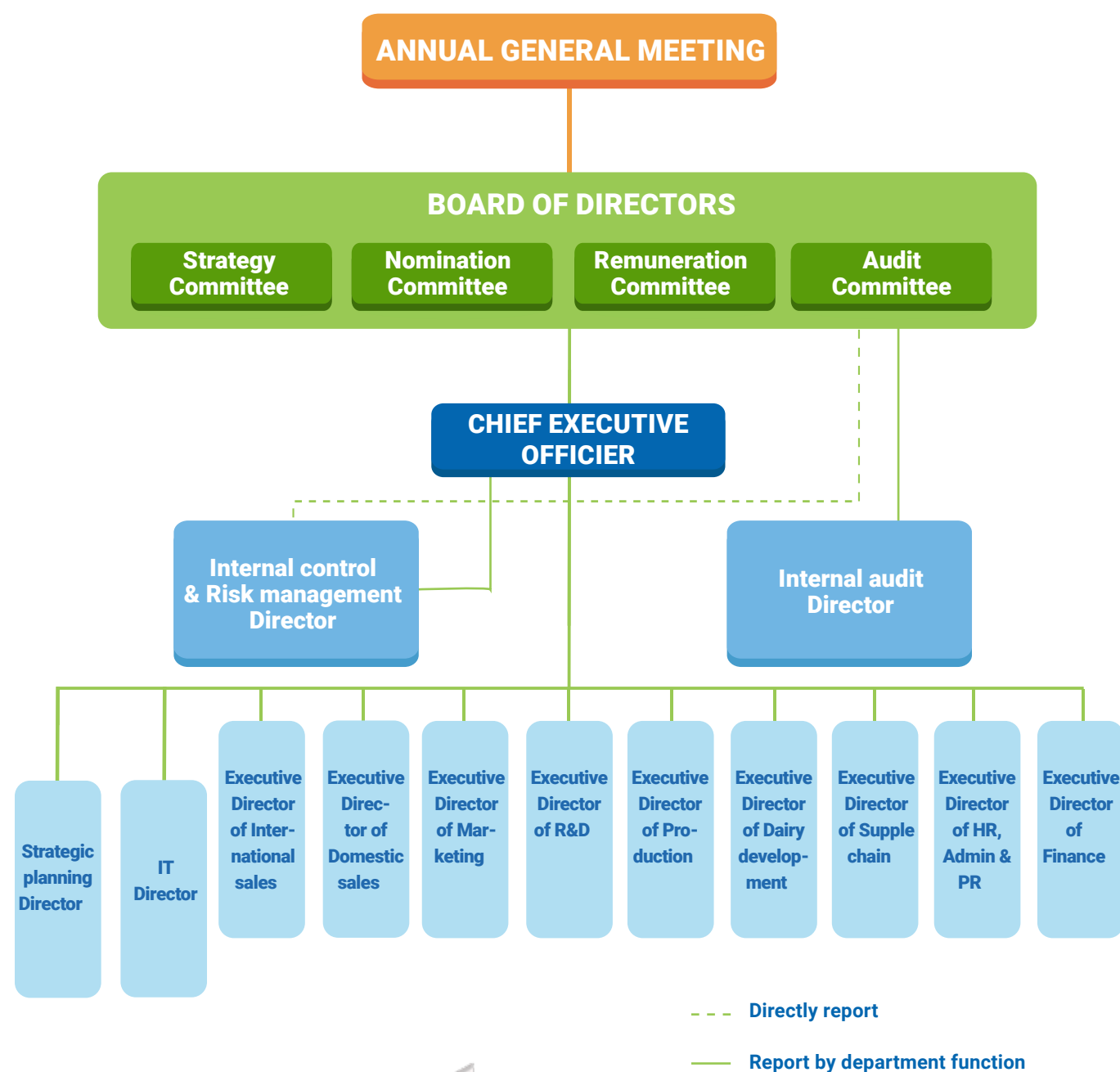
PRINCIPLES OF CORPORATE GOVERNANCE

Laying a foundation for existence and development is a strong corporate governance system which should be improved in line with the good practices. In Vinamilk, the corporate governance principles are implemented in accordance with the set of Corporate governance principles, which are made based on the good practices for the listed companies in Vietnam.

The set of documents is developed with the technical assistance from International Finance Corporation (IFC), a member of the World Bank Group and the assistance from the State Secretariat for Economic Affairs of Switzerland (SECO). The documents were first published by the State Securities Commission in August 2019.



ORGANIZATIONAL CHART

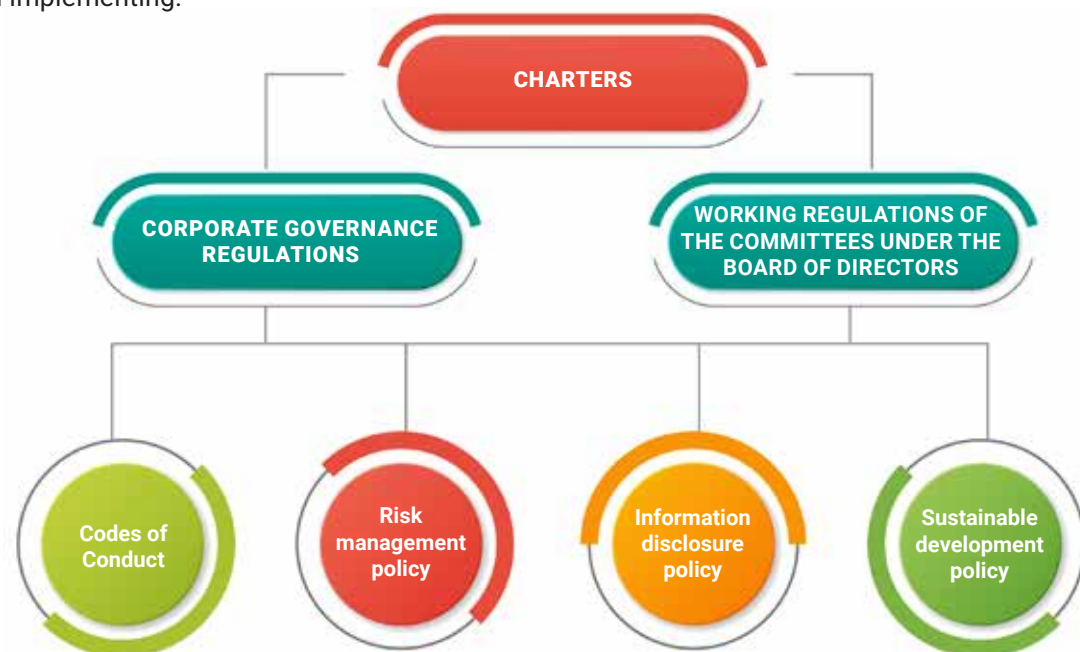


CORPORATE GOVERNANCE RELATED TO SUSTAINABLE DEVELOPMENT



DOCUMENT SYSTEM OF CORPORATE GOVERNANCE CONTROL

Document system on corporate governance control is one of the important document systems which form the control environment of Integrity, Transparency, Morality and Compliance. Similar to the principles of developing the control system in Vinamilk, the documents are identified based on the principles of essentiality, appropriateness and feasibility toward the company. Appropriate levels of competence are responsible for identifying the content, approving and implementing.



CORPORATE GOVERNANCE SYSTEM REVIEWING AND UPDATING MECHANISM

The corporate governance control system is always reviewed, analyzed and updated with the best practices to ensure relevance and advancement. Information channels receiving the best practices may be named like those from the State Securities Commission, Associations of Members in Board of Directors and Associations of the Company Secretaries etc. Assessment methods may include self-assessment via key performance indicators (KPI), standards and

indicators, stakeholders' feedbacks or arising claims or independent assessment from the third party etc.

In 2019, with the introduction of the first Corporate Governance Code, Vinamilk's Board of Directors conducted a review for the corporate governance principles which the company has been implementing in comparison with the best practices and made an action plan. A number of important improvements include:

Sector: Operation of the Board of Directors

- Develop a roadmap for the Audit Committee includes only the non-executive members.
- Implement the actions of improvement, communication and training of the Codes of Conduct in line with the new development period.
- Study the appropriate plans for implementing the assessment for the performance of the Board of Directors via independent consultants.

Sector: Control environment

Update the risk management system through independent consultants.

Sector: Information disclosure

Strategy Committee develops a plan to monitor the disclosure of non-financial information externally.

Sector: Shareholders' rights

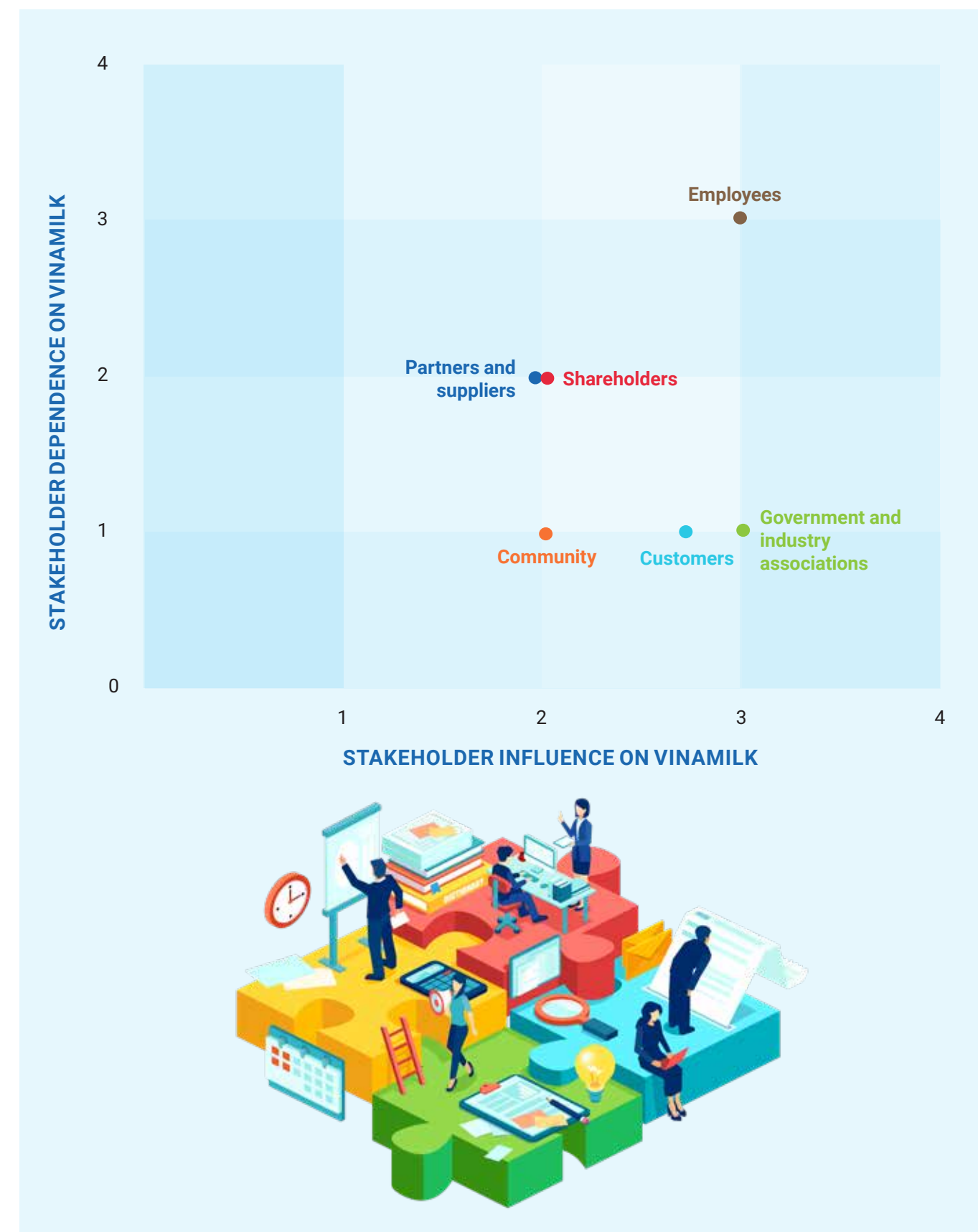
Make proposal for publishing the policies for managing the transactions with the stakeholders on the website.

Sector: Stakeholders

Make proposal for evaluating the social responsibility of the enterprise with the Supplier.

Engagement with the stakeholders

A key in Vinamilk's business is to understand the stakeholders, listen and respond to their expectations. Stakeholders include



LISTENING AND HARMONIZING THE DEMANDS AND EXPECTATIONS OF THE STAKEHOLDERS

IDENTIFICATION OF STAKEHOLDERS	SUPPLIERS AND PARTNERS	COMMUNITY	SHAREHOLDERS	EMPLOYEES	GOVERNMENT AND INDUSTRY ASSOCIATIONS	CUSTOMERS/ CONSUMERS
Information and communication <i>Based on the nature and characteristics of each stakeholder</i>	<ul style="list-style-type: none"> - Searching, and meetings - Evaluate the suppliers and monitor the process of goods and services - Direct communication via training - Participate and consult in the meetings 	<ul style="list-style-type: none"> - Bilateral exchanges through events - Cooperation with the local authorities and associations - Communication about and joint-participation in carrying out the programs for the community - Nutrition counseling and School milk programs 	<ul style="list-style-type: none"> - Consultation via the annual general meeting of shareholders - Collection of shareholders' written opinions - Direct communication with the major shareholders via investment projects - Surveying the satisfaction of the investors - Direct response and information channel 	<ul style="list-style-type: none"> - Annual survey on working environment - Annual conference of the employees - Summary meetings - Organization of training courses - Effective internal communication - Direct exchange mechanism for settlement of claims - Promulgation and execution of the policies - Information and two-way consultation 	<ul style="list-style-type: none"> - Active participation in improving the relevant law system of the industry - Participation and contribution of opinions at the workshops - Pioneer in applying and updating the state regulations 	<ul style="list-style-type: none"> - Collection of information from sellers/ distributors - Hotline and online customer support - Survey on consumption tastes - Survey and evaluation of customers' satisfaction - Popularization and joining the hand for implementing the sustainable development program - Communication via channels (website, Facebook etc.) - Claim settlement and 24/7 customer care
Implementation of communication and exchange in 2019	<ul style="list-style-type: none"> - Evaluated over 200 suppliers - 05 training courses for distributors - 6,000 livestock household and 83 raw milk collection stations - Organized 13 agriculture-promoting programs and policies and provide the technical supports to the livestock households/units 	<ul style="list-style-type: none"> - Over 25 communication messages on health and nutrition - 8-year implementation of the program "A million green tree for Vietnam" fund - Implementation of the School milk program at 21 provinces/cities 	<ul style="list-style-type: none"> - General meeting of shareholders held in April 2019 - 95% of investors satisfied 	<ul style="list-style-type: none"> - Annual meeting for the employees - 80.74% of employee generally satisfying with the working environment 	<ul style="list-style-type: none"> - Contribution of opinions for 4 legal documents 	<ul style="list-style-type: none"> - ~98.5% of customers satisfying with the distributors
Listening and reception <i>Based on the respect and cooperation</i> Specific Department for Information-receiving and processing	<ul style="list-style-type: none"> - Procurement and Supplier valuation Division - Sales Division 	<ul style="list-style-type: none"> - Community partnership Division - Nutrition consulting Division 	<ul style="list-style-type: none"> - Shareholder relationship Division 	<ul style="list-style-type: none"> - Labor relations Division 	<ul style="list-style-type: none"> - Legal Division 	<ul style="list-style-type: none"> - Customer relationship Division
Identify expectations <i>Based on the interrelationship between two parties</i>	<ul style="list-style-type: none"> - Cooperation for development - Sustainable development - Implementation of the corporate social responsibility 	<ul style="list-style-type: none"> - Community development - Environmental - Protection - Local economic development - Corporate social responsibility - Sustainable animal husbandry and animal welfare 	<ul style="list-style-type: none"> - Sustainable growth - Effective use of investment capitals - Transparency of information - Guarantee of shareholders' rights - Market values of shares - Corporate values - Advanced corporate governance 	<ul style="list-style-type: none"> - Safe working environment - Equality regardless of gender and race - Working mechanism with the deserving salary, bonus and welfare - Training and development - Recognition of achievements 	<ul style="list-style-type: none"> - Contribution to the state budget - Implementation of the corporate social responsibility - Implementation and support for the state policies - Respect for the laws - Local economic development and industry development 	<ul style="list-style-type: none"> - High-class, safe and quality products - Diverse and appropriate products for each segment of the customers - Easily-accessible and affordable product prices - Transparent information - Creation and leading in the technology and demand of the customers - Satisfaction with the demand of the customers - Good relationship with the customer
Realization of actions and creation of value <i>Based on the efforts, reality and trust</i>	Chapter "Partners", page 110-117	Chapter "Community", page 104-109	Chapter "Shareholders and Investors", page 70-89	Chapter "Employees", page 54-69	Chapter "Government", page 90-103	Chapter "Customers", page 118-123

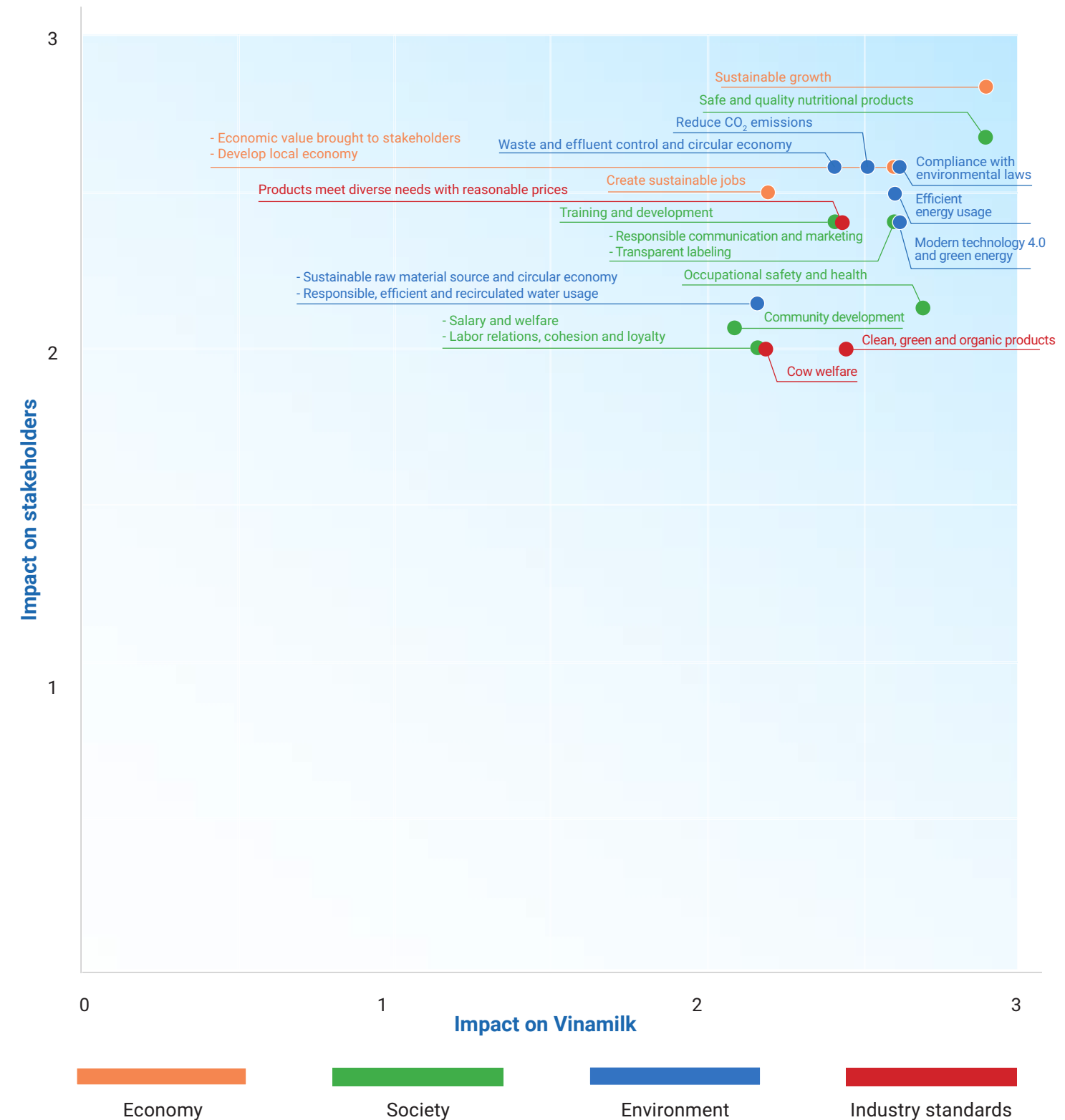
HARMONIZING THE OVERALL OBJECTIVES OF VINAMILK AND STAKEHOLDERS

	ASPECTS	MATERIALITY AREAS
ECONOMY 	Economic performance	<ul style="list-style-type: none"> Sustainable growth Economic value brought to stakeholders
	Indirect economic impact	<ul style="list-style-type: none"> Create sustainable jobs Develop local economy
SOCIETY 	Labor and employment	<ul style="list-style-type: none"> Salary and welfare Labor relations, cohesion and loyalty Occupational safety and health Training and development Community development
	Product responsibility	<ul style="list-style-type: none"> Safe and quality nutritional products Transparent labeling Responsible communication and marketing
ENVIRONMENT 	Raw Materials	<ul style="list-style-type: none"> Sustainable raw material source and circular economy
	Waste and effluent	<ul style="list-style-type: none"> Waste and effluent control and circular economy Compliance with environmental laws
	Energy	<ul style="list-style-type: none"> Efficient energy usage Modern technology 4.0 and green energy
	Water	<ul style="list-style-type: none"> Responsible, efficient and recirculated water usage
	Emissions	<ul style="list-style-type: none"> Reduce CO₂ emissions
INDUSTRY STANDARDS 	Animal welfares	<ul style="list-style-type: none"> Cow welfare
	Health and nutrition	<ul style="list-style-type: none"> Green, clean and organic products
	Diversify products	<ul style="list-style-type: none"> Products meet diverse needs with reasonable prices

Materiality areas

Ways to identify the materiality and subject ranges include:

- Identify material subjects
- Evaluate the impacts on Vinamilk's business
- Evaluate the degree of concern by the stakeholders
- Verify and approve



Opportunities and challenges



STRENGTHS

- Strong trademark and high recognition
- Advanced corporate governance
- High-quality human resources
- Diverse product portfolio
- Quality products
- Modern technology and production machinery
- Widespread distribution network
- Good engagement with the stakeholders
- Strong financial resources
- Good research and development
- Application of technology 4.0 platform
- Management system of international standard certificates throughout the value chains (*)
- Clean and green energy (biomass, CNG) used to replace the majority of fossil fuels
- Leader of high-class, green, clean and organic products

(*) Chapter "Shareholders", page 81



WEAKNESSES

- The stability of the supply and the price of input raw materials is partly influenced by the world's supply-demand relationship.
- The market shares of some product lines are restricted by the consumption psychology and the dominance of competitors.
- Diverse activities of several sectors directly relate the health and environment and therefore complying with the standards requires to be analyzed, monitored and applied appropriately.



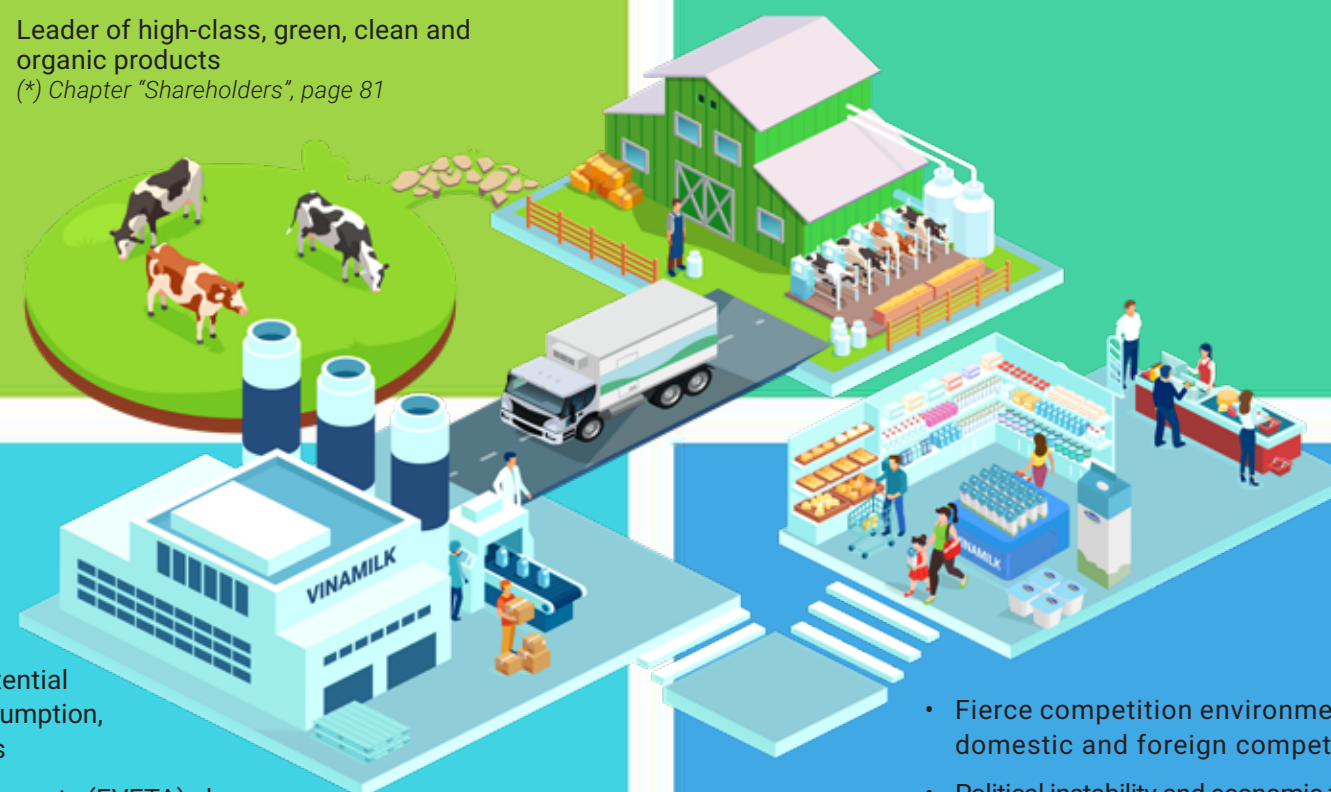
OPPORTUNITIES

- There is still a very great number of potential customers and a huge demand for consumption, particularly in the international markets
- European-Vietnam Free Trade Agreement (EVFTA) has brought an opportunity of growth and tariff incentives.
- Vietnamese goods-supporting psychology is more and more pervasive.
- Trend of consuming high-class, purely organic and eco-friendly products grows strongly in future.
- Corporate governance standards and practices system as well as internationally-standardized quality management system always be updated.
- Assistance from the Government in terms of the policies of imported materials.
- Sustainable development in accordance with the circular economy model has been implemented.



THREATS

- Fierce competition environment with the participation of many domestic and foreign competitors.
- Political instability and economic fluctuation in the investing countries
- A tendency of increase in the natural resources and epidemics due to climate change.
- Possible impacts on the economy caused by the China-United States Trade War.
- Pressures from the demand and expectations from the stakeholders about the corporate social responsibility.
- Scarcity of natural resources and water sources and soil erosion.
- Solutions to the waste and sewage issues in accordance with the circular economy model.



Objectives and strategic direction

DEVELOPMENT STRATEGY TO 2021

Maintaining the No.1 position in Vietnam market and aiming to reach the Top 30 of World's Largest Dairy Companies in terms of revenue, Vinamilk has identified a development strategy with three main pillars for execution, including:

01 LEADING IN HIGHLY APPLICABLE INNOVATIONS

- Focus on dairy industry and dairy related products, which is the core business that has established the Vinamilk brands.
- Continue to R&D to develop more new products with innovations; expand and diversify portfolio based on consumers' preferences and demands; as well as bring various and convenient experiences to them.

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

- Prioritize to exploit the domestic market which still has great growth potential.
- Promote more on highend and added value products, especially in urban areas.
- Penetrate and cover rural areas with mainstream products that growth potential are large.
- Continue to build a large and strong domestic distribution system, increase market share and maintain Vinamilk's leading position in the market.

03 BECOMING THE MOST VALUABLE DAIRY COMPANY IN THE SOUTH- EAST ASIA

- Be ready for M&A activities and expand strong cooperation with partners in all three directions of horizontal, vertical and combined integration;
- Prioritize to seek M&A opportunities with dairy companies at other countries for the purpose of expanding the market and increase sales.
- Continuing to penetrate new export markets with the strategy of converting the traditional goods export model into types of deep cooperation with the distribution partners in new key markets.

2020 OBJECTIVES






























Consolidated revenues
not less than
VND 62,000 billion

Profit before tax margin
not less than
20%

OBJECTIVES AND EVALUATION OF ENVIRONMENTAL, SOCIAL AND ECONOMIC IMPACTS IN 2019

Ending the year 2019 with “Change for growth” topic, Vinamilk has made impressive results and excellently completed the work-plan to help the company to maintain its leading position in the Vietnam’s dairy industry and gradually accomplish the five year work-plan for a period 2017-2021.

Having strived to make positive impacts on the socio-economic development and harmonize the economic values with the social responsibility, Vinamilk is an enterprise appreciated for actively applying many initiatives as well as implementing the sustainable development-oriented activities.

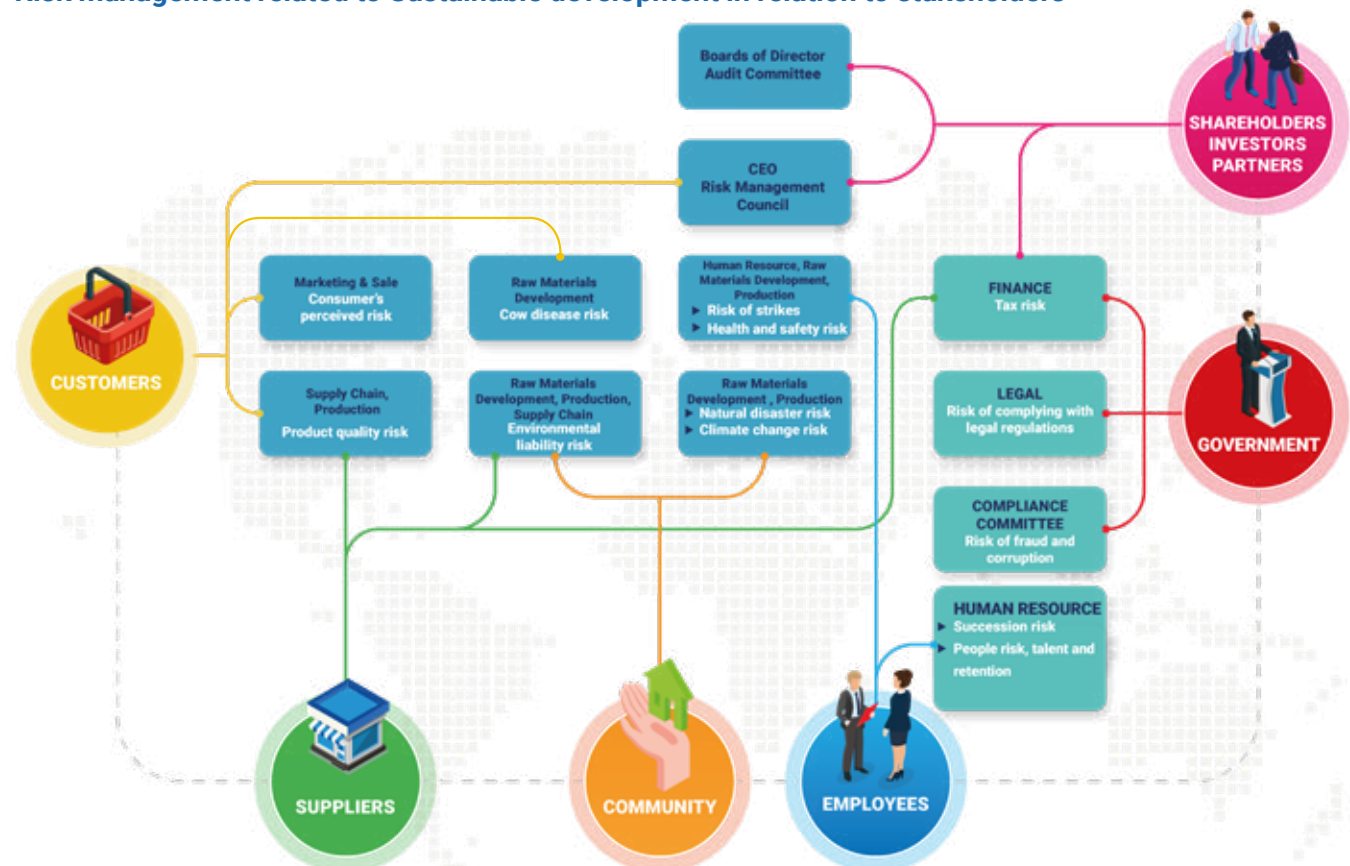
	Aspects	Key Areas	Sustainogram	Results 2019	SDGs
Economy	Economic performance	Sustainable growth	\$ Total consolidated revenue (VND billion)	56,400	    
		Value brought to shareholders and investors	\$ Consolidated profit before tax (VND billion)	12,796	
		Value brought to the government	\$ Value paid to shareholders and investors (VND billion)	7,836	
		Salary and welfare	\$ Contribution to the state budget through taxes (VND billion)	4,840	
	Indirect economic impact	Value traded with suppliers	\$ Employee welfares (VND billion)	Over VND 1,000 billion	
		Create sustainable jobs	\$ Transaction value with supplier (VND billion)	33.9	
		Develop local economy	# Jobs created at VNM	6,914	
Society	Labor and employment	Occupational safety and health	# Amount of milk purchased from farmer (liter)	193,690,342	    
		Salary and welfare	% Employees satisfy with the working environment	80.74%	
		Cohesion and loyalty	% Rate of resignation	6.63%	
		Occupational safety and health	Accident rate	0.01	
		Occupational safety and health	Rate of occupational disease	0.13	
		Occupational safety and health	Percentage of lost work days	123.69	
		Training and development	Number of training courses held	537	
		Training and development	Number of participants in training courses	26,949	
	Product responsibility	Diversity, equality and open communication	% Percentage of women in management	27.36%	    
		Labor relations	% Employees participating in collective bargaining agreements	100%	
		Safe and quality products	% Products that rated for safety and quality	100%	
		Safe and quality products	# Number of product recalls	0%	
		Safe and quality products	% Products manufactured under the FSSC 22000 certified system	100%	
		Transparent labeling	%Product labels controlled for labelling information (for mandatory and advertising)	100%	
		Responsible communication and marketing	# Number of misconduct incidents related to Responsible marketing and communications	0	
Environment	Raw materials	Sustainable raw material source and circular economy	% satisfy domestic customers	98.65%	       
	Waste and effluent	Waste and effluent control and circular economy	% satisfy international customers	100%	
			# Initiatives on 3R (Reduce - Reuse - Recycle)	26 solutions and initiatives	
			\$ Value of savings from initiatives (VND billion)	18.59	
	Energy	Efficient energy usage	# Total amount of wastewater by source	3,538,777	
			# Total amount of waste by type and disposal method	Livestock: - page 150-151 Production: - page 166-167 Transportation - page 182-183	
			# Incidents related to the environment	0	
	Land	Responsible, efficient and recirculated water usage	# Energy consumed / ton of product (KJun / ton of product)	Livestock: - page 150-151 Production: - page 166-167 Transportation - page 182-183	
			% CNG/ total energy use ratio	26.41%	
	Water	Responsible, efficient and recirculated water usage	% Biomass/ total energy use ratio	67.60%	
			\$ Value of trees planting to creat green patched and prevent erosion (VND billion)	1.6	
	Emissions	Reduce CO ₂ emissions	% Percentage of water recovered	2.60%	
			% Water used / ton of product	Livestock: - page 150-151 Production: - page 166-167	
Industry standards	Animal welfare	Cow welfare	# CO ₂ emission / ton of product	Livestock: - page 150-151 Production: - page 166-167 Transportation - page 182-183	     
			# Number of Organic certified farms	3	
	Health and nutrition	Appropriate and quality nutrition source	# Number of farms certified to Global GAP standards	12	
			% Reduces fat products	0.16%	
			% Reduced sugar products	3.78%	
	Diversify products	Products meet diverse needs	% Sugar-free products	10.94%	
			% Nutritional supplement products	Page 131	

Risk management related to Sustainable development

The year 2019 marks an official integration of the Risk management program into the Sustainable development with the prominent activities:

- Develop a group of risks related to sustainable development from the Company's list of risks.
- Apply the measurement indicators of the Sustainable development program into the risk monitoring and early warning system for the relevant risks.
- Develop and standardize the Risk profiles as well as establish a team of SMEs – Subject matter experts specializing the sustainable development activities in order to provide knowledge and effective ways of implementation.
- Communicate and consult the Sustainable development topics via the mechanism of Risk workshops and Risk management newsletters. In 2019, Thematic newsletter on Climate change was issued to the entire company.

Risk management related to Sustainable development in relation to stakeholders



Risk management activities related to Sustainable Development in 2019



Sustainable Development Report

1. REPORT-MAKING PRINCIPLES

At Vinamilk, the Sustainable Development Report is made annually to present and publish the official information related to the objectives, orientations and activities related to the sustainable development of the Company. In 2019, the Sustainable Development Report is prepared separately from the Annual Report. All data are reported for the year ending on December 31st, 2019.

- Extent of interest and their impacts on Vinamilk. Information presented in the report include Vinamilk's management methods, objectives and orientations of sustainable development in each period (including short-term and long-term), Vinamilk's commitments with the stakeholders and current situations, outstanding programs and activities in the year related to the materiality fields and provide the assessment on the company's achievements over the year and the extent of satisfaction with the company's commitments and the stakeholders' concerns in order to outline an overview picture about the company's operation during the year and provide orientations for sustainable development in future.
- The report is prepared in accordance with the Global Report Initiative for Sustainable Reporting Standards (GRI Standards) published by the Global Sustainability Standards Board (GSSB) in 2016. It is the newest version and highest international standards for preparing the sustainable development report. Additionally, a number of indicators are reported in accordance with the GRI Food Processing.
- Furthermore, the objectives and strategic activities in Vinamilk's orientations associated with the United Nations' 17 Sustainable Development Goals (SDG), Dairy Sustainability Framework (DSF) and United Nations Global Compact (UNGC) are also presented in the report.

2. UNITS INCLUDED IN THE REPORT

The scope of operation report of Vinamilk consists of its branches, affiliates and subsidiaries, including:

- The Headquarter, 13 Factories, 03 Branches, 02 Logistics enterprises and Cu Chi Raw Milk Center
- Vietnam Dairy Cow One Member Company Limited.
- Thong Nhat Thanh Hoa One Member Limited Company (excluding criteria related to human resources and environment)
- An Khang Clinic (including criteria related to human resources)

The scope of limited independent assurance for the Sustainable development report is the scope of the operation report, but does not include the Sustainable development data of:

- Thong Nhat Thanh Hoa One Member Limited Company
- For all comments or contributions or questions related to the report, please directly contact on the "Feedback" section on the Vinamilk website (<http://www.vinamilk.com.vn/?vnm=FAQ>) or send an email to the officer in charge of the Sustainable Development Program.*

3. INDEPENDENT LIMITED ASSURANCE FOR SUSTAINABILITY REPORT

In order to provide accurate and reliable information about the sustainability performance to stakeholders, Vinamilk's Sustainability Report 2019 continues to be assured by PwC Vietnam. Vinamilk ensured that there is no conflict of interest in the designation of assurance service provider. The Sustainability Indicators are selected according to materiality areas covering economic, environmental and social fields, in particular:

- Amount of milk purchased from households (kg) – GRI 203-2;
- Injury rate and total working hours lost due to occupational accidents and sickness/total working hours in the year - GRI 403-2;
- Percentage (%) of sugar reduced products and percentage (%) of low fat products in the product structure – GRI sector supplement – Food processing sector – GRI FP6;
- Amount of energy indirect (Scope 2) GHG emissions (kg CO₂) - GRI 305-2
- Amount of energy consumption (MJ) – GRI 302-1; and
- Water and effluent:
 - Percentage (%) of water reused/recycled in production - GRI 303-3 (page 171); and
 - Waste water discharge (m³) by destination - GRI 306-1 (pages 175 and 183); and
- Total weight of waste (kg) by type and disposal method - GRI 306-2.

Members in charge of the Sustainable development program

The CEO directs the program and assigns the participants including:

WORKING ENVIRONMENT

Ms. **Bui Thi Huong**
Executive Director of Human Resources, Administration and Foreign Affairs
Email: bthuong@vinamilk.com.vn
Take an overall responsibility

Mr. **Nguyen Tuong Huy**
Human Resources Director
Email: nthuy@vinamilk.com.vn
Responsible for human resources and working-environment issues

Mr. **Le My Ha**
Head of Recruitment and Labor Relations Department
Email: lmha@vinamilk.com.vn
Responsible for recruitment, employment management, promotion and occupational health and safety issues

Ms. **Duong Thi Truc Ly**
Head of Organizational Development Department
Email: dttyl@vinamilk.com.vn
Responsible for team development and training programs in the company as well as developing the employee evaluation criteria and tools

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

PRODUCT RESPONSIBILITY

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

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

ENVIRONMENT AND ENERGY

Mr. **Tran Minh Van**
Production Executive Director
Email: tmvan@vinamilk.com.vn
Responsible for the environment and energy issues in the production activities



Mr. **Trinh Quoc Dung**
Executive Director of Raw Materials Region Development
Email: tqdung@vinamilk.com.vn
Responsible for the environment and energy issues in the activities of the farms

Mr. **Nguyen Quoc Phong**
Head of Energy & Environmental Management Department
Email: nqphong@vinamilk.com.vn
Responsible for implementing the environment management and energy-saving activities in Production

Mr. **Trinh Phuong Nam**
Director of Agriculture
Email: tpsnam@vinamilk.com.vn
Responsible for agriculture, husbandry and veterinary medicine

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

Mr. **Nguyen Trung**
Supply and Transportation Coordination Director
Email: ntrung@vinamilk.com.vn
Responsible for implementing the environment and energy management activities for supply activities

COORDINATION AND REPORTING TEAM

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

Ms. **Tran Thai Thoai Tran**
Internal Control and Risk Management Director
Email: ttttran@vinamilk.com.vn

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

Ms. **Tran Thi My Hanh**
Risk Management Manager
Email: ttmhanh1@vinamilk.com.vn

Ms. **Nguyen Thi Huong Lan**
Quality Management System Specialist
Email: nthlan1@vinamilk.com.vn

Mr. **Phan Hoang Huy**
Risk Management Specialist
Email: phhuy@vinamilk.com.vn



Independent limited assurance report



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

We have been engaged by Vietnam Dairy Products Joint Stock Company ("Vinamilk") to perform an independent limited assurance engagement on non-financial data for the year ended 31 December 2019 selected and reported in Vinamilk's Sustainability Report 2019 (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 2019 pertaining to the reporting scope described in page 47 of the report, in which the Sustainability Indicators selected for our limited assurance engagement are presented. The responsibility includes the selection of the Sustainability Indicators for our limited assurance engagement and application of the appropriate method to Vinamilk's Sustainability Report 2019 as well as the design, implementation and maintenance of internal control relevant to the preparation of the selected Sustainability Indicators' information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Vinamilk which are reasonable in the circumstances.

Our Independence and Quality Control

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

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

Our Responsibility

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

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

Subject Matter

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

- Amount of milk purchased from households (kg) - GRI 203-2 (page 98);
- Injury rate and total working hours lost due to occupational accidents and sickness/total working hours in the year - GRI 403-2 (page 66);
- Percentage (%) of sugar reduced products and percentage (%) of low-fat products in the product structure – GRI sector supplement – Food processing sector – GRI FP6 (page 131);
- Amount of energy indirect (Scope 2) GHG emissions (kg CO₂) - GRI 305-2 (pages 162, 175, 181 and 182);
- Amount of energy consumption (MJ) - GRI 302-1 (pages 162, 174, 180 and 182); and
- Water and effluent:
 - Percentage (%) of water reused/recycled in production - GRI 303-3 (page 171); and
 - Waste water discharge (m³) by destination - GRI 306-1 (pages 175 and 183); and
- Total weight of waste (kg) by type and disposal method - GRI 306-2 (pages 163, 175, 181 and 182).

Our limited assurance engagement has been undertaken in respect of the selected Sustainability Indicators for the year ended 31 December 2019 as reported in the Sustainability Report 2019 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 2019 and, therefore, do not express any conclusion thereon.

Criteria

The Subject Matter above has been assessed according to the criteria set forth in the defined procedures by which the environmental and social data are gathered, collated and aggregated internally as part of the data management of Vinamilk following the Global Reporting Initiative Standards and pertaining to the reporting scope described on page 47 of Vinamilk's Sustainability Report 2019 for our limited assurance engagement.

Main Assurance Procedures

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

- Inquiries of personnel responsible for internal reporting and data collection at the corporate and as and when appropriate at business unit level for the selected Sustainability Indicators;
- 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.

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

Conclusion

Based on the work described above, in all material respects, nothing has come to our attention that causes us to believe that the selected Sustainability Indicators' information for the year ended 31 December 2019 as presented in Vinamilk's Sustainability Report 2019, is not prepared in accordance with its internal policies, reporting scope and principles on sustainability reporting as presented on page 47.

Use of Our Report

This report is addressed to the Board of Directors of Vinamilk in connection with presentation of the Sustainability Indicators selected for our limited assurance engagement pertaining to the reporting scope described on page 47 of Vinamilk's Sustainability Report 2019 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 versions, the Vietnamese version shall take precedence.



Hoang Duc Hung

Deputy General Director
Authorised signatory

Ho Chi Minh City, Vietnam
17 April 2020

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 or the assurance report that was issued and the information presented on the website.



PEOPLE

▶ Employees	54
▶ Shareholders and Investors	70
▶ Government	90
▶ Community	104
▶ Partners	110
▶ Customers	118

Employees



Employees

“

Vinamilk - with the employees of experienced professionals, diversified in many fields and spread across the country, demonstrating the strong development resources, raising the quality of the organization's and community's resources.

”



KEY AREAS

COMMITMENT TO HUMAN RESOURCE MANAGEMENT

- Recruitment policy
- Compensation and benefits regulations
- Training policy
- Policy on work performance management
- Democracy regulations
- Collective bargaining agreement
- Regulations on benefit policies for female employees
- Code of Conduct

Create sustainable jobs



Diversity, equality and open communication



Training and development



Salary, bonus and benefits



Labor relations, cohesion and loyalty



Occupational safety and health



LISTEN AND RESPOND

- Employee Conference
- Integration training program
- Work performance evaluation
- Employee satisfaction survey



773
New recruits



6,914
Direct staffs



497
Managerial officials



7.19%
Is the management level, of which **27.36%** is female



100%
Of employees return to work after taking maternity leave (105 employees)



100%
Of employees participate in collective bargaining agreements



6.63%
Is the rate of resignation



VND 17.18 billion
Invest in Safety – Labor field

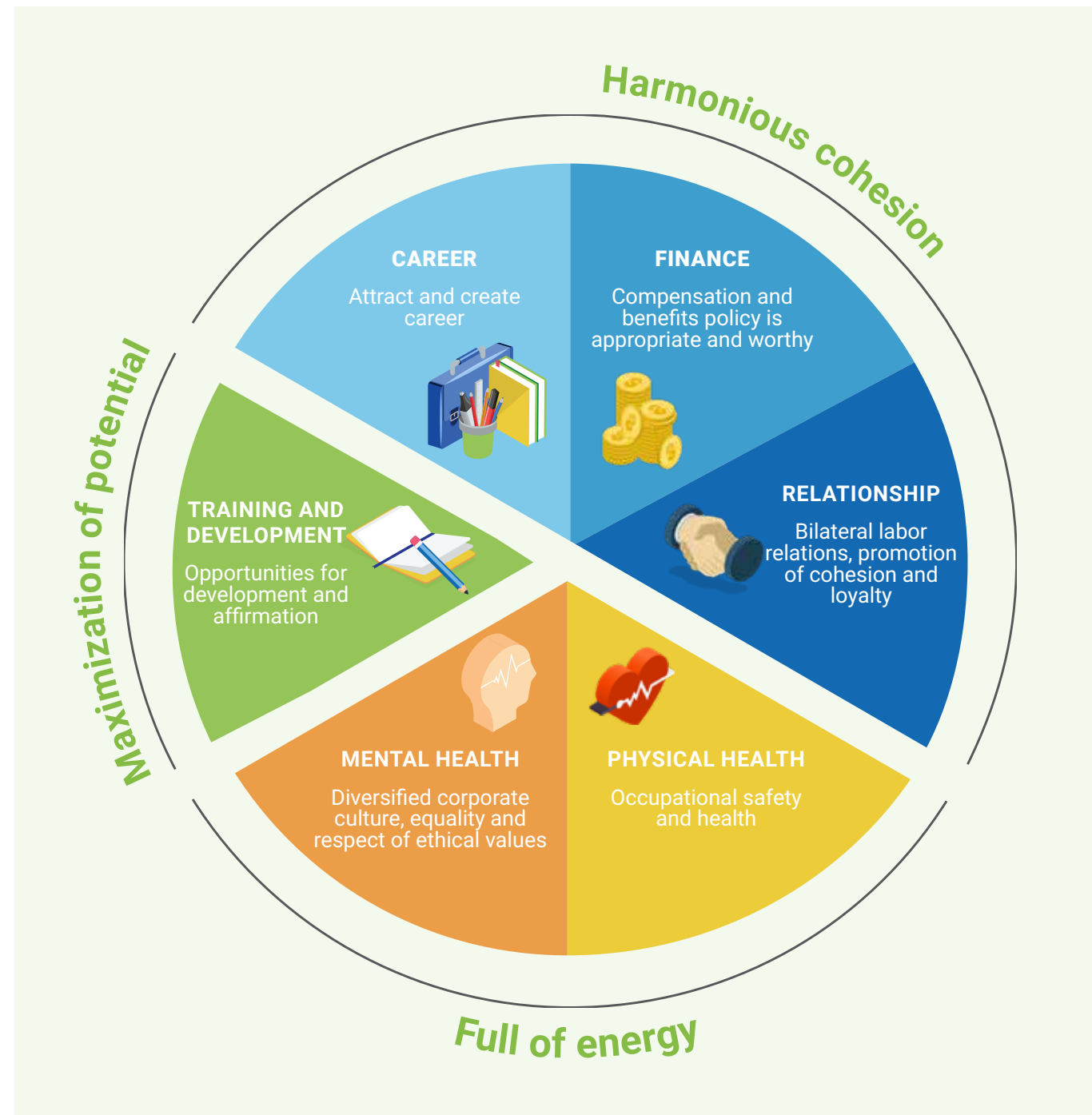


537
Training sessions are organized



44
Managerial officials are promoted

Every day and every hour, Vinamilk's operation still runs in harmony with the strong signs of progress, creating values for the community and society, under the enthusiastic operation and direction of the employees with Harmonious cohesion, Full of energy and Maximizing potential.



Through the connecting employees process, Vinamilk always promotes and maintain appropriate value:



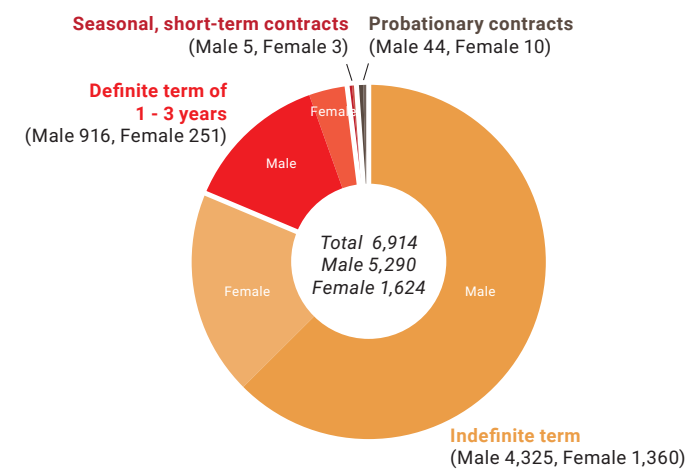
HARMONIOUS COHESION

Settle down and thrive- Vinamilk always seeks employees who are suitable and high quality candidates, creates stable jobs with worthy remuneration, fair and democratic bilateral relations, thereby promoting a united collective to move forward for a common goal.

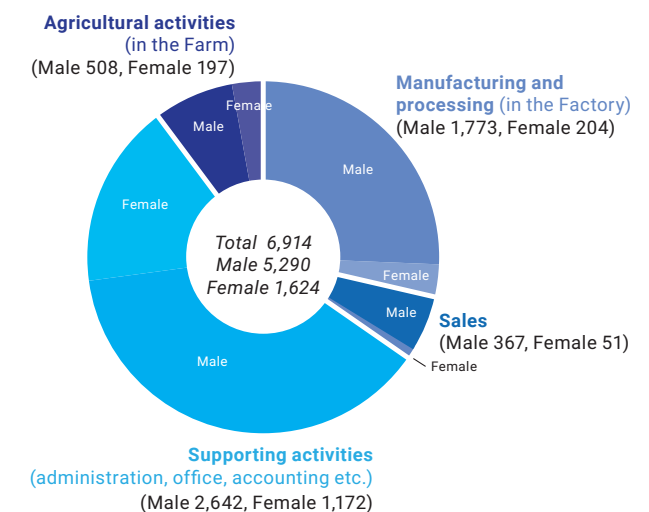
CAREER

In 2019, Vinamilk maintain maintained the strength of its resources. Stemming from the demand for human resources with high expertise, mastering the world's advanced technologies in the dairy industry, Vinamilk has consistently invested in building a force of young professionals in many important fields including: Dairy products processing technology, Veterinary inspection - Epidemiology, Automation of technological lines and production ... The rate of newly recruited labors in 2019 accounts for 11.2 %, of which young workers (<30 years old) are at about 70% (67% in 2018), contributing to creating a dynamic and potential human resource.

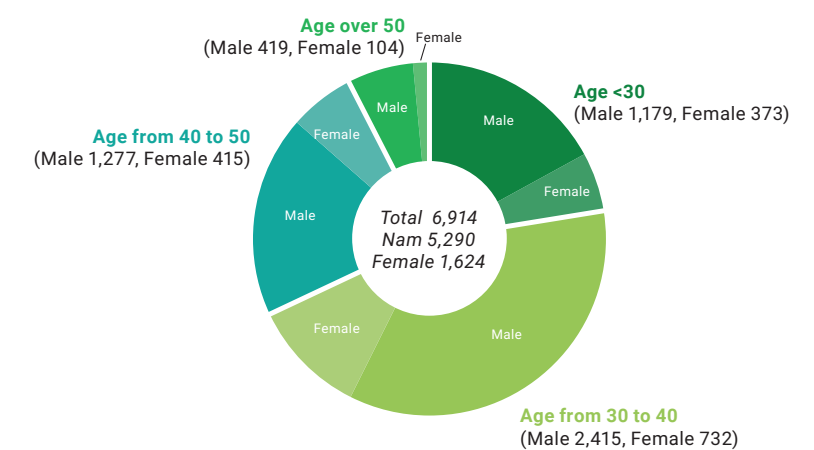
Statistics of the number of employees



Statistics by type of labor contract

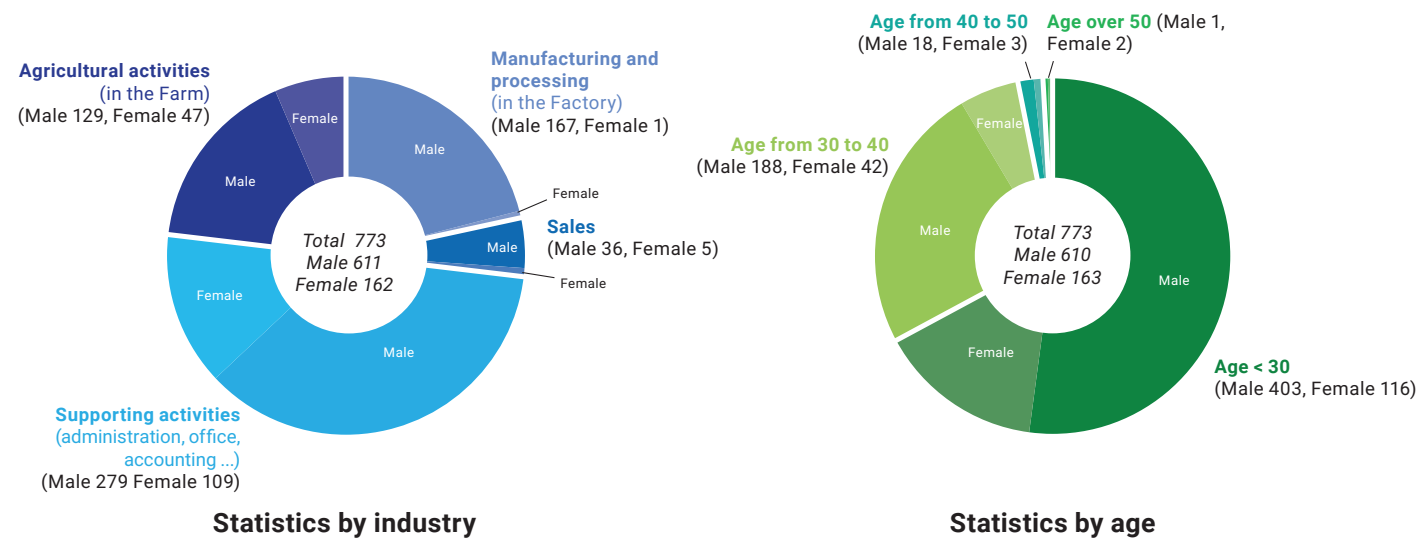


Statistics by industry



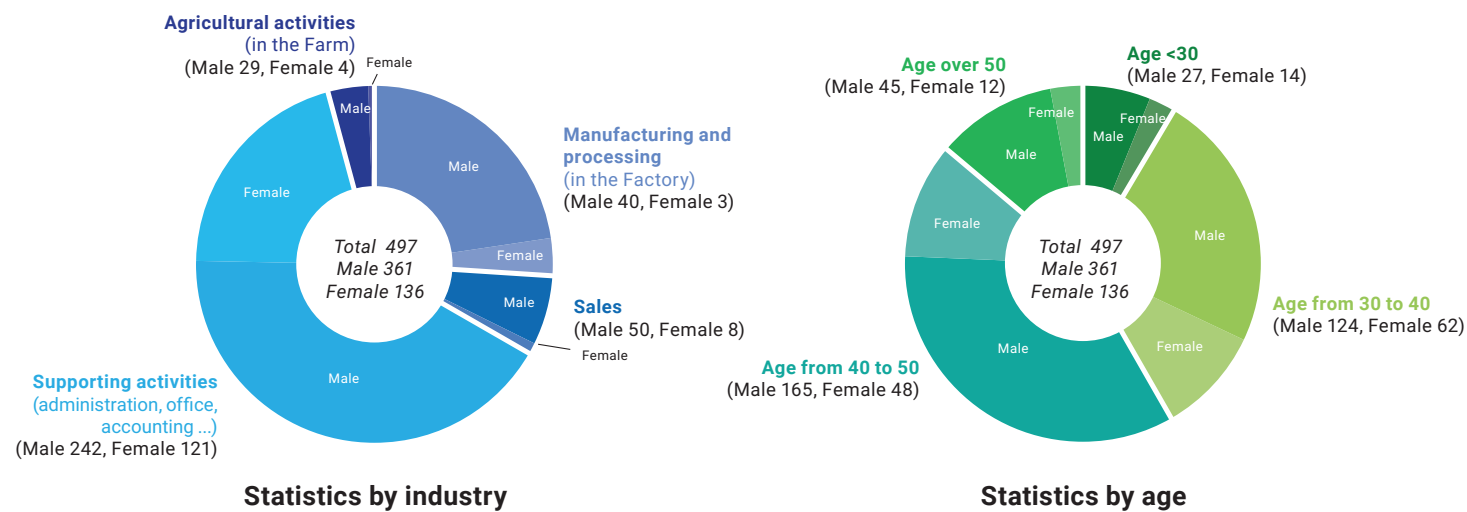
Statistics by age

Statistics of new recruits

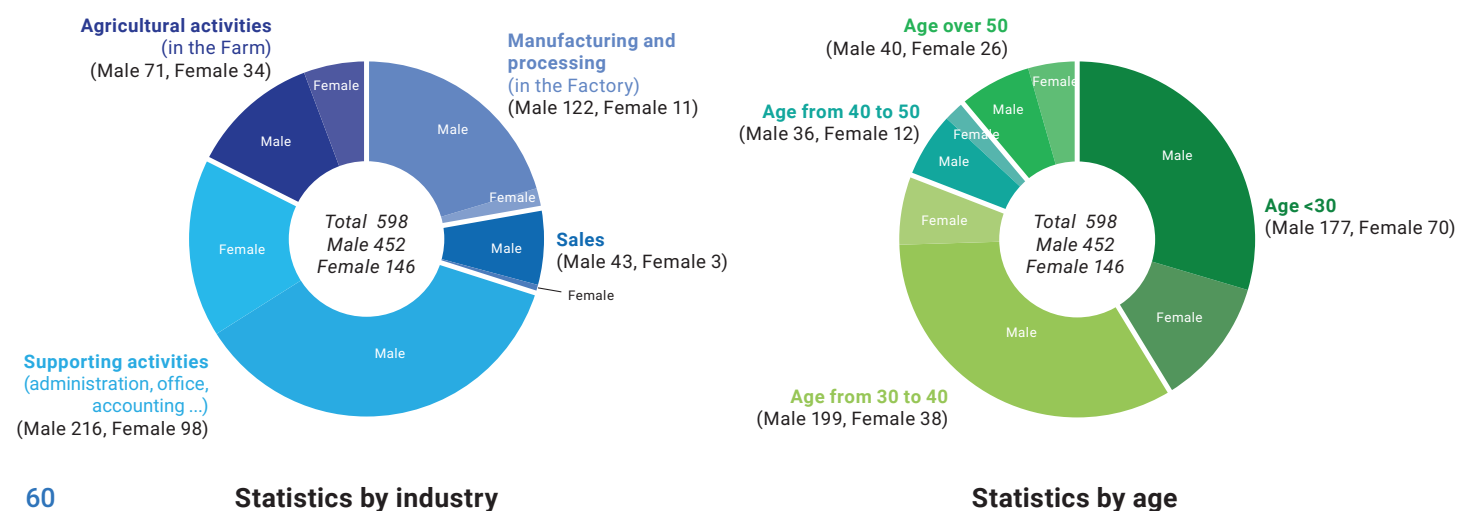


In parallel with attracting external talents, Vinamilk also develops a program to nurture and create maximum conditions for the development of internal human resources with high expertise such as rotation and promotion, to meet the needs and aspirations for development.

Component of management levels



Statistics of rotation employees



FINANCE

Income- salary and bonus

All employees of the Company are paid income in accordance with Vinamilk's Compensation and Benefits Regulations on the basis of compliance with the labor law, Company-wide unity and competitiveness in the market.

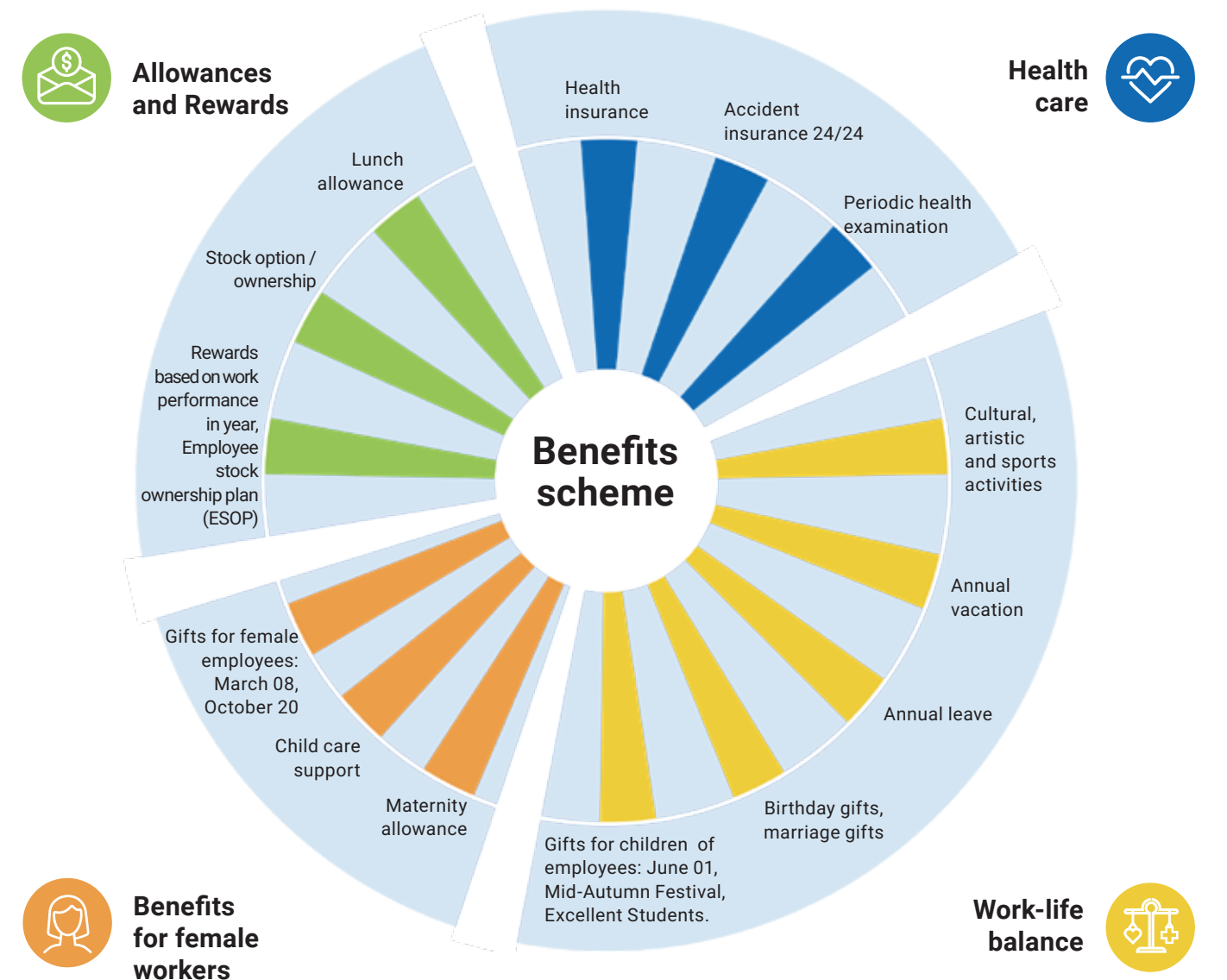
The basis for determining remuneration is a balance of 4 elements including Position undertaken, Personal capacity achieved/shown, Work performance and the business performance of the Company.

Salary will be adjusted on an annual basis through market survey results to ensure competition with leading companies in the the FMCG industry in Vietnam.

Benefits policy

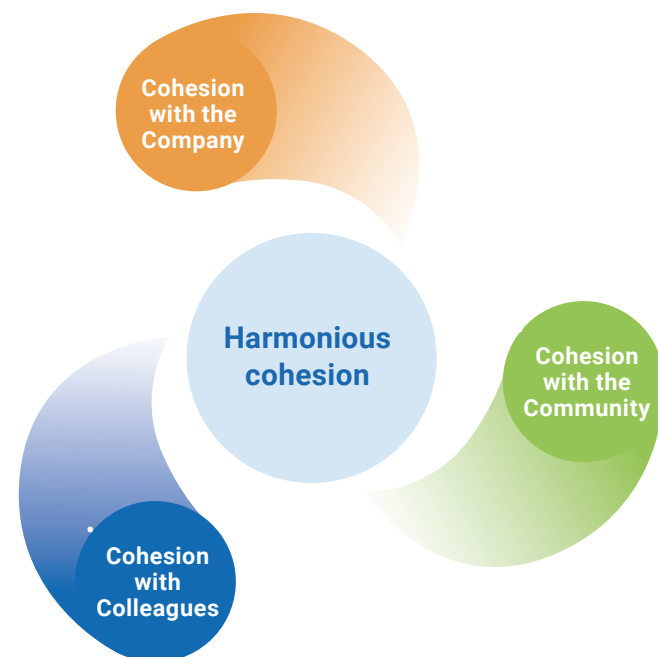
Appropriate 10% of profit after tax for Reward and Benefit Funds to reward employees based on work performance evaluation; pay for the benefits as agreed in the Collective bargaining agreement and pay for social, charitable activities, community activities ...

Benefits scheme

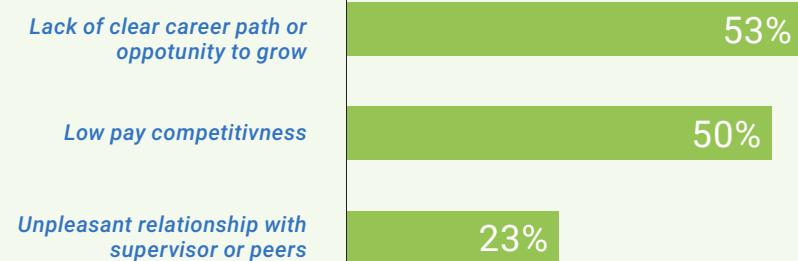


RELATIONSHIP

Building, maintaining and developing the bilateral labor relationship will promote the cohesion



According to the labor market survey in Vietnam, three main reasons why employees leave organizations include:



Good implementation of these elements will increase the cohesion with the enterprise. In 2019, with a good job in harmonious cohesion, Vinamilk's resignation rate is at 6.63%, much lower than the 15-20% according to the general market survey of Mercer & Talentnet, Key Highlights of Total Remuneration Survey, 2019.

Cohesion with the Company

All new employees are allowed to participate in the Integration training program to help them quickly familiarize and integrate into a new environment and new job, and concurrently, acknowledge and understand their rights and responsibilities.

The integration program includes important contents which provide the overview of Vinamilk: Formation and development; Vision, Mission, Core Values; Regulations on information confidentiality, personnel policies; Introduction of community and collective activities; Cultural principles, leadership behavior of the Company, etc.



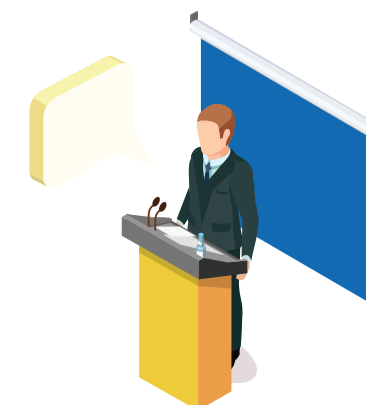
Cohesion with the Company & Colleagues

Vinamilk has developed Democracy Regulations, ensuring the implementation of democratic principles at the workplace:

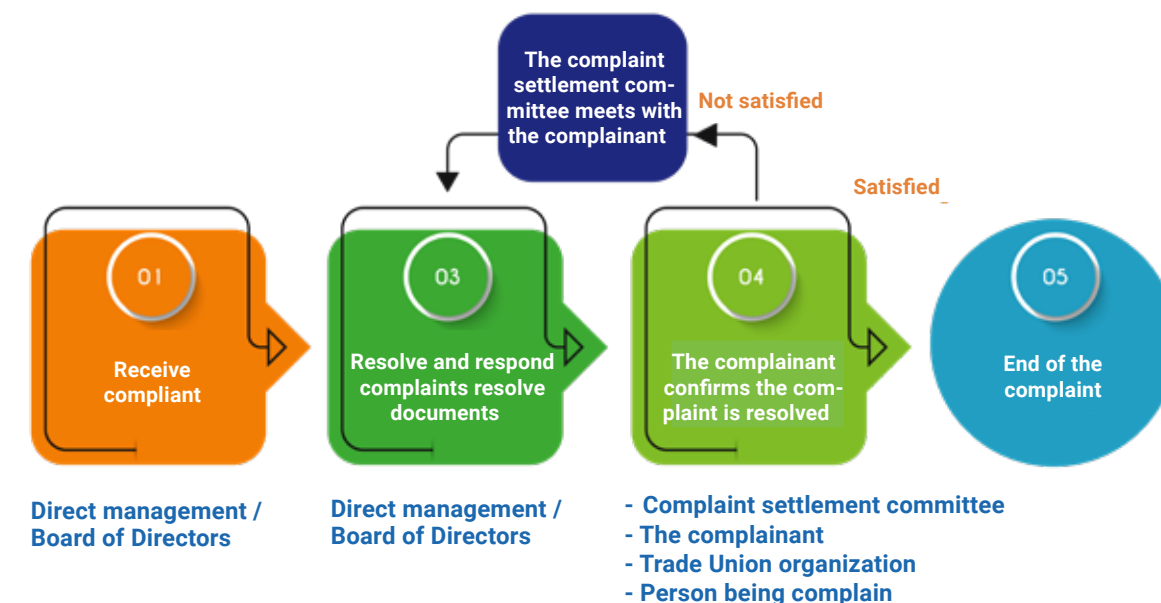
- Willingness, cooperation, honesty, equality, publicity and transparency
- Respect for the legal rights and interests of employers and employees
- Not non-compliance with laws and social ethics

Information disclosed transparently by Vinamilk to employees:

- The current state of business task performance
- Rules, regulations and bylaws related to the legal rights, obligations and interests of employees
- Collective bargaining agreement
- Resolution of Employee Conference
- Appropriation of reward and benefit funds
- Appropriation for paying trade union fees and insurance premiums
- The current state of emulation, commendation and settlement of complaints and denunciations



The Company develops a process of receiving and handling complaints on the principle of being objective, cautious, timely, confidential, thorough and transparent in order to protect employees' rights, the main steps include:



Cohesion with the Colleagues & Community

Trade Union is established and maintained to protect the rights of employees. In 2019, 30 Trade Unions at the units actively operated and coordinated with the authorities to organize:

- Payment for trade union fees
- Cultural activities, physical -sports activities, emulation and commendation activities
- Charity program
- Periodic talk shows
- Organize Employee Conference and enforce the Democracy Regulations at the Units



HIGHLIGHTED ACTIVITIES IN 2019

Job Fair at University of Technology

In order to ensure a diverse and various recruitment sources, Vinamilk regularly organizes programs to attract candidates, especially young, competent candidates - potential resources for the development.

In 2019, for University of Technology Job Fair with the booth evaluated as "Beautiful & Unique", Vinamilk impressed the students, Program Organizing Committee as well as the employers participating in this fair.

Attending the festival, the students had the opportunities to:

- Find out information about the company, recruitment programs, career development opportunities.
- Experience through career consultancy and orientation, knowledge and skills for students in the third, fourth and final year.
- Attractive job opportunities when participating in direct interviews with experienced human resources experts at Vinamilk booth.

Review salary and bonus framework for all employees

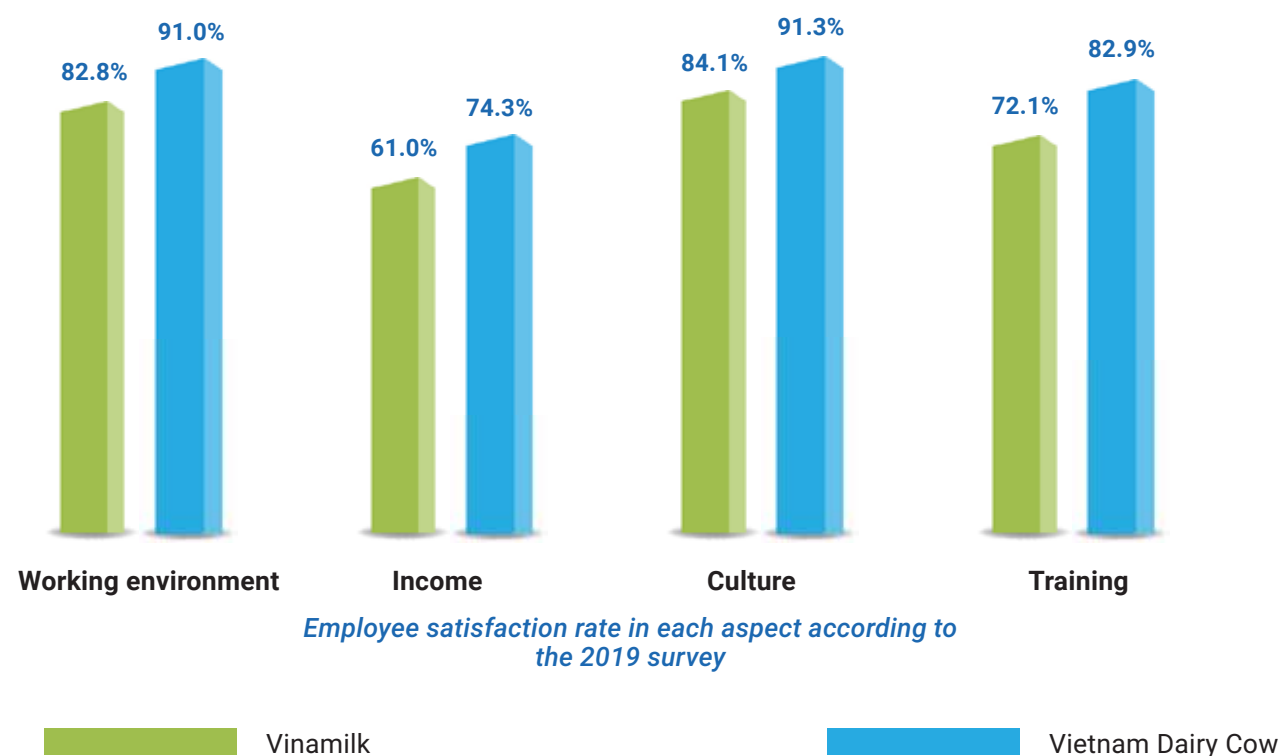
In 2019, Vinamilk together with 604 companies (including 543 foreign companies and 61 domestic companies) participated in the survey on salary and income in Vietnam market. Based on the results of the survey in 2019, Vinamilk has built a salary, income and bonus framework to ensure competition with the market. At the same time, Vinamilk implemented the adjustment of salary, income and bonus for all Vinamilk employees. In addition, Vinamilk also applied a competitive salary adjustment rate due to promotion.

The best workplace in Vietnam

In 2019, Vinamilk continued to rank the first in the Top 100 Best Workplaces in Vietnam. This achievement represented the recognition of Vinamilk's efforts and activities in bringing a quality and safe working environment with competitive and attractive reward and benefit policies; ensuring freedom, fairness, transparency and efficiency; creating a solid foundation for talented people to develop their talents.

Satisfaction rate

- 100% of employees participate in collective bargaining agreements at the Company's Office and all Units.
- Satisfaction survey:



FULL OF ENERGY



PHYSICAL HEALTH

Safety and health

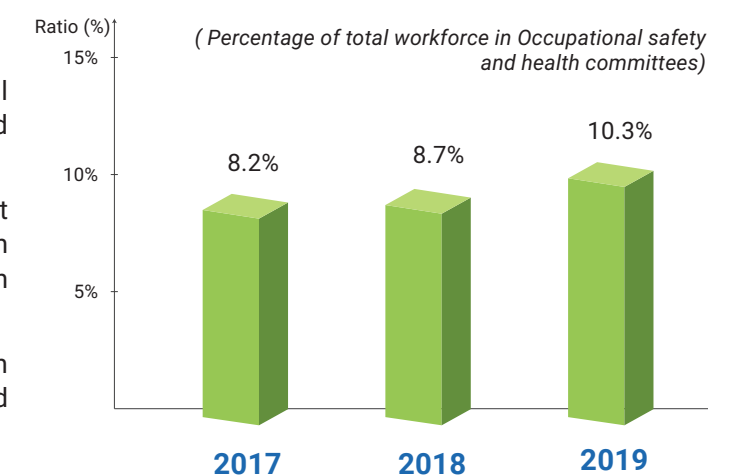
At Vinamilk, the first basic principle is to strictly and fully comply with relevant provisions of the Labor Law and the Law on Occupational Safety and Health



Indicators of Occupational safety and health

In 2019, Vinamilk increasingly invested both financial and human resources in occupational safety and hygiene, specifically:

- For finance: investing VND 17.18 billion to implement technical solutions on safety, technical solutions on hygiene, personal protective equipment, training in occupational safety and hygiene.
- For human resources, strengthening human resources in occupational safety inspection activities, increased by 2% compared to 2018:



Indicators for occupational safety and health	2019	2018	2017
Occupational disease rate (ODR) (a)	0.13	0.12	0.15
Lost day rate (LDR)	123.69	116.87	108.15
Absence rate (AR) (c)	3,013	2,784.26	2,750.25
Injury rate (IR) (d)	0.01	-	0.04

Note:

1. These indicators are aggregated across the whole Company.
2. Rates are calculated according to OSHA standard practice on occupational safety and health. In particular, the coefficient 200,000 is the product of 50 working weeks with 40 hours per week per 100 employees. The rates calculated from this coefficient relate to the number of employees, not to the number of hours.

(a) Occupational disease rate is calculated by the formula:

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

In which: The number of occupational disease cases is listed according to the unit's occupational disease records.

(b) The lost day rate is calculated using the formula:

Number of lost days * 200,000 / Total actual working hours

In which: The number of lost days is the number of working days lost due to occupational accidents or illness recorded in Attendance sheet and investigation/declaration/reporting reports on occupational accidents, medical records of the units.

(c) Absence rate is calculated by the formula:

Number of absence days * 200,000 / Total actual working days

In which: The number of absence days (not working), including leave due to occupational accidents or illness and unpaid leave; Not including public holidays, training, maternity, permitted leave, paid leave, according to the attendance sheet.

(d) Injury rate is calculated by the formula:

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

In which:

- The number of reported injuries is injuries arising out of working hours, including those recorded as occupational accidents and minor injuries such as skin abrasions/tears causing bleeding, mild injuries of soft tissues, etc. resulting in leave from work as included in the medical records of the health department.
- When an occupational labor accident occurs at the unit, the health department and the specialized sections immediately record, handle and classify treatment according to the degree of injury. The causes will be analyzed, recorded and included in safety instruction.

In 2019, the whole Company had 01 serious occupational accident (2018: 0 case, 2017: 3 cases of mild injuries)

As of 31 December 2019, the whole Company currently recorded 10 cases of occupational deafness with hearing impairment at 2-10% (2018: 9 cases, 2017: 11 cases). All of these employees have been assigned suitable jobs.

Classification of injuries at Vinamilk:

- Minor injuries: injuries arising out of working process/hours as included in the Health Department's records, such as skin abrasions/tears causing bleeding, mild injuries of soft tissues, etc. resulting in leave from work.
- Severe injuries: injuries arising out of working process/hours as included in the Health Department's records, resulting in loss or reduction of working capacity.

MENTAL HEALTH

A refreshing and calm mind is the golden key to creativity and productivity. That mind is created from the corporate culture. Culture respects diversity, equality and enforces moral values.

Respect for diversity and equality

- Policies in place with respect to gender equality in recruitment and salary payment
- No discrimination and no case was recorded in 2019
- No case in which right to join trade union and collective bargaining may be at risk.
- No child labor
- No forced labor

"The company implements the principle of gender equality in recruitment, employment, training, payment of remuneration, commendation and promotion, social insurance, health insurance, unemployment insurance, working conditions, labor safety, working hours, rest time and other benefit schemes. In addition, the Company cares and gives certain incentives to female workers"

A special and outstanding feature of the Vinamilk voyage beyond the sea for more than 43 years is the key role of female captains and executives as a smart and decisive

The female employees
account for
23.5%

The female management
personnel accounts for
27.36%

The female executive
personnel accounts for
40%



Corporate culture

Cultural contests

In 2019, Vinamilk launched the theme: "Change to growth" through Cultural contests nationwide:

- Contest "Finding breakthrough changes" in the North and Central with 6 teams.
- Contest "Change to growth" in the South with 14 teams

Internal communication channel

In 2019, internal communication activities have conveyed to all employees a variety of timely information such as company culture, outstanding activities, communication programs for brands and channels. ecommerce...

83%

of events will be
communicated after
36 hours

337

average information in
the year

112

average interactions per
media turn

Internal channels



Website:
vuoncaovietnam.com



Youtube:
Kênh tin tức nội bộ Vinamilk

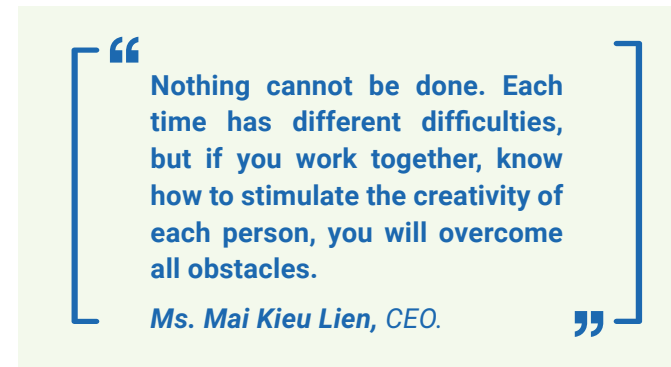


Email:
hopthunoibo@vinamilk.com.vn

Anti-fraud and anti-corruption

- At Vinamilk, the rules for anti-conflict of interest, anti-corruption and anti-bribery are clearly, strict, and communicated to all employees in various forms: via management personnel and email to all employees, as specified in the Code of Conduct.
- Employees can provide information about Fraud and corruption through appropriate channels (Chapter Shareholders and Investors, page 82)

POTENTIAL MAXIMIZATION



IMPROVING AND EVALUATING THE WORK PERFORMANCE

The improvement and evaluation of work performance are carried out through the following main activities:

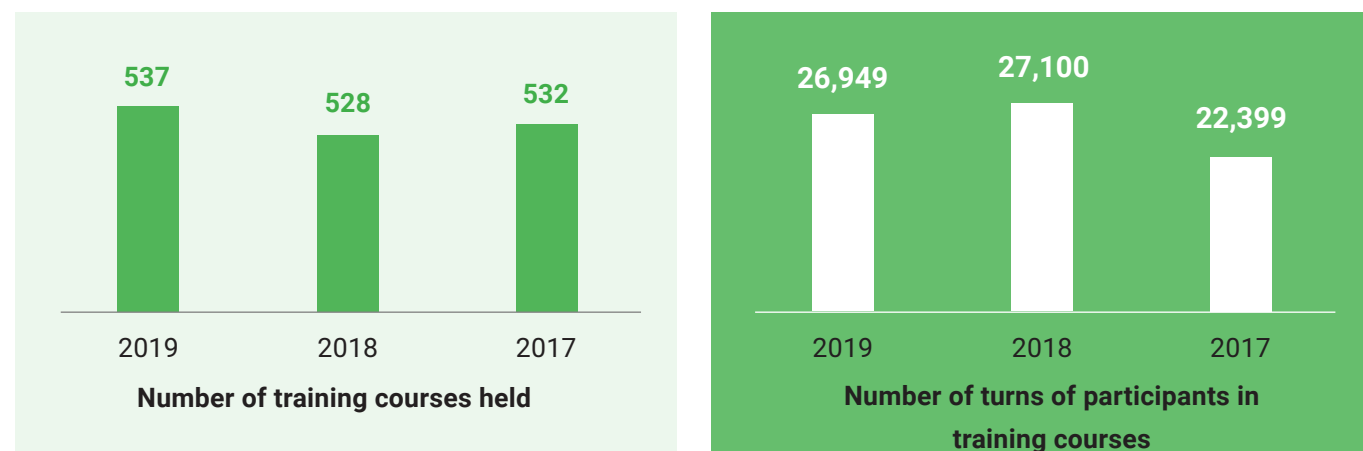
- Develop, discuss and deploy work plans to employees of all levels and maintain work performance assessments monthly. In which, the Quality of work always accounts for a large proportion (30-35%) in the manner of the work completion using the optimal resources and methods.
- Set up the Goals and indicators to measure the work performance using the MBO method for the Management of all levels, the balance between 04 elements Finance - Procedure - Customer - Learning & Development.
- Implement the Standard Capacity Assessment System using an online tool to save time and manage the database on the assessment results well.
 - 376 managers to be evaluated have been fully assessed by their superiors and are guided for the Capacities to be improved/developed in the next assessment period.
 - 98.4% of managers confirmed that they are assessed for capacity by the superiors as per the procedure according to the results of the survey to seek opportunities to improve the assessment system.

TRAINING AND DEVELOPMENT

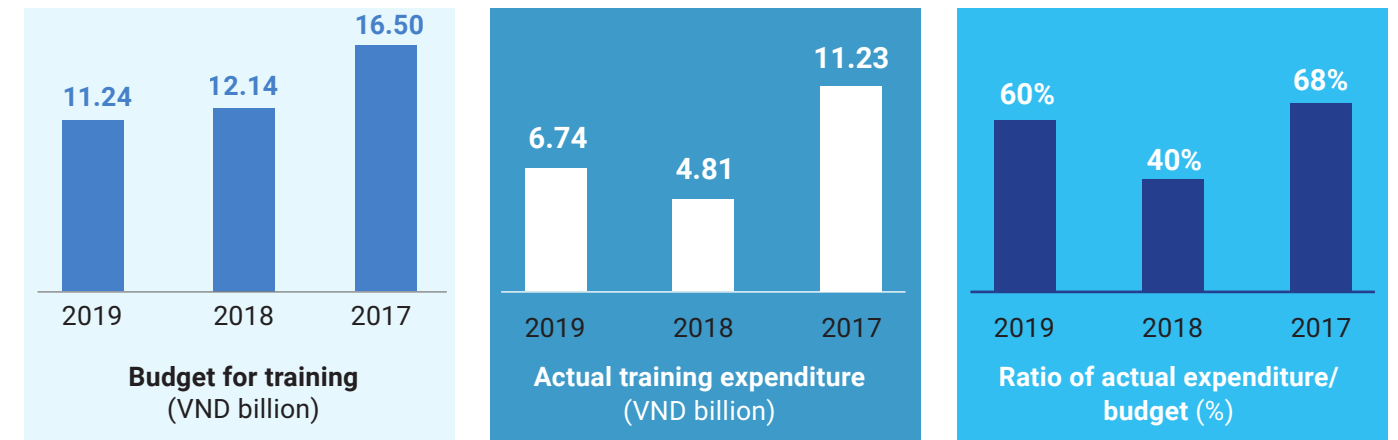
In order to maximize the potential, Vinamilk always gives employees the opportunity to improve their knowledge in all related fields.

Indicators for Training and Development

KPIs for training indicators

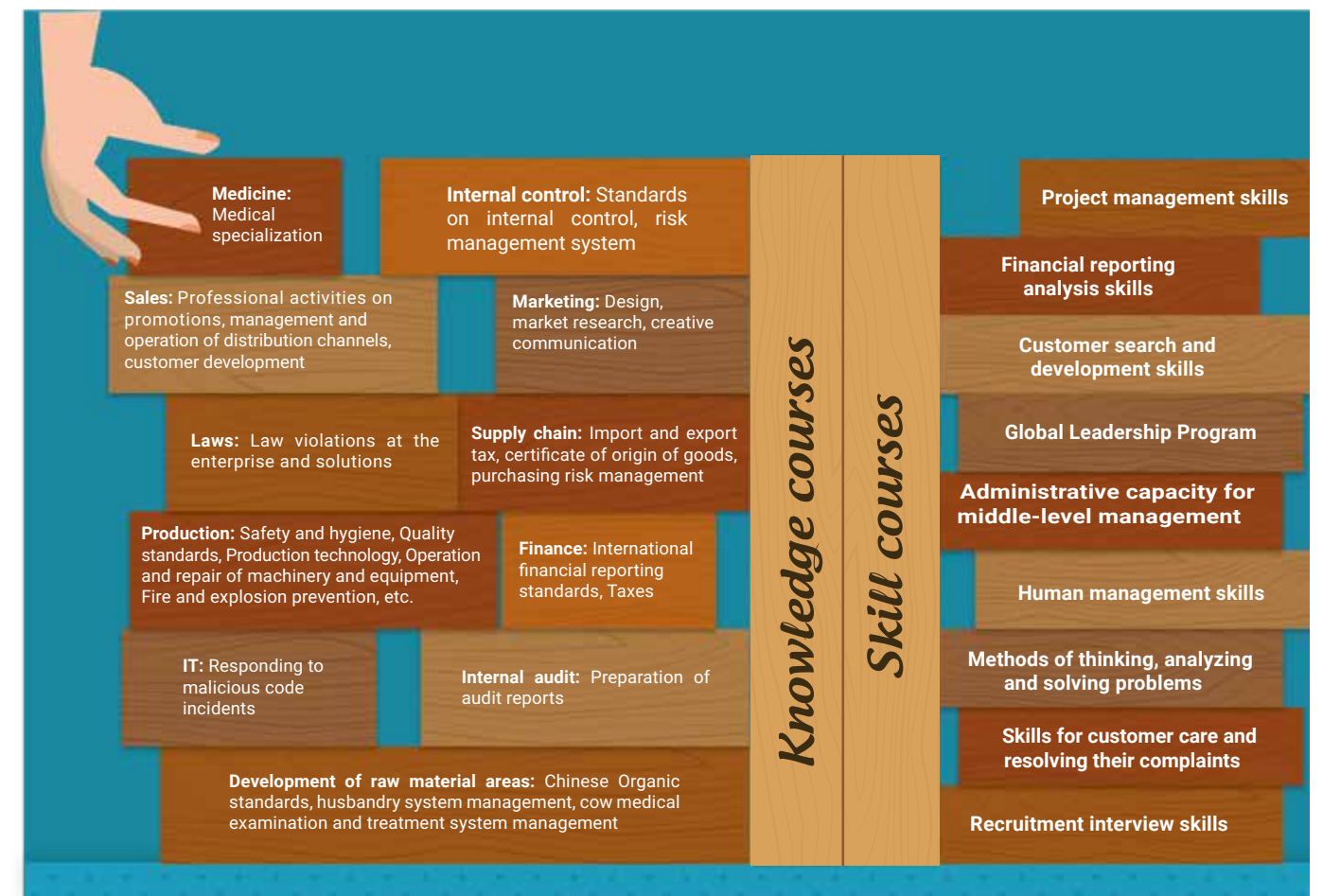


KPIs for budget and expenses for training activities



- The number of training courses and the number of participants have been relatively even over the last 03 years, suitable for the training needs as determined for each year.
- Financial resources dedicated to training activities are always fully made available, ensuring the availability of training and development opportunities.

Training courses organized



UNLOCKING POTENTIAL - AFFIRMING POSITION

Achievement always comes to those who deserve it. Vinamilk recognizes these achievements with respect to:

- Job promotion:** In 2019, 44 managers were promoted.
- Succession Planning Program:** In 2019, the Company reviewed a list of key positions at senior and mid-level to develop a succession plan. Whereby:
 - Supplementing some new positions based on the Company's development orientation
 - Seeking and supplementing 03 candidates for key positions
 - Developing the next personal development plans for existing candidates.

Shareholders and Investors



“

The present value of the company is a key factor to attract Shareholders and Investors. The future value is the knot that links sustainable relationships.

”

Founded in 1976, after more than 43 years of innovation and development, **Vinamilk constantly enhances its present value, affirms its future value, and becomes a large and prestigious enterprise as well as a reliable partner of shareholders and investors.**

Vinamilk is the No.1 Brand in Vietnam with more than 200 types of nutritional products. Every year, about 15 billion products are trusted by consumers nationwide.

PRESENT VALUE

Large enterprise and billion-dollar brand
Leading and continuously growing
Advanced management system
Ensure shareholder rights

FUTURE VALUE

FUTURE VALUE

Available supply sources of raw milk with Asia's largest dairy farm system
Wide distribution network
Large potential market
Sustainable development enterprise



PRESENT VALUE

LARGE ENTERPRISE AND BILLION-DOLLAR BRAND

Affirming the position of Vietnam's national brand

Vinamilk, the only dairy brand in Vietnam, is honored to receive the VIETNAM HIGH-QUALITY GOODS AWARD voted by consumers for 23 consecutive years

This shows consumers' trust in Vinamilk's quality products. In addition, in 2019, Vinamilk continued to assert its brand reputation when being received the following awards:



The best listed company in Vietnam for the 7th consecutive year rated by Forbes Vietnam and Sustainable Business 2019 (CSI100).



Leading the list of prestigious Food and Beverage companies in 2019 published by Vietnam Report and continuously ranked in "Viet Nam's top 50 best-performing companies".



The best-selling brand of milk and dairy products in both urban and rural areas for 7 consecutive years according to the "Brand Footprint Report 2019" by Kantar Worldpanel.

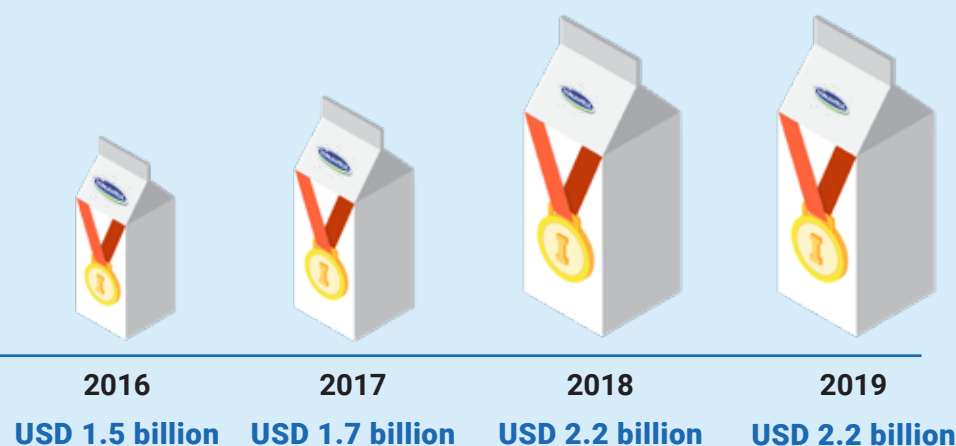
Especially, this is the second year in a row Vinamilk being the best seller in the FMCG industry.

Billion-dollar brand

In 2019, Vinamilk maintained the leading position for the fourth time in Forbes Vietnam's best 50 brands in 2019, with its brand value of more than USD 2.2 billion.

Forbes

Vinamilk's brand value over the years
(Source: Forbes Vietnam)



Brand imprint on the world map

Besides the domestic market, Vinamilk is gradually asserting its brand position on the international map. Continuing to lead the rankings of prestigious organizations in the world, Vinamilk constantly puts firm and strong footprints on the integration and development journey of Vietnam's dairy industry, on par with the region and step by step makes a mark on the world milk map.



Vinamilk is the only Vietnamese dairy company to receive "The Asian Export Awards 2019" - under the large corporate group. This is a big step of Vinamilk in bringing "Vietnamese Dairy" to the world.



Being the only Asian representative invited to share the success in developing the Organic trend at the Global Dairy Congress 2019 (Portugal), acknowledged with great strides in high-class and advanced nutritional products.

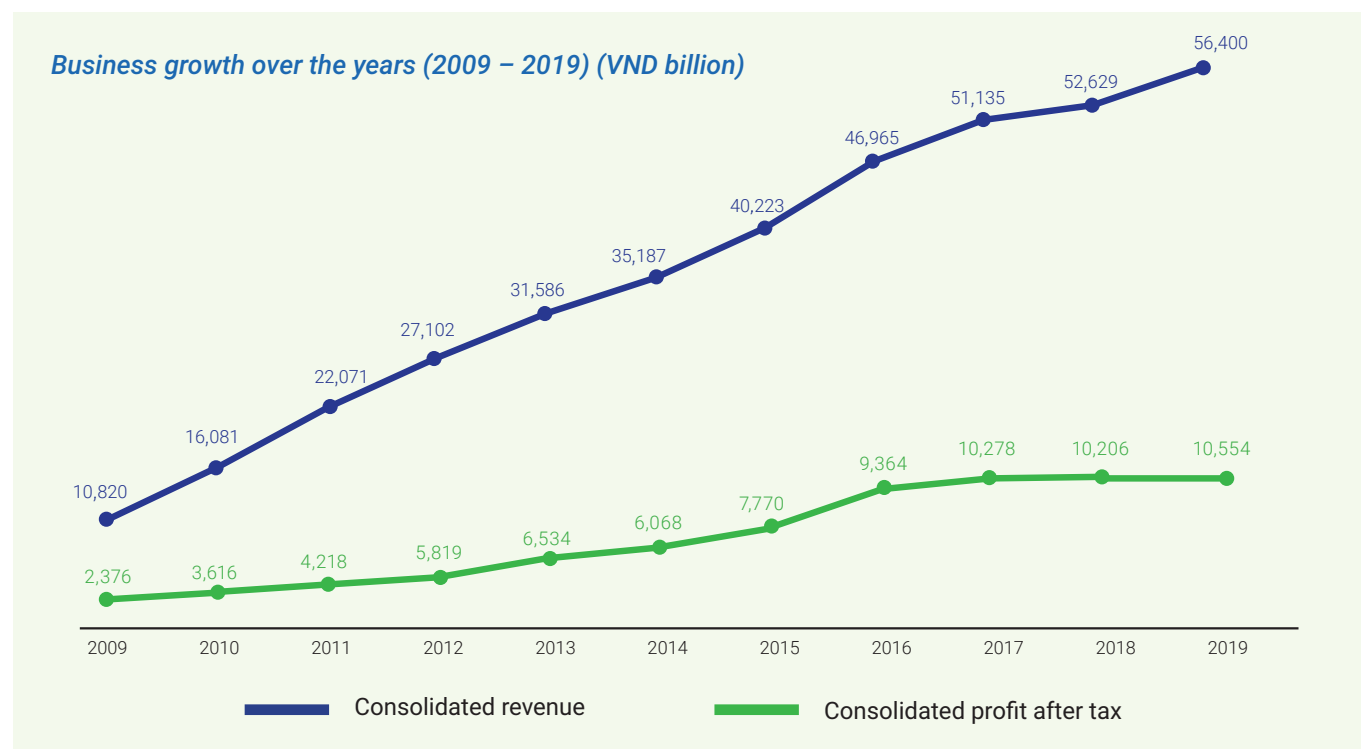
Asia300

The only Vietnamese enterprise is included in the top 50 of Asia300 - List of the most powerful and valuable listed companies in Asia published by Nikkei Asian Review, a prestigious Japanese Economic Journal.

Forbes
BEST OVER A BILLION
ASIA 2019

Vinamilk joined the Asia Pacific Billion Dollars Club when being honored to be on the list of the best 200 companies of Asia Pacific with revenue of more than USD 1 billion, published by Forbes Asia Magazine. This reflects the Company's position and high appreciation from domestic and foreign investors.

LEADING AND CONTINUOUSLY GROWING Business results in 2019



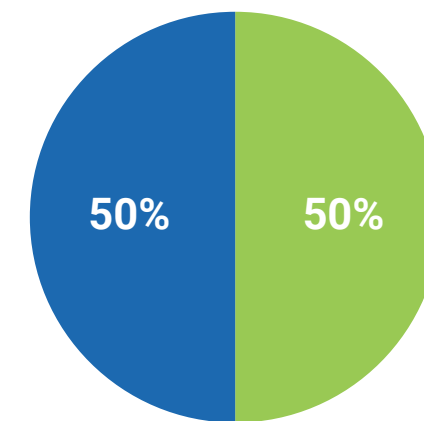
Continue to lead the domestic market

Currently, Vinamilk accounts for 50% of the country's dairy yield and its revenue accounts for more than 50% of total dairy industry revenue, continuing to affirm its firm position as the leading dairy company in Vietnam.

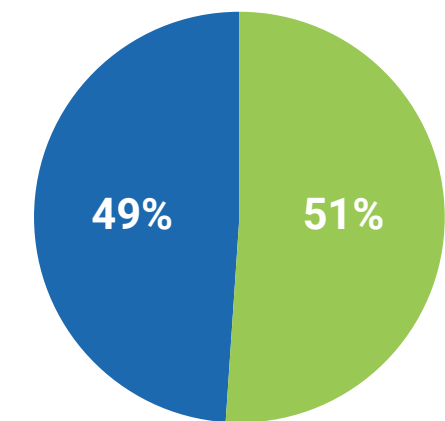
The domestic sales achieved a net revenue of VND 47,555 billion for the whole year, up 6.3% over the same period; contributing to 84.4% of total revenue (2018: 85.1%). The strong growth in 2019 mainly came from:

- Sale volume growth was driven by key product lines with double-digit growth. In addition, the high-end product lines also recorded impressive growth, showing the appropriate direction of Vinamilk in the strategy of product portfolio premiumization.
- Be the pioneer in the National School Milk Program. At the end of 2019, Vinamilk was approved with the contract in the form of public bidding to implement the School Milk Program in 21 provinces and cities across the country.

The proportion of Vinamilk's dairy yield compared to the whole country



The proportion of Vinamilk's revenue compared to total dairy industry revenue



Legend: Vinamilk (Green), Others (Blue)

(Source: Nielsen and VNCS)

Strong development in the international market

In 2019, international business activities continue to grow strongly. Business performance results at overseas subsidiaries reached VND 3,588 billion, up 8.6% over the same period of 2018, contributing 6.4% to Vinamilk's total revenue, confirming the effectiveness of development strategy through M&A activities in the world.

Driftwood Dairy Holding Corporation (USA):

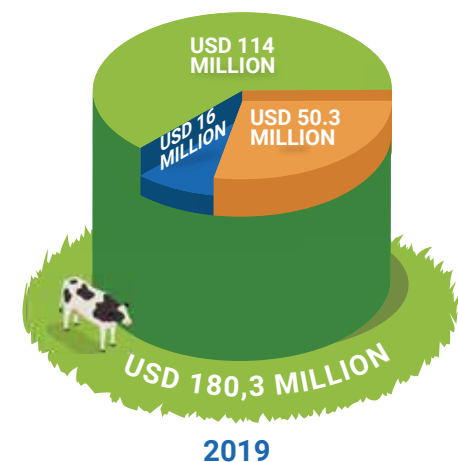
Total revenue in 2019 reached more than USD 114 million (equivalent to VND 2,645 billion)

Angkor Dairy Products, Co. Ltd (Cambodia):

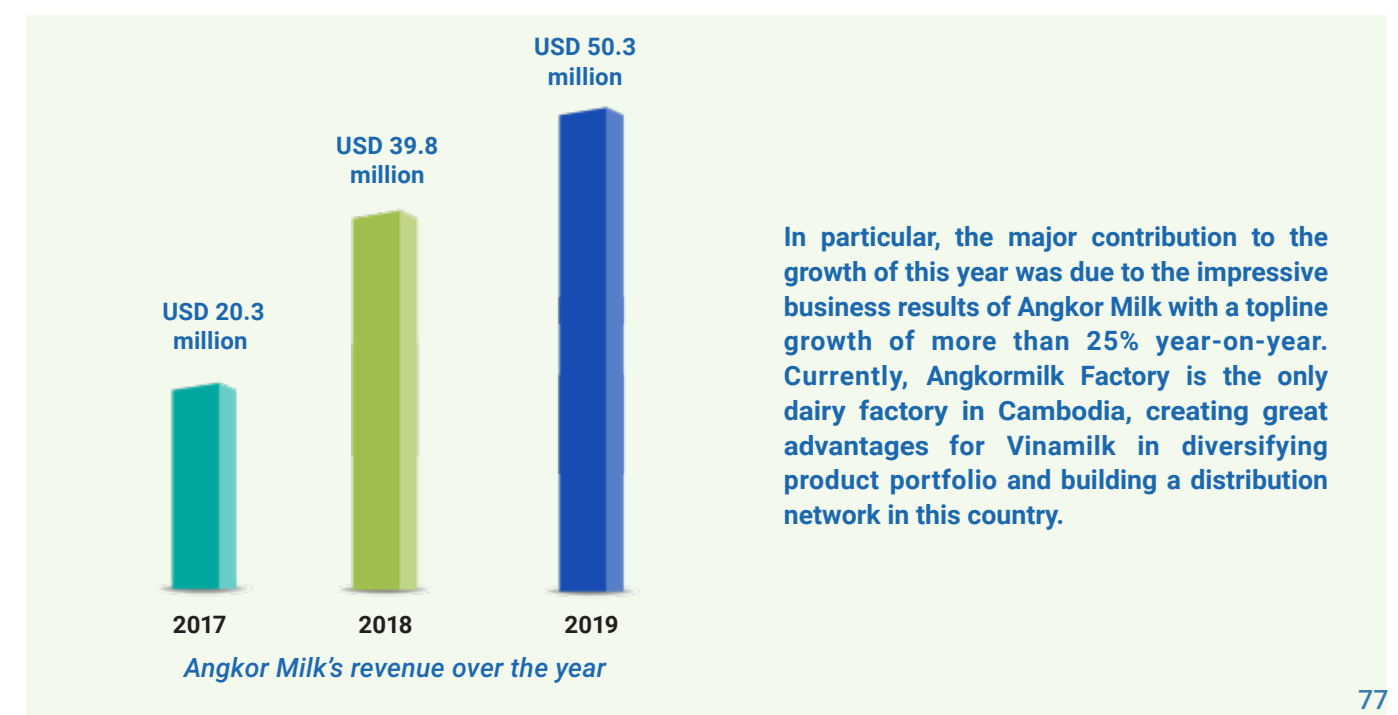
Total revenue in 2019 reached USD 50.3 million (equivalent to VND 1,165 billion)

Vinamilk Europe Spółka Z Ograniczoną Odpowiedzialnością (Poland):

Total revenue in 2019 reached USD 16 million (equivalent to VND 373.8 billion)



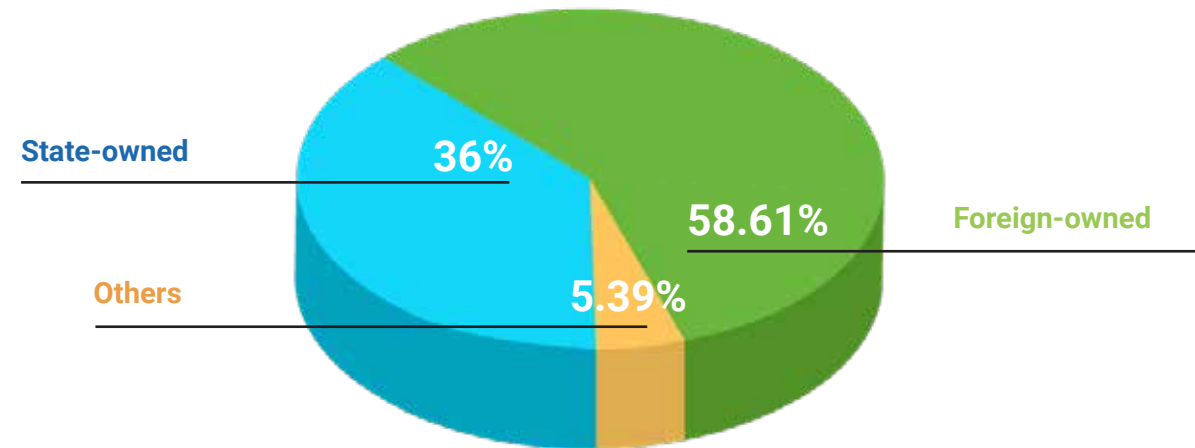
Legend: Driftwood (Green), Angkor Milk (Orange), VNM Europe (Blue)



In particular, the major contribution to the growth of this year was due to the impressive business results of Angkor Milk with a topline growth of more than 25% year-on-year. Currently, Angkormilk Factory is the only dairy factory in Cambodia, creating great advantages for Vinamilk in diversifying product portfolio and building a distribution network in this country.

ADVANCED MANAGEMENT SYSTEM

BALANCED AND DIVERSE SHAREHOLDER STRUCTURE



- Balanced and diversified shareholder structure which includes the presence of the State Capital and Investment Fund, Strategic Investment Fund and Financial Investment Fund create a strong competitive advantage for Vinamilk.
- These diversity and balance create opportunities for Vinamilk to inherit and implement corporate governance practices, management and executive experience, sector initiatives as well as share business ecosystems, expand the market, stabilize stock price and ensure information transparency and sustainable development.

TOP 10 LARGEST SHAREHOLDERS

STT	Name of shareholders	Number of shares	Ownership (%)
1	SCIC	627,063,835	36.00%
2	F&N DAIRY INVESTMENTS PTE LTD	301,496,383	17.31%
3	PLATINUM VICTORY PTE LTD	184,880,461	10.62%
4	F&NBEV MANUFACTURING PTE LTD	47,026,980	2.70%
5	ARISAIG ASIA CONSUMER FUND LIMITED	28,800,652	1.65%
6	MATTHEWS PACIFIC TIGER FUND	25,995,440	1.49%
7	EMPLOYEES PROVIDENT FUND BOARD	22,138,220	1.27%
8	THE EMERGING MARKETS FUND OF THE GENESIS GROUP TRUST FOR EMPLOYEE BENEFIT PLANS	21,211,119	1.22%
9	MERRILL LYNCH INTERNATIONAL	13,733,302	0.79%
10	STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	13,497,977	0.77%

ADVANCED CORPORATE GOVERNANCE

Organizing lines of defence

The concept of Audit Committee under the Board of Directors is an advanced governance model that is very popular in international practices. The role of the Audit Committee focuses on monitoring the company's financial statements, risk management, Internal audit and External audit and assisting the Board of Directors to fulfil its oversight role.



Activities of lines of defence at Vinamilk

Audit Committee

Since the beginning of 2017, Vinamilk has officially applied the most advanced governance model that very few Vietnamese enterprises have applied until now. That is the supervisory mechanism through an Audit Committee under the Board of Directors, instead of maintaining the Supervisory Board.

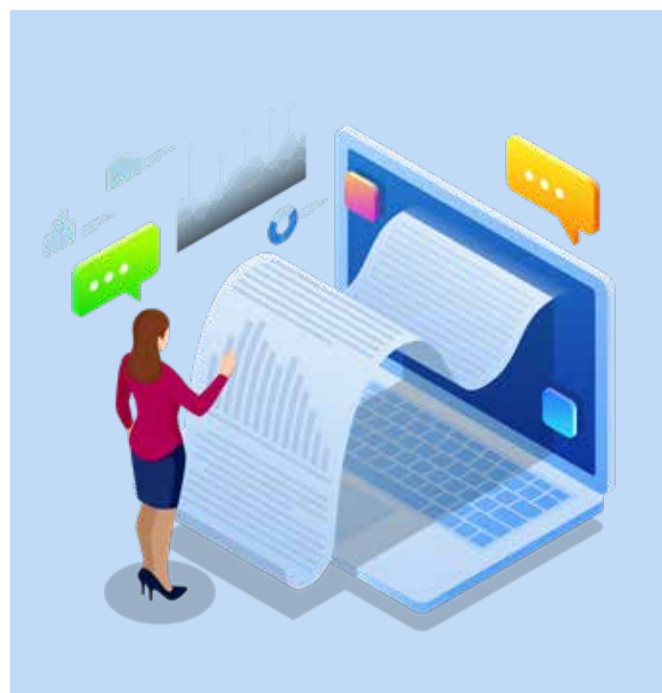
The Audit Committee consists of four members of the Board of Directors, namely:

- Mr. **Do Le Hung** – Head of the Committee
- Mr. **Michael Chye Hin Fah** – Member
- Ms. **Dang Thi Thu Ha** - Member
- Mr. **Le Thanh Liem** – Member

The Audit Committee, from its establishment to the end of 2019, chaired by an independent member of the Board of Directors, had full powers, resources and independent status to support the Board of Directors to perform supervisory functions.

Activities of the Audit Committee in 2019

- Held 3 meetings with participation of all 4 members. There were also many other meetings on separate topics with participation of relevant members.
- Summarized and reported the business results to the Board of Directors after each meeting as well as after the end of the fiscal year 2019.
- Reviewed the quarterly and annual Financial Statements of 2019, prepared and published in accordance with the accounting standards and current laws.
- Reviewed the quarterly updated Risk Dashboard of 2019.
- Reviewed the results of Internal Audit in 2019 and the orientation of Internal Audit.
- Reviewed the design and operation of Compliance controls throughout the Company.



Internal control system

Maintain an effective internal control system

The Audit Committee monitors the internal control system and risk management system through reports and contacts, direct interviews with Internal Audit, External Audit, Internal Control and Risk Management Department.

Some highlights of Internal control operations in 2019:

Online bidding system



Online approving and signing system



Standard decentralization for critical IT systems



Quality management system

Vinamilk's quality system is established and managed on the principle of ISO 9001:2015 with the integration of other tools/standards such as FSSC 22000, ISO 14001, ISO 17025, OHSAS 18001, ISO 50001, ISO 27001, etc... This integration ensures that specialized areas are effectively deployed and managed while aiming to continuously improve the system as a whole.

In 2019, Vinamilk continued to conduct internal and external audits to successfully maintain these certificates.

1. Quality and Food safety and hygiene

- ISO 9001 - Quality management system
- FSSC 22000 - Food safety management system
- GMP - Good manufacturing practice
- BRC - British Retailer Consortium Global Standard for Food Safety
- FSMA - Food safety standards according to the US market
- Halal - Product standards according to Islamic Law

2. Corporate social responsibility

- GRI – Global standard for sustainable development and sustainability reporting
- Smeta 4 Pillars - Code of Ethics for Business for organizations joining the global supply chain

7. Breeding practice

- Global - G.A.P. - Global Good Agricultural Practices
- Organic EU and Organic China standards

3. Information security

ISO 27001 - Information security management system

6. Energy and Environment

- ISO 50001 - Energy management system
- ISO 14001 - Environmental management system

5. Laboratory competence

ISO 17025 - General requirements for the competence of testing and calibration laboratories

4. Occupational safety and health

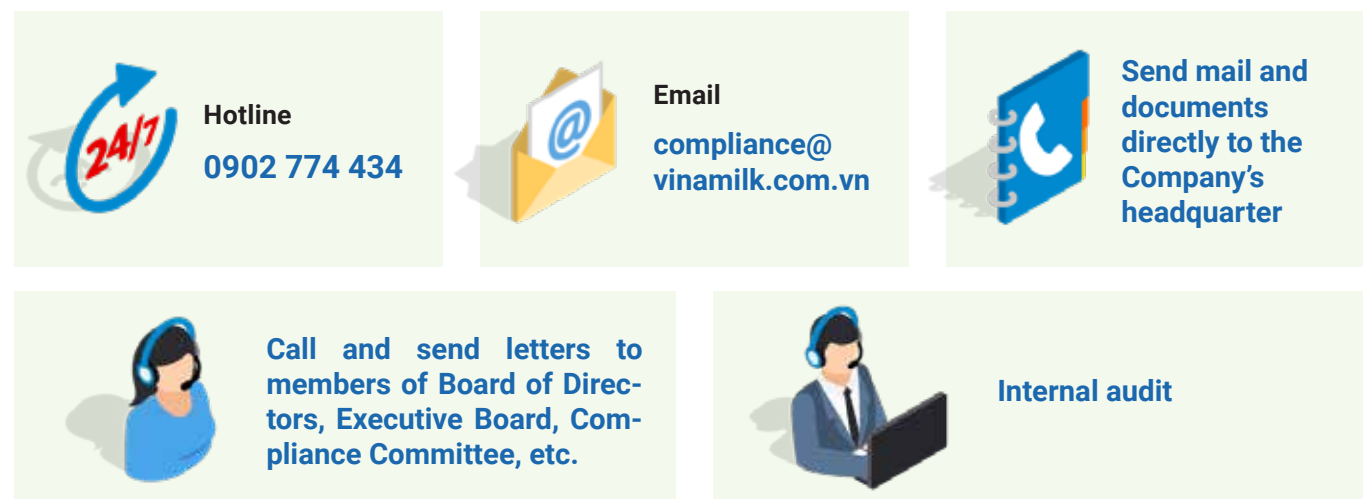
OHSAS ISO 18001/ISO 45001 - Occupational Health and Safety Assessment Series



Compliance control system

Compliance Committee: is a committee consisting of members of the Board of Directors, which is set up to organize control and investigation of fraud and corruption cases and conduct activities to raise awareness of anti-fraud and anti-corruption.

In 2019, Vinamilk's Compliance Committee made an update on the structure, responsibility and regulation of compliance control activities, as well as established compliance reporting channels:



Details of Fraud and corruption control system at Vinamilk are presented in the Government section, pages 105 – 106 of this report.

Internal Audit Department

Internal Audit Department was established as an independent unit to support the Board of Directors and under the independent supervision of the Audit Committee through approval and supervision of the implementation of the annual audit plan, review of the operation charter and internal audit method.

At Vinamilk, the Internal Audit function is similar to the opinion of the Institute of Internal Auditors (IIA) which is to conduct independent auditing, evaluation and consultancy to support proper operation of the internal control system; support risk management processes; help the company achieve operational goals, plans and strategies.

Currently, the Internal Audit Department at Vinamilk prioritizes shifting from compliance audit to assistance and consultancy for business units in risk management and internal control in order to approach best practices and international standards.

Activities of the Internal Audit Department in 2019

- The Internal Audit Department completed 100% of the tasks under the 2019 Plan.
- Compliance audit: The compliance audit was carried out and the findings were classified based on three risk levels: Low, Medium and High. In particular, action plans were formulated to prioritize dealing with high-risk level findings
- Operational audit: The Internal Audit Department recommended improving more than 100 documents in the company's control system. The recommendations of the Internal Audit Department were received and implemented seriously and promptly by the relevant units through specific implementation plans, monitored by the Internal Audit Department.



ENSURING SHAREHOLDER RIGHTS

Financial benefits

Vinamilk Dividend Policy: At least 50% of consolidated profit after tax

Dividend paid in 2019: VND 7,836 billion

Non-financial benefits

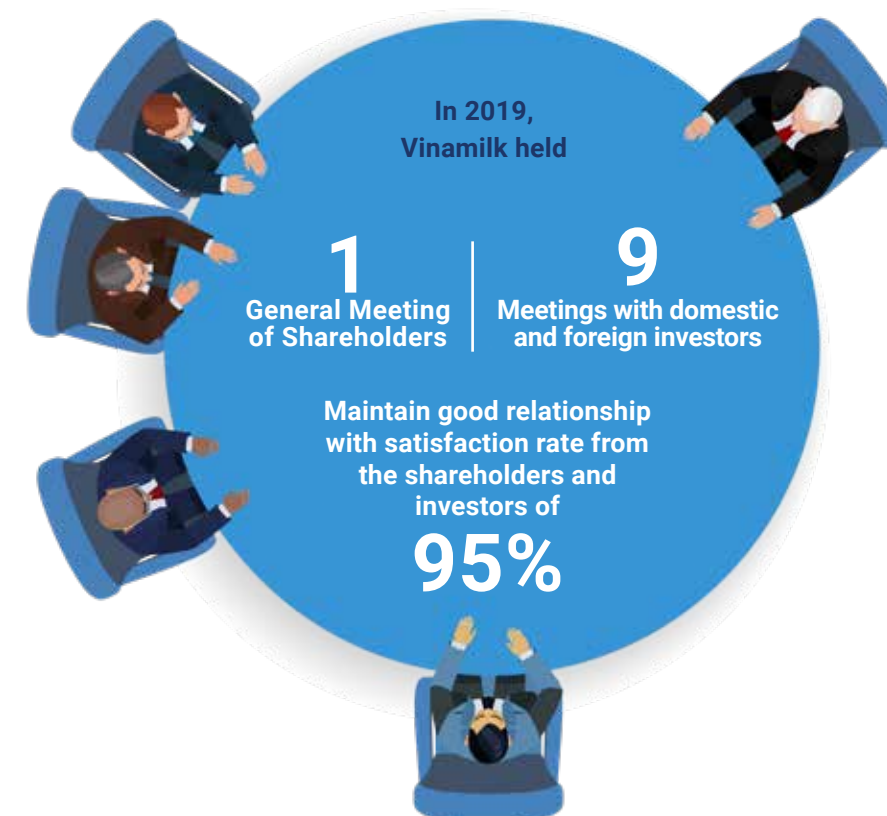
Vinamilk always ensures the rights, recognizes and values the rights of investors and shareholders and undertakes to treat all shareholders in an honest and fair manner, even small shareholders.

Proactively disclose information:

- Prepared and provided transparent and honest financial statements with truthful and reasonable information in compliance with relevant regulations and standards.
- Prepared and published the Company's management reports promptly
- Complied with the disclosure requirements for stakeholders.
- Complied with the Conflict of Interest Declaration for Managerial Officials and Suppliers
- Notified the operational results of the year to shareholders through the Annual Report

Interaction and response with investors and shareholders:

- Held the General Meeting of Shareholders appropriately, fully disclosed the meeting information and posted all relevant information on the meeting on the website of Ho Chi Minh Stock Exchange (HOSE)/Vinamilk for all shareholders to easily access.
- Held meetings with investors so that investors can question the Board of Directors on finance and marketing as well as communicate the Company's strategic issues.
- Ensured positive communication with shareholders by providing correct and timely information, not only via HOSE/State Security Commission but also through the Investor Relations Unit. Contact information of the Investor Relations Unit is available in the Investor Relations section on the Company's website: <https://www.vinamilk.com.vn/vi/lien-he-thong-tin-co-dong>



FUTURE VALUE

AVAILABLE SUPPLY SOURCES OF RAW MILK WITH ASIA'S LARGEST DAIRY FARM SYSTEM

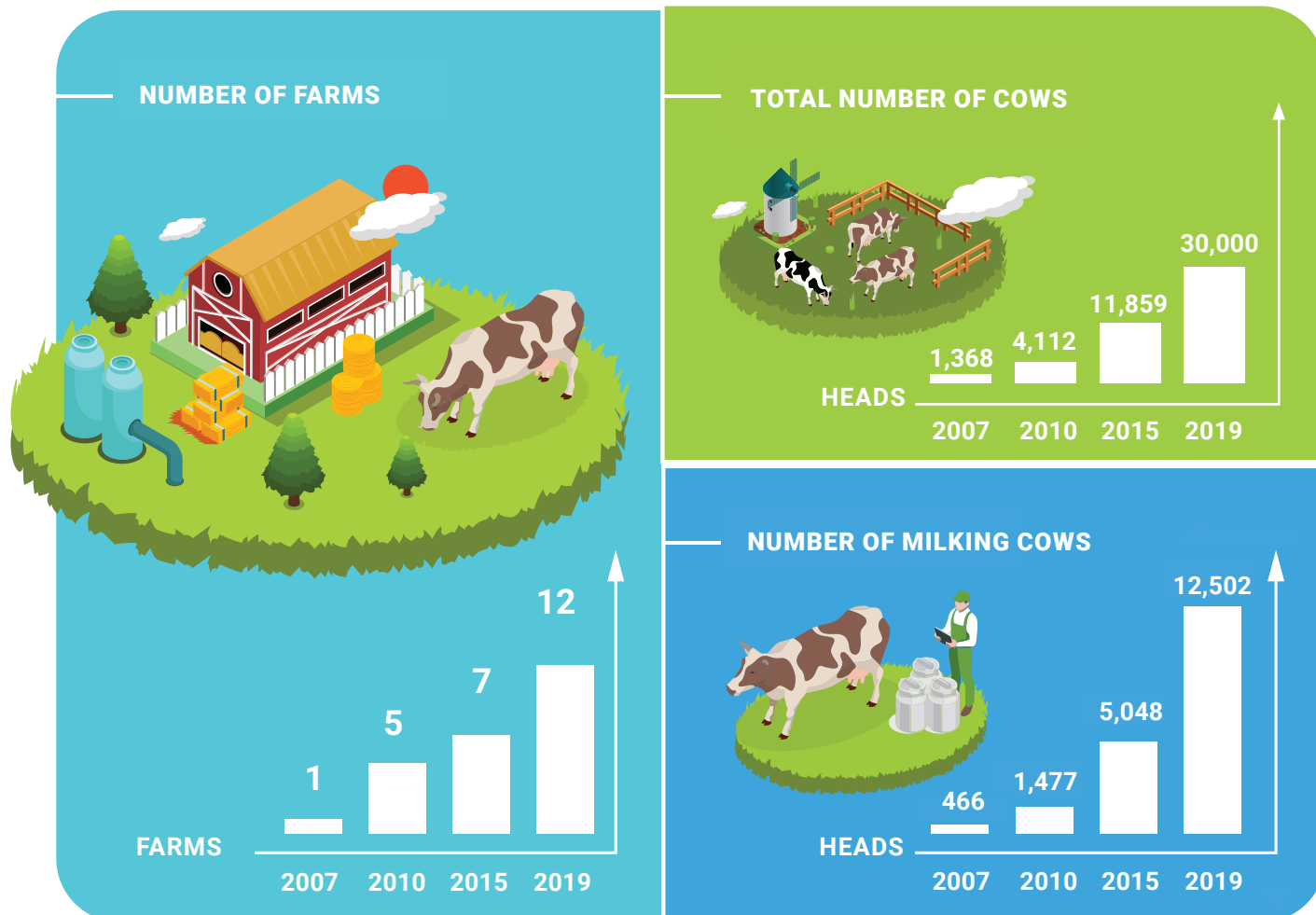
With a system of 12 Global G.A.P. dairy farms across the country, including 3 EU Organic dairy farms, Vinamilk owns the largest Global G.A.P. dairy farm system in Asia in terms of quantity of dairy farms, ensuring available sources of 100% pure fresh milk to deliver consumers the freshest and safest products.

Currently, Vinamilk is managing and exploiting dairy cows from the Company's farms and cows from farming households with more than 130,000 heads, providing the raw fresh milk yield as materials from 950-1,000 tons/day.

In addition to the dairy farms systems in Vietnam, Vinamilk is building an Organic dairy farm complex in Laos with a super-large scale of up to 24,000 heads in phase 1 and expected to increase the scale to 100,000 heads in phase 2 with a total investment of up to USD 500 million.

In December 2019, Vinamilk officially acquired 75% of GTNfoods' authorized capital, directly took part in managing Moc Chau Milk as one of its subsidiaries.. Moc Chau Milk now owns more than 2,000 dairy cows in its farms and 23,000 cows through close association with more than 600 dairy farmers and has three large dairy breeding centers.

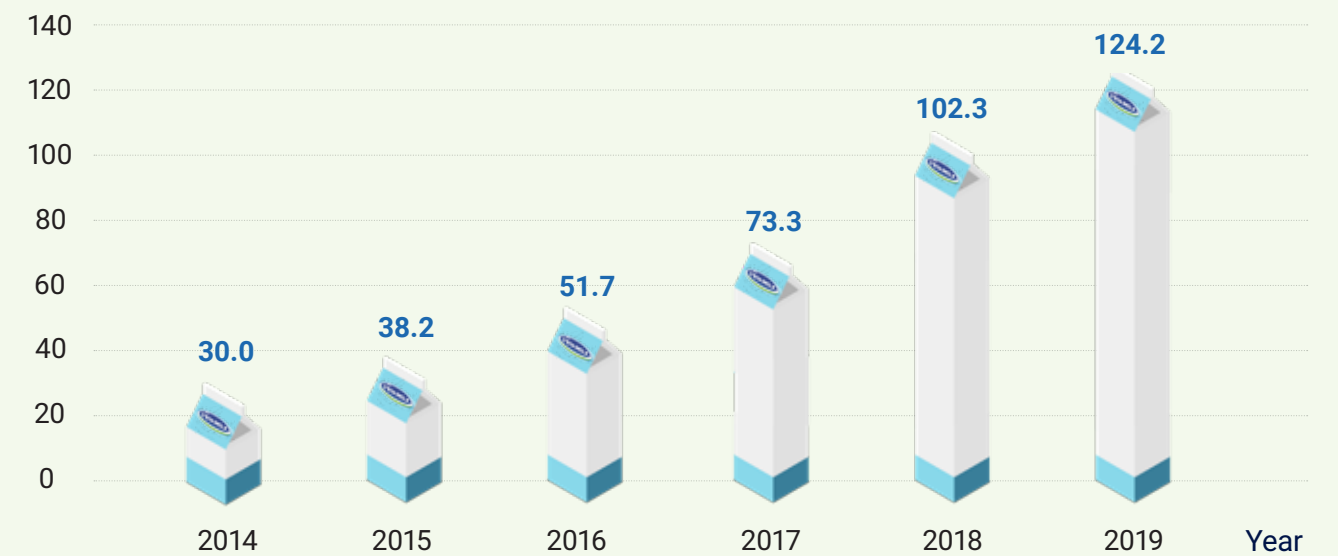
Number of farms and cows of Vinamilk:



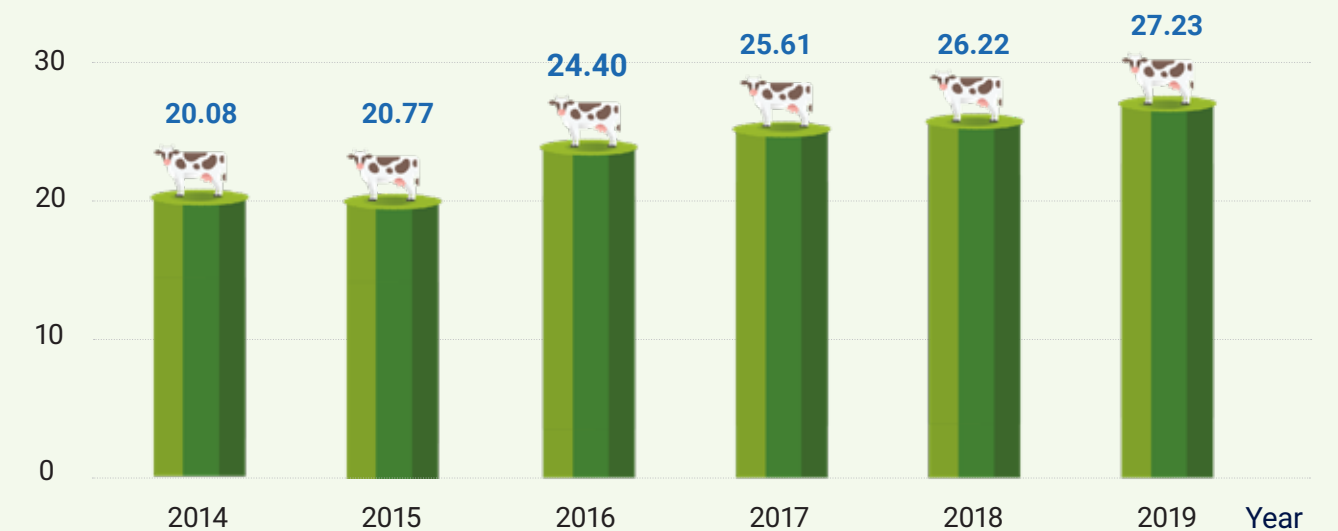
“The investment strategy for the system of domestic and foreign dairy farms is considered as a lever to help Vinamilk move faster to the target of Top 30 largest dairy companies in the world as well as the region's leading company in advanced nutritional trends in the world like Organic.”

Raw milk production and Average milk yield of Vinamilk farms

Raw milk production (ton)



Milk yield (kg/cow/day)



WIDE DISTRIBUTION NETWORK

Covering throughout Vietnam

The domestic distribution network is large and strong, with the sales system covering the whole country in various forms, such as traditional sales channels, modern channels (supermarkets and convenience stores), Vinamilk's "Vietnam Dairy Dream" store chain and retail locations, in order to bring Vinamilk's quality products to consumers quickly and conveniently. The distribution system is a strategic competitive advantage of Vinamilk.



Reaching out strongly to the world

In 2019, Vinamilk has developed two new markets in Africa and exported goods to accumulated 53 different countries and territories through a network of partners and strategic customers. Vinamilk also promoted trade promotion activities to expand the potential export market portfolio and look for new investment opportunities.

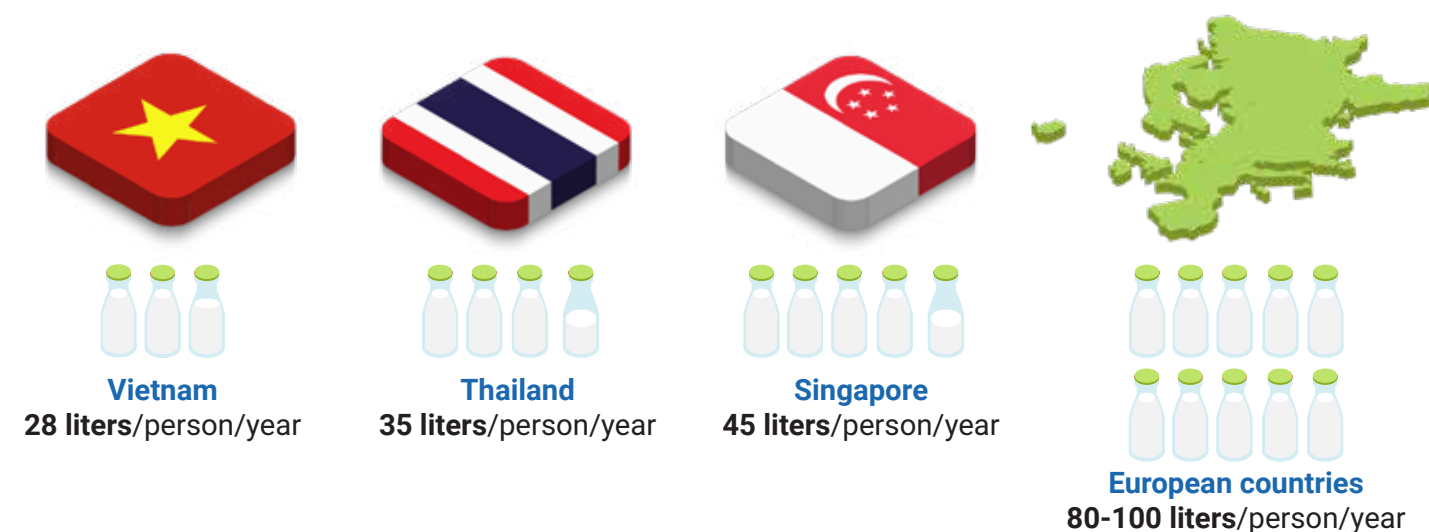
Vinamilk continues to expand its business operations in large and fastidious markets such as Iraq, the Middle East, Japan, Korea, and Singapore, as well as in most Southeast Asian countries. Experience in the market, product strategy suitable to trends and commercial prestige for nearly 20 years have helped Vinamilk grow stronger and stronger. In particular, Vinamilk has successfully launched in the Chinese market, established a distribution system with large supermarket chains in China, and set up stores to introduce products and distribute products on major e-commerce websites such as Tmall (Alibaba), Daily Fresh, and Lucky and Fresh.



LARGE POTENTIAL MARKET

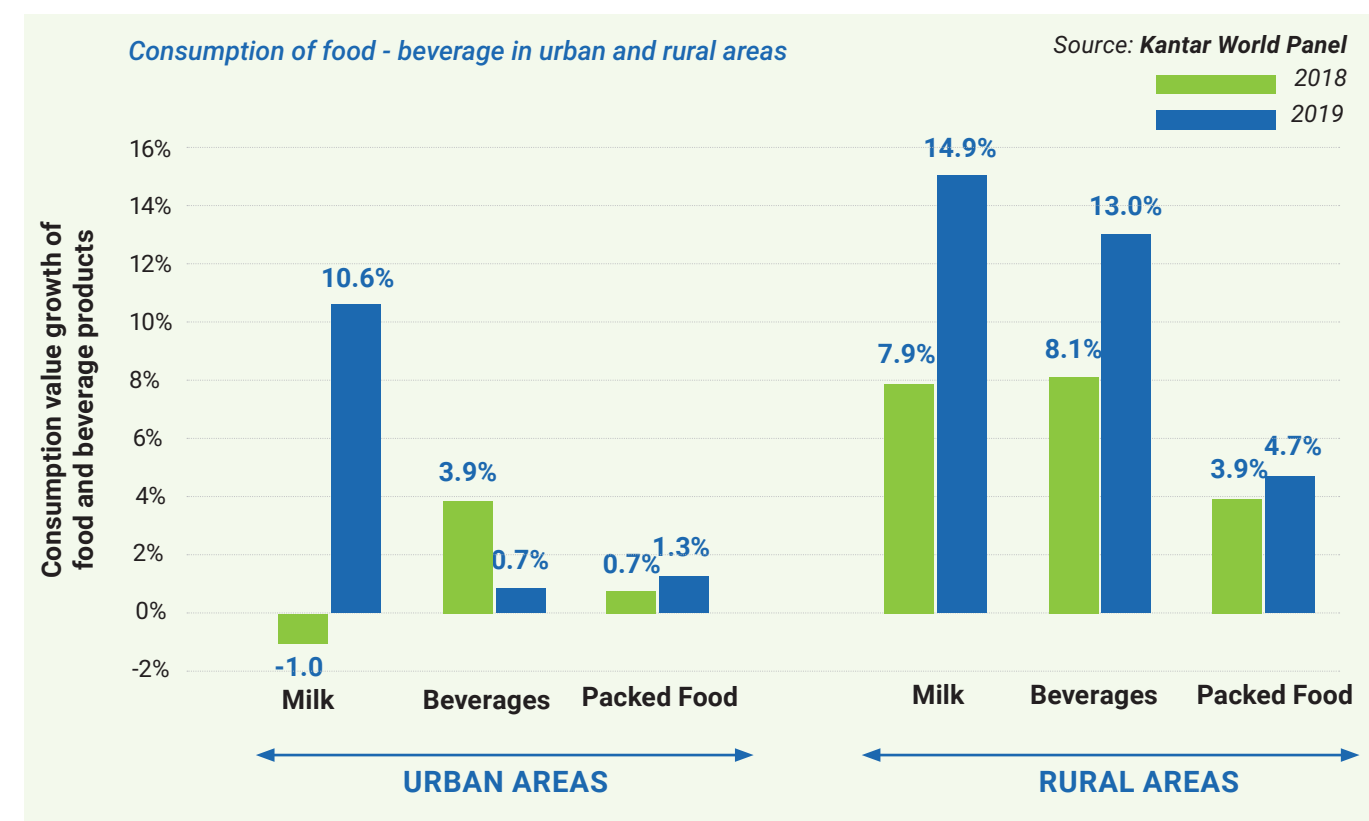
Great growth potential

The dairy industry is still considered as a potential industry in the future because milk consumption per capita in Vietnam is still low. Demand for milk per capita of Vietnam is only 28 liters/person/year, while Thailand is 35 liters/person/year, Singapore is 45 liters/person/year and European countries are from 80-100 liters/person/year.



In addition, Vietnam is a densely populated country with a population of over 91 million and an average population growth rate of 1.2% per year, leading to an increase in demand for milk across ages. Along with that, the average income is constantly higher and the people's living standard is also improved, which will be a driving force for the dairy industry.

According to Kantar WorldPanel, the consumption value of dairy products in the first 9 months of 2019 in urban areas (Hanoi, Ho Chi Minh City, Da Nang and Can Tho) increased by 10.6% over the same period in 2018, and in rural areas, there was a sharp increase of 14.9%, thanks to the high consumption.



Leading market trends

Currently, the demand for milk in Vietnam is witnessing a divergence as consumers pay more and more attention to their health and have a higher demand for high-end milk lines, yoghurt and plant-based dairy substitutes.

In 2019, Vinamilk launched new products to meet the increasing demands of customers: Organic Gold Powdered Milk and Organic Gold Cereal, Yoko Gold Powdered Milk, Optimum Gold Powdered Milk, etc.

Besides traditional cow milk, the demand for plant-based milk is on the rise. Vinamilk has captured the new trend with plant-based milk product lines such as Vinamilk Soya milk - Walnut / Almond / Red bean, Zori roasted rice milk, etc.



Entering the international market

Expanding export markets is one of Vinamilk's long-term strategies. This will be an advantage for long-term growth and help the company not rely on the traditional market. In 2019, with various activities, Vinamilk's export sales increased by 14.8% compared to 2018.

Since 1997, Vinamilk has exported products to 53 countries and territories, with total revenue of more than USD 2.2 billion. The strength of production capacity, R&D combined with market understanding to provide products suitable for consumers and professional services are the basic factors that help Vinamilk make great strides in its international business activities, contribute to bringing Vinamilk closer to the target of Top 30 largest dairy enterprises in the world.

Some imprints of Vinamilk in the international map:

53 Exported countries and territories

Total export revenue of
USD 2.2 billion



15 International fairs and exhibitions



Vinamilk's export sales increased by
14.8% compared to 2018



Improved Vinamilk brand at:

- Dubai
- China
- Thailand
- Korea
- Japan
- Singapore



Key exhibitions

- Gulfood Dubai 02/2019
- Sial Shanghai 05/2019
- Thaifex 05/2019
- Otop China 11/2019

SUSTAINABLE DEVELOPMENT ENTERPRISE

In 2019, Vinamilk was honored for the fourth consecutive time in the Top 10 Sustainable Development Businesses in Vietnam in 2019 for manufacturing sector. Also in this year, the Company was positively evaluated by Ho Chi Minh Stock Exchange (HOSE) with the Corporate Sustainability Index (CSI) of 85%, about 50% higher than its peers.

In an effort to create positive impacts for Vietnam's socio-economic development, harmony between business, environmental and social values, Vinamilk is the company that is highly appreciated for proactively applying many initiatives as well as implementing activities towards the goal of sustainable development.

Vinamilk's achievements are recognized not only in financial indicators but also values offered to stakeholders: sustainable benefits for shareholders, quality products for consumers, dynamic working environment for employees, a reliable partner, major contributor to the State budget and one of the most active enterprises in promoting local economic development and community support.



Products with high quality, verified origin and good for health



Environmental friendliness and towards a circular economy



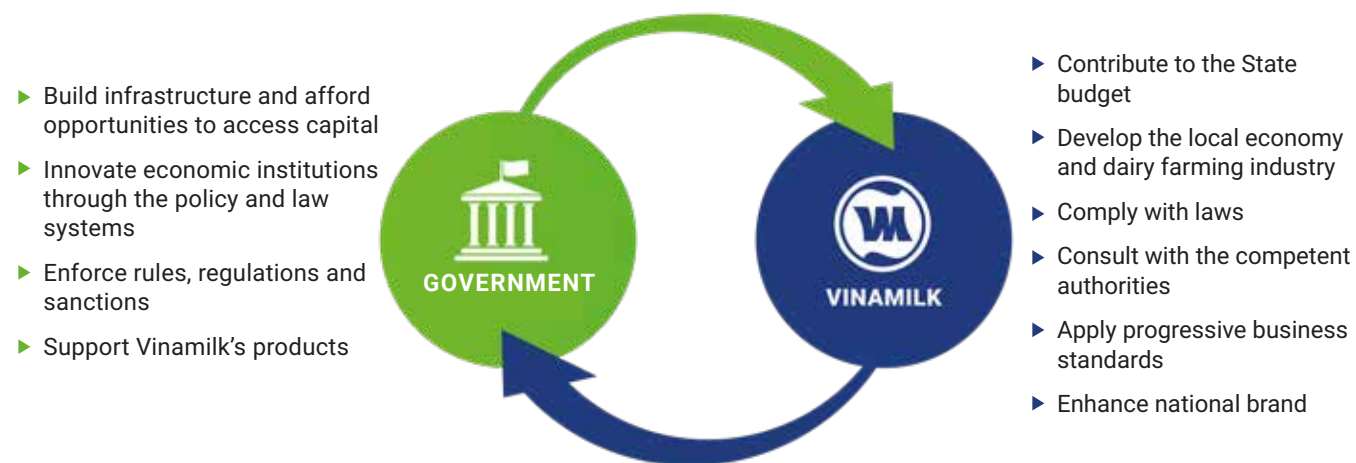
Sharing and creating values for the community and stakeholders



Government



Vinamilk makes a positive contribution to the growth in gross domestic and export products; pioneers in the strategy for enhancing competitiveness and building Vietnamese brands in the international market; becomes one of the leading enterprises in creating jobs, improving living standards, raising incomes of the employees, contributes to poverty reduction, boosting the local economy and the sustainable development of the country.



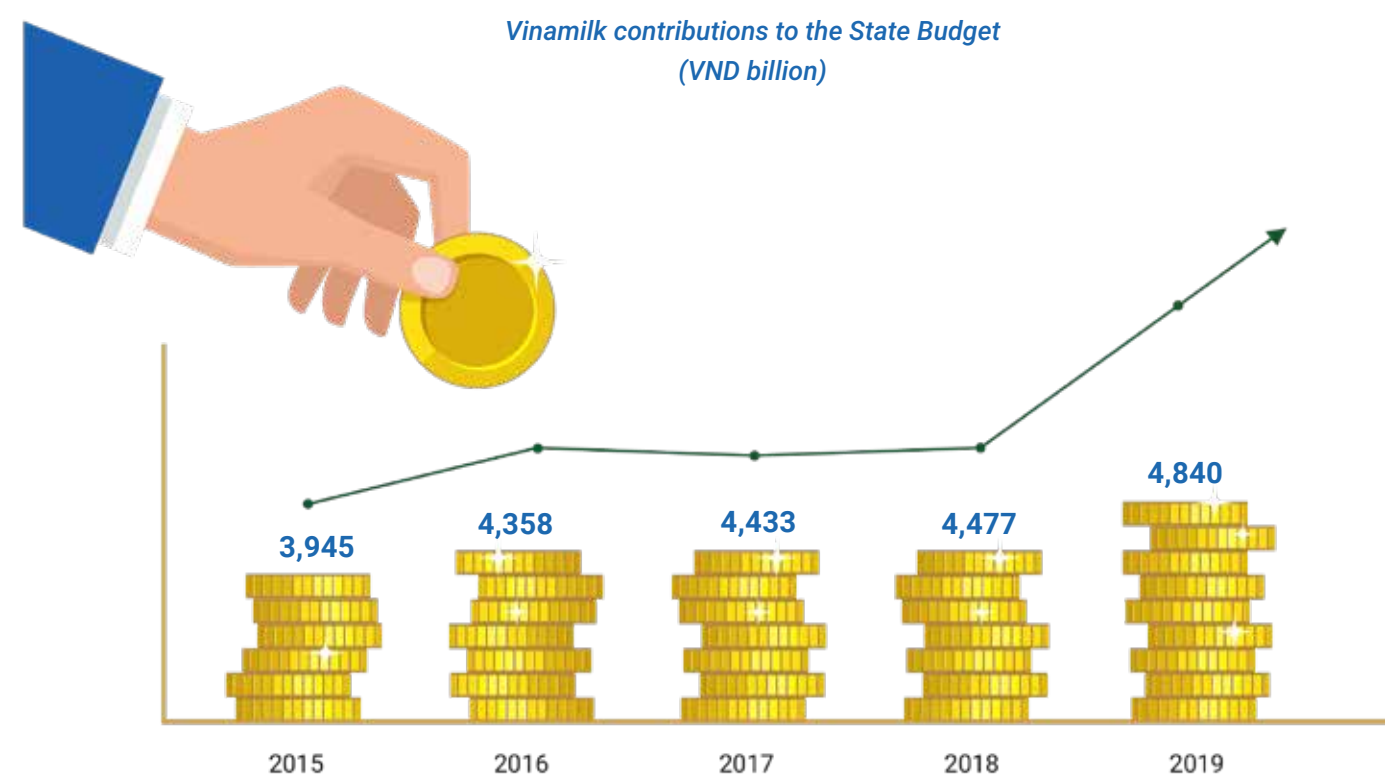
ACHIEVEMENTS



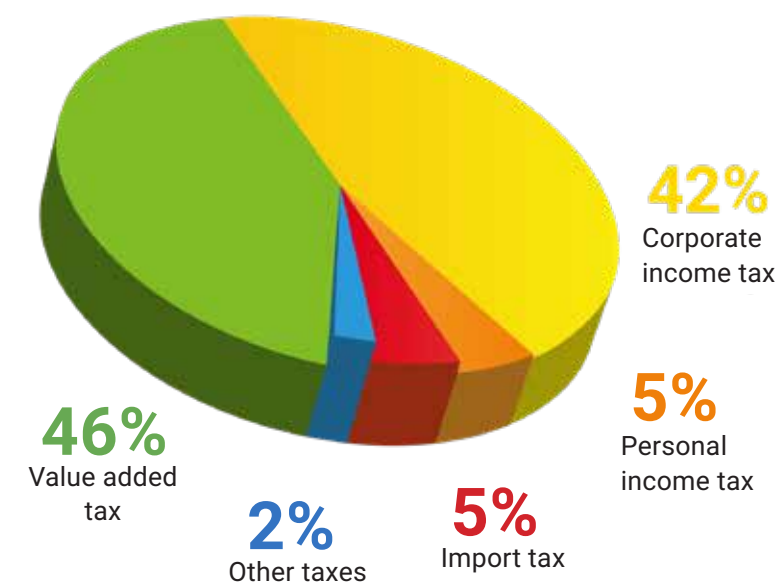
CONTRIBUTIONS TO THE STATE BUDGET

Vinamilk remains as one of the major contributors to the State Budget and to the continuous development of the country.

According to the General Department of Taxation's statistics published in October 2019, Vinamilk continued to rank among the top 10 of Vietnamese largest corporate income taxpayers in 2018.



TAX STRUCTURE AT VINAMILK IN 2019



DEVELOPING THE LOCAL ECONOMY AND LIFTING UP THE DAIRY FARMING INDUSTRY

DEVELOPING THE LOCAL ECONOMY

“

Vinamilk commits to develop the local dairy industry to meet the needs of the fast-growing market, to reduce imports and to help farmers improve their lives.

”

With a large scale spreading across Vietnam, Vinamilk currently creates 6,914 direct jobs and thousands of indirect labors. In which, the percentage of direct local labors accounts for 63%, solving local job problems for the Government.

With the modern factory and international farm systems, Vinamilk has created a diverse job ecosystem both in quality and quantity. Labor resources at Vinamilk always make a process and improve knowledge, skills and experience to become “an international standard expert in its field”. Since then, with enthusiasm and sharing culture, Vinamilk has spread its values throughout this ecosystem.

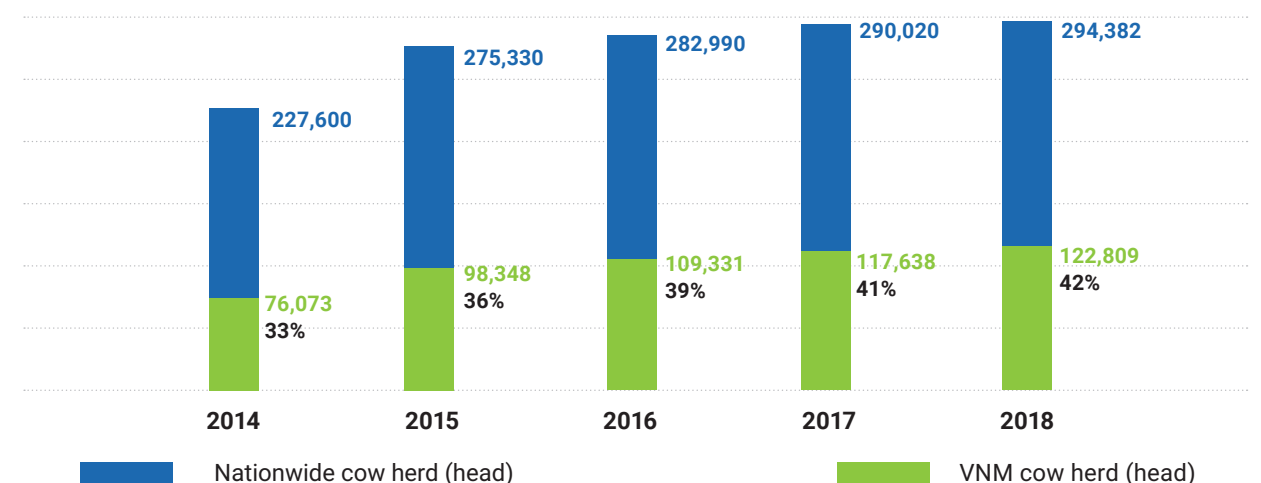
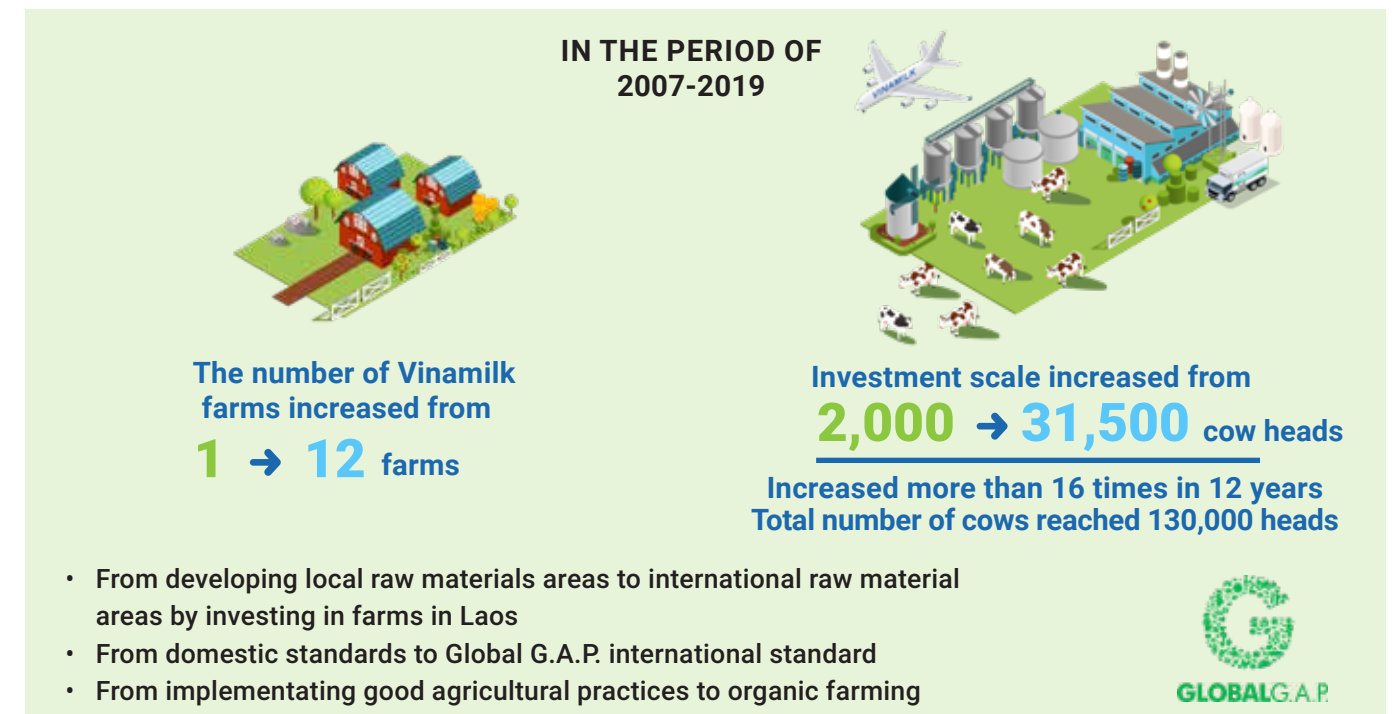
- Attract and create stable jobs for workers, ethnic minorities
- Create jobs and generate income for households selling milk and planting for roughage
- Provide extensive and multidisciplinary expertise training
- Improve the working environment and ensure professional cooperation
- Accompany the cooperatives at training activities;
- Transfer science and technology; especially support the cooperatives in the application of high technologies and the linking of production, processing and consumption of agricultural products.
- Coordinate purchasing milk nationwide, enabling the hundreds of cooperative members to have a stable income and long-term attachment to the locality.

LIFTING UP THE DAIRY FARMING INDUSTRY

Imprint of Vinamilk on the journey of developing Vietnam's dairy farming industry

Growth in scale

- The report on 10-year implementation of the Livestock Development Strategy (2008 - 2018) of the Ministry of Agriculture and Rural Development shows that dairy farming is considered a bright spot of the whole industry and sees a great surge. For this impressive growth, it must include the imprint of Vinamilk associated with the development of Vietnam's dairy industry.
- “The strategy of building a dairy farming system is the most important factor to bring a Vietnamese dairy enterprise into the Top 50 world's largest dairy companies over 4 decades of operation. The self-sufficiency of raw materials accommodates Vinamilk to be self-sufficient in everything, including the price. Without the raw milk material areas, there probably wouldn't be Vinamilk today”, Ms. Mai Kieu Lien – Vinamilk's CEO.

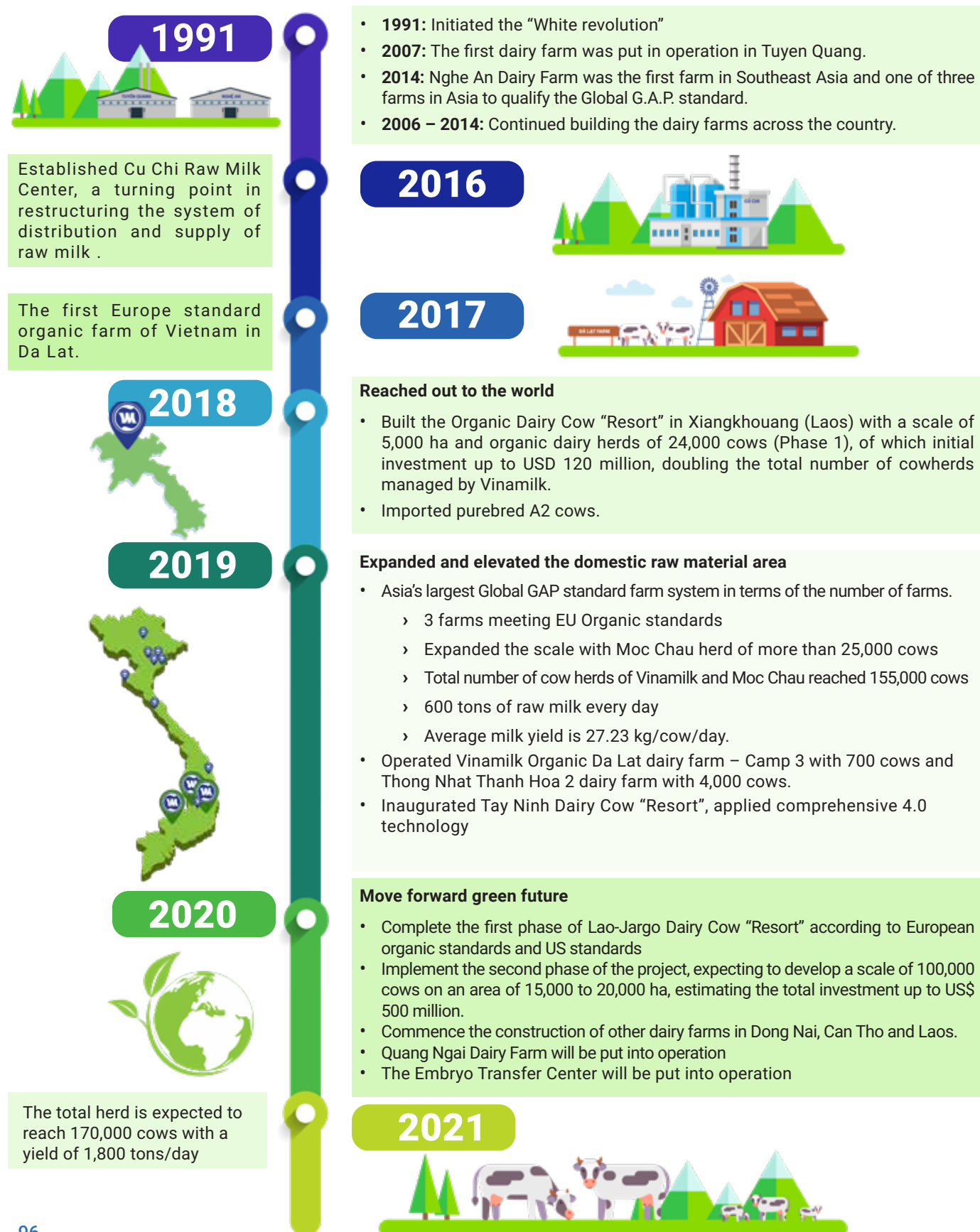


The development of Vinamilk cows over the years

Source: Vietnam Department of Livestock Production and Vinamilk

Green farm journey

Since the “white revolution” in 1991, Vinamilk has cooperated and signed a contract to purchase raw milk with farmer households, driving the local agriculture to grow. Simultaneously, Vinamilk maintains its strength in scale and quality, expands and elevates the domestic raw milk areas, improves and expands the high technology farm system and also reaches out to the world.



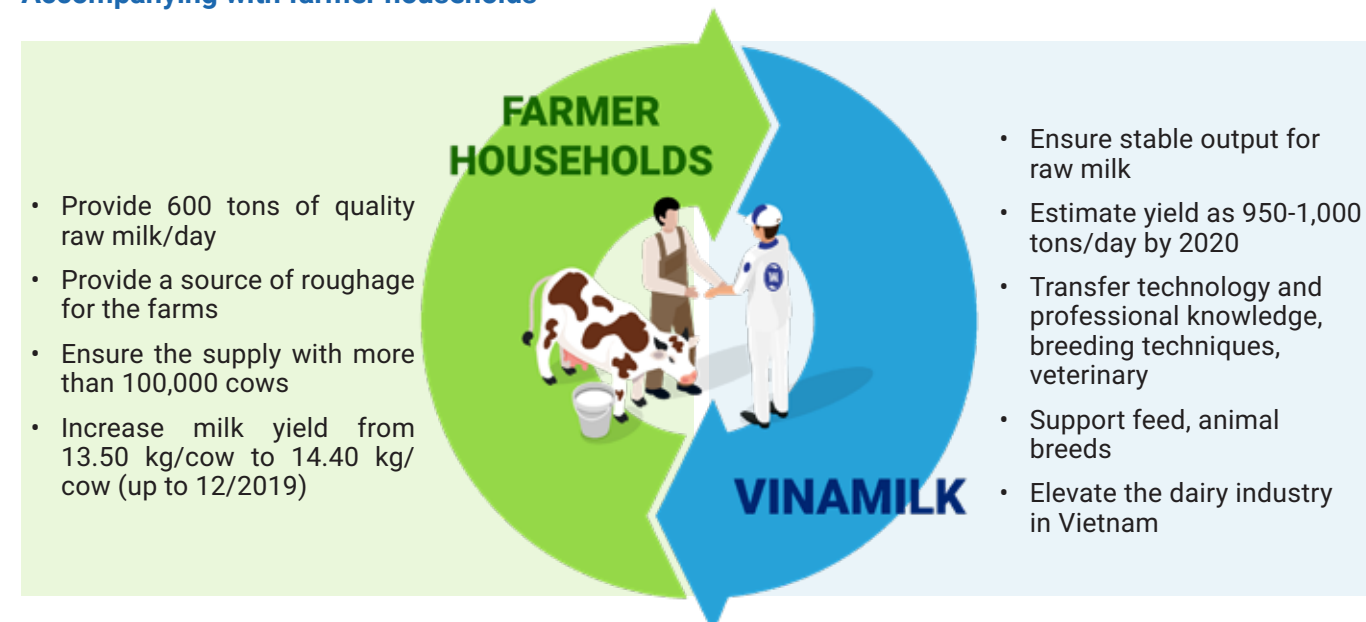
Pride in quality

The positive growth of the dairy industry opens up many opportunities and challenges for Vinamilk. As the community’s awareness of nutrition is increasing, growth in scale and yield is a business goal and meeting increasingly-stringent quality standards are the responsibility and value that Vinamilk appreciates and firmly pursues.

Vinamilk’s pride is to build an international standard farm system. The quality of raw fresh milk is confirmed with the international standard management system according to Global Good Agricultural Practices (Global GAP) and organic dairy farming according to Organic European standards. This is a turning point marking a new step of Vinamilk on a green, nature-friendly journey.

Simultaneously, in 2019, with “Tay Ninh Dairy Cow Resort”, Vinamilk entered into a cooperation agreement “Building a disease-free dairy farming area for export in the period of 2019 - 2022” with the Ministry of Agriculture and Rural Development - Department of Animal Health, Department of Agriculture and Rural Development of Tay Ninh Province. This agreement aims to successfully build a disease-free dairy farming area in accordance with the regulations of Vietnam and the World Organization for Animal Health (OIE), ensure sustainable livestock development and raise the product value, provide safe products for domestic consumption and meet export requirements.

Accompanying with farmer households



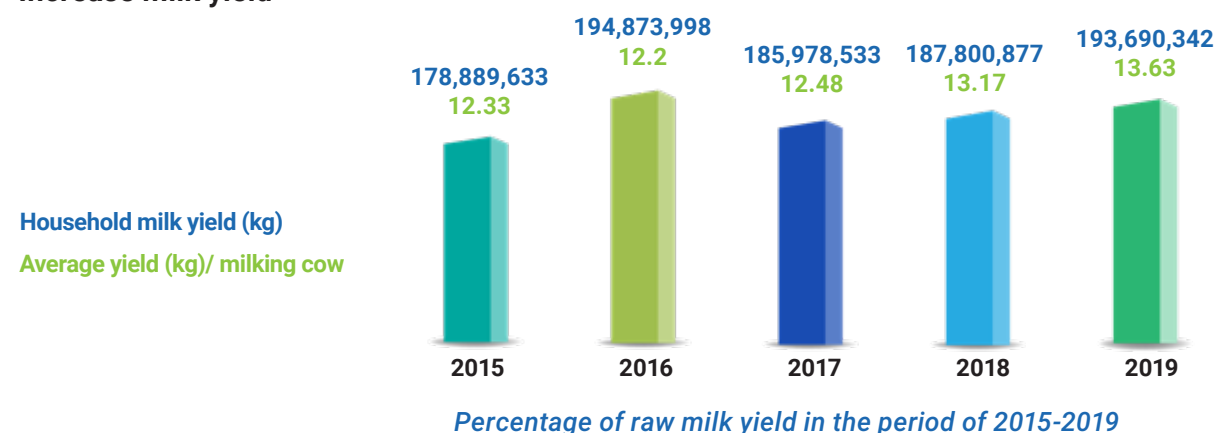
Vinamilk affirms the long-term and stable cooperation with the farmer households and has a deep concern for the proper and harmonious interests of farmer households. Simultaneously, Vinamilk has a consistent policy in place to develop the dairy industry fitting the trend, global integration, in a more professional and highly competitive, fair and transparent manner.



Cooperation for joint development

Despite the rapid expansion, the milk supply from Vinamilk's farm currently only meets 30% of the demand. To fulfill the shortage, the company uses other supplies from households through a cooperation model. The process of cooperation with farmer households is designed and implemented strictly and accountably by Vinamilk in accordance with the law. Simultaneously, Vinamilk also applies the international practices and standards to create a sustainable relationship and ensure that dairy products are delivered the best quality and safe products to the hands of consumers according to international standards.

Increase milk yield

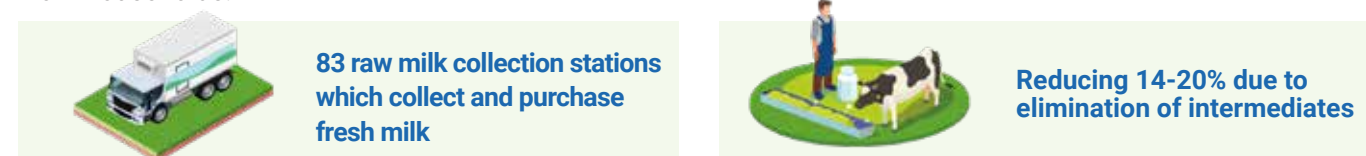


Saving costs, expansion of revenue sources

Vinamilk not only generates income but also constantly supports conditions and methods to improve incomes of farmer households.

Vinamilk allocates 83 raw milk collection stations which collect and purchase fresh milk in many raw material areas, optimizing delivery times and improving milk quality and bring a positive effect on purchase prices.

At the same time, Vinamilk also directly negotiates with the factories with respect to costs of animal feed, reducing 14-20% due to elimination of intermediates. This company-farmer model has been implemented since 2016, helping Vinamilk control the origin of feed, thereby controlling the quality of raw fresh milk. In addition, Vinamilk also generates an income of households through the development of raw material areas and purchases roughage from households.



Knowledge transfer - added value

With a network of industry-leading experts with rich experience in dairy farming from the USA, Israel, Japan, Vinamilk organizes training, experience exchange, science and technology transfer, etc., thereby raising Vietnam's farming qualifications close to countries with developed dairy industries.

In 2019, Vinamilk implemented 13 farmer support programs:

- Training in the farming profession, technical advice, cow foot trimming support, etc.
- Supports to farmer households in cow breeds and herd standardization to increase milk yield and quality
- Advice on corn varieties, planting techniques, land assessment before planting for improvement of roughage yield
- Provision of animal feed to farmers according to optimal nutrition formula
- Advice on techniques, scientific advance transfer in dairy farming
- Disease control, coordination with local veterinary services to vaccinate, manage epidemiology
- Actual survey on facility environment and direct consultation

COMPLIANCE WITH LAWS

Vinamilk always respects and commits to comply with the provisions of law.

In 2019, Vinamilk:



CONSULTATION WITH COMPETENT AUTHORITIES

Not only abiding by the laws, Vinamilk always takes a lead in consultation with the competent authorities to complete the Government's policy and legal document system in a positive and proactive manner and for the target of wealthy people, strong country and a democratic, equal and civilised society.

In 2019, Vinamilk consulted with competent authorities in various aspects throughout the operational value chain in order to improve the business environment and mechanism of the enterprise.



PROGRESSIVE BUSINESS PRACTICE

Besides good and effective management principles, business ethics is a key creating sustainable corporate values. Vinamilk respects and upholds such corporate ethics

- Do not commit any act of unfair competition
- Do not commit any commercial fraud

From which, jointly build an enterprise ecosystem of progressive business practice with a fair, transparent and sustainable development environment.

FAIR COMPETITION

Vinamilk always competes basing on the principles of honesty, non-infringement of the interests of the State, the public interest and the legitimate rights and interests of consumers.

Vinamilk commits not to carry out anti-competitive behaviours. More precisely:

- Shall not make any unfavourable comments about products of competitors;
- Not to collect confidential information of competitors by illegal or unethical ways;
- Not to perform any act to reduce, distort or hinder competition in the market.

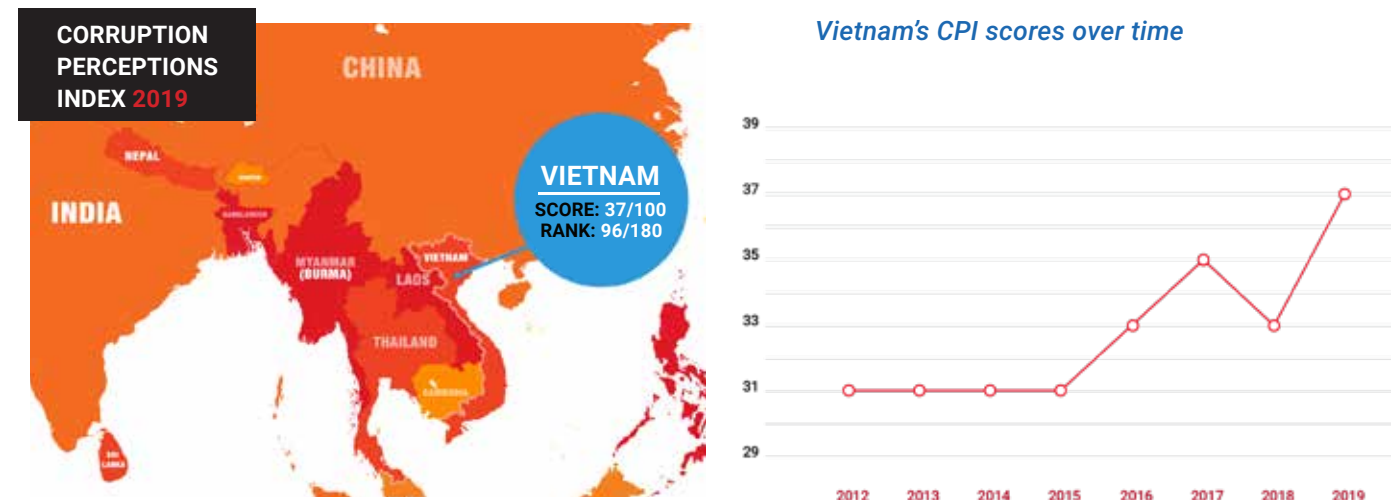
In 2019, no violations were committed related to unfair competition.



FRAUD - CORRUPTION

The context of Fraud - Corruption in Vietnam in 2019

The Corruption Perception Index (CPI), published by Transparency International, ranks 180 countries and territories based on perceptions of experts and entrepreneurs about corruption in public sectors of such countries and territories.



Source: Corruption Perception Index (CPI) published by Transparency International.

In 2019, Vietnam scored 37/100, up by 4 points compared to 2018 and ranked 96/180 on the global index. This is a positive change in Vietnam's fight against corruption, reflecting the effective efforts of Vietnam's Government to improve and enforce anti-corruption policies and laws, especially strengthening investigation, prosecution and adjudication of some major corruption cases.

Accompanying with the Government, Vietnamese enterprises in general and Vinamilk in particular should take the lead in the fight against corruption, especially do not involve in bribery, promptly detect corruption, promote and practice integrity and transparency in business to create a sustainable business environment.

Fraud - Corruption control system at Vinamilk



For functional structures:

- Audit Committee supervises Compliance issues
- Compliance Committee manages information and handles Fraud - Corruption issues
- Legal Division maintains the Compliance value and Code of Conduct
- Internal Audit perform regular inspections

In particular, the Compliance Committee is specially designed for Fraud – Corruption issues, led by the CEO and its related members as Executive Directors, Directors.

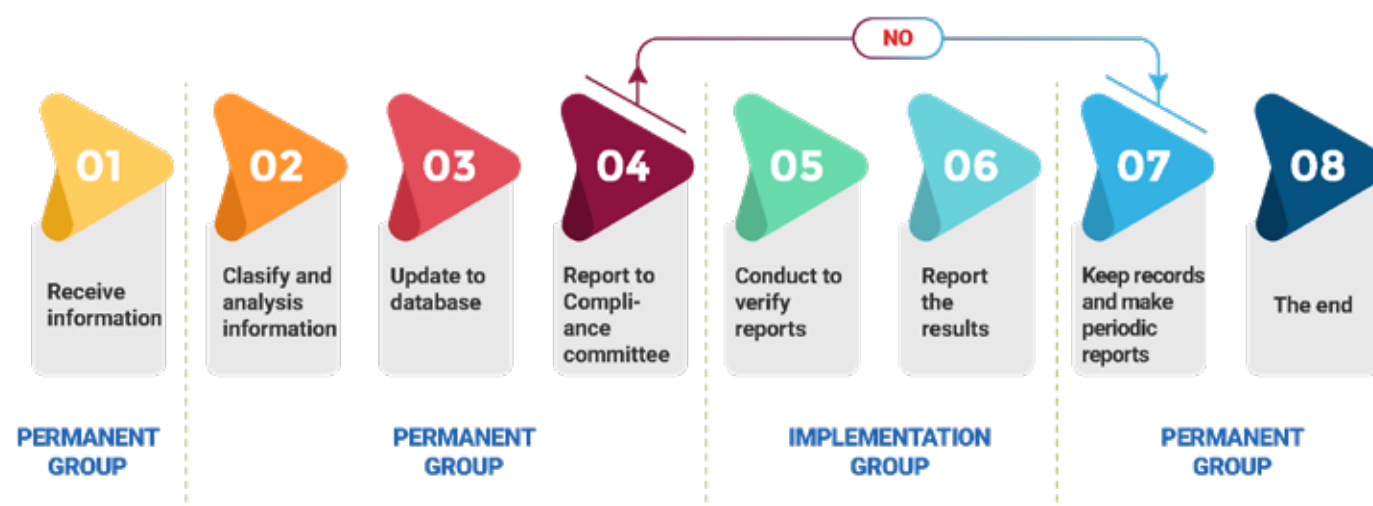
For the system of policies and regulations:

- Code of Conduct
- Cultural Principles
- Regulations on Fraud - Corruption
- Process of receiving and processing complaints and denunciations

Core values



Procedure for receiving and handling frauds



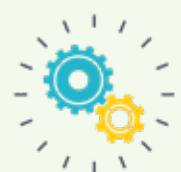
Highlighted activities in 2019



Restructured the Compliance Committee and improved the related document system



Accomplished training the Company-wide awareness on fraud and corruption. The program lasted for 2 years from 2018 - 2019 with 12 training sessions for about 2,000 people (include managerial officials, union officials and related positions of the Company).



Maintained a mechanism to receive information, statistics and periodic report of compliance status



Communicated the message to join hands to build a transparent and healthy business environment to stakeholders including Suppliers, Partners, etc., for example, not accepting any gifts on public holidays.

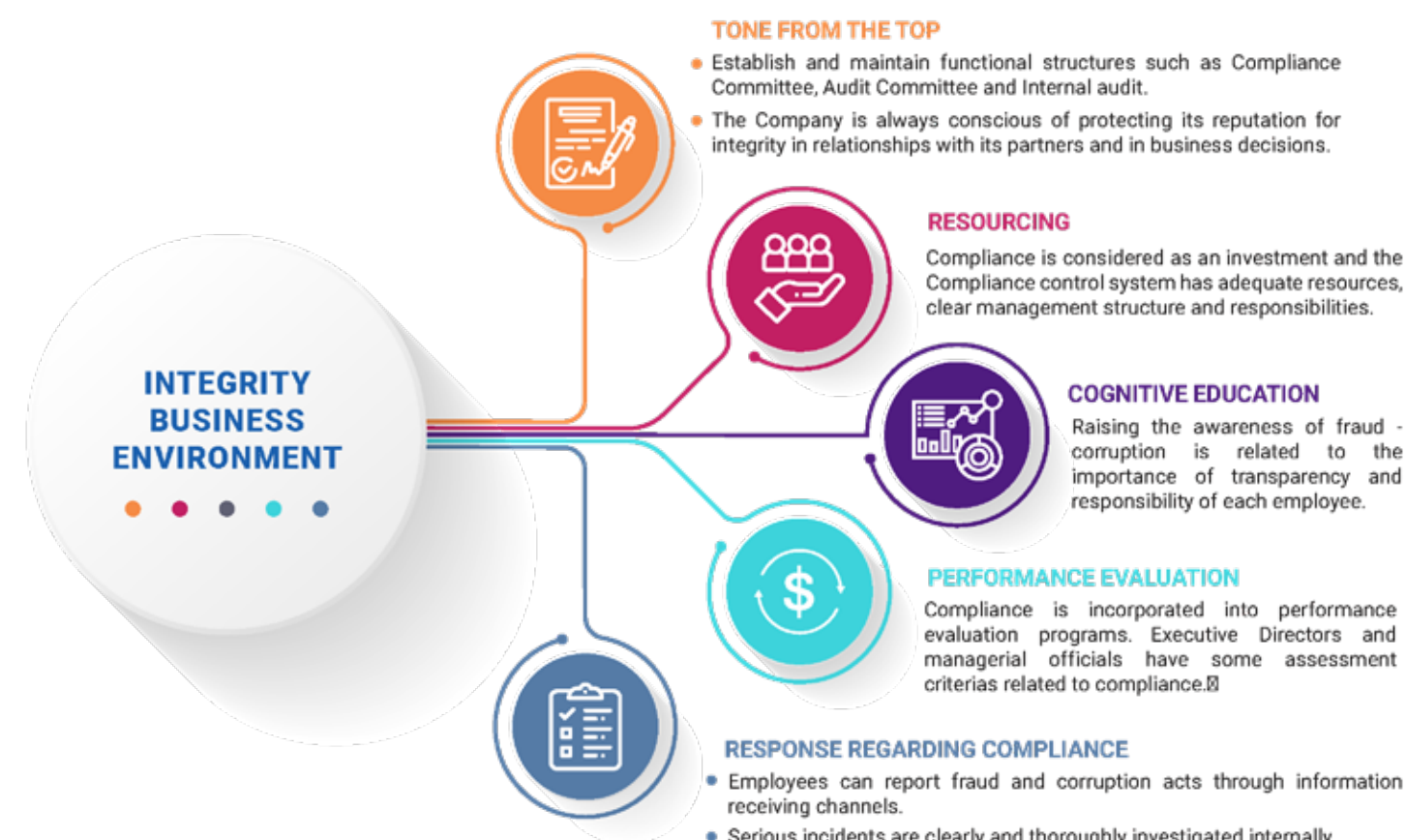
Approaching the most progressive business environment

Unmoving in an ever-changing business environment means going backwards. Vinamilk continuously transforms its internal business through self-assessment and improvement in order to implement the core values in the value chain and towards create the most progressive business environment.

Key programs expected to be deployed by Vinamilk as scheduled since 2020:

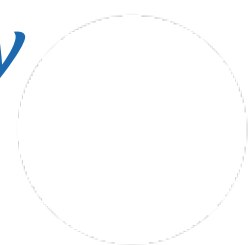
- Review the Code of Conduct. Disclose and reaffirm business ethical principles after a 10-year development period from the publishment of the Code of Conduct.
- Improve the risk management system. Perception of risks and opportunities becomes a basic awareness and exists in the subconscious of each employee, as an element of the corporate culture.
- Balance between goals and rewards, respect and comply with ethical and risk management principles.

By 2019, Vinamilk, using its effort to accomplish, has created an integrity business environment with the presence of the following elements:



(*) These elements refer to the progressive practices from the Kroll Global Fraud and Risk Report 2019.

Community



VINAMILK JOINS HANDS FOR COMMUNITY HEALTH – FOR A STAND TALL VIETNAM

The trust and community health are the demonstration of the highest respect, love and responsibility to the Community that Vinamilk has implemented throughout the voyage beyond the sea of Vinamilk. In 2019, many humanitarian activities were carried out by Vinamilk, not only delivering health care - nutrition to the community of all ages and regions but also contributing to the greening of country and improving the living environment.

Highlighted programs and achievements up to 2019:

SOCIAL HEATH CARE



**Stand Tall Vietnam
Milk Fund**
12 years

35 million
glasses
of milk

441 thousand
children



**Health care of
the elderly**

4 programs

3 provinces
and cities

**School Milk
Program**

13 years

21 provinces
and cities

**Journey to help children
escape from malnutrition
and stunting**

10 provinces
and cities

12 thousand
children

**Nutrition
consultancy**

7 programs

7 provinces
and cities

THE JOURNEY FOR A GREEN VIETNAM



“A million trees for Vietnam” fund

8 years

851,000 trees
in 18 provinces and cities

SPONSORING VIETNAM FOOTBALL



Accompany with Vietnamese football

Main sponsor
2019 - 2022

COMMUNITY HEALTH CARE

STAND TALL VIETNAM MILK FUND

With the mission “For every kid to drink milk every day” - the future generation of the country has the opportunity to develop better physically and intellectually, the Stand Tall Vietnam Milk Fund 2019:

- Marked the 12-year milestone of the journey to donate more than 35 million glasses of milk to nearly 441,000 disadvantaged children across the country. In particular, for each milk-giving event, students can participate in free health examination and nutrition consultation with the doctors of Vinamilk Nutrition Counseling Center, participation in the useful playgrounds covering creative and interactive activities specifically designed to bring them lots of childhood joys with exciting experiences such as ball throwing, milk drinking competition, ring throwing, etc.
- Provinces selected by the Stand Tall Vietnam Milk Fund to give milk to children are places where people's lives still face many difficulties. Therefore, nutrition care, especially for children, is still limited.



SCHOOL MILK PROGRAM

With the motto “For stand tall Vietnam”, the School Milk Program is a challenging program with a multidisciplinary workload, combination of many departments. However, Vinamilk has achieved remarkable success after 13 years of implementation:

- Delivered milk to 21 provinces and cities nationwide under the program: Bac Ninh, Ba Ria-Vung Tau, Ben Tre, Tay Ninh, Da Nang, Vinh Long, Hanoi, Ho Chi Minh City ...
- Successfully organized 30 training and communication sessions in health and nutrition



- Organized the Farm tour to Vinamilk Cow “Resort” in Tay Ninh and Mega-factory in Binh Duong for young schoolchildren - the little ‘School Milk’ customers, brought many memorable experiences and lessons that taught them much more about real-life industrial activity than any lessons in class.



- Organized School Milk Festival in Da Nang to celebrate the 20th anniversary of the World Milk Day with the cooperation of Vinamilk, Da Nang City Department of Education and Training and Vietnam Dairy Association.



JOURNEY FOR HELPING 12,000 CHILDREN TO ESCAPE FROM MALNUTRITION AND STUNTING AND TO GAIN WEIGHT AFTER 3 MONTHS

This program is organized by Vinamilk in coordination with Vietnam Pediatric Association in 10 cities and provinces including Ho Chi Minh City and the Southeast - Southwest provinces. In this program, doctors of Vinamilk Nutrition Center and Vietnam Pediatric Association directly examined and consult nutrition and organize nutrition communication sessions to prevent malnutrition - stunting in the local areas.

HEALTH CARE OF THE ELDERLY

The program “Vinamilk takes care of the elderly” is integrated into the Expanded Yang Sheng Competition; Workshop on the health of the elderly, etc. deploying health examination, measuring osteoporosis, checking blood sugar, and consulting nutritional health under 04 programs in Hanoi, Ho Chi Minh City and Quang Tri Province.

NUTRITION CONSULTANCY

The program “Vinamilk for community health” - “Vinamilk for stand tall Vietnam” implements the health examination and nutrition consultancy for the elderly and preschool children with 07 programs in Ben Tre; Ho Chi Minh City; Con Dao (Ba Ria-Vung Tau); Quang Nam; Da Nang, Bac Giang and Tuyen Quang Provinces.

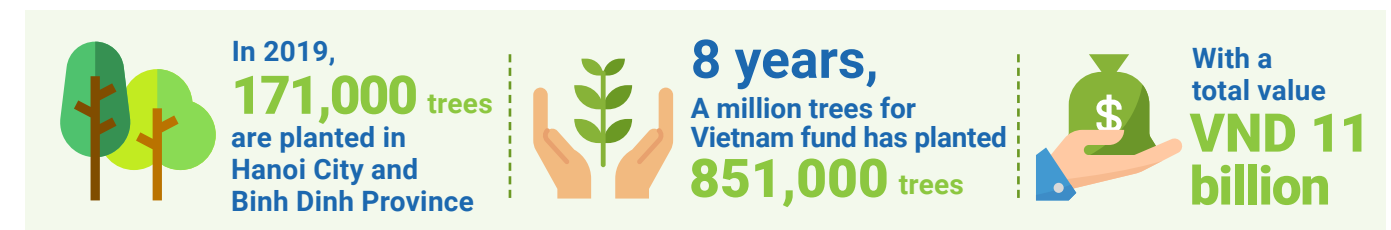
In addition, at the International Conference held by the Dairy Industry in Ho Chi Minh City, the Nutrition Center and An Khang Clinic carries out health examination, blood sugar and osteoporosis measurement and nutritional consultancy for guests. Annual programs organized by the Nutrition Center in active coordination with localities include communication sessions in the topics “proper nutrition”; “Nutrition to maximize height - brain”; “Stop worrying – be happy for a long life.” By the end of 2019, the program is available in most provinces across the country.

THE JOURNEY FOR A GREEN VIETNAM

A MILLION TREES FOR VIETNAM FUND

As a community-based activity initiated by Vinamilk and in collaboration with the Ministry of Natural Resources and Environment, the program has been implemented since 2012 and lasted 8 years until now, aiming to plant more trees to improve the living environment for Vietnamese people. The program focuses on areas where trees bring practical benefits to the community such as residential areas, memorials, relics, public areas, schools, areas affected by climate change in provinces and cities nationwide.

In 2019, the total number of trees planted is 171,000 in Hanoi City and Binh Dinh Province. Up to now, “A million trees for Vietnam” fund has planted 851,000 trees of all kinds with a total value of VND 11 billion in 41 locations in 18 provinces and cities across the country. The program is gradually moving closer to the goal of planting 1 million green trees for Vietnam.



ACCOMPANYING VIETNAMESE FOOTBALL

“As the main sponsor of the national football team during 2019-2022, under the mission “For a stand tall Vietnam”, Vinamilk provides both financial and nutrition support to the players. We understand that fitness is one of the decisive factors for the team to uplift, breakthrough and conquer new records. Hopefully, with the companion of Vinamilk, the players will continue to bring explosive joys to fans all over the country”

Mr. Phan Minh Tien, Executive Director of Vinamilk.

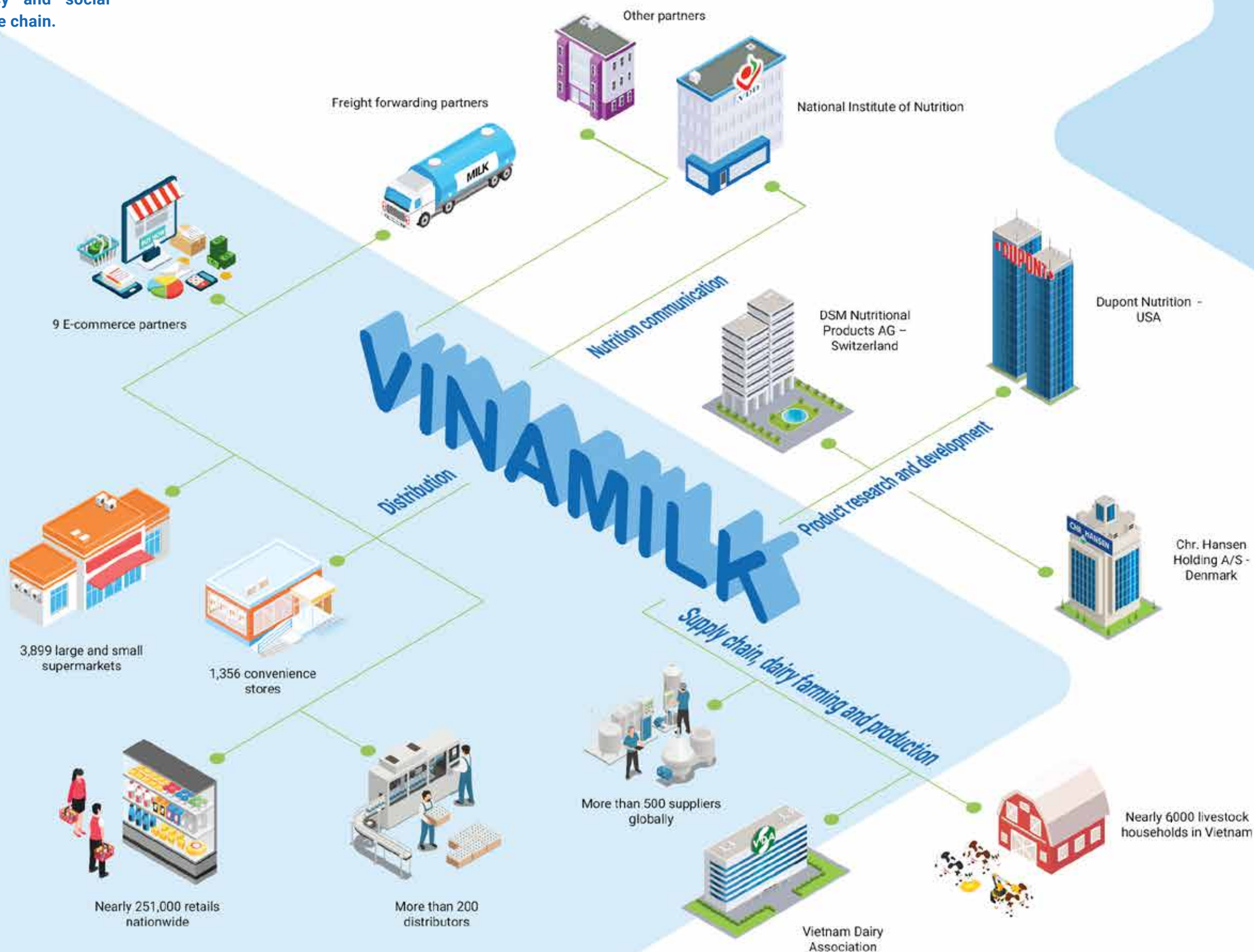
Vinamilk sponsors the national men’s and women’s football teams, U22/ U23/Olympic teams for 3 years (2019 - 2022). Especially in 2019, Vietnamese sports fans could not help with their emotion when both Vietnamese men’s and women’s teams won Gold medals in the 30th SEA Games - a victory that has been waiting for more than 60 years, and Vinamilk is proud to contribute to this success. Vinamilk also awarded each team VND 500 billion in cash and a tour to Vinamilk Organic Farm in Da Lat.



Partners



Regarding the Partners, Vinamilk commits the cooperation for joint development on the basis of mutual benefit, transparency and social responsibility throughout the value chain.



COOPERATING FOR JOINT DEVELOPMENT

Vinamilk always seeks opportunities to expand its network of partners and cooperate with those sharing the same development orientation to establish sustainable future value.

SUPPLIERS

In 2019, Vinamilk continued to expand its supplier network, through constant search and careful selection of partners to ensure a stable and reliable supply with the best quality as per standards.

Selection criteria

Vinamilk's selection of suppliers is always based on determined criteria such as price competitiveness, quality and other appropriate standards and conditions.

Especially for the origin and quality of products, Vinamilk has coded and applied traceability on the Company's ERP system to the material's origin of more than 500 manufacturers around the globe to ensure that transparency in material quality.

Method of selection

Vinamilk selects its partners based on the Supplier selection and evaluation procedure. In particular, along with the development and application of information technology, Vinamilk has built and applied the Online bidding system. The application of this system has brought both parties the following values:

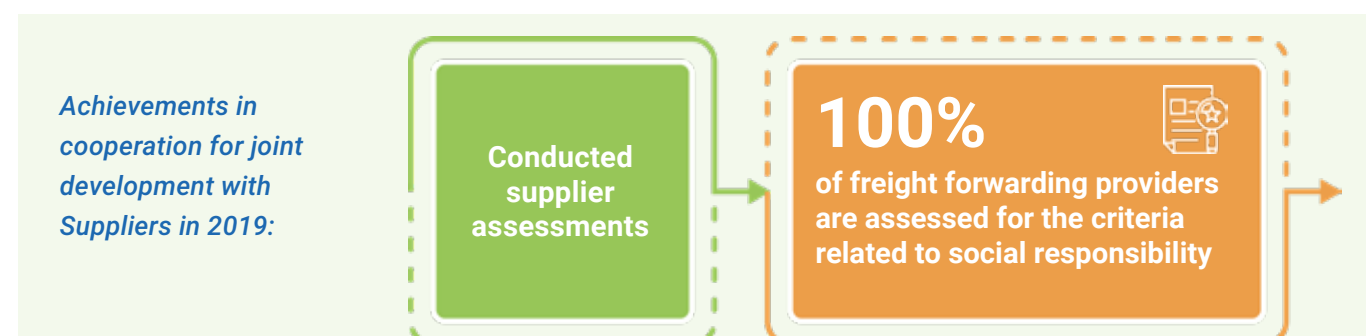
- Ability to link contractors and bidding packages
- Reduction of geographic obstacles
- Information transparency
- Contribution to preventing corruption and fraud
- Saving costs and bidding time
- Simplifying bidding process

* Online bidding system until the end of 2019 was tested and piloted at Vietnam Dairy Cow One Member Company Limited before applied in the whole Company in 2020.

Principles in transactions

Vinamilk always commits to deal with suppliers on the principles of fairness, honesty, objectivity and harmonization of interests through:

- Maintaining and communicating the Code of Conduct to Partners
- System of regulations and mechanisms on Supplier assessment and Purchasing with specific criteria
- Declaring conflicts of interest
- Signing an annex for Commitment to anti-conflict of interest



DISTRIBUTORS

Distributors, as the element of the strength of a distribution system, are an important bridge between Vinamilk and consumers in distributing products, contacting, listening and answering common customer questions. Therefore, constantly developing and improving relationships with distributors is a top priority in the development of Vinamilk's distribution system.

Selection criteria & evaluation activities:

Each distributor of Vinamilk is carefully evaluated and closely monitored, ensuring that they meet the Company's standards for:

- Business lines; Legal records;
- Risk of conflicts of interest;
- Financial capacity; the scale of infrastructure, transportation, warehousing;
- Capacity to manage and ensure strict requirements on food hygiene and safety;
- Building a working environment for the Distributor's employees.



BUILDING SUSTAINABLE RELATIONSHIP

Vinamilk always joins hand with our partners to build sustainable relationships and harmonize the mutual interests.

SUPPLIERS

Vinamilk always builds an image of reputable, respectful and honest company with our suppliers and partners to maintain a sustainable cooperation relationship.

For Finance: Vinamilk always asserts its financial foundation through strong financial indicators, ensuring its availability for all business and cooperation activities:

- Consolidated revenue in 2019 is more than VND 56.4 trillion and grows continually.
- Cash is always maintained at a high level. The liquidity and cash flow management are controlled at an effective and safe level, meeting the capital demand for activities at any time.
- In 2019, the account payable turnover ratio is at 7.6 (2018: 7.4). The Company reasonably and strictly maintains a payment policy with suppliers, which is suitable for the Company's operational situation.

Brand reputation:

- Top 50 largest dairy companies in the world in terms of revenue
- Vietnam national brand
- Sustainable business in the manufacturing industry 2019 – Ranking the first

DISTRIBUTORS

For communication and interaction:

- Vinamilk always focuses on regular communication and interaction with the management team of distributors and retailers, in order to timely collect and grasp the market changes and improve.
- Survey the satisfaction of distributors/retailers, to find out solutions to improve bilateral relations.

For professional improvement activities: Vinamilk organized training courses for management team and employees of distributors to develop their capacity as well as improve the satisfaction level of Distributors with Vinamilk:



100% of supplying partners were assessed for Sustainable development criterias



98.5% of retailers are satisfied

ORGANIZED
06

training sessions in various skills and knowledge:

- Negotiating skills, problem-solving skills
- Management, Operation
- Customer care
- Trade support, product line development



DEVELOPED
05

online training documents to guide new Sales executives

IMPLEMENTED
05

training sessions in the effective warehouse operation for distributors, updated new technologies in warehouse management and delivery to save cost and time

WITH INDUSTRY ASSOCIATION AND NUTRITION PARTNERS

Vinamilk always actively participates in and contributes to the activities of the Dairy Association, proposes the initiatives, gives opinions for the development of the dairy industry and makes relentless efforts in making the dairy industry stronger and reaching out to the world.

Vinamilk also pioneers to apply the nutritional science achievements through cooperation with leading nutrition partners in the world, aiming to provide domestic and foreign consumers with high-class nutritional products with international quality and makes a remarkable leap of Vietnam's nutrition industry.

Vietnam Dairy Association

Cooperating in the School Milk Program and commenting on legal documents.



Nutrition partners

Signing strategic cooperation with many leading nutrition partners such as Chr.Hansen (Denmark), DSM (Switzerland), DuPont (USA), etc. in order to make nutritional products with international quality to improve community health.



National Nutrition Institute

Cooperating in product clinical trial programs.



Nutrition consulting activities

- Communicating Nutrition on-site with topics: Optimal nutrition for height, brain and school-age health in 16 provinces and cities nationwide.
- Attending in school milk training in provinces and cities.
- Reporting at the workshops in Bach Mai/Tu Du/Cho Ray Hospitals, etc. on nutrition topics for many subjects.



Customers



According to the “**Brand Footprint 2019**” report, Vinamilk continued to rank the first in the CRPs - Consumer Reach Points and was the most chosen dairy brand in both urban and rural areas.

Responding to the trust of customers, Vinamilk constantly strives to bring values for customers with the desire that the customers can experience with Vinamilk for long-lasting engagement.



Diversify customers and customer needs



Competitive price, outstanding quality



Increase investment in communications and marketing



Leading the trend, constantly innovating products



Apply technology, improve experience about products and services



Make closer customer relationships and improve after-sales service



Meet Vinamilk

Experience life with Vinamilk:

- Facebook
- Youtube
- www.vinamilk.com.vn
- Television
- Trade Promotion Events / Programs



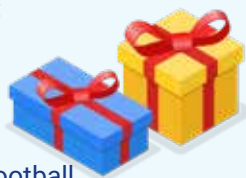
Experience and satisfy individual personality with Vinamilk:

More than
200
types of products

13
product lines

Diverse promotion programs:

- Chill with Grab
- Point exchange via My Viettel app
- Have fun with Vietnamese football
- Vinamilk and World Milk Day



International market :

74 Customers have arising transactions

67 Meetings and visits to international customers

115 Potential international customers are recorded and offered sales

24 Newly developed customers



Believe in Vinamilk

- Vietnamese products - International quality
- Food safety management system qualified FSSC 2000 certification
- EU standard organic products



- Transparent price policy.
- Competitive price for each product segment.
- Give consumers more opportunities to access products.
- Diverse discount policies and promotion programs.



Information security policy

- Commitment to customer information security
- The process for handling complaints related to customer personal information
 - + Phone: 1900 636 979 (Number 1) or 02854161271
 - + Or email: eshop@vinamilk.com.vn

- Vietnamese Brand
- Vietnamese High-Quality Goods
- Sustainable Enterprise in 2019 in the manufacturing sector
- Asian Export Awards



Choose Vinamilk

Experience of high convenience of online shopping:

- Buy online at e-shop: Giacmosuaviet.com
- Download the Vietnam Dairy Dream mobile application

Easily find Vinamilk products with wide distribution network:

- 251,000 retails
- Nationwide distribution of supermarkets and convenience stores.
- Vietnam Dairy Dream stores chain

Convenient payment methods:

- Pay by cash on delivery (Pay by cash on delivery - COD).
- Online payment via cards - International cards, domestic cards (prepayment online at the website).
- Directly payment at the store.



- Fast delivery time
- Same-day delivery for orders before 10:00 A.M.
- Free shipping with orders over 300,000 VND



Brand Footprint 2019



In 2019: Launched and re-launched 19 new products



Trust and help Vinamilk create more value

Loyalty program with many attractive incentives



Listening and Surveying customer tastes



Customer complaints are responded 24/7



- Nutrition care with professional call centers: <https://www.vinamilk.com.vn/vi/>
- Provide support and respond to customers' requests quickly when customers have questions, or ask for nutritional advice or complaints about product quality:
 - + Customer Service: 1900 636 979
 - + Email: vinamilk@vinamilk.com.vn

Customer satisfaction:

Domestic
98.65%
International
100%



PRODUCTS

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Commitments by Vinamilk

“
Vinamilk commits to deliver the valuable nutrition and high quality to community with our respect, love and responsibility.
”



Understanding always and leading the trend

The modern society is constantly evolving with increasingly-diverse lifestyles. In conjunction with the development of social networks and information technology, people are progressively interested in, accessible easily and more demanding on topics related to health, nutrition and product information. For more than 43 years, Vinamilk has always understood customers and led the trend with care, responsibility, passion, creativity and consistency in executing its mission.

Thereby, Vinamilk has continually been expanding the product categories, offering customers a variety of optimal nutritional solutions and interesting experience, harmonizing the similarities between brand personality and individuality, transforming the understanding of customers into the positive values that Vinamilk brand generates.



In 2019, Vinamilk successfully researched, developed and improved 44 products. In particular, the outstanding product lines include organic products (Powdered milk and Cereal powder according to the European Organic standards firstly produced in Vietnam); YoKo Gold powdered milk with good nutrition from Japan; Fermented products (Probi Gold – Honey and curcumin from turmeric); Low sugar beverages – light and fresh (Roasted rice milk, Aloe vera tea), yogurt, Fermented milk drinks, Soya milk, ice creams and beverages.

“

For the top products in the market, it must be continuous innovation. Creativity is a vital factor.

”

ORGANIC - SUPER HIGH-CLASS



HIGH NUTRITION



ACTIVE LIFESTYLE



HEALTHY AND BEAUTIFUL LIFE



HAPPY AND HEALTHY LIFE



CONVENIENCE AND FRIENDLINESS



Pioneering in clean, green products

“Vinamilk is proud to be the first dairy company in Vietnam to produce 100% Organic Fresh Milk according to European Organic standards. This is a solid step of Vinamilk on the journey to bring high-class and nutritious organic products from nature which are good for health to consumers. Vietnamese consumers now can easily approach access European standard organic products that are made in Vietnam.”

Mr. Phan Minh Tien, Executive Director of Vinamilk

The organic journey of Vinamilk

2017

- Saigon Dairy Factory and Truong Tho Dairy Factory achieved European Organic Certification.
- Launched the first European-standard 100% Organic Fresh Milk produced in Vietnam.

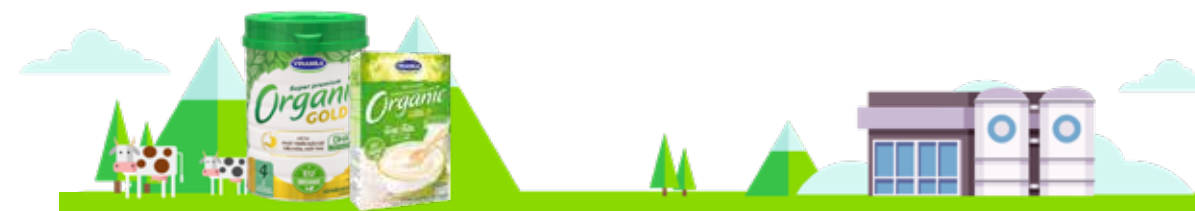
2018

- 5 more Vinamilk's factories achieved European Organic Certification, including Vietnam Powdered Milk Factory, Dielac Dairy Factory, Tien Son Dairy Factory, Nghe An Dairy Factory and Lam Son Dairy Factory.



2019

- Launched Powdered milk and Baby cereal products with VINAMILK ORGANIC GOLD brand, the first European standard Organic products made in Vietnam.
- Vinamilk was the only Asian representative invited to share about Organic topic at the 13th Global Dairy Congress held in Lisbon (Portugal), with the participation of companies in the world's Top 50 largest milk groups.



2020

- DEVELOPING AND LEADING OF THE PREMIUM ORGANIC TREND IN VIETNAM AND ASIA REGION



NUT MILK - A NEW NUTRITION SOURCE FOR A GREEN LIFESTYLE

In the busy modern life, people often tend to get back to nature to find the balance. Therefore, in recent years, the trend of green lifestyle has become more and more popular in Vietnam. This trend is often associated with the choice of clean and natural nutritions, typically nut milk, plant-based milk.

VINAMILK NUT MILK PRODUCTS



Light flavor, less sugar



100% nutrition from plants

Raw material sources are carefully selected, not genetically modified and from nature



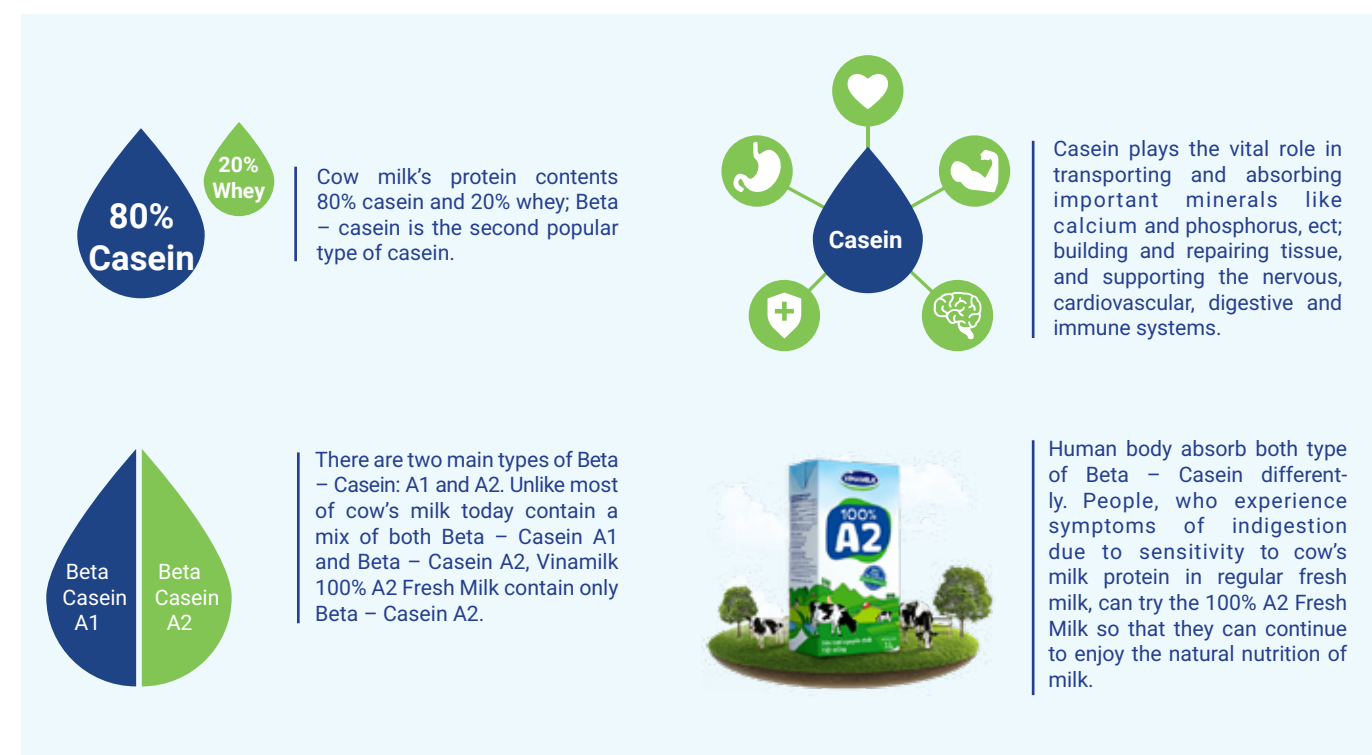
Rich in nutrition and vitamins

From nutritious nuts and add many vitamins A, D3, E, PP, Omega-3 and B-group vitamins



A2 MILK – NATURAL NUTRITION SOURCE

Harvested from the cows selected strictly and complicatedly for genetic technology and carrying pure genes for A2 milk, A2 milk quickly attracts consumers in many countries such as the UK, the US and China, etc. Vinamilk is proud to be one of the first Vietnamese enterprises to produce A2 milk from cow herds imported from New Zealand, offering nutrition options suitable for people having indigestion symptoms due to sensitivity to cow milk protein.



Improving product nutrition constantly

Delivering the quality nutrition source to the community is not only a mission but also a responsibility which Vinamilk, as the leading flag of the White Revolution in Vietnam, pursues and seriously implements.

With the current development trend, in addition to human interests in “well-fed, well worn” and nutrition gradually becomes indispensable. Vinamilk always puts itself in the shoes of consumers to create products that meet a wide range of daily nutritional needs to special nutritional needs, plant products, organic products, reduced sugar, and reduced fat etc. in accordance with the development trend of society.

Ratio of Vinamilk nutritional products



Reduced sugar
3.78%



Reduced fat
0.16%



Suger-free products
11.06%



Vitamin and mineral supplements
76.15%



Soluble fiber supplements
14.46%



Probiotics supplements
18.01%



Natural fermentation
13.10%



Organic products
0.25%



“

According to the National Institute of Nutrition, overweight/obesity is increasing and becoming a health problem in Vietnam. The rate of overweight/obesity reaches 16.3% (*), nearly 18% of rural primary school students are overweight and obese, 42% for urban areas. These are warning signs of non-infectious chronic diseases in the community, putting pressure on public health and the national budget.

Sharing the concerns of the community, Vinamilk, at its responsibility, continuously increases the categories of sugar and fat reduced products to offer optimal health protection options.

”

(*) Nutrition survey on 17,213 persons aged 25 to 64 in 64 provinces/cities representing 8 national ecological regions of the National Institute of Nutrition.

REDUCED SUGAR

Reduce the risk of obesity and belly fat accumulation



VITAMIN AND MINERAL SUPPLEMENTS

Poor quality of food, inadequacy of nutrient groups, absorption disorders and an increment in body demand for vitamins and minerals, which could not be supplemented and compensated by the normal diet, cause deficiency of vitamins and minerals. With the vitamin and mineral product lines, Vinamilk brings customers a very refreshing and delicious experience to meet nutritional needs.



NATURAL FERMENTATION

Application of the whole natural fermentation technology, no preservatives and health safety products.



REDUCED FAT

Provides additional energy to the body and helps maintain weight



SUGAR-FREE PRODUCTS

Retained maximal nutrients and natural flavor of product.



SOLUBLE FIBER SUPPLEMENTS

Fiber is recognized as an important role in the treatment and prevention of chronic diseases such as cardiovascular disease, overweight, obesity, diabetes, constipation, cancer, etc.



PROBIOTICS SUPPLEMENTS

Boosting immunity to keep the body healthy, minimize the occurrence of common minor illnesses and full of vitality.



Offering optimal nutrition solutions

"Improved regional economic standards have led to lifestyle changes in which unhealthy diets become more common. Low-nutrition foods are easily accessible and Western-style eating habits are widely introduced. In the long term, the health risks associated with obesity increase the health care expenses for chronic diseases such as diabetes, cardiovascular diseases, etc..."

According to Fitch Solutions Macro Research

The challenge for food businesses today is to provide a safe source of food, meeting the needs of many generations for both quantity and quality.

Turning challenges into opportunities, Vinamilk develops products that focus on the nutritional needs of each individual, from daily needs such as providing nutrients from nature, nutritional supplements, and diverse preferences to special needs for people with diabetes, calcium supplements, increased height, anorexic ... We appreciate and cherish each product through a formula containing special nutrients that have been researched suitably for the physical conditions of Vietnamese people and the ever-changing needs of consumers.

PREGNANT AND BREASTFEEDING WOMEN

A perfect pregnancy diet will never be without milk - a healthy and calcium-rich food source.



MALNUTRITION, STUNTING

According to the survey on child nutritional status in Vietnam and Southeast Asia, one in every 3-4 children has a nutritional imbalance. In Vietnam alone, more than 50% of children lack basic nutrients, vitamins A, B1, C, D and Iron in their daily diets.

Red Dielac Grow Plus 2+ - Milk for malnourished and stunted children

Specially formulated for malnourished and stunted children, Red Dielac Grow Plus 2+ with a high-energy formula, fortified with vitamins and minerals to meet 100% of RNI recommended by the international organization FAO/WHO enables the children to catch up the growth. It has been clinically proven that the product may help stunted children gain weight after 3 months, increase height, reduce the rate of respiratory infections, diarrhea and constipation.



STRONG BONES AND JOINTS



In Vietnam, according to initial research data of the National Institute of Nutrition, osteoporosis affects about 1/3 of women and 1 in 8 men over 50 years old. It is estimated that by 2030, the number of people with a femoral neck fracture due to osteoporosis will be 41,000 (*)

(*)According to information from "The Ministry of Health" Vinamilk CanxiPro with high calcium content combined with Phosphorus, Vitamin D and Vitamin K2 helps to effectively transport Calcium into the bones, helping to build strong skeletal system.



LACTOSE INTOLERANCE



Lactose is a sugar found in cow's milk. Experts estimate that about 68% of the population suffers from lactose malabsorption. Lactose allergy usually causes flatulence and diarrhea when eating or drinking dairy products.



BLOOD SUGAR CONTROLLED



Vietnam is one of the Asian countries with a high proportion of diabetics with 5.5% of the population aged 20-79. About 13.7% of the population has prediabetes (*)

(*)According to the Vietnam Association of Endocrinology and Diabete

Vinamilk, with more than 40 years of establishment and development, with breakthrough nutrition solutions, constantly researches and develops specialized products to help prevent and overcome health problems of the elderly. Vinamilk Sure Diecerna is clinically researched by the National Institute of Nutrition with a low glycemic index GI = 27.6, which helps control blood sugar for people with diabetes.



HEALTH RECOVERED AFTER ILLNESS



Vinamilk - Sure Prevent is a specialized nutrition solution to restore the health of the sick, the elderly and people with lost appetite.

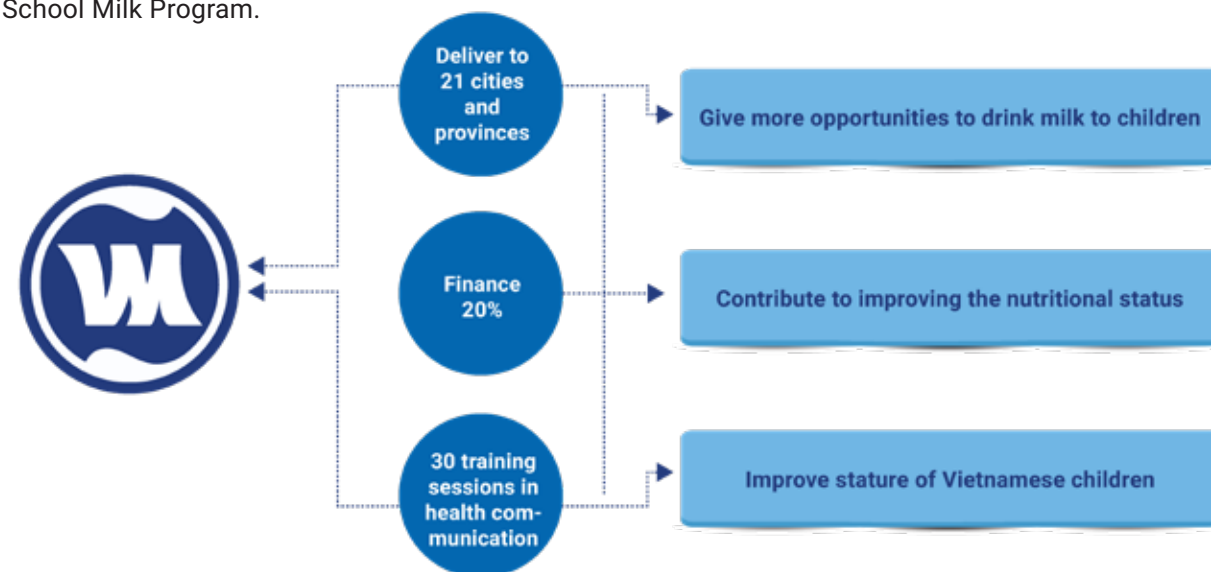


Understanding the local physical conditions and nutritional status - Stand tall Vietnam

SCHOOL NUTRITION - FOR STAND TALL VIETNAM

As the leading nutrition company in Vietnam and ranked in the TOP 50 LARGEST DAIRY COMPANIES IN REVENUE, VINAMILK always desires to bring outstanding international quality nutritional products for the development of child generations and the health of millions of Vietnamese families, for Stand Tall Vietnam.

Vinamilk participates in the School Milk program in order to obtain student physical development goals according to Decision No. 641- The overall project of developing Vietnamese physical strength and stature in the period of 2011-2030 and Decision No.1340 - Approving the School Milk Program to improve nutritional status, contributing to raising awareness stature of preschool and primary children till 2020. This goal is also Vinamilk's mission and responsibility to the community and society. Vinamilk determines not to engage in business and not to earn profits from the School Milk Program.



VINAMILK SCHOOL MILK PRODUCTS



Source of quality raw materials

Meeting the national technical regulation on raw fresh milk according to Circular No. 29/2017/TT-BNNPTNT



Quality assurance

- Product quality meets the provisions of QCVN 5-1: 2010/BYT
- Products are produced at the factory system obtaining FSSC 22000 international certification on food safety and hygiene



Optimal nutrition ingredients

- In accordance with Circular 31/2019/TT-BYT regulating requirements for fresh milk products used in School Milk program.
- In accordance with Circular No. 43/2014/TT-BYT on recommended nutritional intakes for Vietnamese people
- Free from preservatives



Information transparency

- Products labeling in accordance with Decree No. 43/2017/ND-CP
- Decree No. 15/2018/ND-CP dated, detailing the implementation of a number of articles of the Law on Food Safety
- Complying with Decision No. 1783/QĐ-BYT dated May 13, 2019 on the Logo of fresh milk products under the School Milk Program.

UNDERSTANDING OF THE LOCAL PHYSICAL CONDITIONS AND NUTRITIONAL STATUS

For more than 43 years of establishment and development, Vinamilk has always strived to deliver the optimal nutrition solutions fitting the Vietnamese physical conditions, towards meeting the ever-increasing demands for both quality and quantity and distributing international standard nutritional products closer to Vietnamese consumers.

On the journey to realize the attention and concern about the local physical conditions and nutritional status, Vinamilk has been accompanying the National Institute of Nutrition to conduct clinical researches on applications of nutrients into the products.

In cooperation with the National Institute of Nutrition, in the period of 2011-2020, Vinamilk implemented



7 clinical research to evaluate the effectiveness of powdered milk products such as Dielac Alpha, Alpha Gold, Grow Plus, Grow, Optimum Gold, Pedia for children under 60 months old, Optimum Comfort in reflux for children under 12 months old.



Determination of the glycemic index of Vinamilk Diacerna product for people with diabetes.



Evaluation of the effectiveness of Probi drinking yogurt products on the nutritional, digestive and immune status of children aged 24-47 months.



Honest and Responsible Marketing

Vinamilk undertakes to provide complete and truthful information to consumers about the goods that the Company produces and sells. Marketing activities are conducted legally, honestly, publicly, transparently and for the legal rights and interests of consumers and do not infringe the legal rights and interests of other organizations and individuals.



Compliance with laws on trade, advertisement and protection of consumer rights



Compliance with intellectual property laws and internal regulations of the Company on intellectual property



Compliance with competition laws and the Company's competition policy



Compliance with the Law on the management of nutritional products for children



Transparent labeling

With creativity as a vital factor and quality as a foundation, Vinamilk also uses the transparency to spreads trust.

All product information of Vinamilk is:



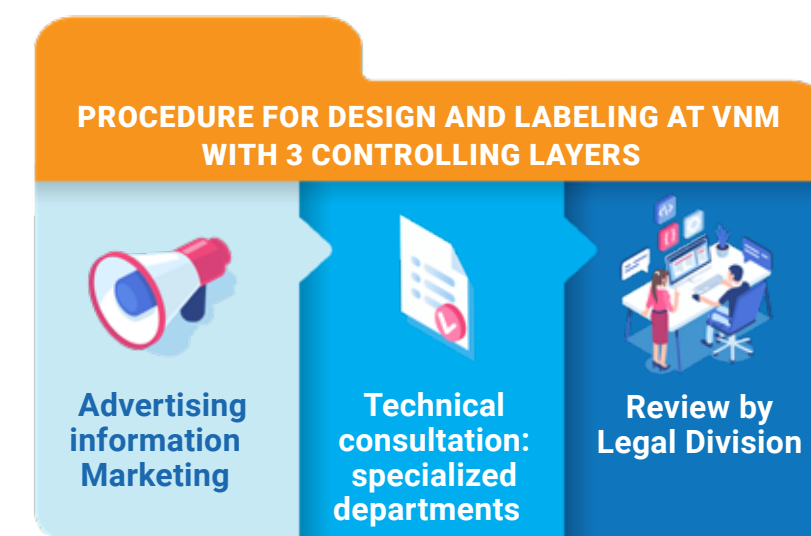
In 2019: Vinamilk did not commit infringement of trademark and product information announcement.



100%

- Labeling information is according to Vietnamese law
- Products are announced as required by law
- Product labels are controlled according to the procedure for packaging design with the participation of Marketing, R&D, and Legal departments to ensure the truthful, accurate and transparent information

Especially in 2019, QR code track & trace technology has been applied to product lines such as 100% Organic Fresh Milk, 100% Fresh Milk and Vinamilk Organic Gold Baby Powdered Milk. Accordingly, each product has a "Birth certificate" as a unique QR code with encrypted information using Blockchain which can not be replaced, modified or counterfeited. Just by scanning QR code at the bottom of the box, the consumers could easily access full information about the products.



Quality as a foundation

Food Safety is becoming a national and customer concern throughout the country. At Vinamilk, quality is the vital factor, the first basic seed to be cherished and cultivated to become a giant tree. That value is timeless and enables Vinamilk to stand firm against challenges. Quality is the key to sustainable development.

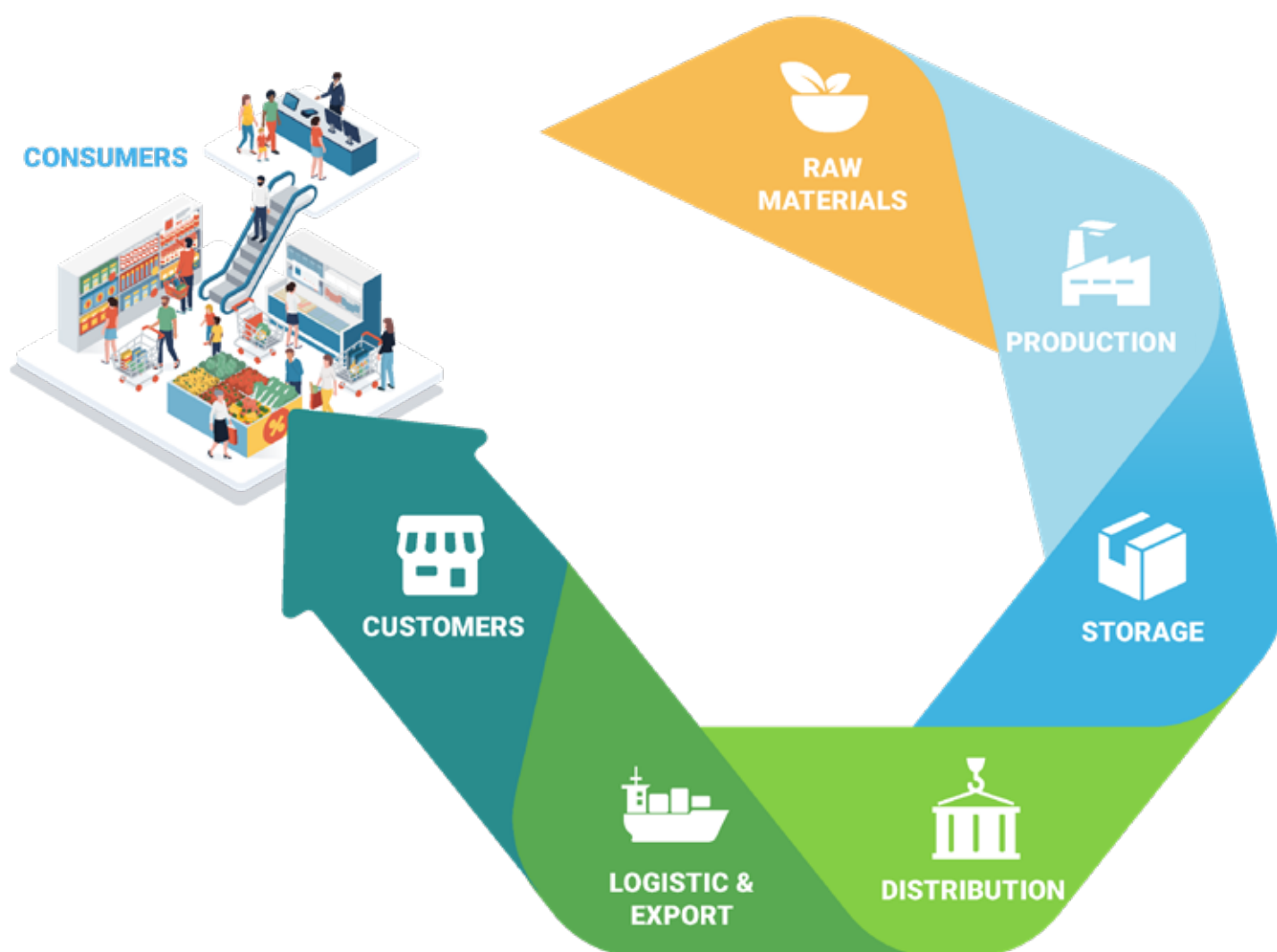
Vinamilk has built an international standard management system that strictly controls the quality from the farms to the dining tables.

5 GUARANTEED VALUES

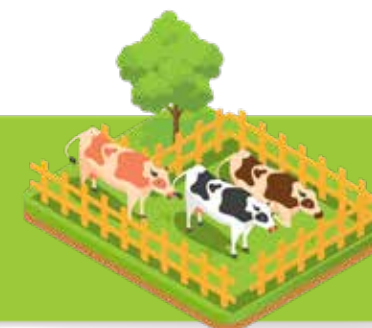
- Strict standards for raw materials and milk source purchased
- International quality management system in farming and production
- Products are tested and analyzed by an international standard laboratory
- Transparent product information, track & trace
- Effective distribution system

3 RULES

- Quality
- Safety
- Transparency



RAW MATERIAL SOURCE



RAW MILK FROM INTERNATIONAL STANDARD FARMS

12

FARMS MEETING

ISO 9001: 2015, Global G.A.P. standards

3

FARMS MEETING

EU Organic standards

QUALITY RAW MATERIAL SOURCE

At Vinamilk, raw materials are strictly selected from reputable suppliers at home and abroad. Each shipment must have clear documents and be checked before, during and after warehousing.

- Classification and assessment of supplier risks
- Criteria for evaluating high-end suppliers
 - Raw materials, materials in direct contact with products: GFSI certified or equivalent (FSSC/BRC/IFS / HACCP)
- Periodic supplier assessment
 - 100% of suppliers are monitored and assessed by the program established on the ERP system with the criteria as goods quality and serving quality.
 - 100% of new suppliers are assessed
- Supervision of supply process and irregular assessment

THE STRICT CONTROL OF THE QUALITY OF MILK PURCHASED FROM HOUSEHOLDS

- Selection and assessment of farming households according to standard procedures
- Consulting, organizing training, providing quality bran
- Periodic/irregular assessment of farming households and milk stations

THE RAW MILK PURCHASE AND DISTRIBUTION SYSTEM ARE MODERN AND WIDESPREAD

Cu Chi Raw Milk Center

- With a new streamlined management mechanism fitting the scale of dairy farming activities in the Southeast region, Cu Chi Raw Milk Center is equipped with modern machinery and equipment, including refrigerated warehouses to store samples; a system of quick analysis and returning results to each household; automatic CIP system providing tank trucks of the milk station with advanced cleaning mode to ensure food hygiene and safety; ISO 9001: 2015 management system; rapid milk cooling tank system of large volume, high flexibility, both receiving milk from the purchase stations when necessary and directly receiving milk from cow farmers.
- All fresh milk sources in the vicinity are gathered to the Center, after quality control, distributed to all factories in Ho Chi Minh City and Binh Duong, ensuring the source, supply timing and quality of fresh milk are managed optimally.

Raw milk collection system

Vinamilk always upgrades and modernizes milk purchase stations, complies with strict requirements on food hygiene and safety. At the same time, it builds new milk stations according to the modern model and a closed process to meet the farmers' demands on expanding farming. Currently, Vinamilk manages more than 83 milk purchase stations nationwide. In addition to the main activity of purchasing milk, the stations also distribute cow feed, consult and transfer technology in farming and disease control for dairy cows, etc.

PRODUCTION



MANAGEMENT SYSTEM WITH INTERNATIONAL STANDARDS CERTIFICATE

13

FACTORIES

Are certified with
ISO 9001, FSSC 22000,
ISO 17025, HALAL

07

FACTORIES

Certified with
the EU ORGANIC standard

02

FACTORIES

Certified BRC standard

All VNM-manufactured products are:

- Strictly monitored, during the production process, from input to output, always strictly comply with Vietnam's regulations, international standards (Codex) where applicable and tested in the laboratory meeting the international standard of ISO 17025.
- The production process strictly complies with the regulations on sanitary conditions of workshops, environment, machinery and personal hygiene according to the world's standards in the food processing industry.
- Strict and effective management system, on the basis of integration and risk management according to ISO 31000, covers the activities



STORAGE, PRESERVATION AND DISTRIBUTION



STORAGE & PRESERVATION

Besides products with nutritional quality, storage and preservation play an important role in ensuring the quality from the farms to the dining tables.

Modern infrastructure and control systems are established on the basis of GMP and FSSC 22000 so that products are stored and preserved strictly according to technical requirements and the regulations of loading and unloading during distribution.

At the same time, with the support of ERP system, goods can be tracked, traced, imported and exported using FEFO principle



DISTRIBUTION

With an extensive distribution network, quality control in distribution is a responsibility and also a challenge for Vinamilk.

VINAMILK'S DISTRIBUTOR NETWORK

- Satisfying food hygiene and safety requirements (Obtaining the certificate of food safety and hygiene)
- Ensuring the infrastructure, area, warehouse environment match the characteristics of the product
- Controlling pests and complying with the requirements of the Ministry of Health on the use of insecticidal and germicidal chemicals and preparations.
- Assessing capacity before entering into a contract
- Implementing regular and irregular reviews to ensure compliance



TRACEABILITY AND RECALL



With the highest responsibility for consumers, in addition to building a strict food safety control system, Vinamilk has also established a product track & trace and recall system in order to minimize the possible risks on consumers when product problems arise.

Vinamilk's principle and mechanism of track & trace and recall:

PREVENTION MECHANISM

- Management of information systems and resources with ERP and CMR - SAP
- Assumed track & trace and recall procedures are established and conducted annually
- Continuous improvement of the system
- Management based on Risk assessment

PRINCIPLES OF RESPONSE

- Thorough and quick recall of unsafe products
- Quick, transparent and accurate communication to consumers and stakeholders
- Identification of the root cause for remedy

Information management by ERP system for track & trace

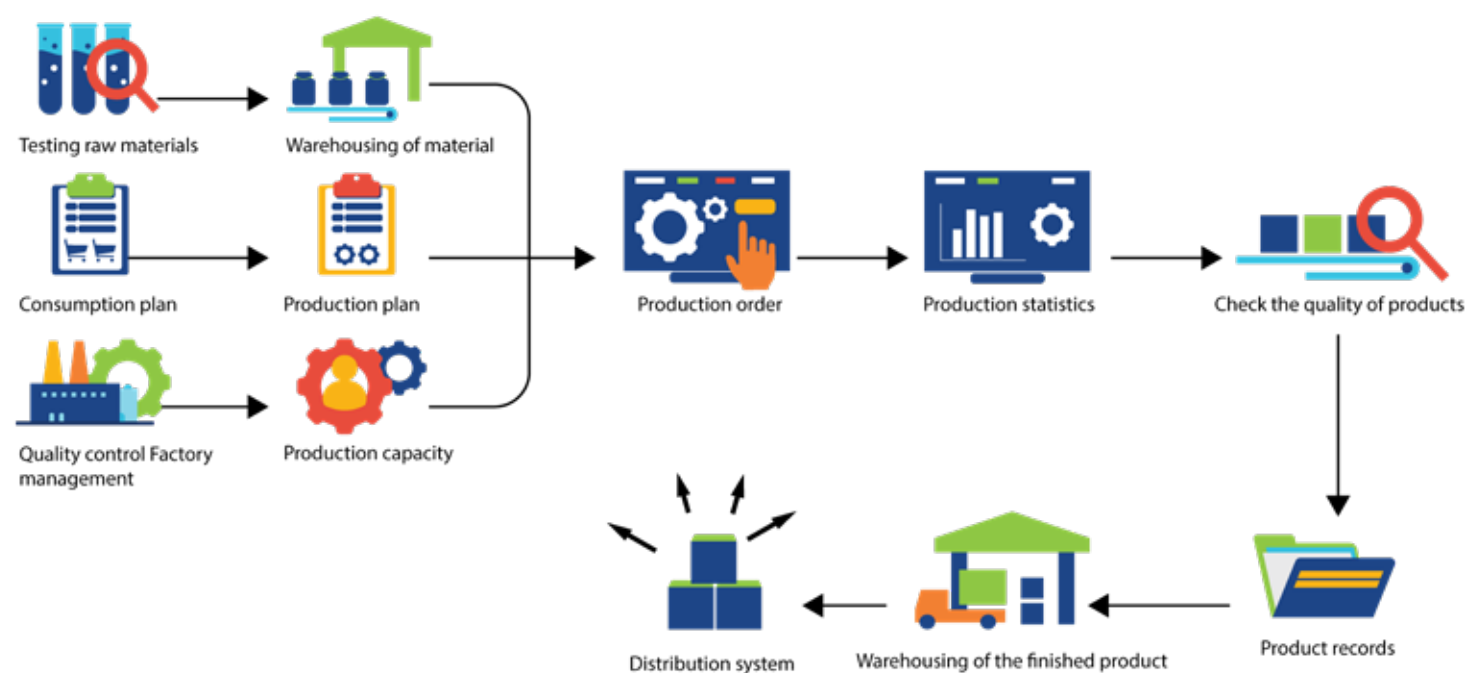


TABLE OF CRITERIA RELATED TO PRODUCT RESPONSIBILITIES IN 2019

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 factories registered with US FDA	7
Number of factories certified that production meets the milk production method according to EU Organic standards	7
Number of farms certified by Global GAP	12
Number of farms certified by Organic EU	3
Number of products using preservatives	0
Number of violations of food safety and hygiene	0
Number of recalls due to quality non-assurance	0
Total number of incidents of non-compliance with regulations and standards (voluntary participation) related to health and safety impacts of products and services throughout the life cycle	0
Total number of incidents of non-compliance with voluntary rules and regulations related to product information, service and labeling	0
Sale of prohibited and disputed products	0
Total number of incidents of non-compliance with voluntary regulations and codes for communications and marketing, including advertisement, promotion and financing activities by type of results	0
The total number of complaints with evidence of customer privacy violations and loss of customer data.	0
The monetary value of significant fines for non-compliance with laws and regulations on provision and use of products and services	0





ENVIRONMENT

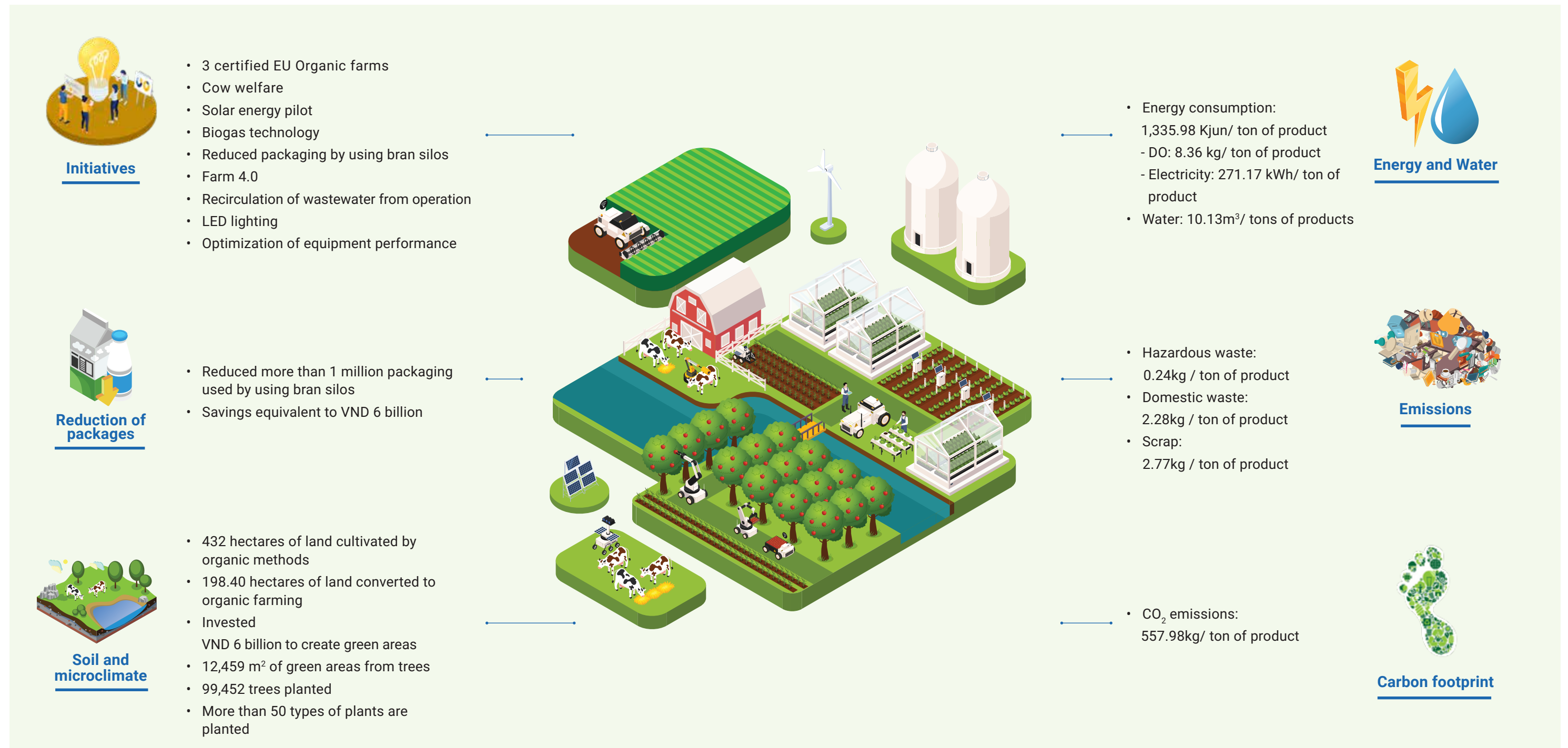
- ▶ Green livestock 148
- ▶ Clean production 164
- ▶ Transportation activities 178



Green livestock



Overview of 2019



Note: Figures are calculated per ton of product.

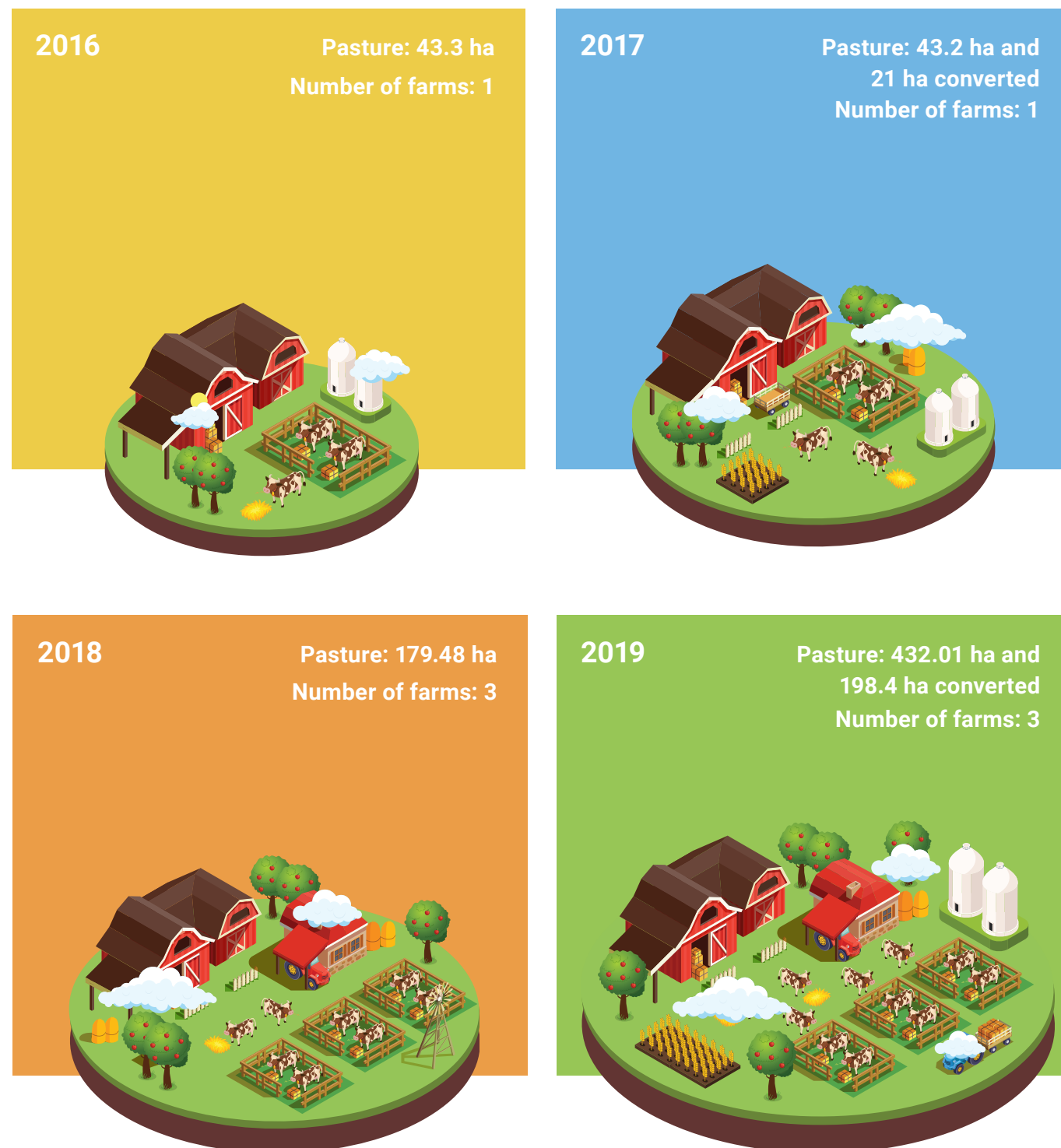
Facing challenges of agriculture sector in general and Vietnam in particular regarding low productivity due to the impact of climate change, soil erosion due to the rapid development and the abuse of fertilizers, plant protection drugs, antibiotics and reduced forest area, water scarcity and pollution, etc., Vinamilk not only aims to improve the dairy farming industry of Vietnam in terms of productivity but also aims to a sustainable farming future.

The future in which every step of investment and exploitation appreciates and assesses risks of the impact on the finite of natural resources and environment. Each activity in the value chain is geared to the opportunity to apply circular economy on the principle of green investment, responsible exploitation, efficient use and minimization, recycling and reduce, recycle, reuse when appropriate.

ORGANIC FARMING

Pioneering in organic farming since 2016, Vinamilk has continuously expanded its journey towards nature. By the end of 2019, the total area of Vinamilk's organic pasture has increased 10 times compared to 2016.

Organic Farm Journey

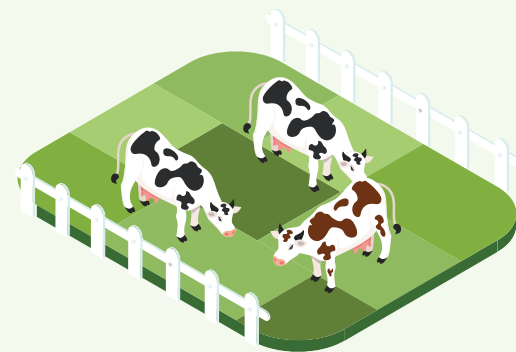


Organic farming characteristics

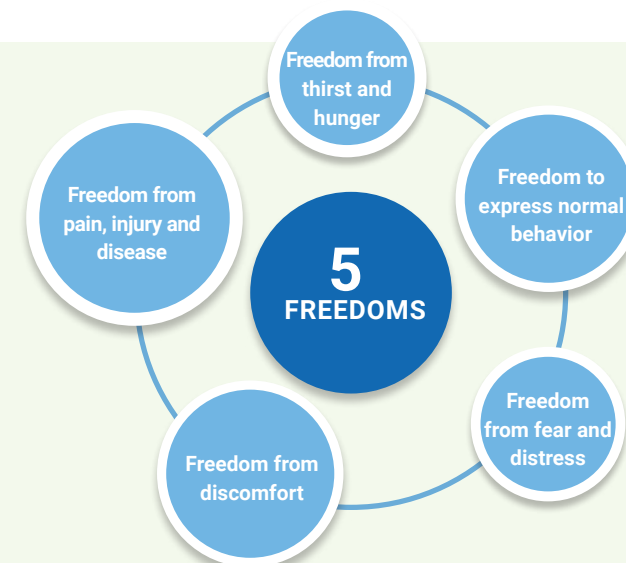


COW WELFARE

Dairy farming has a direct impact on biodiversity, animal rights and welfare. Understanding these impacts, Vinamilk always pays the best care to cows to ensure not only their physical health but also their mental health and natural divinity. Ensuring animal welfare means caring for the habitat, maintaining biodiversity, benefiting the environment and developing sustainably. At the same time, understanding and responding well to the living needs of the cows will help keep them healthy and give high productivity, increasing the economic efficiency of livestock.

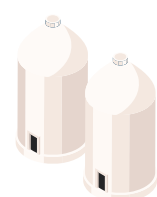


Source: "Five Freedoms" proposed by British Farm Animal Welfare Committee (FAWC, 1992)



Source: Three dimensions of animal welfare, according to Fraser et al., 1997

SELECTION AND PROCESSING OF FOOD SOURCES



Septic tank and Silo system provides automatic fine feed.



The diet is designed by an international nutritionist and mixed by the TMR method.

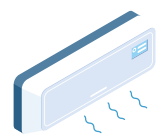


Fine feed quality satisfies Global G.A.P. and can be traceable.

MILKING



European technology milking system, managing every cow individually, giving warning when the cow has abnormal signs



Cooling zone reduces stress between milking sessions

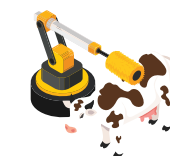
NURTURY



Automatic robot for feed pushing



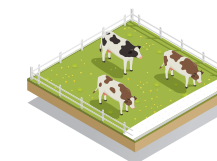
Automatic cooling system based on European, American technology and latest generation



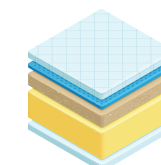
Itching and massage brush system, automatic dung rake



Veterinary medicine management system for cow treating



Mattresses for cow lying spots and cow walkways



Smooth and highly elastic mattress help the cow to feel most comfortable when lying down and milking

INSEMINATION



Embryo transfer center



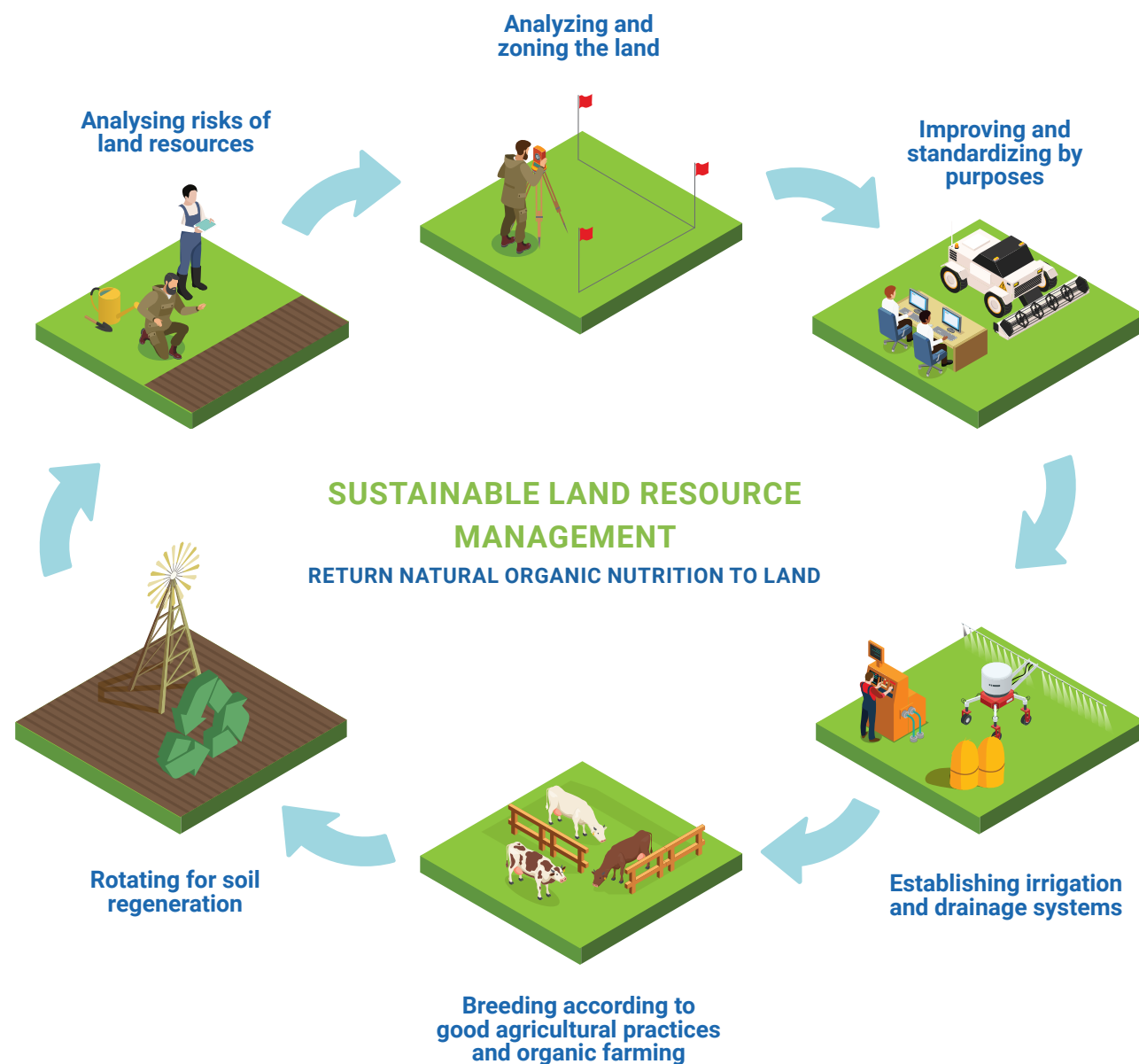
Oestrous and health management system

SUSTAINABLE LAND MANAGEMENT:

The land is an important resource in production and business activities of Vinamilk. Vinamilk assesses risks and understands the impact of the value chain of livestock and production on the characteristics of land resources. This impact may directly or indirectly change the nature of the land source, leading to unsustainable exploitation risks and adverse impacts on the land source, causing erosion, fading and changes in natural land quality.

With the spirit of responsible exploitation and efficient use, application of circular economy in parallel with creating economic value, Vinamilk also balances the cycle of land regeneration in the value chain. We aim at sustainable land management, maximizing the value and quality of land resources through specific activities such as organic farming, good agricultural practices, and application of science and technology to soil cultivation, crop rotation, optimization of the use of fertilizers and chemicals, etc.

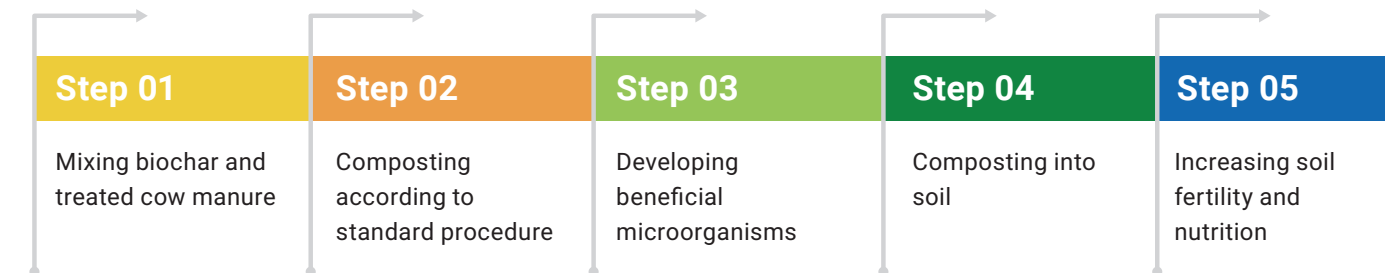
SOIL REGENERATION CYCLE



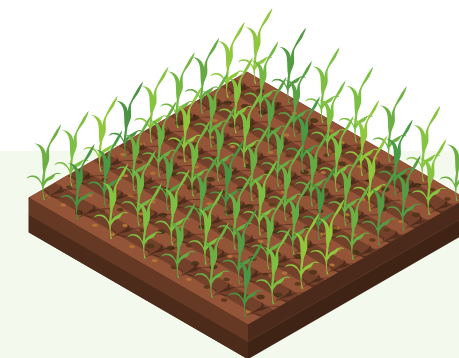
AGRICULTURAL CULTIVATION ACCORDING TO JAPANESE TECHNOLOGY

Implementing a strategy of maximizing the use of organic fertilizers for soil, replacing chemicals and inorganic fertilizers, Vinamilk has applied a variety of advanced farming techniques. In particular, agricultural cultivation based on Japanese technology with many benefits to the land is being implemented on many of Vinamilk's farms.

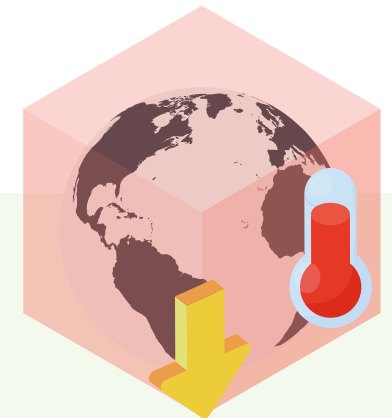
Composting process



Benefits



a. Increasing soil restoration and agricultural productivity: including regulating pH, increasing the amount of nutrients, organic matter and soil moisture.



b. Reducing climate change: Climate change is reduced directly through carbon storage and stabilization. Indirect factors that contribute to reducing emissions include waste separation, reduction of methane and nitrogen oxide emissions from waste decomposition and reduction of inorganic fertilizer use.

SUSTAINABLE ENERGY

GREEN INVESTMENT

Investing in upgrading the LED lighting system

The led lighting system is invested for all newly built stables, barns and factories. The lighting system in the barn is completely automatic according to the operating hours of cows in each barn. At the same time, Vinamilk is also planning to invest in upgrading lighting systems using LED lights to replace high-pressure lamps in barns.

- Reduce significantly in electricity consumption compared to previous generation compact lamps.
- Meet the lighting intensity to ensure cow's activities and labor safety.
- High durability and long life lamp.

Invest in energy-saving technologies with priority

Implementing green investment; mechanical and electrical equipment of large capacity installed in 2019 was equipment with new advanced technologies, energy-saving, meeting emissions standards: engines with a fuel-saving mode (tractors, multi-purpose forklifts with long arms, etc.); electric motors using soft starters, inverters (rotor choppers, pumps, air compressors, etc.).

GREEN ENERGY

The solar energy system on the roof of the stable was installed, tested and used at the Organic Farm in Da Lat with a designed capacity of 40kWp. This is the first step in expanding this energy project in the farm system.

Results in 2019



Trial results show that the system brings a large amount of electricity to the farm, significantly reducing costs and contributing to reducing CO₂ emissions into the environment. Vinamilk is planning to deploy this system on a larger scale in the next 5-year roadmap.

OPERATIONAL OPTIMIZATION

Optimize the operating time of machines and equipment

Vinamilk continuously improves the efficiency of using electric energy in farm production activities. In 2019, the overall operation of machinery and equipment continued to be reviewed in order to reallocate and optimize the operating time, in particular distribution of operating time of each equipment assembly in the day suitable to the production time, and reduction of electricity use at rush hours to save costs.

Optimize the performance efficiency of machines and equipment

Machines and equipment were regularly maintained according to the schedule and content in order to optimize operations and increase energy efficiency.

Each type of machines and equipment using fuel had a usage norm in order to evaluate performance and fuel management efficiency, ensuring no loss.

WASTE MANAGEMENT

REDUCE THE AMOUNT OF PACKAGING USED

Invest in Bran silo system



Previously, the bran was packed in small bags and stored in a cool, dry place. Therefore, the cost of packaging was huge and with hot and humid conditions in Vietnam, the quality of bran was affected. Therefore, in 2019, Vinamilk's entire farms was invested the silo system that is fully automatic to contain bran.

This silo system not only helps reduce packaging costs, ensure quality, provide adequate nutrition for cows, but also significantly reduce labor costs, machinery and equipment costs for mixing feed on the farm, especially reduce the amount of packaging used, beneficial to the environment.

Packaging costs was reduced nearly
VND 6 billion

Equivalent to saving over
1 million packages



WASTEWATER RECIRCULATION AND REUSE WITH GEA MANURE COLLECTION AND TREATMENT TECHNOLOGY

Recirculation and reuse are the top priorities in sustainable water management. Application of GEA manure collection and treatment technology with the method of discharging water to collect manure not only helps to treat manure effectively but also reuses the manure water, thereby bringing positive impacts to the environment and optimizing the water use by circulating and reusing wastewater. This manure collection and treatment technology has been used at Thong Nhat Thanh Hoa Farm and is being studied to apply in the future.

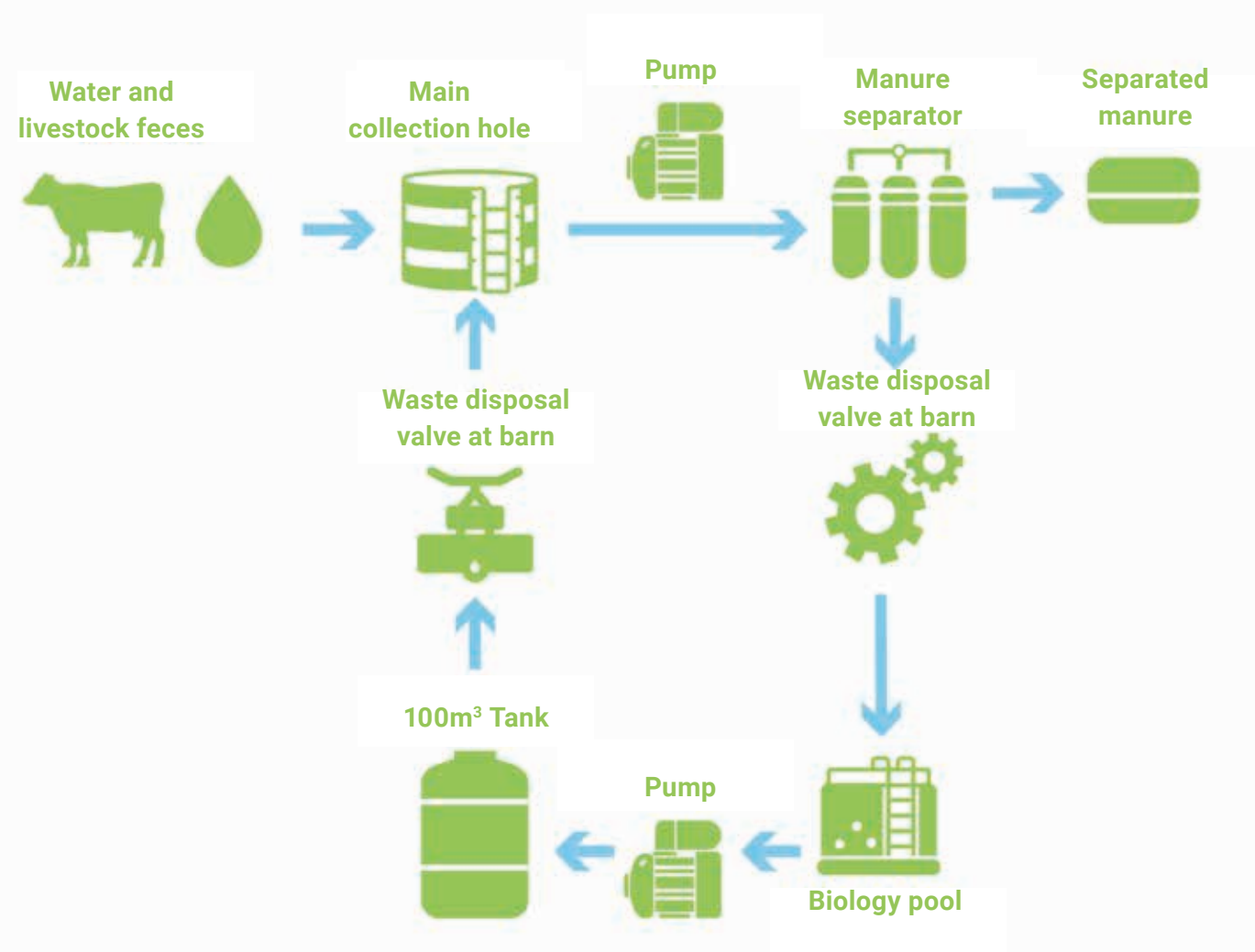
GEA manure collection and treatment technology

At least 50%

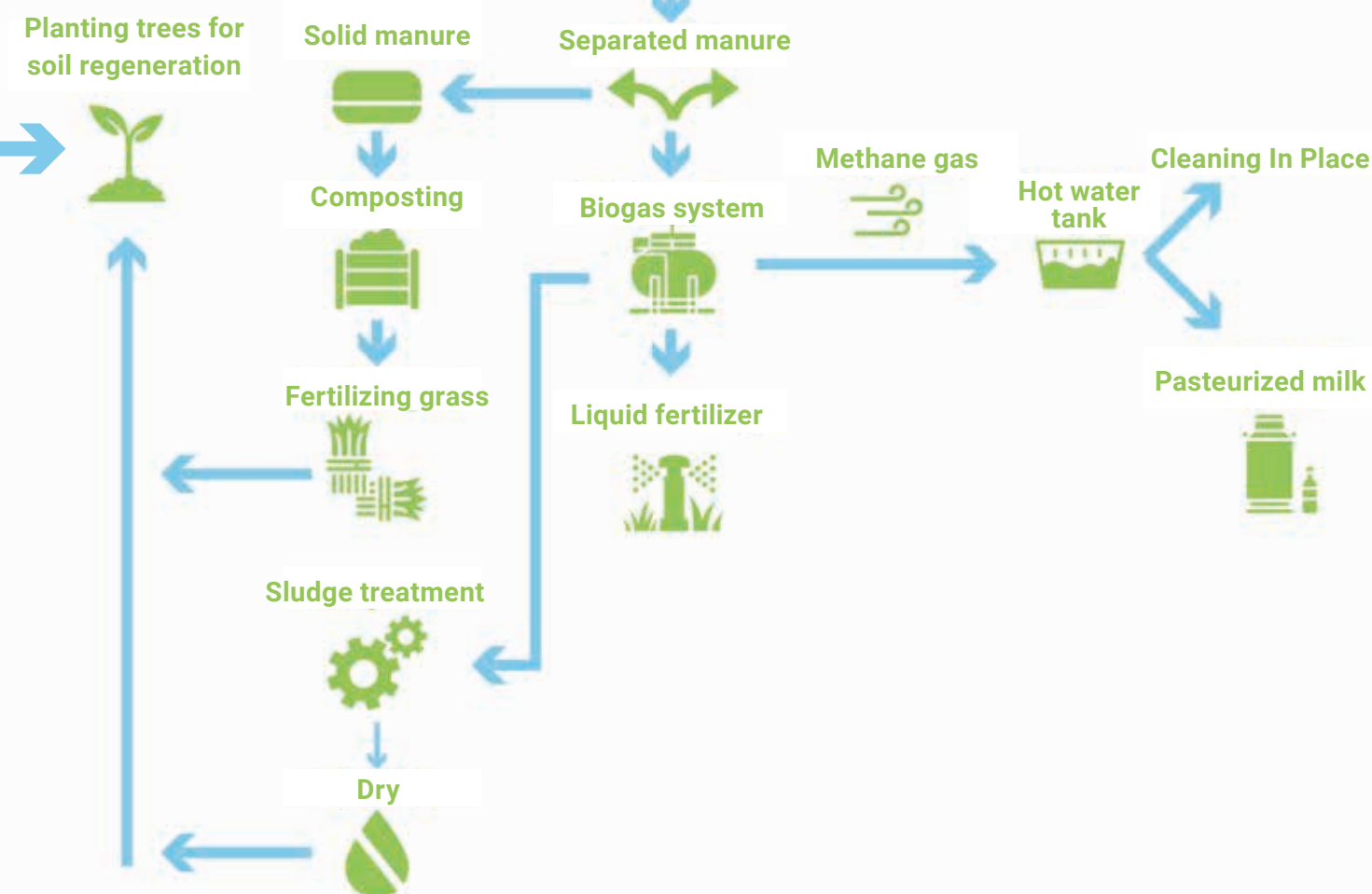
of the sanitary water from the closed recirculation pit is automatically discharged and pumped to the main collecting pit.



The process of circulation



Biogas system



BIOGAS SYSTEM: FROM WASTE TO RESOURCES

The green agricultural cycle of Vinamilk with the focus on Biogas technology has brought numerous benefits in terms of economy, renewable energy and reuse, and significantly reduced CO₂ emissions. From waste to resources, Biogas system is a remarkable highlight in the effort to deploy a circular economy at Vinamilk.

The hot water heating system using Biogas was researched, invested and first tested in Tay Ninh Farm. After a period of testing, the system works very effectively, helping to reduce environmental pollution while reducing energy costs and bringing high efficiency. Currently, Vinamilk has invested and put this system into operation in 8 farms.



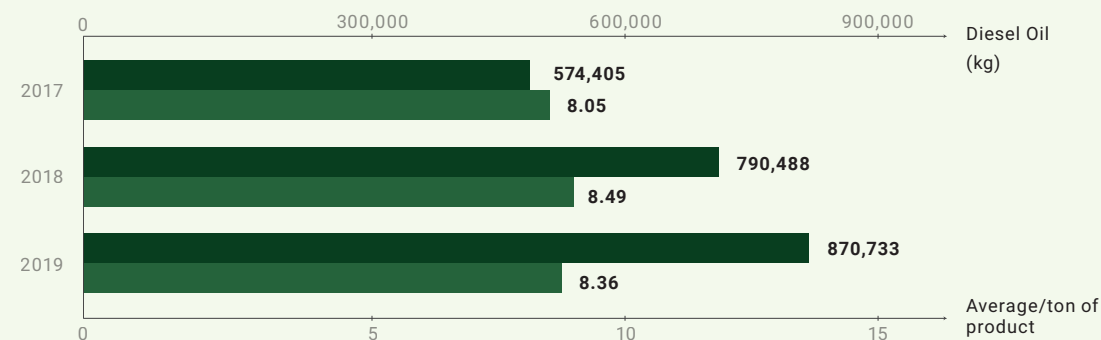
The system receives biogas which is utilized as raw material with a total design capacity of 11.6 m³/h at all farms.

Tay Ninh
About
2.5m³/h

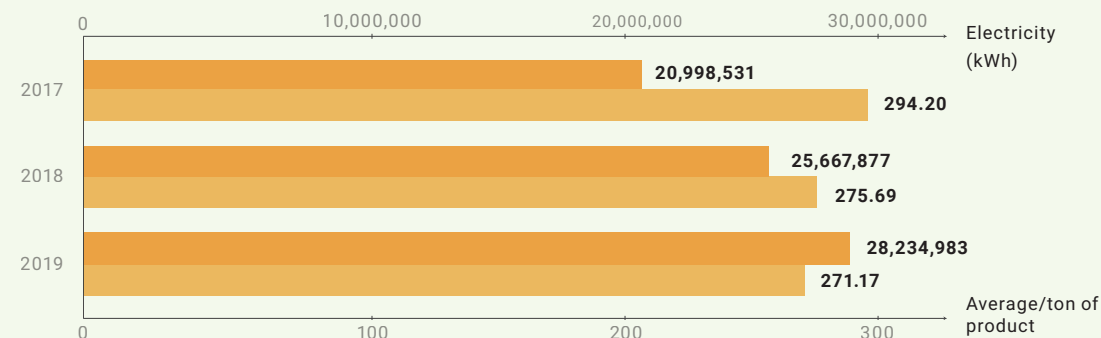
Tuyen Quang, Nhu Thanh, Thanh
Hoa, Ha Tinh, Nghe An, Binh
Dinh, Da Lat
About
1.3m³/h

STATISTICS OF ENERGY-RESOURCES-EMISSIONS OF DAIRY FARMING SECTOR 2017-2019

ENERGY

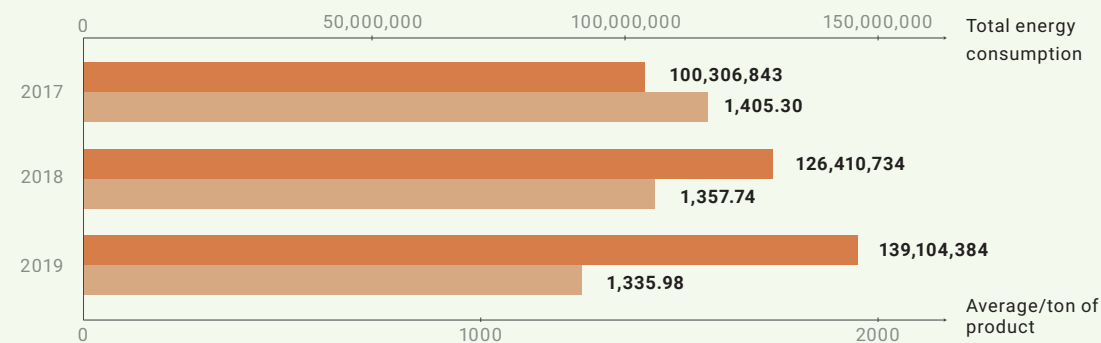


Diesel Oil



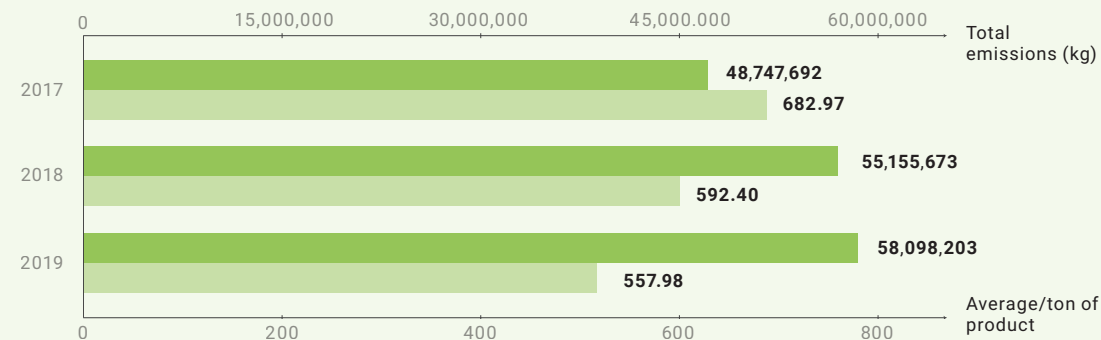
Electricity

TOTAL ENERGY CONSUMPTION (MJ)



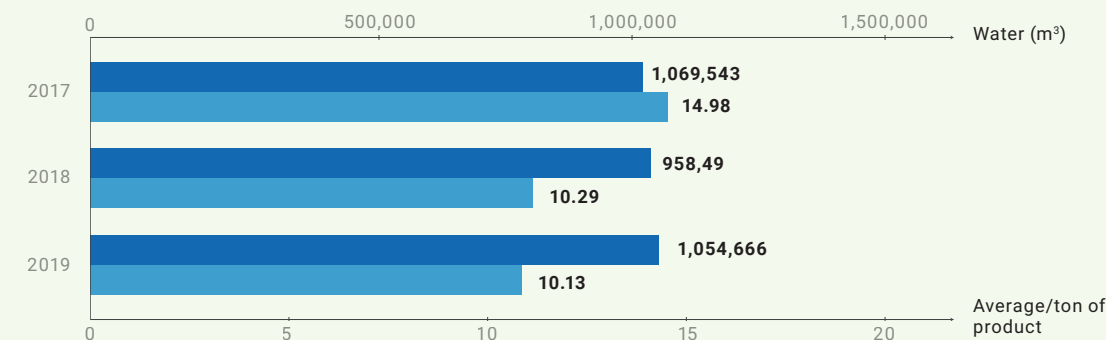
Energy

CO₂ EMISSIONS (KG)



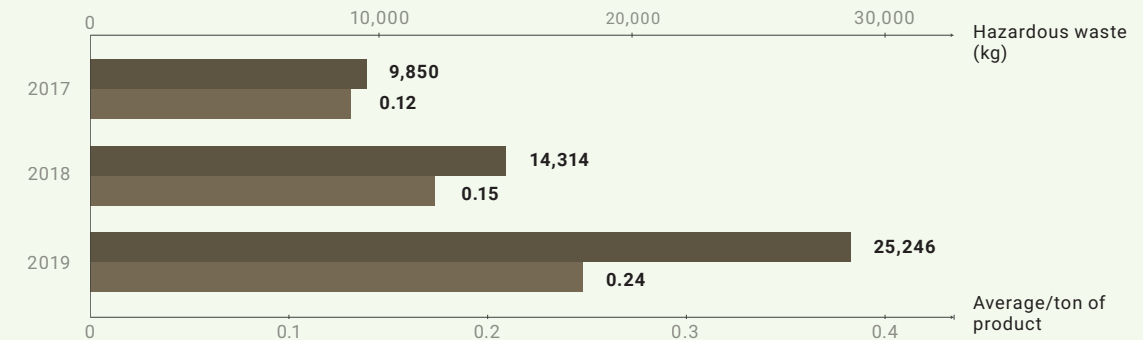
Carbon footprint

RESOURCES

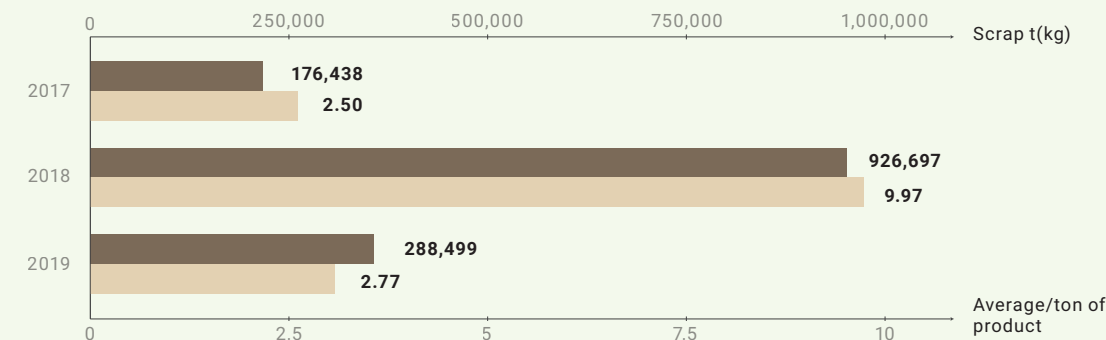


Water

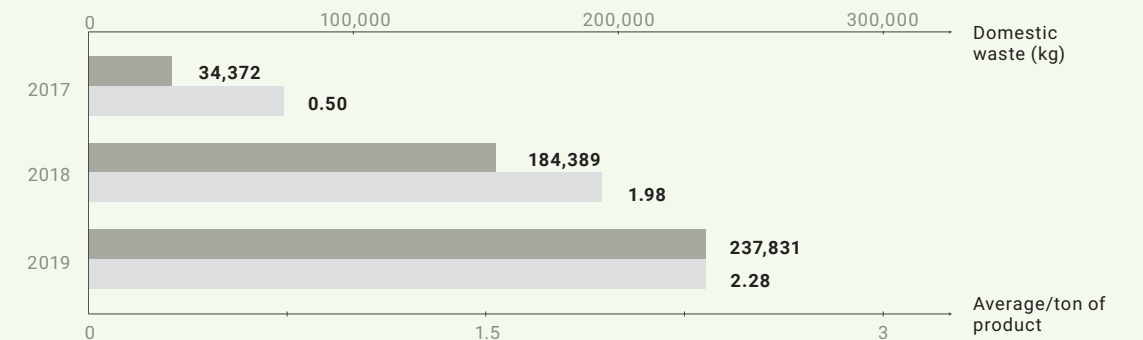
WASTE



Hazardous waste



Scrap



Domestic waste

ASSESSMENT OF ENERGY-RESOURCE USE IN 2019:

Energy:

The energy index of dairy farming activities positively records the efficient use of energy.

That is the effectiveness of a combination of sustainable initiatives, specifically:

- Develop a process of checking, evaluating machinery, motor vehicles and hygiene practices per shift.
- Perform, maintain, control and maintain it according to the manufacturer's recommendations.
- Install gauges for each area, improve efficiency

Hazardous waste:

In 2019, the company imports machinery, motor vehicles in bulk to grow maize for a 500-hectare field, and the amount of waste oil and filters increases greatly.

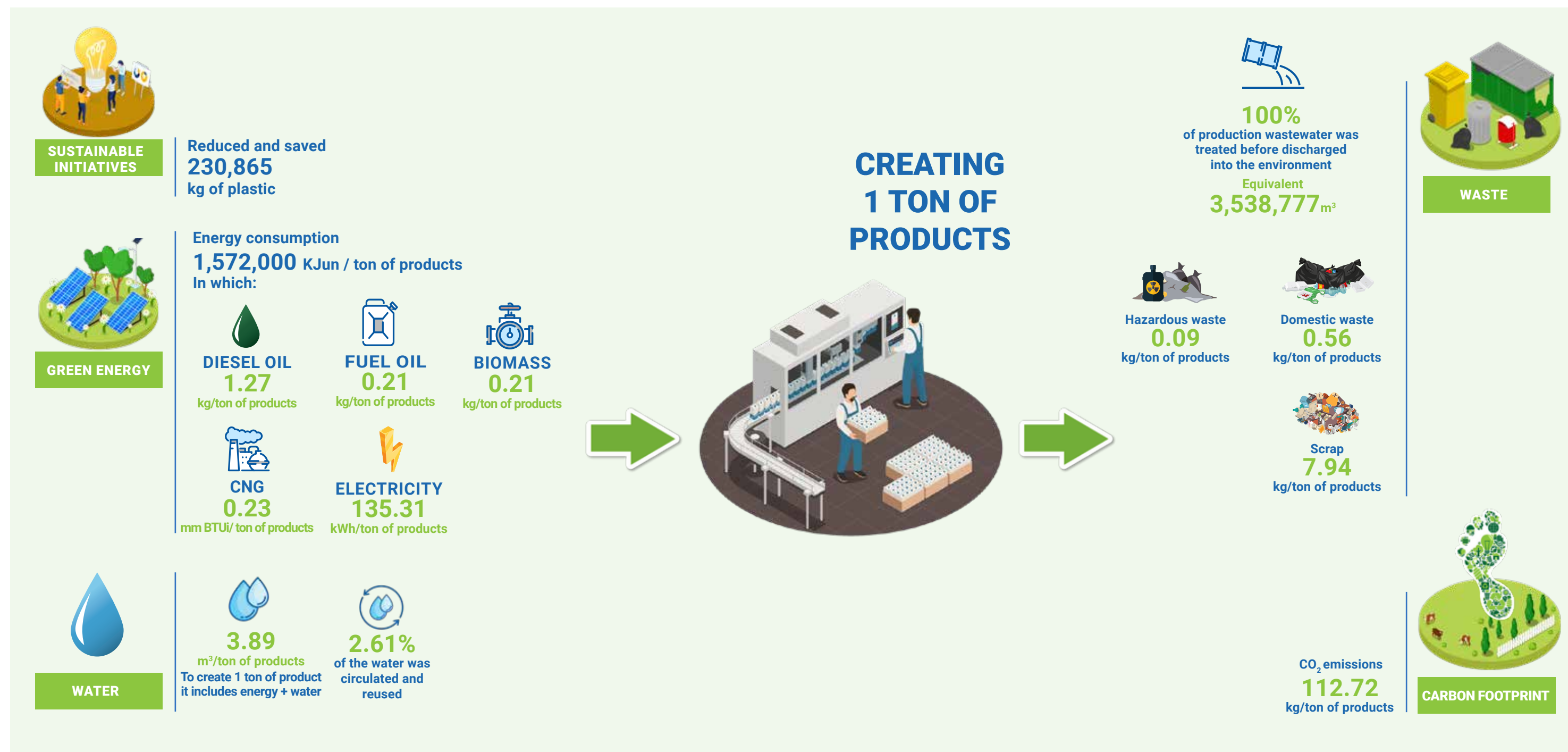
Scrap:

In 2019, there was no liquidation of trees to regenerate fields as in 2018, so the amount of scrap dropped sharply compared to 2018.

Clean production



OVERVIEW OF 2019



GREEN ENERGY

Compared to the standard used for the production of products:

- Saved electricity: 7.6%
- Saved water: 7.8%

Production technology 4.0

WATER

100% of units exploited water as per the permitted capacity

WASTE

100% of waste treatment contractors licensed

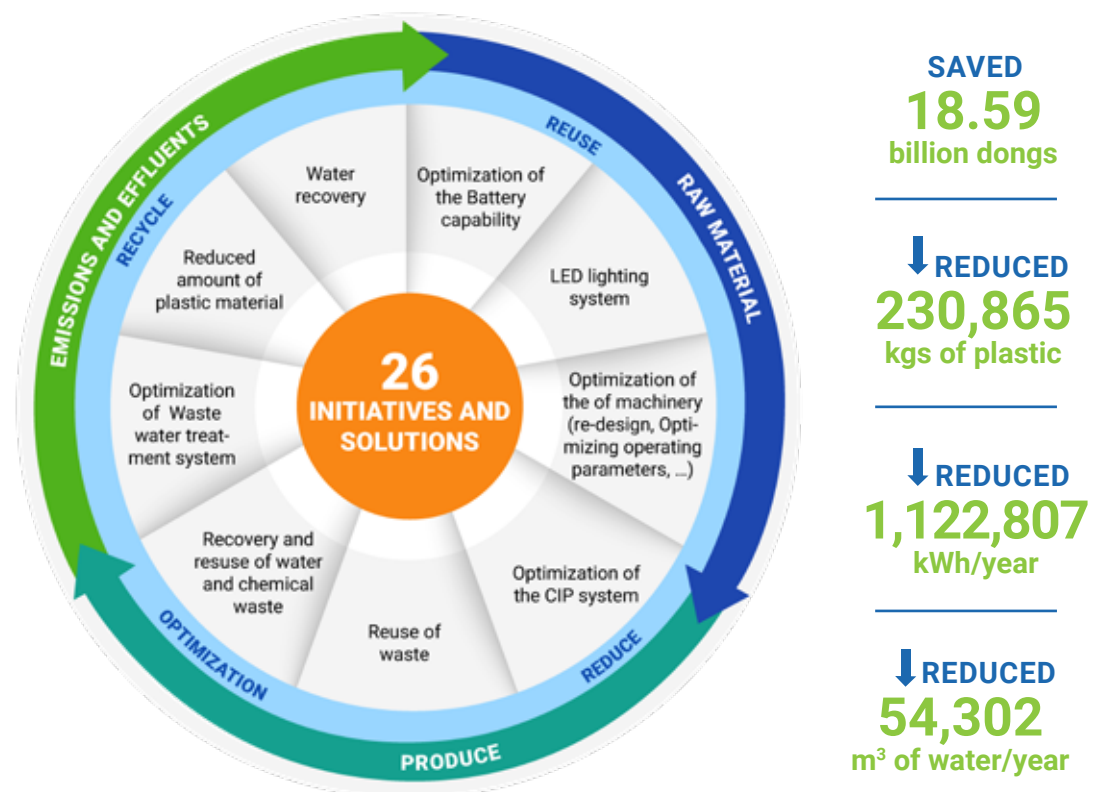
The environmental management system according to ISO 14001

CARBON FOOTPRINT

No law violations, no environmental problems

Energy management system according to ISO 50001

SUSTAINABILITY INITIATIVES



REDUCED AMOUNT OF PLASTIC MATERIAL

In 2019, Vinamilk implemented a series of programs to reduce the number of plastic materials discharged into the environment, specifically:

Reduced shrink film



Reduced lid-seal adhesives



Reduced lid labels



Reduced straws



Reduced plastic spoons



In 2020, Vinamilk will launch an environment-friendly bag program



SUSTAINABLE ENERGY

SOLAR ENERGY - THE NEW BEGINNING OF GREEN ENERGY

Green energy currently accounts for 94% of the fuel consumed by Vinamilk, in which renewable energy from Biomass for 67.6%, and clean energy from compressed natural gas (CNG) for 26.4%.

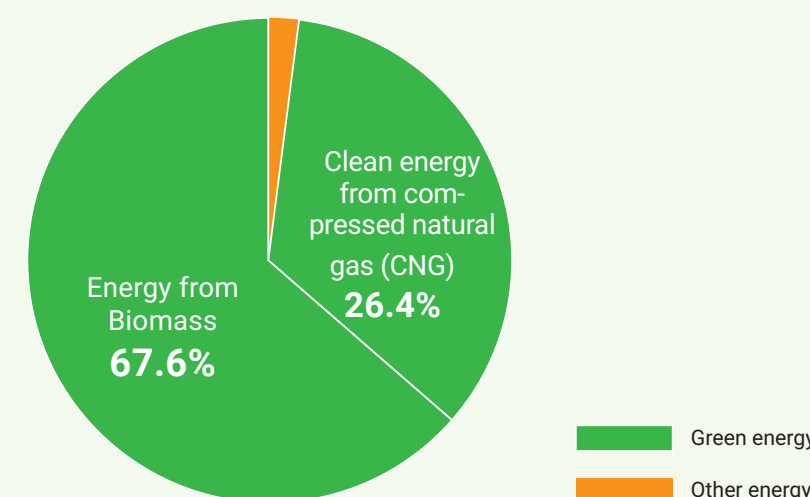
In 2019, Vinamilk marked a new beginning of green energy with a strategy to invest in solar energy systems.

Pilot programs were conducted at 4 factories in the Central and Southern regions with high solar radiation intensity and sunshine all year round and appropriate infrastructure with climate characteristics (solar radiation intensity, weather, etc.) and strict requirements on the roof structure.

The system is expected to be installed and put into use by the end of 2020, generating about 13,500 MWh/year (~23.03% of total electricity consumption of 4 plants) and contributing to reducing emissions equivalent to 12,000 tons of CO₂.

Optimize the capacity, installed roof area, power consumption capacity of the factory to avoid excess electricity

Sustainable energy at Vinamilk in 2019



4 pilot factories	Capacity (kWp)	Electricity generation (kWh/year)	Electricity consumption (kWh/year)	Satisfaction level
Total	9,379	13,501,812	58,634,876	23.03%

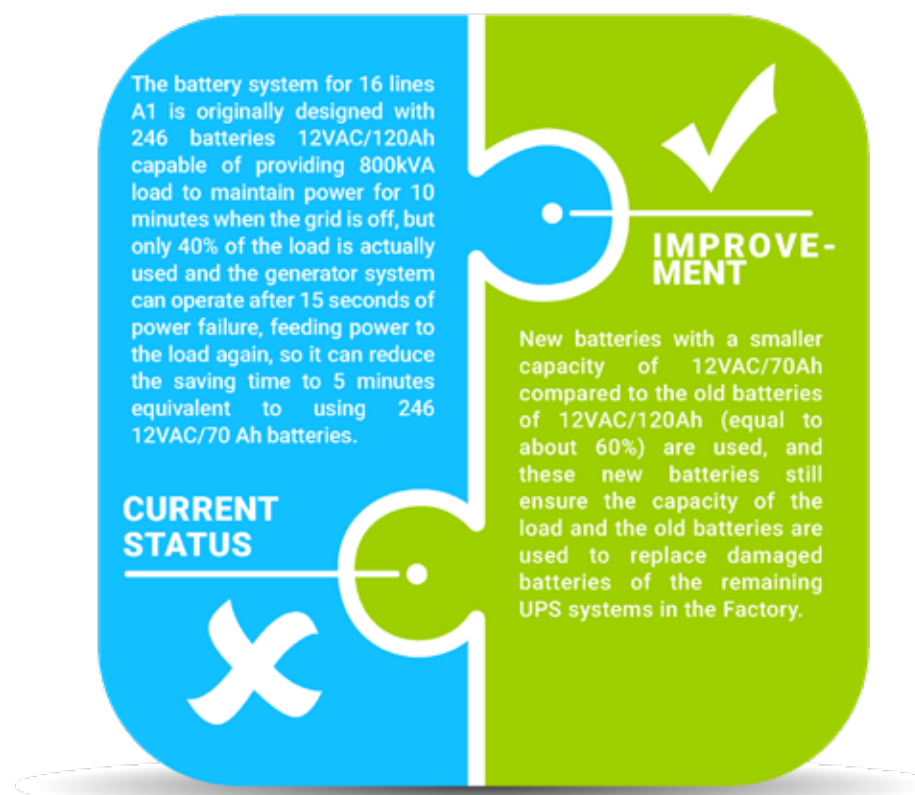
STRENGTHENING OF ENERGY MONITORING EQUIPMENT SYSTEM

Factories have recently installed energy monitoring equipment, including Can Tho Dairy Factory and Nghe An Dairy Factory.

Benefits of installing energy monitoring equipment include:

1. Complete and accurate statistics of electricity consumption at the SEU points.
2. Management by software, good support for specific, detailed, targeted reports.
3. Accurate tracking of hourly energy costs (peak, off-peak, etc.) for the whole factory.
4. Storage of the parameter history over time (Voltage, current, frequency, etc.), convenient for data retrieval.
5. Proactive control of parameters, detection and prevention of potential risks affecting the electricity system, electrical machines and equipment.

OPTIMIZATION OF THE BATTERY CAPACITY USED FOR UPS SYSTEMS WITH A1 UNITS



BENEFITS



1. Cost savings: VND 436,736,100/1 Cycle (3-4 years)

- Cost of 246 12V/120AH batteries: VND 1,170,960,000
- Cost of 246 12V/70AH batteries: VND 734,223,900



2. Reduce the number of batteries discharged to the environment after use, thereby reducing the cost of hazardous waste disposal.

- 246 12V/120AH batteries, 1 battery of 38KG → Total weight: 9,348 tons
- 246 12V/70AH batteries, 1 battery of 23.2KG → Total weight: 5,707 tons

LED LIGHTING SYSTEM



100%
of factories
using LED
lights



Saving
VND 2.8
billion/year



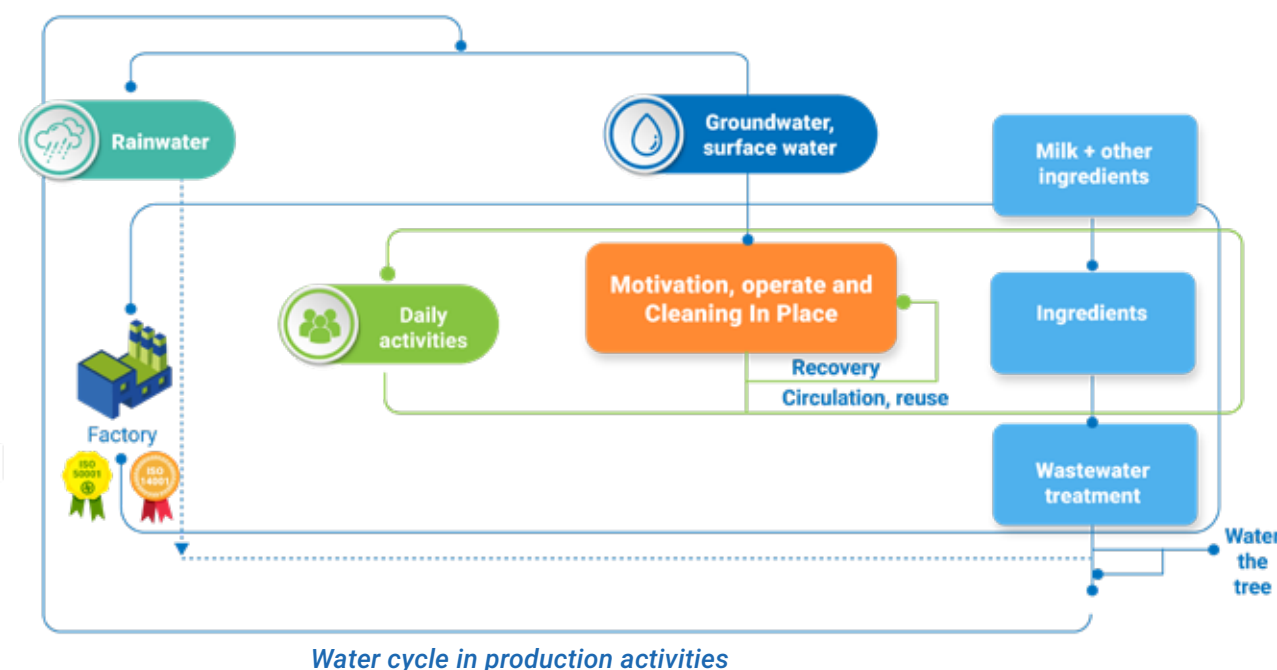
6,155
LED lights
used

In 2019, Vinamilk continued to invest VND 215 million in LED lighting systems in Tien Son, Truong Tho and Can Tho

SUSTAINABLE WATER SOURCE

In addition to responsible exploitation and use, Vinamilk has implemented many initiatives to recover and circulate water in order to optimize and use water sustainably.

2.61%
equivalent to
123,655 m³
of the water was circu-
lated and reused



OUTSTANDING INITIATIVES IN 2019

The recovery tanks, pumping and piping system was installed from the RO water treatment area to the raw tanks to recondition the RO discharge water.

Saved water resources and water usage costs:

3,200 m³
of water/year

equivalent
to

VND 85
million/year

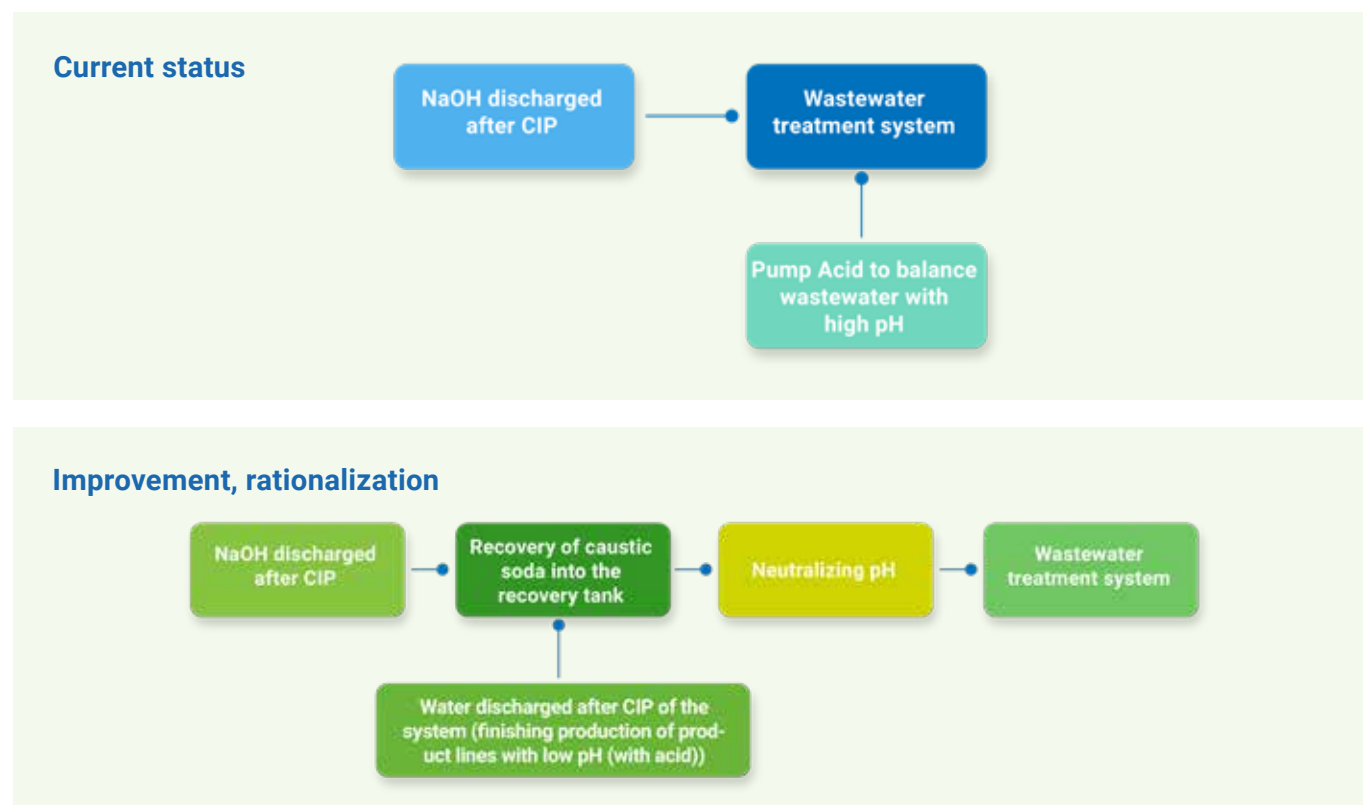


SUSTAINABLE WASTE MANAGEMENT

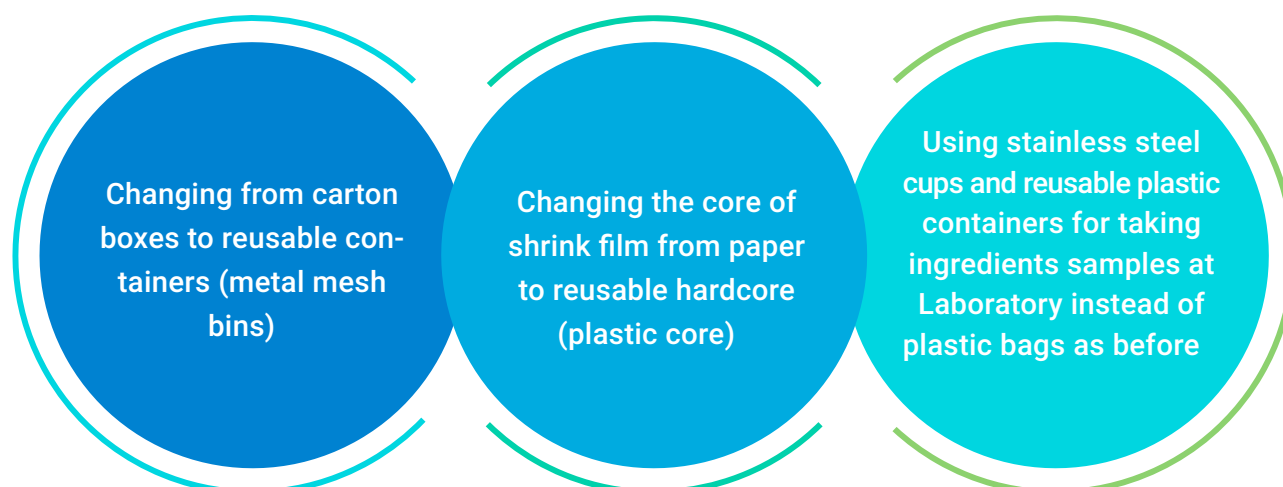
RECOVERING NaOH DISCHARGED AFTER CIP

Installed a recovery tank of NaOH discharged after CIP in order to reduce the amount of acid needed to neutralize the pH of the wastewater.

- **Saved chemicals used for wastewater treatment:** ~ 3,000 kg NaOH and ~ 3,000 kg acid H_2SO_4 (Saved caustic soda for neutralizing pH and saved acid for neutralizing caustic soda in wastewater treatment system)
- **Cost savings:** VND 23 million/year



RECYCLE AND REUSE OF WASTE

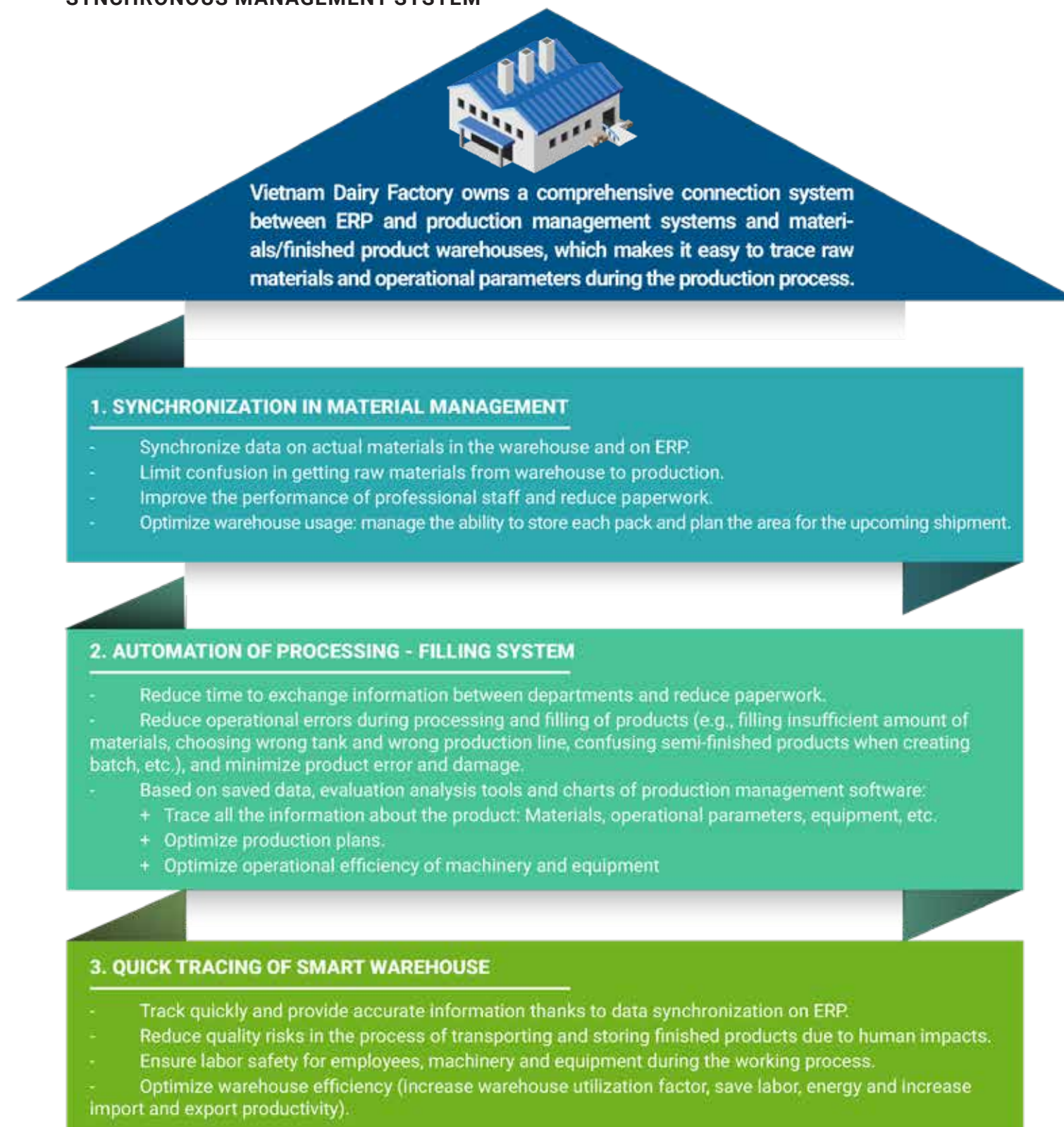


TECHNOLOGY 4.0 IN PRODUCTION

TECHNOLOGY IS THE KEY TO SUCCESS

Vinamilk constantly uses technology 4.0 to expand science and technology in production and business.

SYNCHRONOUS MANAGEMENT SYSTEM

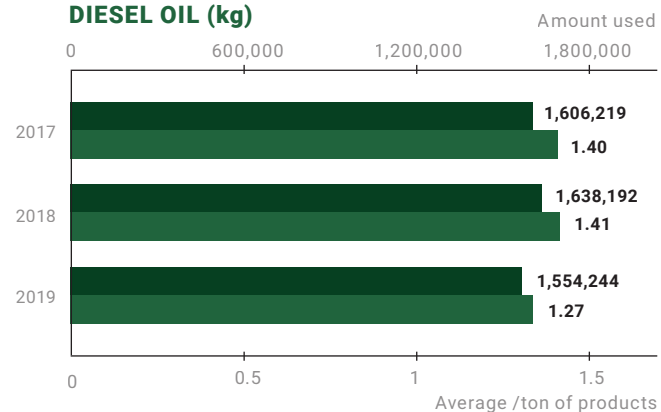


STATISTICAL FIGURES OF ENERGY-RESOURCES-EMISSIONS OF THE PRODUCTION SECTOR 2017-2019

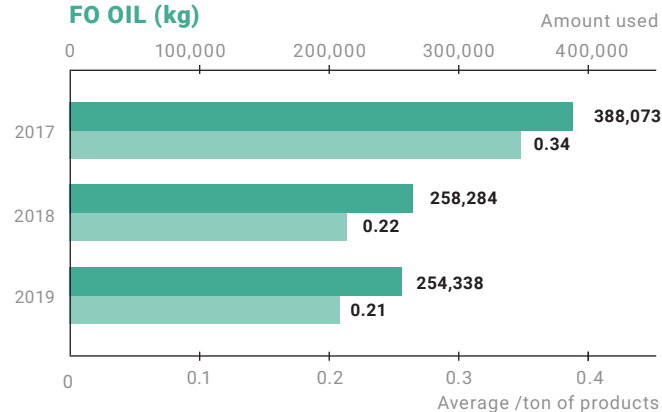
In 2019, Vinamilk continued to implement major investment items, synchronous planning of machinery and equipment and product structure planning to enhance production capacity. Simultaneously, Vinamilk implemented many initiatives, maintained stability and rationalized production, invested in green technology and adjusted the plan of changing product structure. Accordingly, total energy and water use per ton of products and emissions indicators increased slightly compared to 2018.

FUEL OIL

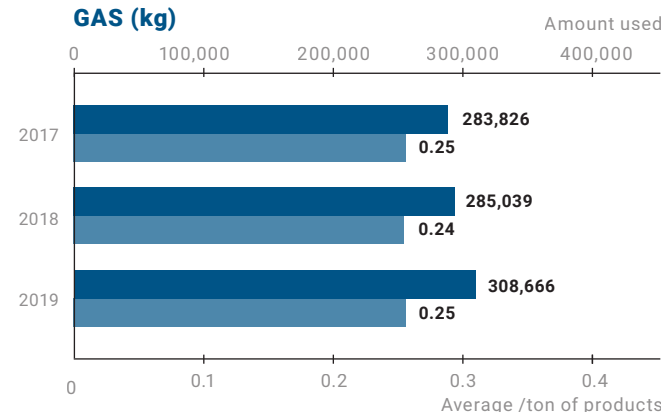
DIESEL OIL (kg)



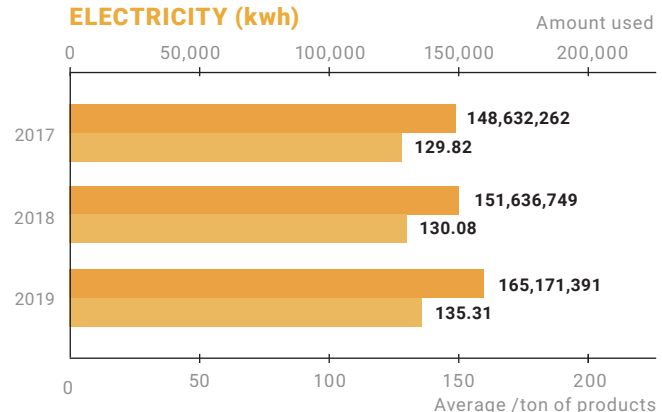
FO OIL (kg)



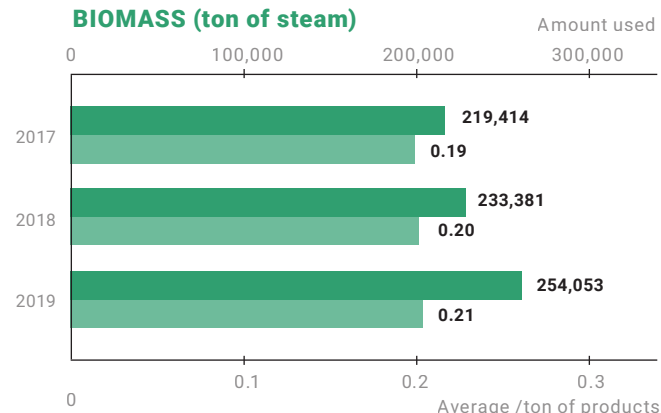
GAS (kg)



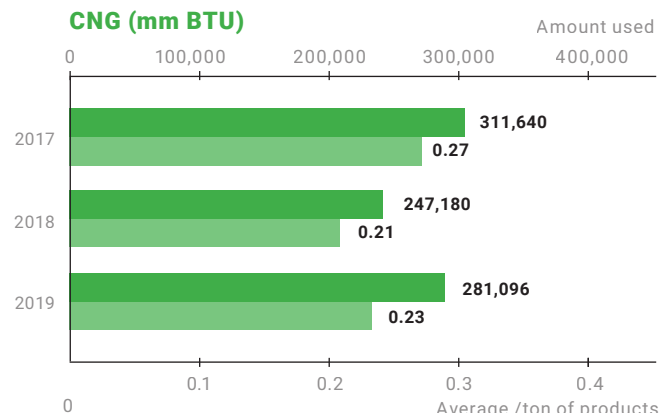
ELECTRICITY (kwh)



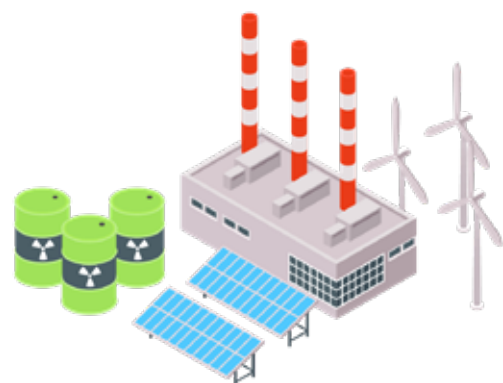
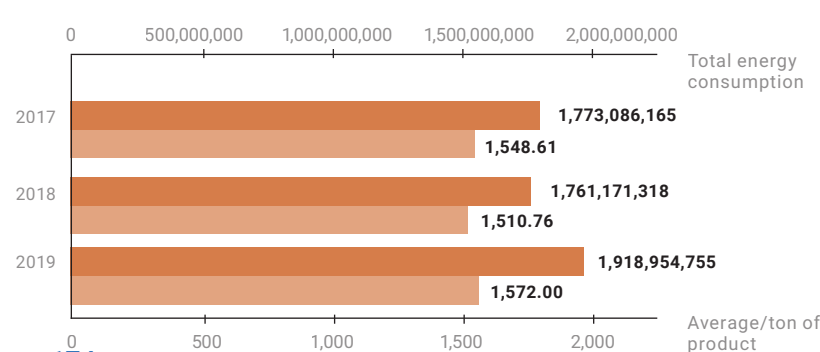
BIOMASS (ton of steam)



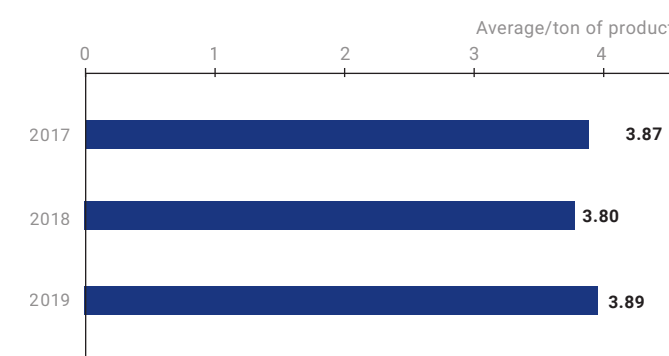
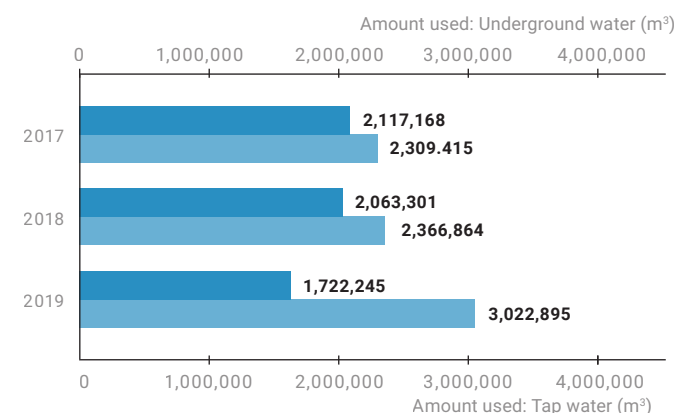
CNG (mm BTU)



TOTAL ENERGY CONSUMPTION (MJ)

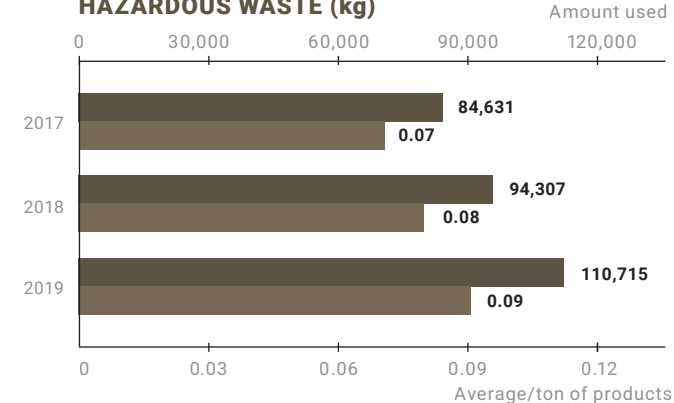


RESOURCES

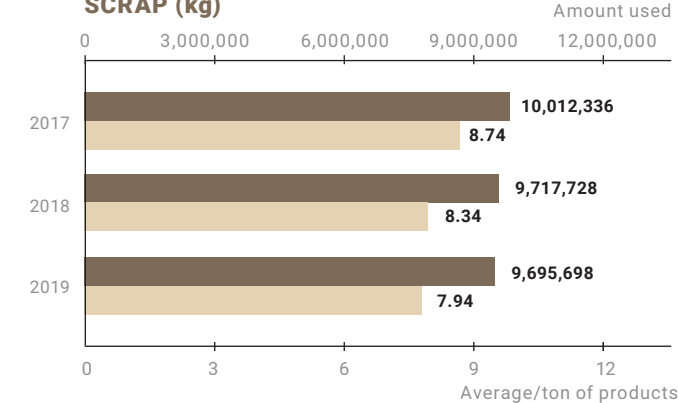


EMISSIONS

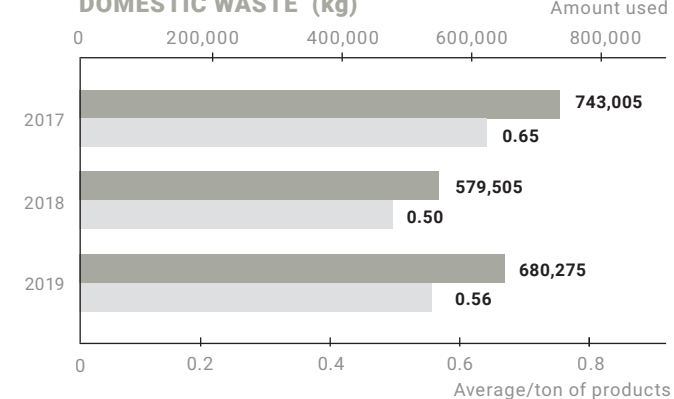
HAZARDOUS WASTE (kg)



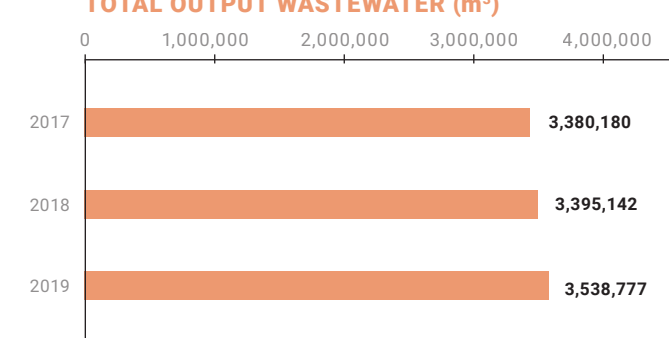
SCRAP (kg)



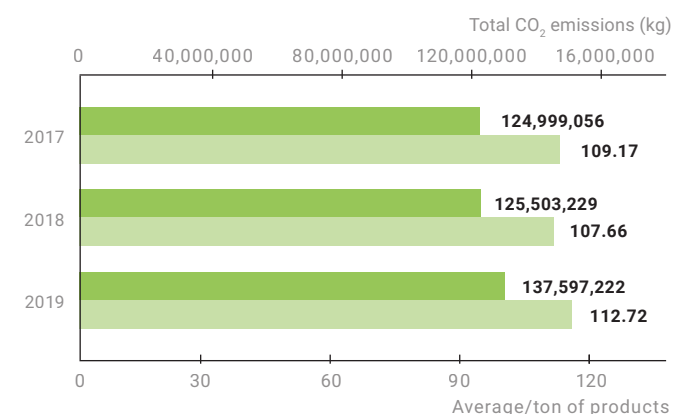
DOMESTIC WASTE (kg)



TOTAL OUTPUT WASTEWATER (m³)



CARBON FOOTPRINT



PROGRAM OF ECONOMICAL AND EFFICIENT USE OF ENERGY AT VINAMILK'S FACTORIES (PERIOD 2018 – 2022)

SPECIFIC OBJECTIVES

- The program identifies the plan for the period of 2018-2022 to achieve the goal of saving at least 1% of energy per year according to the development orientation of Vinamilk.
- Maintain and continuously improve effectively the energy management system according to ISO 50001 standard in management activities at Vinamilk's factories.
- Enhance management and raise awareness of economical and efficient use of energy for all employees of Vinamilk.
- Deploy the energy audit every 3 years for Vinamilk's factories according to current law provisions relating to economical and efficient use of energy.
- Deploy solutions for economical and efficient use of energy in the field of lighting.
- Invest, build models to apply new and renewable energy (biogas, biomass, solar energy, wind power, etc.).

PROGRAM IMPLEMENTATION SOLUTIONS

Financial solutions

The budget allocated for the programs is appropriated from cost savings in economical and efficient use of energy (included in expense account 627 of the Factories) and from the budget under the investment plan.



Investment, training and capacity building solutions

- Make selective investments in the selection of design units, testing units, energy auditors, energy management system consultants and other consulting activities.
- Invest in training and management capacity building for energy managers and managers at key energy-using units on economical and efficient use of energy.
- Invest in communication, information, propaganda and education to raise awareness about energy saving.
- Invest in building models of application of new and renewable energies (biomass, biogas, solar energy, etc.)



Scientific and technological application solutions

Find out new forms of energy, clean energy and renewable energy to deploy the application into production and business activities.



Cooperation solutions

- Strengthen cooperation with organizations and units in the field of training in order to enhance the capacity of staff working in the field of economical and efficient use of energy.
- Combine the technical assistance programs and policies of organizations on energy saving which are being implemented in Vietnam.
- Exchange and receive scientific and technological achievements in related fields.



NO.	OBJECTIVES	IMPLEMENTATION CONTENTS	IMPLEMENTATION ASSIGNMENT
1	Save at least 1% of energy per year according to the development orientation of VINAMILK.	<ul style="list-style-type: none"> • Regularly monitor the situation of economical and efficient use of energy every year at factories. • Annually evaluate the energy-saving index for production and business activities of factories. 	<ul style="list-style-type: none"> • Energy & Environment Management Board under Production Department deploys the plan. • Factories implement and report.
2	Maintain effectively the energy management system according to standard ISO 50001 for management activities at VINAMILK's factories.	Improve the model for management of economical and efficient use of energy for all factories of VINAMILK: <ul style="list-style-type: none"> • Implementation guidelines. • Improve the system of energy management documents and records. • Set up reports required by Law. 	<ul style="list-style-type: none"> • Energy & Environment Management Board under the Production Department implements system improvement activities. • Factories implement and assess.
3	Enhance management and raise awareness of economical and efficient use of energy for all employees of VINAMILK	<ul style="list-style-type: none"> • Organize training courses to improve management capacity in the field of economical and efficient use of energy for unit leaders and energy managers • Implement, guide the implementation of the provisions of law related to the economical and efficient use of energy for all factories. • Mobilize and participate in community activities and programs on energy saving associated with environmental protection, implementation of sustainable socio-economic development. 	<ul style="list-style-type: none"> • Factories implement programs. • Energy & Environment Management Board under the Production Department provides support.
4	Deploy the energy audit every 3 years for VINAMILK's factories according to current law provisions relating to economical and efficient use of energy.	<ul style="list-style-type: none"> • Perform periodic energy audits at factories. • Develop a plan to implement proposed energy-saving solutions after an energy audit. 	<ul style="list-style-type: none"> • Energy & Environment Management Board under the Production Department implements the plan. • Factories implement and report.
5	Deploy solutions for economical and efficient use of energy in the field of lighting.	<ul style="list-style-type: none"> • Develop a plan for investment in grid-connected solar panel systems for lighting. • Organize training courses on knowledge about economical and efficient use of energy for 100% of employees of units. 	<ul style="list-style-type: none"> • Energy & Environment Management Board under the Production Department implements the plan. • Factories implement solutions.
6	Invest, build models to apply new and renewable energy (biogas, biomass, solar energy, wind power, etc.).	<ul style="list-style-type: none"> • Continue to implement the plan to buy saturated steam (using fluidized bed biomass boilers) or use CNG to replace Fuel oil boilers at factories. • Develop a plan to invest in hot water systems (for processing) using solar energy. 	<ul style="list-style-type: none"> • Energy & Environment Management Board under the Production Department implements the plan. • Factories implement solutions.

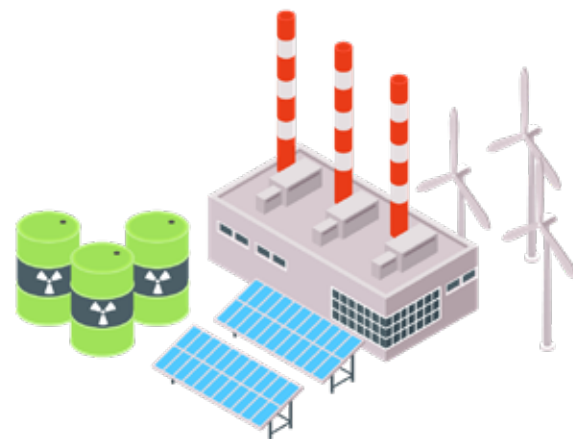
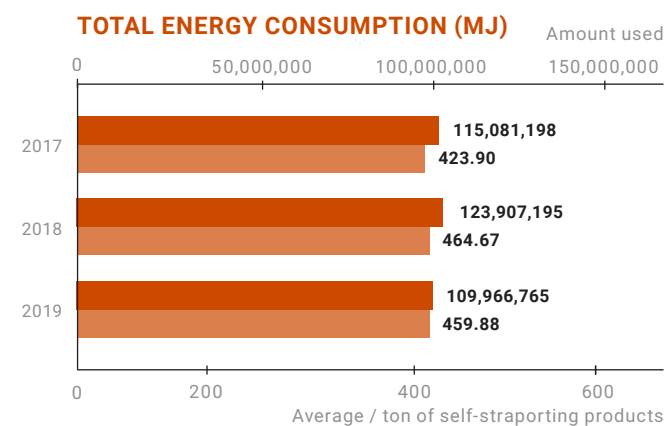
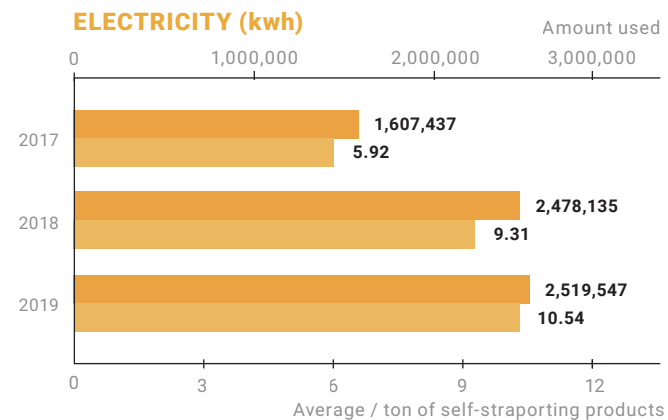
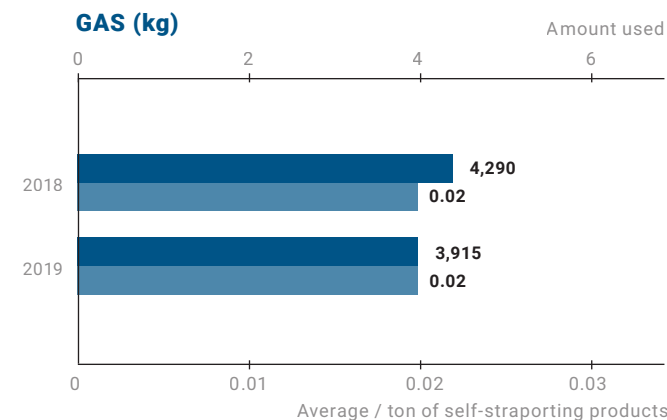
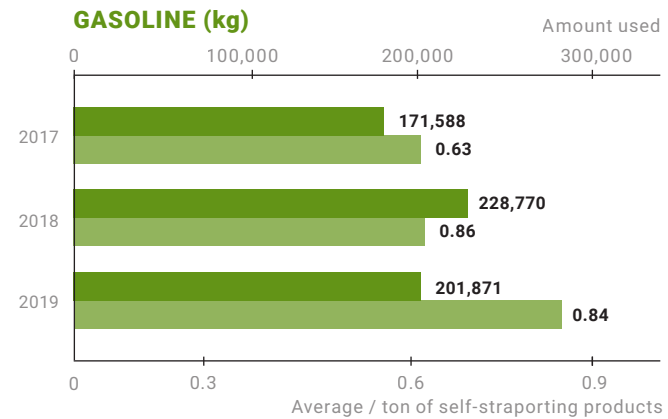
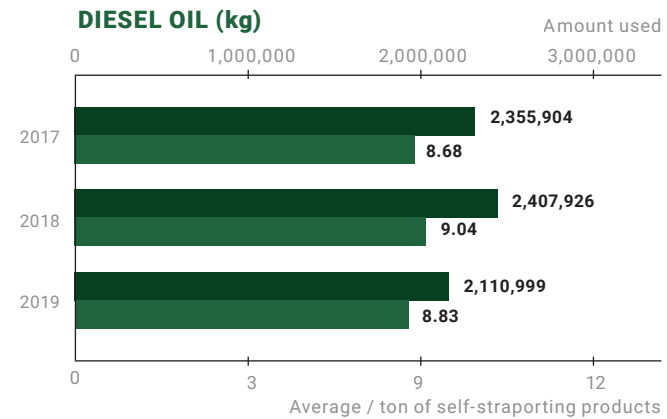
Transportation activities



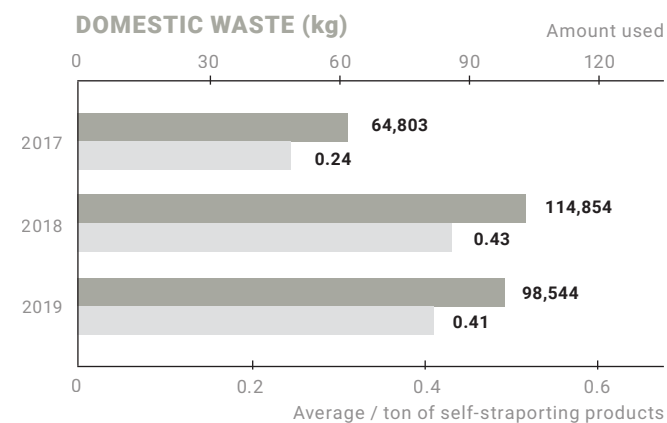
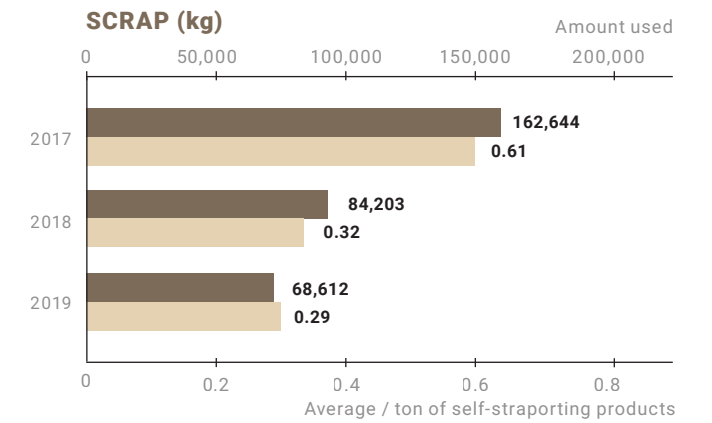
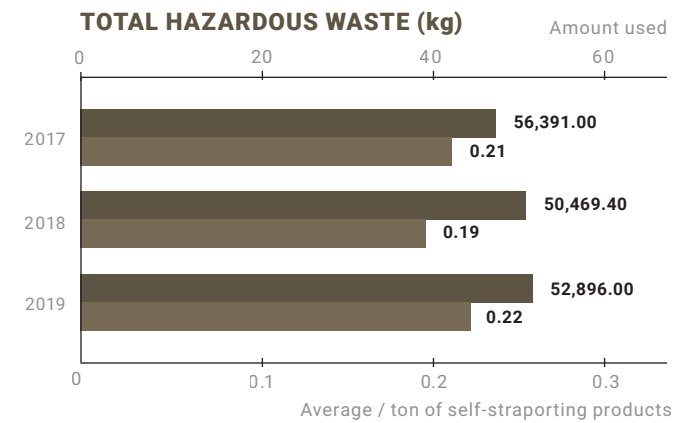
STATISTICAL FIGURES OF ENERGY-RESOURCES-EMISSIONS FOR TRANSPORTATION SECTOR 2017-2019

TRANSPORTATION OF FINISHED PRODUCTS

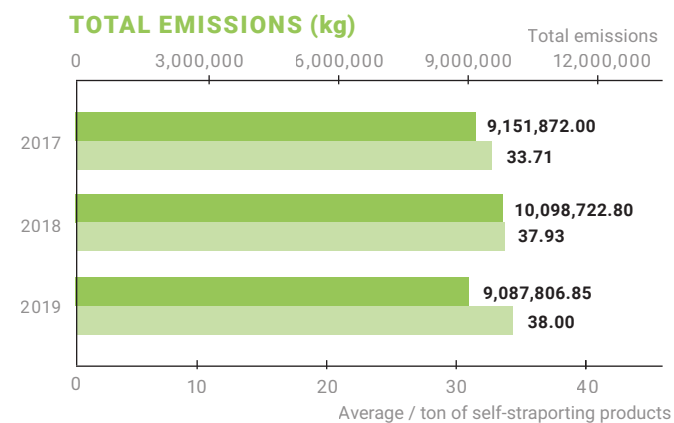
ENERGY



EMISSIONS



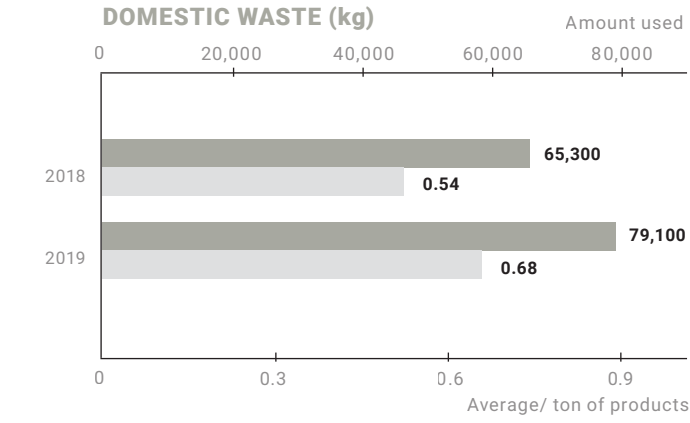
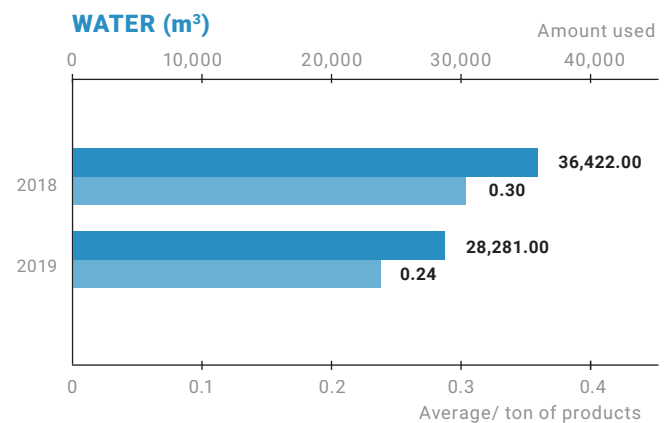
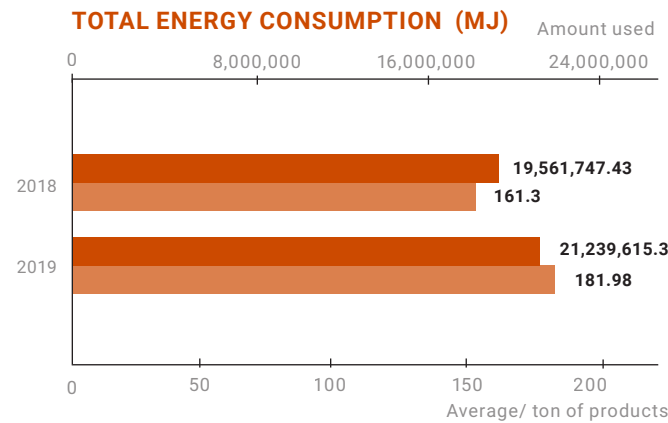
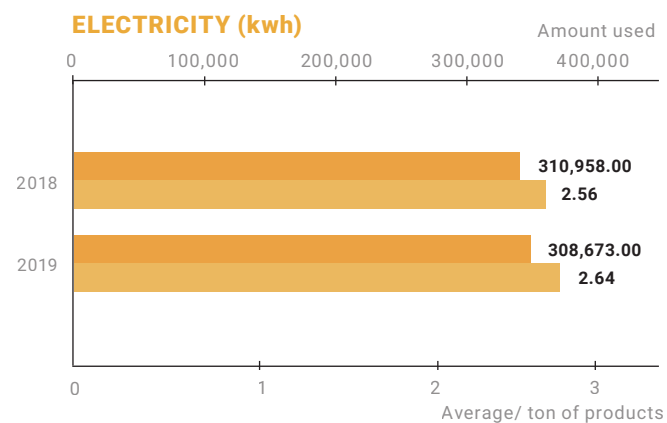
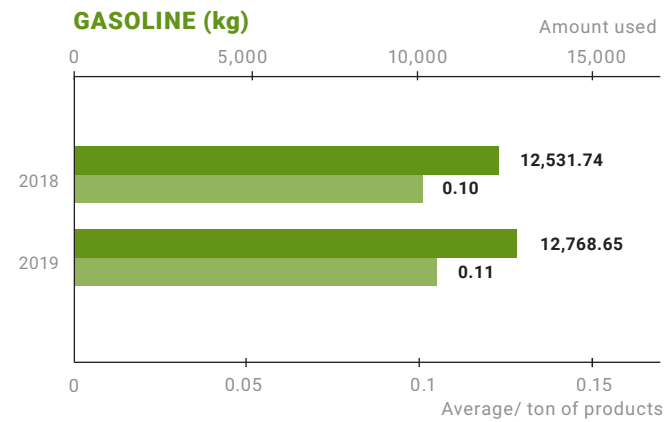
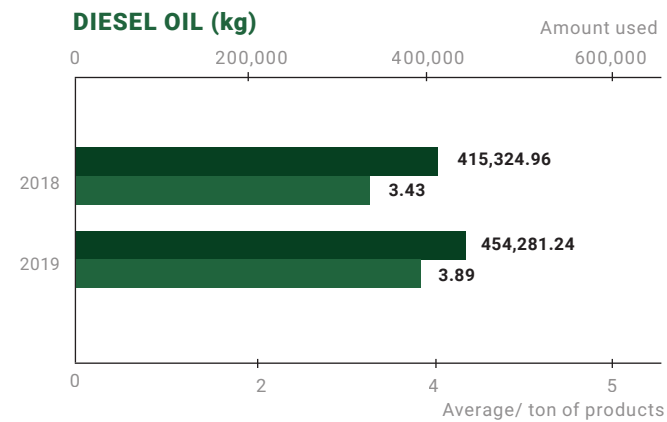
CARBON FOOTPRINT



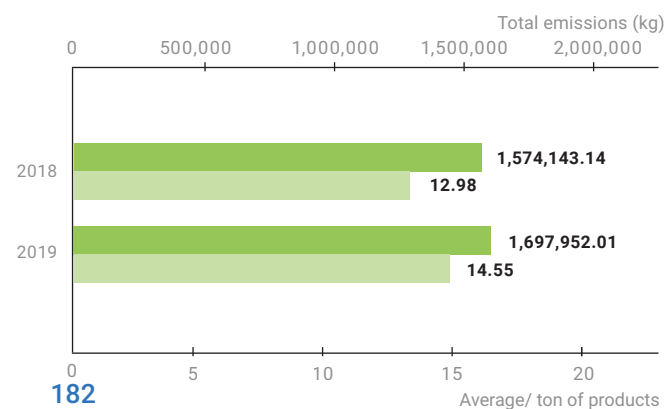
In 2019, the transportation of raw materials and finished products maintained the stability in efficient use of energy-resources. The environmental performance indicators have no significant changes compared to 2018.

STATISTICAL FIGURES OF ENERGY-RESOURCES-EMISSIONS FOR RAW MILK SUPPLY SECTOR 2017-2019

ENERGY-WATER-EMISSIONS



CARBON FOOTPRINT



Assessment of the situation of energy use - resources 2019

About energy and fuel

The transportation distance of the center increased compared to 2018 due to the increase in long-distance transport routes from the increased production plan at the Can Tho dairy factory. Increase shipping volume on routes from Vinamilk Farm, namely Tay Ninh Farm, Lam Dong Farm, ... leading to an average energy consumption per ton of milk in 2019 is higher than in 2018. In addition, the Center also strengthens direct inspection of transfer stations to ensure compliance and control of milk quality, so that the volume of gasoline increases.

About water

In 2019, the Center has installed an automatic watering system, utilize water sources to replace sand tanks to water plants so the amount of water decreases compared to 2018.

About waste and emissions

The total output of wastewater is 22,625 m³. The amount of waste is increased by a series of grass replacement and pruning activities to regenerate the greenery on the centra campus.

INITIATIVES 2019

Smart warehouse

Vinamilk has smart warehouses at Vietnam Dairy Factory, Tien Son Dairy Factory, Saigon Dairy Factory, and upcoming Binh Dinh Logistics Enterprise.

1. Maximize the space

- With traditional warehouses, the maximum height is only 5 - 7m. Beyond this limit, it is required to use forklifts to lift goods from storage location, which is very time-consuming and unsafe.
- With Automated Storage & Retrieval Systems (AS/RS) (Unitload AS/RS), floor and space area saving is up to 60%. In particular, the automated storage in Saigon Dairy Factory can save space up to 80%.

2. Flexible module design, convenient repair and maintenance

3. Inventory management and automated retrieval thanks to warehouse management software that can identify and manage optional codes.

4. Automatically retrieve and perform the delivery correctly by robot.

5. Storage, goods export, tally and inventory management implemented by warehouse management software (WMS, ERP, etc.), thereby reducing errors.

6. Automated warehouses help reduce simple labors: stowing, pushing goods, climbing, taking inventory, carrying goods, etc., thereby minimizing risks of labor accidents.

Route optimization

- In 2019, Vinamilk continued to optimize transportation routes. The route planning software was applied to manage trips of Logistics Enterprises and other transportation units, saving 1.5 hours of daily transportation for each Enterprise, while also closely managing outsourced units.
- In the future, Supply Chains activities will continue to develop and implement tracking systems integrated into the ERP of the Company in order to increase the efficiency of the delivery fleet and drivers and guarantee delivery time, product quality as well as save energy and resources.

Manage trips by
route planning software

Save

1.5
Hours/day



GRI Standards checklist

GRI STANDARDS		Sus- tainable Devel- opment Report 2019	Page
GRI Standard Number	GRI Standard Title		
GRI 102	General Disclosures		
102-1	Name of the organization	☑	9
102-3	Location of headquarters	☑	9
102-4	Location of operations	☑	9
102-5	Ownership and legal form	☑	9
102-6	Markets served	☑	15, 86, 92
102-7	Scale of the organization	☑	14-15, 18-19
102-8	Information on employees and other workers	☑	59-60
102-9	Supply chain	☑	18-21
102-10	Significant changes to the organization and its supply chain	☑	30-31, 34
102-11	Precautionary Principle or approach	☑	46
102-12	External initiatives	☑	26-31
102-13	Membership of associations	☑	117
102-14	Statement from senior decision-maker	☑	4-5
102-15	Key impacts, risks, and opportunities	☑	40-41, 46
102-16	Values, principles, standards, and norms of behavior	☑	16-17
102-17	Mechanisms for advice and concerns about ethics	☑	82
102-18	Governance structure	☑	32, 79
102-19	Delegating authority	☑	32, 79
102-20	Executive-level responsibility for economic, environmental, and social topics	☑	48-49
102-21	Consulting stakeholders on economic, environmental, and social topics	☑	36-37
102-22	Composition of the highest governance body and its committees	☑	32, 79
102-23	Chair of the highest governance body	☑	32
102-24	Nominating and selecting the highest governance body	☑	32, 79
102-25	Conflicts of interest	☑	67,82-83,101
102-26	Role of highest governance body in setting purpose, values, and strategy	☑	32-34
102-27	Collective knowledge of highest governance body	✗	Annual Report - page 113
102-28	Evaluating the highest governance body's performance	☑	4-5
102-29	Identifying and managing economic, environmental, and social impacts	☑	26-29, 40-41, 44-45
102-30	Effectiveness of risk management processes	☑	46
102-31	Review of economic, environmental, and social topics	☑	29, 38-39, 44-45
102-32	Highest governance body's role in sustainability reporting	☑	25, 74
102-33	Communicating critical concerns	☑	36-37
102-34	Nature and total number of critical concerns	☑	36-37
102-35	Remuneration policies	✗	Annual Report - page 116-117
102-36	Process for determining remuneration	✗	Annual Report - page 116-117
102-37	Stakeholders' involvement in remuneration	✗	Annual Report - page 116-117
102-38	Annual total compensation ratio	✗	
102-39	Percentage increase in annual total compensation ratio	✗	
102-40	List of stakeholder groups	☑	36-37
102-41	Collective bargaining agreements	☑	56-57
102-42	Identifying and selecting stakeholders	☑	36-37

102-43	Approach to stakeholder engagement	☑	36-37
102-44	Key topics and concerns raised	☑	36-37
102-45	Entities included in the consolidated financial statements	☑	47
102-46	Defining report content and topic Boundaries	☑	38-39
102-47	List of material topics	☑	38-39
102-48	Restatements of information	✗	
102-49	Changes in reporting	✗	
GRI 103	Management Approach		
103-1	Explanation of the material topic and its Boundary	☑	38-39, 47, 50-51
103-2	The management approach and its components	☑	30-34
103-3	Evaluation of the management approach	☑	78-83
GRI 201	Economic Performance		
201-1	Direct economic value generated and distributed	☑	76
201-2	Financial implications and other risks and opportunities due to climate change	☑	40-41
201-3	Defined benefit plan obligations and other retirement plans	☑	61
201-4	Financial assistance received from government	✗	
GRI 202	Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	☑	61
202-2	Proportion of senior management hired from the local community	✗	
GRI 203	Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	☑	94-98
203-2	Significant indirect economic impacts	☑	94-98
GRI 204	Procurement Practices		
204-1	Proportion of spending on local suppliers	✗	
GRI 205	Anti-corruption		
205-1	Operations assessed for risks related to corruption	☑	67, 82
205-2	Communication and training about anti-corruption policies and procedures	☑	97, 82, 100-102
205-3	Confirmed incidents of corruption and actions taken	☑	97, 100-102
GRI 206	Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	☑	100
GRI 301	Materials		
301-1	Materials used by weight or volume	✗	
301-2	Recycled input materials used	✗	
301-3	Reclaimed products and their packaging materials	✗	
GRI 302	Energy		
302-1	Energy consumption within the organization	☑	162-163, 174-175, 180-183
302-2	Energy consumption outside of the organization	✗	
302-3	Energy intensity	☑	162-163, 174-175, 180-183
302-4	Reduction of energy consumption	☑	166-183
302-5	Reductions in energy requirements of products and services	☑	166-183
GRI 303	Water		
303-1	Water withdrawal by source	☑	162-163, 174-175, 180-183
303-2	Water sources significantly affected by withdrawal of water	☑	162-163, 174-175, 180-183
303-3	Water recycled and reused	☑	166-167, 171
GRI 304	Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	✗	

304-2	Significant impacts of activities, products, and services on biodiversity	✗	
304-3	Habitats protected or restored	✗	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	✗	
GRI 305	Emissions		
305-1	Direct (Scope 1) GHG emissions	☑	162-163, 174-175, 180-183
305-2	Energy indirect (Scope 2) GHG emissions	☑	116
305-3	Other indirect (Scope 3) GHG emissions	☑	116
305-4	GHG emissions intensity	☑	116
305-5	Reduction of GHG emissions	☑	116
305-6	Emissions of ozone-depleting substances (ODS)	✗	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	✗	
GRI 306	Effluents and Waste		
306-1	Water discharge by quality and destination	☑	162-163, 174-175, 180-183
306-2	Waste by type and disposal method	☑	159, 160-163, 172-175, 180-183
306-3	Significant spills	✗	
306-4	Transport of hazardous waste	✗	
306-5	Water bodies affected by water discharges and/or runoff	✗	
GRI 307	Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	☑	167
GRI 308	Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	☑	114
308-2	Negative environmental impacts in the supply chain and actions taken	☑	114
GRI 401	Employment		
401-1	New employee hires and employee turnover	☑	56-67, 60
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	☑	68-69
401-3	Parental leave	☑	56-57
GRI 402	Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	✗	
GRI 403	Occupational Health and Safety		
403-1	Workers representation in formal joint management-worker health and safety committees	☑	65
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	☑	66
403-3	Workers with high incidence or high risk of diseases related to their occupation	☑	66
403-4	Health and safety topics covered in formal agreements with trade unions	☑	65-66
GRI 404	Training and Education		
404-1	Average hours of training per year per employee	☑	68-69
404-2	Programs for upgrading employee skills and transition assistance programs	☑	68-69
404-3	Percentage of employees receiving regular performance and career development reviews	☑	68-69

GRI 405	Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	☑	56-57, 59-60
405-2	Ratio of basic salary and remuneration of women to men	✗	
GRI 406	Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	☑	67
GRI 407	Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	☑	62-63, 67
GRI 408	Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	☑	67
GRI 409	Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	☑	67
GRI 410	Security Practices		
410-1	Security personnel trained in human rights policies or procedures	☑	65, 68-69
GRI 411	Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	✗	
GRI 412	Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	✗	
412-2	Employee training on human rights policies or procedures	✗	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	✗	
GRI 413	Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	☑	94-98
413-2	Operations with significant actual and potential negative impacts on local communities	✗	
GRI 414	Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	☑	114
414-2	Negative social impacts in the supply chain and actions taken	✗	
GRI 415	Public Policy		
415-1	Political contributions	☑	99
GRI 416	Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	☑	126-145
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	☑	145
GRI 417	Marketing and Labeling		
417-1	Requirements for product and service information and labeling	☑	138-139
417-2	Incidents of non-compliance concerning product and service information and labeling	☑	145
417-3	Incidents of non-compliance concerning marketing communications	☑	145
GRI 418	Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	✗	
GRI 419	Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	☑	99

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