



# Environmental, Social and Governance (ESG) Report 2015

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## Introduction

“Healthy lifestyle starts with Vinda” has always been the philosophy of Vinda for the past 30 years.

Under the core values of “Integrity, Innovation, Sustainability and Professionalism”, Vinda has been committed to offering high-quality and safe tissue and personal care products to satisfy consumers’ needs. On the other hand, Vinda believes that corporate development, the community and the environment form an indivisible whole, and hence it strives to enhance corporate governance, improve employee benefits, promote green production and engage in community works in order to fulfill its social responsibility and achieve sustainable growth.

## Integrity

“Integrity” is one of Vinda’s core values. Comprehensive systems, rules, procedures and standards are in place for a stringent control on product quality, production process, product safety, human resources, environmental protection, corporate governance, risk management and other matters, and are updated in a regular manner to ensure compliance with the relevant laws and regulations as well as integrity

in business operation.

Vinda’s internal control unit formulates, reviews and regularly updates the internal control system, code of conduct and guidelines in reference to national and local laws and regulations as well as the rules and regulations of both the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and guidelines issued by the Securities and Futures Commission. In 2015, Vinda updated the Management Measures on Contracts, Management Measures on Tendering, Management Measures on Anti-Corruption, Management System on Confidentiality, Code of Conduct for Staff, Guidelines on Internal Control and Mechanism for Information Disclosure which govern various aspects of its operation to combat malpractices including fraud, corruption, breach of confidentiality and insider trading. The internal control unit is also responsible for combating frauds and formulating the procedures for reporting malpractices. Its tasks include receiving reports on malpractices, investigation of and reporting on the cases and making recommendations on how to handle such cases.



Apart from formulating internal codes, the internal control unit conducts internal audits and risk assessments regularly on operating units and monitors the business operations to ensure sound corporate governance and prevent any behaviours that may harm the business.

## Quality

"Quality" is the cornerstone of Vinda's long-term development and credibility. Over the years, Vinda has worked hard to ensure product safety and quality by adopting management systems that meet international standards. Such efforts are proven successful in building up the brand's reputation.



All of Vinda's production bases are certified under the ISO9001 quality management system, the ISO14001 environmental management system and the ISO22000 food safety management system. While Vinda Paper (China) Company Limited, Vinda Paper (Shandong) Company Limited and Vinda North Paper (Beijing) Company Limited have obtained ISO50001 energy management system certification, the Group targets at full energy management certification for all factories progressively. The Group has also been granted the Hong Kong Safety Mark by the Hong Kong Certification Centre, in recognition of its production standards and product safety.

Vinda emphasises quality control and carries out strict inspection and quality control over the procurement of raw materials, production and distribution. All raw and auxiliary materials are subject to acceptance inspection before being warehoused for production. To monitor the production process, Vinda has introduced a range of automated equipment, which includes automatic weighing system for toilet rolls, automatic camera system, online quantitative and moisture scanners for paper machines, automatic online appearance-based detector for softpacks and online monitor for empty tissue boxes. All products need to pass the first-batch, polling and sampling inspections before proceeding to the next production stage or being warehoused.

To offer quality and safe products, Vinda relies not only on advanced inspection equipment but also the diligence of its frontline employees in performing their duties. Vinda monitors hygiene conditions of all of its factories under the 6S management standards (Sorting, Straightening, Shining, Sanitising, Sustaining and Safety) and keeps its factories clean by engaging qualified professionals to provide regular pest control services. Production workers are required to strictly follow the Sanitation Standard Operation Procedures ("SSOP"), which include requirements for regular physical examinations, hand disinfection before entering the workplace and wearing uniforms, and high standards of personal hygiene. In addition, Vinda has adopted total quality management with the establishment of a quality accountability system across all units.

In 2015, the Group maintained a 100% product pass rate in the special inspections by the local and national authorities.

In addition, Vinda has set up a customer complaint handling mechanism, which includes receiving, analysing and studying complaints and making recommendations on remedies. In 2015, the customer complaint rate, which is calculated as the number of customer complaints received for every 1,000 tons of paper products sold, of the Group's dry tissue products was 0.67 (2014: 0.59).



## Green Production, Energy Saving and Discharge Reduction

Vinda recognises that enterprise is not an individual player and can only thrive in a healthy natural environment. Therefore, it is committed to avoiding development at the expense of the environment, and has been in compliance with international and national environmental standards and implemented green production policies to raise energy efficiency and minimise both energy consumption and pollutant discharge.

### Green procurement

Wood pulp is a major raw material for Vinda's tissue production. In the process of procuring wood pulp, Vinda applies a fair procurement principle and adopts a low-carbon and green supply chain standard and the highest priority is given to suppliers who have obtained the Forest Stewardship Council ("FSC®") certification or have been recognised by the Programme for the Endorsement of Forest Certification ("PEFC"). In 2015, the Group procured its wood pulp mainly from South America and North America, and the wood pulp suppliers are certified by the FSC® or PEFC. All production bases of Vinda have obtained the internationally-accredited FSC® Chain of Custody Certification, which enables tracking of the source of the wood pulp it uses to FSC®-certified forests. By doing so, Vinda can minimise the impact of raw material procurement on forests and help maintain an ecological balance.

Chemicals are also used in the products and packaging. Vinda prefers chemical suppliers who have obtained the relevant Material Safety Data Sheet ("MSDS") to ensure that all chemical additives comply with GB9685 Hygienic Standards for Uses of Additives in Food Containers and Packaging Materials (《食品容器、包装材料用添加剂使用卫生标准》).

Furthermore, Vinda conducts annual reviews on its suppliers based on rigorous standards to ensure that they comply with environmental requirements and hygiene standards and that the ecosystem and consumers' rights to safe products are protected.

### Energy saving

Energy saving is the most important component of green production. Vinda uses natural gas and coal as the main sources of energy to supply electricity and heat. Vinda chooses energy source for each of its factories based on the available and feasible natural resources and infrastructure. For instance, the plants in Sichuan, Beijing and Guangdong have been using natural gas as the infrastructure there makes it feasible. On the other hand, Vinda uses central heating systems and central effluent treatment facilities in its plants in Jiangmen, Zhejiang and Liaoning by leveraging the economies of scale of the industrial parks where these plants are located. In plants where in-plant heating facilities are in place, such as those in Hubei and Shandong, Vinda will reduce emissions through technological adaptation and upgrade, such as replacing the iron dryers of the paper machines with steel dryers, and upgrading the steam pipes for more efficient heat supply. In addition, all of Vinda's production bases apply advanced waste gas treatment technologies, such as desulfurisation and denigration, in order to minimise air pollutants.

Vinda's energy consumption level is far below the national benchmark. In 2015, the Group's average overall energy consumption was 0.39 tons of standard coal for every ton of paper, which was far below the advanced value of 0.42 tons of standard coal for every ton of paper as imposed by the latest GB31825-2015 The Norm of Energy Consumption per Unit Product of Pulp and Paper (《製漿造紙單位產品能源消耗限額》) published on 30 June 2015 (effective from 1 July 2016).





## Discharge reduction

A three-level monitoring system has been adopted by Vinda to ensure the full compliance with national standards for different types of pollutants. Level 1: Online monitoring systems are installed at discharge outlets and are accessible by local environmental authorities for round-the-clock monitoring of pollutant discharge and real-time upload of the data through wireless signals to the databases of those authorities. Level 2: Environmental protection units are set up at the production bases to carry out routine monitoring of effluent and waste gas to keep track of pollutant discharge. Level 3: The production bases are subject to regular or random inspections by local environmental authorities.

Vinda calculates the amount of different pollutants produced in various plants according to the data released by the local environmental protection authorities, which conduct quarterly inspection on the plants' effluent discharge and gas emission levels. All of Vinda's effluent meets the national standards, i.e. GB3544-2008 Discharge Standards of Water Pollutants for Pulp and Paper Industries (《製漿造紙工業水污染物排放標準》). Some of Vinda's plants have also met the more stringent local discharge standards in Pearl River Delta, Yangtze River Delta and Beijing, Tianjin and Hebei. The plants in Shandong, Zhejiang and Liaoning have their effluent collected by, and centrally processed by the effluent treatment plants of the respective local industrial parks. Moreover, Vinda has installed monitoring devices at the discharge outlets of its factories to gauge and monitor real-time discharge level online. Effluent samples are collected every two hours to analyse the concentration of chemical oxygen demand ("COD") and suspended solids ("SS"), and the results are automatically transmitted for documentation. The discharge concentrations of all types of pollutants produced by the plants are maintained at lower than 80% of the benchmark levels. All the environmental monitoring reports have been fully documented since the commencement of operation of the factories, and are ready for inspection by the regulatory authorities.

In 2015, Vinda fully complied with the emission standards as stated in the environmental assessment report of each plant in discharging its pollutants, and it managed to reduce pollutant discharge as compared with last year. The emission of sulphur dioxide was 2.35 tons (2014: 3.02 tons) for every 10,000 tons of products. The emission of carbon dioxide was 10,160 tons (2014: 11,060 tons) per 10,000 tons of products; the chemical oxygen demand of the effluent for every 10,000 tons of products was 3.85 tons (2014: 4.84 tons); the biochemical oxygen demand ("BOD") of the effluent for every 10,000 tons of products was 0.75 tons (2014: 0.88 tons); and the suspended solids discharge per 10,000 tons of products was 1.03 tons (2014: 1.62 tons).

Vinda is dedicated to reducing water consumption and effluent discharge. A three-staged effluent treatment system, comprising shallow air flotation devices, oxygen consumption and anaerobic treatment as well as precipitation and filtering, is installed at every production base. In 2015, average water consumption was 8.78 tons (2014: 9.40 tons) per ton of paper produced, which is well below the national threshold of 30 tons as stipulated by GB/T18916.5 Water Consumption Quota — Part 5: Papermaking (《取水定額第5部分：造紙產品》). Vinda has maintained a water recycling rate of over 95%.

## Energy consumption and carbon emission of the Group

	2014	2015	Change	Upper limits of national benchmarks
Average overall energy consumption for every ton of paper (ton of standard coal)	0.41	0.39	-4.9%	0.42
Carbon dioxide emission for every ton of products (ton)	1.11	1.02	-8.1%	Nil
Average water consumption for every ton of paper (ton)	9.40	8.78	-6.6%	30
Water recycling rate (estimates)	Over 95%	Over 95%	N/A	Nil

## Pollutants discharged by the production bases of the Group

Discharge from production	Types of discharge	Discharge amount per 10,000 tons of products (tons)		
		2014	2015	Change (%)
Waste gas	Sulphur dioxide (SO <sub>2</sub> )	3.02	2.35	-22.2%
Greenhouse gas	Carbon dioxide (CO <sub>2</sub> )	11,060	10,160	-8.1%
Effluent	Suspended solids (SS)	1.62	1.03	-36.4%
Effluent	Chemical oxygen demand (COD)	4.84	3.85	-20.5%
Effluent	Biochemical oxygen demand (BOD)	0.88	0.75	-14.8%

Remark 1: All the plants meet the respective requirements set by the local environmental authorities regarding discharge concentration

Remark 2: The Group calculates the concentration of pollutants in the effluents discharged in 2015 according to the respective quarterly inspection reports of the local environmental authorities, which are expressed in mg/L:

Chemical oxygen demand (COD) in the effluents: 69.61 mg/L (national benchmark: below 80 mg/L)

Biochemical oxygen demand (BOD) in the effluents: 13.56 mg/L (national benchmark: below 50 mg/L)

Suspended solids (SS): 18.60 mg/L (national benchmark: below 50 mg/L)

Vinda complies with the ISO14001 standards in managing different types of solid waste generated from the production process. To avoid secondary pollution, qualified contractors recognised by environmental authorities are selected by tender to handle hazardous solid waste. Vinda has also installed facilities to sort, collect and store refuse at each of its production bases in order to promote recycling and reuse and minimise the impact of landfill waste on the environment.

Vinda's efforts in green production is widely recognised. In particular, five of the production plants in South China, Liaoning and Beijing have obtained clean production certificates issued by the local branches of the National Development and Reform Commission. The Group was awarded the "Hong Kong — Guangdong Cleaner Production Partner (Manufacturing)" commendation jointly by the Economic & Information Commission of Guangdong Province and the Hong Kong Special Administrative Region Government in recognition of its outstanding performance in implementing and promoting clean production. Vinda has also actively participated in the research on energy-saving initiatives and the formulation of relevant standards at national and local levels, such as the Study Report on Carbon Footprint (《碳足跡研究報告》) published by the China National Pulp and Paper Research Institute and the energy efficiency standard for the paper industry in Guangdong Province.



## Developing Talent

Vinda takes great pride in its people-oriented culture, which is partly demonstrated by its principle of an equitable, fair and open recruitment. It strives to offer equal and fair job opportunities to all qualified candidates regardless of age (no candidates under the age of 16 be eligible), nationality, race, religion, sexual orientation, gender, marital status, pregnancy, disability and political stance. Meanwhile, Vinda offers its employees reasonable remuneration and benefits and protects their legal entitlements according to the law. Vinda also provides training courses which help employees' career advancement. All these measures are aimed to fostering harmonious employment relations.

As at 31 December 2015, the Group had a total of 8,327 employees, with the ratio of men to women at 54:46. About 45% of the employees had completed tertiary education or above.

### Training

Talent is a driving force of a business's development. Vinda has been enhancing its employees' professional skills through various types of training for their long-term career advancement. Vinda not only provides trainings for frontline staff including production workers and sales staff to improve their skills, but also organises specific training courses, including training programmes for internal trainers and management trainees and apprenticeships. In 2015, Vinda also started a three-year scheme for fostering leadership and financial management capability of the talented employees in the middle management. Staff underwent 11 hours (2014: 11 hours) of training in average in 2015, which is calculated as the total number of hours of training courses x number of participants in the training sessions/total number of the Group's employees.

### Remuneration and benefits

While ensuring all staff are reasonably remunerated, Vinda also continues to improve its remuneration and benefit systems, which include the Remuneration Management System, the Performance Management System and the Benefits Management System, in order to retain talent. Its aim is to establish a fair and equitable mechanism for managing remunerations and providing performance incentives that enable employees to grow with the company. Apart from statutory remunerations, Vinda also offers meal allowances, holiday gifts and gold medals for long service. Vinda strictly complies with the labours laws and regulations of the countries in

which it operates, including the People's Republic of China's Labour Law, Labour Contract Law and the Employment Promotion Law as well as the Employment Ordinance and follows the national rules for working hours. It provides employees with paid leave in accordance with the law, offers dispatched employees and marketing employees family visit leave and reimbursement of expenses for family visits of non-local employees. Vinda also pays the salaries to its employees on time and in full, and make required contributions to the statutory social insurance, housing provident fund and personal accident insurance, in accordance with the law.

Believing in the importance of employees' physical and mental health, Vinda creates a unique "family culture" which aims to strengthen group cohesion by providing employees with an agreeable work environment. Facilities such as gymnasiums, dance rooms and libraries are available at workplaces and recreational activities including sports activities, birthday parties, parent-child activities and festive gala evenings are organised from time to time to promote a sense of belonging among employees. To protect the legal rights and interests of female employees, Vinda provides prenatal leave, breast-feeding leave, annual gynecological examinations, the Mutual Aid Safety and Health Protection Programme for Female Employees and the Employee Assistance Programme. In addition, Vinda organises activities such as outings or feasts on International Women's Day and Mother's Day, sharing sessions by outstanding female employees, and offers training for career planning.



## Safety First

Vinda spares no efforts to promote occupational health and safety by providing a safe working environment and safety equipments for the staff and ensuring that safety measures are in place in order to achieve a zero-accident workplace.

In 2015, Vinda further enhanced its Occupational Health and Safety Management System (《職業健康安全管理制》), under which a responsibility system of occupational health and safety is established for every rank of staff. It has devoted more resources in monitoring and minimising the potential occupational health and safety risk in the workplace, improving its safety equipment and facilities and maintaining insurance policies, with the ultimate aim of creating a safe workplace for its staff. Meanwhile, a production safety committee was set up and on-site safety inspections were carried out. For the purpose of increasing awareness of occupational health and safety and improving the safety skills of its staff, Vinda also organised relevant trainings for its team leaders and the middle management. It has also established a platform for sharing information on occupational health and safety.

The effective implementation of the above measures has contributed to zero casualty and fatality of the Group during the year under review, and the number of minor injuries (as defined in the Classification of Work-Related Accidents (《企業職工傷亡事故分類標準》)) decreased year-on-year by 21%. Despite a significant reduction in the number of minor injuries, Vinda believes that accidents are entirely avoidable. By enhancing stringent safety management systems, proper safety equipments and through education, Vinda targets to lower the number of accident every year and eventually attain the goal of zero accident.



## The model employer

Vinda received the “2015 Best Employer of Guangdong Province” award once again after receiving the same recognition in 2014. The awards recognised Vinda’s harmonic relationship with its employees and the way it gives high priority to employees’ interests. Assessed by a board of organisers such as the Guangdong Enterprises Confederation, enterprises receiving the award must satisfy the rigorous requirements set out in the Appraisal Indicator System for Performance of Employer Responsibilities in Guangdong Province. The award demonstrates the Group’s recognition by the public and its status as a role model in the industry.

## Serving the community

Vinda is passionate about charity. It lends a helping hand to the disadvantaged students, elderly and sick through the Vinda Charity Foundation. Vinda sets up a voluntary team and encourages its employees to serve the community by participating in community and charity works.

Vinda has further formulated the Service Charter for Young Volunteers to govern the voluntary activities and encourage more volunteers to participate in community service and visit orphans, the elderly and the disabled regularly. The total number of participants and hours of service in all activities of the Vinda volunteer team, formed in 2008, throughout 2015 were 503 and 3,409, respectively, representing a 12% and 32% increase over 2014, respectively. Vinda also encourages volunteers to take the Social Worker Occupational Level Test to improve their service ability and quality. In the year under review, 18 Vinda’s volunteers took the test while the leader of the volunteer team had passed the intermediate level test and received the social worker qualification. Another volunteer obtained the assistant social worker qualification.

The Vinda volunteer team received the Jiangmen Volunteer Service Contribution Prize and the Jiangmen Outstanding Volunteer Service Project Prize during the year under review. The Group was also awarded the Caring Company logo by The Hong Kong Council of Social Service again during the year in recognition of its continuous contributions and commitment to the community, the environment and its employees.



## Service areas and activities under the Vinda Charity Foundation in 2015 (by category)

Service Area	Particulars
Education	<ul style="list-style-type: none"> <li>Established the “Achieving a bright future through Vinda’s bursaries” program and launched the 2015 scholarship to subsidise 25 underprivileged students.</li> <li>Participated in the “Warm Spring” program and subsidised tuition and learning tools of 15 students.</li> </ul>
Elderly service	<ul style="list-style-type: none"> <li>Continued to support the operation of six “Vinda Centres — Canteen for the Elderly” in Xinhui District; visited 177 households of elderly people who are over 70 years old and living on basic social security; visited 10 elderly homes in Xinhui District during Chinese New Year; continued to give financial support to 10 elderly homes in Xinhui District to recruit caretakers and improve the living environment. The service was extended to Zhejiang where the Group sent winter necessities such as cotton blankets to 9 elderly homes.</li> <li>Hosted the “Elderly program 2015 — Double Ninth Festival Elderly Feast” and sent festive food and blessings to 389 elderly people in 10 townships and villages.</li> <li>Hosted the “Caring for the Elderly through Home Delivery” program and sent daily necessities and donations to 516 elderly people in Xinhui District who are over 80 years old and living on basic social security or over 70 years old, living on basic social security and suffering from serious illnesses.</li> </ul>
Medical care for people with serious illnesses	<ul style="list-style-type: none"> <li>Made donations to children suffering from serious illnesses; donated 5-year medical insurance policies on primary breast cancer and cervical cancer to 1,000 women in Xinhui District.</li> </ul>
Care for orphans	<ul style="list-style-type: none"> <li>Visited orphanages in Xinhui District regularly and organised outings and monthly birthday parties for the orphans.</li> <li>Cared for 60 non-institutionalised orphans in Xinhui District by organising summer and winter activities, such as Chinese New Year celebration and summer tour to the Ocean Kingdom, for them during school holidays in the year.</li> </ul>



## Services and activities participated by Vinda's volunteers in 2015 (by category)

Event	Particulars
Community participation	<ul style="list-style-type: none"> <li>19 Vinda employees in Hong Kong took part in the charity run/walk to raise fund for Lifeline Express to carry out free cataract surgery for patients in Mainland China.</li> </ul>
Tree planting	<ul style="list-style-type: none"> <li>Planted trees in Ningxia in a joint activity with SCA.</li> </ul>
Disease prevention	<ul style="list-style-type: none"> <li>Launched a hand hygiene research project with Shenzhen Center for Disease Control and Prevention and Erasmus University Rotterdam, the Netherlands, and provided <i>Tork</i> and <i>Vinda</i> wet wipes to kindergartens in Shenzhen to raise children's awareness about hygiene.</li> </ul>
Care for the elderly	<ul style="list-style-type: none"> <li>Hosted "Winter Solstice Sweet Dumplings" activity and visited 5 elderly canteens supported by Vinda on the eve of Winter Solstice to make and enjoy sweet dumplings with the elderly and share festive blessings with them.</li> </ul>
Supporting service at Intercity Railway stations on statutory holidays	<ul style="list-style-type: none"> <li>Since 2013, Vinda's volunteers have provided supporting service at Intercity Railway stations on statutory holidays to assist passengers in buying tickets and finding their ways through stations. The service has been praised by the staff of the Intercity Railway stations and the passengers. In 2015, the total number of participants and hours of service in these activities were 140 and 840, respectively.</li> </ul>
Charity bazaar	<ul style="list-style-type: none"> <li>Participated in charity bazaars organised by volunteers and charity groups to raise fund for poverty-stricken families and students. In 2015, the total number of participants and hours of service in these activities were 169 and 632, respectively.</li> </ul>
Care for orphans	<ul style="list-style-type: none"> <li>Vinda Charity Foundation organised the "Care for Orphans" program to help orphans integrate into the society. In 2015, the total number of participants and hours of service in these activities were 102 and 285, respectively.</li> </ul>

## Outlook

Throughout the past 30 years, Vinda has not only strived for sustainable development by providing quality personal hygiene products to the consumers, but also fulfilling its corporate social responsibilities. In 2016, Vinda will continue to enhance corporate governance, product quality and safety standards while strengthening environmental protection, energy saving, discharge reduction, employee training and benefits and social care, in order to achieve sustainable development and harmonious coexistence of the society, economy and environment.

