

Environmental, Social and Governance (ESG) Report 2016



商界展關懷
caringcompany²⁰¹³⁻¹⁷
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Preface

By embracing the Company motto “Healthy Lifestyle Starts with Vinda”, Vinda is committed to providing every family with quality hygiene products and services under our core principles of “Sustainability, Innovation, Professionalism and Integrity”. We believe the Company’s sustainability is closely tied with the environment, society and corporate governance, we uphold our principles by enhancing environmental protection, employee relationships, community involvement and corporate governance in order to balance the interests of all our stakeholders.



Concepts and Principles

This Environmental, Social and Governance (ESG) report discloses the environmental, social and governance initiatives and performance of our nine production bases in Mainland China (in seven legal entities¹) for the year ended on 31 December 2016 in reference to the ESG Reporting Guide issued by The Stock Exchange of Hong Kong Limited. Operation of the acquired business in Asia, which was only completed in April 2016, is not covered in this report.

The figures disclosed in this report are from our documents and records. To ensure data accuracy, we commissioned Intertek Testing Services Ltd. (Intertek), an international third-party certification issuer, to provide auditing and statistical analysis services on the environmental data.

2016 Performance

(I) Embracing eco-friendly operations

Vinda understands businesses should grow in harmony with nature. We support the energy saving initiatives of international environmental organisations to minimise our impact on nature. We impose stringent controls on procurement, production and distribution. We also develop challenging but feasible emission and waste reduction plans, such as upgrading equipment, installing natural gas boilers as well as tracking our carbon footprint.

¹ The seven legal entities are Vinda Paper (China) Company Limited (including three subsidiaries in Guangdong, Jiangmen, Xinhui), Vinda Paper (Zhejiang) Company Limited, Vinda Paper (Sichuan) Company Limited, Vinda Paper (Shandong) Company Limited, Vinda Paper (Liaoning) Company Limited, Vinda North Paper (Beijing) Company Limited, and Vinda Personal Care (China) Company Limited.

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- **Enhancing energy efficiency**

Policies and measures

The Standard GB31825-2015 “The Norm of Energy Consumption per Unit Product of Pulp and Paper” which came into effect in July 2016 was drafted by the China National Pulp & Paper Research Institute and the China Standardisation Technical Committee of Paper Making Industry and published by the Standardisation Administration of China. It proposes specific energy-saving management recommendations, requiring companies to assess their energy use periodically and apply assessment indicators in production units to establish a comprehensive accountability system. Before Standard GB31825-2015 came into effect, the Group had already put in place specific plans to implement energy management and carbon emission control systems, monitor waste water discharge and set up paper-making water reuse projects in our factories in Mainland China.

At present, we use natural gas and coal as the main sources of energy to supply electricity and heat. Vinda selects the energy source for each of its factories based on the availability and feasibility of the 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. 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 factories where in-plant heating facilities are in place, such as those in Hubei and Shandong, Vinda reduces emissions through technological adaptations and upgrades, such as replacing the iron dryers of the paper machines with steel dryers, and upgrading the steam pipes for more efficient heat supply.

Energy consumption and carbon emissions	2016	2015	Change (%)	Upper limits of national benchmarks
Average overall energy consumption for every ton of paper (ton of standard coal)	0.38	0.39	-2.6 %	0.42
Steam (10,000 tons)	65.02	65.34	-0.5%	N/A
Coal (10,000 tons of standard coal)	14.96	14.94	+0.1%	N/A
Electricity (10,000 kilowatt-hours)	62,122	56,382	+10.2%	N/A
Natural Gas (10,000 cubic metres)	2,042	1,438	+42%	N/A

In 2016, all plants met the national standards of energy use. The average overall energy consumption for every ton of paper was 0.38 tons of standard coal, representing a decrease from 0.39 tons of standard coal in 2015, lower than the upper limit of the national benchmark, 0.42 tons of standard coal for every ton of paper under “The Norm of Energy Consumption per Unit Product of Pulp and Paper.”

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In terms of energy consumption, although our designed production capacity increased by 90,000 tons during the year, consumption of steam decreased by 0.5% year-on-year, consumption of coal slightly increased by 0.1%, while the consumption of electricity was still within a reasonable range. This indicated that the Group used energy more efficiently. The consumption of natural gas increased significantly, primarily due to the Group's gradual replacement of coal-fired boilers with natural-gas boilers. Vinda will closely monitor our energy consumption in all production lines, and collect and analyse the data from machines in operation or in idle mode to formulate specific energy-saving schemes.

Treatment of waste gas and solid waste

Emissions from production base	Types of pollutants	Amount of discharge per 10,000 tons of products (tons)		Change	Emission ceiling
		2016	2015		
Waste gas	Sulfur dioxide (SO ₂)	1.54	2.35	-34.5%	Ceiling as determined by local environmental authorities

All plants employed advanced de-sulfurisation and de-nitrification technologies for waste gas treatment to reduce the amount of sulfur and nitrogen compounds in our waste gas. A three-tier monitoring management system is used to monitor the operations of our plants. We also regularly check the waste gas emissions to ensure that the emissions must be lower than national emission standards such as GB13271-2001 Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boilers and GB3095-2012 Ambient Air Quality Standards. In 2016, sulfur dioxide emissions per 10,000 tons of product decreased by 34.5% to 1.54 tons (2015: 2.35 tons), and the emission concentration was maintained at below 80% of the benchmark levels determined by local environmental authorities.

Carbon dioxide emissions per 10,000 tons of product reached 14,378 tons (2015: 10,160 tons). This substantial increase over the last year was mainly due to an extended coverage method used in assessing greenhouse gas emissions during the year, which includes the calculation of direct greenhouse gas emissions ("Area I") and energy indirect greenhouse gas emissions ("Area II"), while the report for last year only covered the data of Area I. In addition, Intertek adopted an alternative electricity conversion coefficient for the calculation of coal emissions from various regions. This method is more accurate than the Group's previous calculation method of adopting the electricity conversion coefficient of Beijing.

Regarding solid waste treatment, we aim to avoid secondary pollution by regulating and outlining the handling procedures of both hazardous and non-hazardous waste. Hazardous waste is handled by professional contractors licensed by the environmental authorities, while non-hazardous waste is handled by eligible contractors selected through tendering.

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- **Save Water**

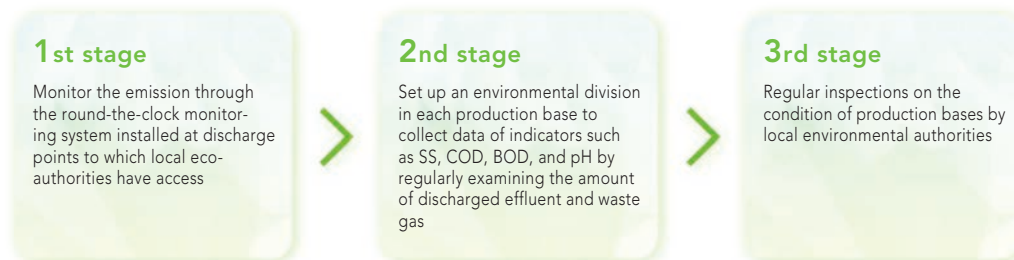
Vinda aims to reduce water use in all production processes and minimise the waste water discharge. Water recycling systems and devices for shallow air flotation, fiber ball and disc filtration systems have been installed in all our production bases to recycle the filtered water used in production. After waste water undergoes oxygenation, anaerobic treatment and stratified filtration, it is either used for greening, cleaning, or is discharged through the municipal sewer system.

	2016	2015	Change	Upper limits of national benchmarks
Average water consumption for every ton of paper (ton)	8.28	8.78	-5.7%	30
Water recycling rate (estimates)	over 95%	over 95%	–	N/A

In 2016, the average water consumption for every ton of paper was 8.28 tons, a drop of 5.7% from the previous year's 8.78 tons. This is significantly lower than the national quota of 30 tons of water consumption for every ton of product, as stipulated in GB/T18916.5 "Water Consumption Quota — Part 5: Paper-making". The water recycling rate was maintained at over 95%.

Proper sewage treatment

We make every effort to improve effluent treatment. All production bases are equipped with three-tier effluent treatment facilities, including those for shallow air flotation and oxygen-consuming anaerobic biochemical treatment.



Pollutant concentration of production bases

Discharge from production	Types of pollutants	Average annual concentration (milligrams per litre)		Change	National benchmarks
		2016	2015		
Effluent	Suspended solids (SS)	15.33	18.60	-17.6%	50
Effluent	Chemical oxygen demand (COD)	65.86	69.61	-5.4%	80
Effluent	Biochemical oxygen demand (BOD)	10.88	13.56	-19.8%	50

Remark: All figures above are calculated based upon real-time data.

In 2016, all the pollutant concentration indicators in the effluent discharged met Discharge Standard of Water Pollutants for Pulp and Paper Industry as well as the corresponding standards set by local environmental authorities. The concentration of suspended solids (SS) in effluent decreased by 17.6% year-on-year to 15.33 milligrams per litre (mg/L); that of chemical oxygen demand (COD) dropped by 5.4% year-on-year to 65.86 mg/L; and that of biochemical oxygen demand (BOD) declined by 19.8% year-on-year to 10.88 mg/L.

(II) Building an excellent team

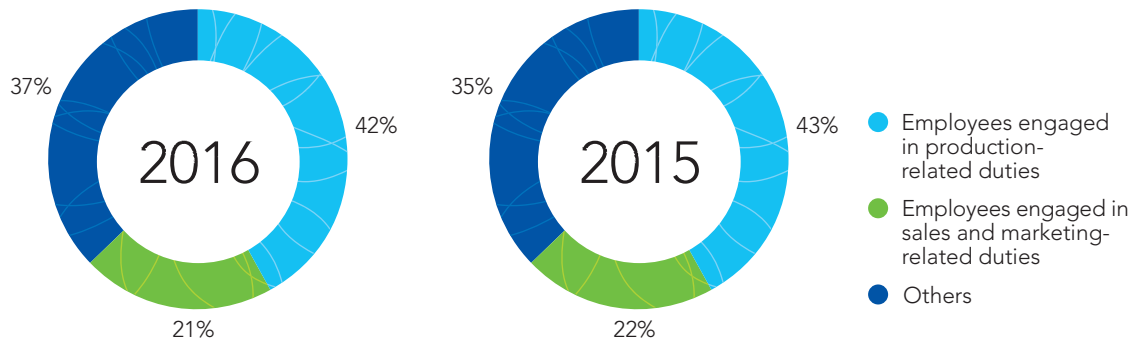
People are the core driver of an enterprise's development. We fully comply with the national laws and regulations regarding recruitment, protection of employees' rights and the workplace. We promise to provide fair and equal opportunities in employment and development. Throughout the year, Vinda received various awards such as the "2016 Best Employer of Guangdong Province", the "Home of Model Workers in Hubei Province", the "Model Enterprise of Harmonious Employment Relations in Laiwu" and the "Enterprise of Harmonious Employment Relations in Quzhou". Vinda was also awarded the Caring Company Logo by The Hong Kong Council of Social Service for four consecutive years.

Vinda Group	2016	2015
Number of employees in Mainland China, Hong Kong and other regions in Asia	11,257	8,327
Turnover rate	16.0%	19.0%

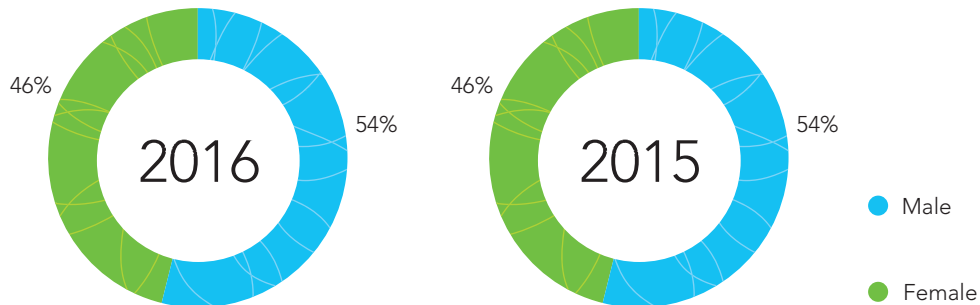
Remark

- The substantial increase in the total number of employees was mainly due to the Group's acquisition in the Asia-Pacific region in April 2016.

Employee Composition by Nature of Work



Employee Composition by Gender



- Employment**

Fair recruitment

We recruit staff based on a fair, open and impartial principle to ensure the recruitment and selection process is objective and consistent. We only take into account an individual's competence, regardless of the age (no recruitment of minors under the age of 16), nationality, race, religion, gender, sexual orientation, marital status, pregnancy, disability or political stance. This process avoids any employment discrimination and offers equal employment opportunities to all candidates.

Employment and benefits

We stringently comply with all national and local laws, such as the Labor Law, Labor Contract Law and Employment Promotion Law of the People's Republic of China. We legally abide by labour policies and eliminate any malpractice such as the use of child labour or forced-labour workers.

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We have developed various rules and regulations such as management systems for remuneration, performance and benefits. These serve to set a standard for payroll, leave, social insurance, housing provident fund, accident insurance and distribution of benefits.

Furthermore, we fully comply with the Law on the Protection of Women's Rights and the Rules on the Labor Protection of Female Employees. Along with prenatal leave, breast-feeding leave, annual gynecological examinations, we also organise activities including outings or feasts on International Women's Day and Mother's Day, and career planning for interested employees.

Corporate culture

Vinda believes that a harmonious and loving work environment is vital to creating a sense of belonging and enhancing work performance. Employees have access to gymnasiums, dance studios and libraries all within the workplace. Recreational activities such as sports days, birthday parties, festival gala and parenting recreation days are held on a regular basis. We even pay for home visits and offer living subsidies to employees in need.

- **Safety first**

Vinda strives to eliminate potential health and safety hazards by placing an emphasis on occupational safety. With our "zero-accidents" goal, we regularly review the compliance of safety measures in reference to Work Safety Law of the People's Republic of China and Administrative Measures for Work Safety Training and improve the Occupation Health and Safety Management Systems and the Safety Feedback Mechanisms. An external technical advisory body has also been engaged to advise the company on the environment, health and safety (EHS) policies.

Safe production

We have set up production safety committees to periodically perform inspections. We also have a work safety evaluation mechanism to assess performance and review the effectiveness of measures. In 2016, we carried out a total of 323 safety inspections.





Employee safety and health

We strengthened the safety management by identifying potential risks, offering training in operational safety and providing protection equipment. Workshop workers were provided with safety earplugs, dust masks, dust-proof work uniforms, insulated shoes and gloves. Noise-reduction and dust-removal devices were also installed on the main equipment. Training was held regularly to ensure employees operate machines properly and safely. Furthermore, regular body checks were carried out and safety-related incidents were investigated thoroughly.

In 2016, 83 safety seminars were held with a total of 34,373 participants. No fatal industrial incidents occurred during the year and the number of industrial injuries due to production dropped by 38.5%.

- **Development and training**

Vinda offers employees target-oriented and systematic training. All employees are able to develop their skills via face-to-face tutoring, self-learning and reading, on-the-job practice and e-learning.

We offer training for new recruits including mentoring and a rotating internship programme. We also raise our employees' understanding of and competence in various departments and positions through various events such as the Spark Scheme and Capability Rebalancing Project. Our employees can also update their expertise via our e-learning platform.

In 2016, 103,201 hours of training in total were provided to 54,585 participants of the Group. Employees received 15.4 hours of training on average during the year, an increase of 4.4 hours compared with 11 hours last year.

(III) Managing accountability in a comprehensive way

- **Code of conduct**

During the year, Vinda strengthened corporate governance by introducing a new Code of Conduct applicable to all employees. The code summarises all key internal policies in a simple and straightforward way and provides a comprehensive guide to our mode of operations, occupational health and safety, employment relationship, individual rights, environmental protection and community. As of the end of December 2016, 98% of the employees had received training in the new code.

- **Green supply chain**

A sound supply chain management system helps ensure product quality and safety, which is crucial to safeguarding the reputation of an enterprise. We engage and manage suppliers and carry out green production in strict compliance with the Measures Governing Contracts, Guidelines on Internal Control and Measures Governing Tender Invitations.

Wood-pulp procurement

The wood pulp used by Vinda is mainly sourced from northern Europe, South and North America. We uphold the principle of equity in selecting suppliers and give priority to sourcing raw materials which have obtained the Forest Stewardship Council (FSC®) certification or have been recognized by the Programme for the Endorsement of Forest Certification (PEFC). In 2016, all the wood pulp we sourced was environmentally certified. All production bases in Mainland China obtained the internationally accredited FSC® Chain of Custody Certification which enables tracing the origin of the wood pulp it uses to FSC® certified forests.

Chemicals procurement

Vinda prefers chemicals suppliers who can provide the Material Safety Data Sheet (MSDS). MSDS is a comprehensive legal document provided by chemicals producers or sales enterprises to customers as required by law. It primarily contains 16 items covering the features of chemicals, properties of blasting, hazards to health, safe use and storage, disposal of spills, emergency measures as well as relevant laws and regulations. Vinda is able to ensure that all chemical additives provided by our suppliers are in compliance with the GB9685 "Hygienic Standards for Uses of Additives in Food Containers and Packaging Materials" so as to ensure the product quality. In 2016, all our chemicals suppliers obtained MSDS certificates.

- **Improvement of product and service quality**

Quality first

All production bases have obtained the ISO14001 Environmental Management System, ISO9001 Quality Management System and ISO22000 Food Safety Management System certifications. Our subsidiaries, Vinda Paper (China) Company Limited, Vinda Paper (Shandong) Company Limited and Vinda North Paper (Beijing) Company Limited have obtained ISO50001 Energy Management System certifications, while the other remaining factories will be gradually acquiring energy management system certifications.



We enforce the 6S management measures (Sorting, Straightening, Shining, Sanitising, Sustaining and Safety) to monitor the hygiene conditions in each plant. We have developed a three-tier quality monitoring mechanism, which covers the procedures for managing the inspection of incoming goods, the procedures for managing process inspection and the procedures for managing final checks. For example, after wood pulp is delivered to our plants, it undergoes

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tests for moisture content and yellowing index. In the production process, the values of the quantity, stiffness, softness and whiteness of the rolled paper are measured. Finally, the external packaging quality, microbiological content and fluorescence level are tested before the finished products are stored in warehouses.

In 2016, our products passed the sampling inspections by local and national authorities, maintaining a 100% passing rate for 15 consecutive years.

Product recall and complaint handling

To improve the quality and efficiency of our after-sales customer service, we have developed customer complaint handling procedures, including procedures for handling customers' comments, compensation and returned products.

Upon receiving any complaint from customers, we investigate and identify the cause and take remedial measures. If the product is to be recalled due to special circumstances, we will promptly make a recall announcement for the defective product in accordance with the "Notice and Recall Control Procedures". No recall actions due to safety and health issues were taken by the Group in 2016.

A total of 507 complaints (2015: 592) were received, primarily about the packaging of our products. The complaint rate for dry tissue paper products, calculated based on the number of complaints received for every 1,000 tons of tissue products sold, was 0.50 (2015: 0.67).

- **Corporate Governance and Anti-corruption**

Vinda adopts a zero-tolerance attitude towards corrupt business practices. Our 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. We regularly update 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 fraud and formulating the procedures for reporting malpractice. Its tasks include receiving reports on malpractice, 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 of the Group to ensure sound corporate governance and prevent any behaviour that may harm the business.

During the year, we revised and improved the Measures Governing Anti-Corruption by setting up a report hotline and mail box. We also provide our staff with training in anti-corruption and occupational ethics and periodically update the internal management policies, procedures and guidelines for enhancing risk management.

We received the Directors of the Year Awards 2016 under the categories of “Listed Companies (SEHK – Non-Hang Seng Indexes Constituents) Boards” and “Excellence in Board Diversity” in recognition of Vinda’s notable corporate governance and sound internal control as well as the diversity in culture, knowledge and experience of our Directors.

- **Privacy protection**

Our code of conduct clearly stipulates our practices on handling personal information of our customers, employees and third parties. Personal information is collected and handled in accordance with privacy laws and by fair and lawful means to ensure they are not accidentally accessed, processed, erased, lost or used without authorization. The confidential information of our employees is kept safe and may not be revealed to any personnel unless required by law.

(IV) **Contributing to society**

Vinda supports charitable causes and plays an active role in fulfilling our responsibilities as a corporate citizen. We also encourage and support all employees to participate in community services and charitable activities as contributions to society.

- **Conducting studies on family relationships**

For three consecutive years, we have conducted studies on the theme of family situations, partnering with the Chinese Academy of Social Sciences Institute of Population and Labor Economics and website Baby Tree. In October 2016 we published the “Vinda 2016 Report on the Parent-child Relationship of National Families”, which is the first report about “two-child families” in China that examines the changes in and features of Chinese family dynamics since the implementation of the two-child policy.



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- **Charitable causes**

Vinda supports and encourages our employees to participate in volunteer activities. The Vinda Volunteer Team is one way to contribute to the society with practical action. Vinda's "Service Charter for Young Volunteers" regulates volunteer activities, under which volunteers are encouraged to participate in community services and charitable activities. During the year, 3,888 hours of community service were provided by the team, an increase of 479 hours from 2015 (3,409 hours). A total of 771 participants attended the activities during the year, an increase of 268 participants from 503 participants in 2015.

A total of 135 voluntary workers also participated in three charity sales events in 2016. All the raised funds were used in education aid activities. For four consecutive years, the team has hosted activities including Shopping Fun in Supermarket, Celebration of Children's Day on 1st June, and Barbecue with Fun at the welfare home for children in Xinhui.

The team has been providing support services at Xinhui Railway Station on statutory holidays since 2013 to ease passenger traffic and assist those in need at the Xinhui Railway Station, Jiangmen. This activity was awarded the 2016 Best Volunteer Project in Guangdong Province.

We offer assistance to underprivileged students, the elderly and critically ill patients through the Vinda Charity Foundation. The foundation has helped to improve the living environment of senior care centres through the donation of supplies and money. Our volunteer projects included cleaning services, party gatherings, performance activities and film shows. We also built six new service centres in Xinhui to provide whole day free meals to the elderly under the Five-Guarantees System or with low guarantees. During the year, approximately 104,198 meals were served in total. In terms of education aids, the foundation has provided finance assistance to 39 university students for three consecutive years as well as 15 high school students during the year, two of whom are orphans, eight are from families receiving the minimum living guarantee, and five are from families in severe poverty. Vinda continued the "Save the Heart" programme to offer assistance to congenital or rheumatic heart disease patients from families with financial difficulties, along with insurance coverage for cervical or breast cancer for women from single-parent families or families receiving the minimum living guarantee.



Vision for 2017

In the past year, Vinda fulfilled its responsibilities as a corporate citizen in accountable management, green production and contribution to society. We promise to uphold the direction towards sustainable development and strike a balance between enterprise development and environmental protection.

For environmental protection, Vinda will continue to reduce the impact of the manufacturing process on the environment through a rigorous monitoring system, and look forward to reducing waste generation by improving our production process progressively. We also plan to step up the relevant initiatives in 2017. For example, the two cast-iron dryers used in the paper-making machines at the branch in Jiangmen are scheduled to be replaced by steel dryers to improve thermal transmission efficiency and reduce energy consumption. Meanwhile, we are finalising the details of a paper-making water recycling project to reduce the amount of clean water used for every ton of paper during paper-making process. In terms of social responsibilities and governance, we will continue to ensure all internal procedures, systems, guidelines and standards are lawful and compliant. We will devote more resources to creating and improving the work environment, safety facilities and energy conservation and environmental projects in order to offer the best protection to all our stakeholders.



A. Environmental

KPI

Aspect A1: Emissions		
Types of emissions and respective emissions data	<ul style="list-style-type: none"> Carbon dioxide emissions per 10,000 tons of product: 14,378 tons (2015: 10,160 tons) Sulfur dioxide emissions per 10,000 tons of product: 1.54 tons (2015: 2.35 tons) 	A1.1 A1.2 ✓
Greenhouse gas emissions in total		
Total hazardous and non-hazardous waste produced and intensity	<ul style="list-style-type: none"> Concentration of suspended solids (SS) in effluent: 15.33 mg/L (2015: 18.60 mg/L) Concentration of chemical oxygen demand (COD) in effluent: 65.86 mg/L (2015: 69.61 mg/L) Concentration of biochemical oxygen demand (BOD) in effluent: 10.88 mg/L (2015: 13.56 mg/L) 	A1.3 A1.4 ✓
Measures to mitigate emissions and results achieved	<ul style="list-style-type: none"> Employed de-sulfurisation and de-nitrification technologies for waste gas treatment Set up carbon emissions control systems and three-tier monitoring management system, please refer to the section on Embracing eco-friendly operations Sulfur dioxide emissions per 10,000 tons of product: 1.54 tons, decreased by 34.5% (2015: 2.35 tons) The emission concentration was maintained at below 80% of the benchmark levels determined by local environmental authorities 	A1.5 ✓
Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	<p>Handling of hazardous and non-hazardous wastes</p> <ul style="list-style-type: none"> Hazardous waste is handled by professional contractors licensed by the environmental authorities Non-hazardous waste is handled by eligible contractors selected through tendering <p>Reduction initiatives</p> <ul style="list-style-type: none"> Set up paper-marking water re-use projects Installed water recycling systems in all our production bases Equipped our bases with three-tier effluent treatment facilities Please refer to the section on Embracing eco-friendly operations <p>Result achieved</p> <ul style="list-style-type: none"> Concentration of suspended solids (SS), chemical oxygen demand (COD) and biochemical oxygen demand (BOD) in effluent dropped by 17.6%, 5.4% and 19.8% year-on-year respectively All the pollutant concentration indicators in the effluent discharged met Discharge Standard of Water Pollutants for Pulp and Paper Industry as well as the corresponding standards set by local environmental authorities 	A1.6 ✓

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KPI

Aspect A2: Use of Resources

Direct and/or indirect energy consumption by type	<ul style="list-style-type: none"> • Average overall energy consumption for every ton of paper: 0.38 tons of standard coal (2015: 0.39 tons of standard coal) • Steam (10,000 tons): 65.02 (2015: 65.34) • Coal (10,000 tons of standard coal): 14.96 (2015: 14.94) • Electricity (10,000 kilowatt hours): 62,122 (2015: 56,382) • Natural gas (10,000 cubic metres): 2,042 (2015: 1,438) 	A2.1	✓
Water consumption in total	<ul style="list-style-type: none"> • Average water consumption for every ton of paper: 8.28 tons (2015: 8.78 tons) • Water recycling rate (estimates): over 95% (2015: over 95%) 	A2.2	✓
Energy use efficiency initiatives and results achieved	<p>For energy use efficiency initiatives</p> <ul style="list-style-type: none"> • Selected the energy source for each of its factories based on the availability and feasibility of the natural resources and infrastructure by referring to The Norm of Energy Consumption per Unit Product of Pulp and Paper <p>For relevant results achieved</p> <ul style="list-style-type: none"> • All plants met the national standards of energy use • Consumption of steam decreased by 0.5% year-on-year 	A2.3 A2.4	✓
Water efficiency improving initiatives and results achieved	<p>For water efficiency improving initiatives</p> <ul style="list-style-type: none"> • Installed water recycling systems and devices for shallow air flotation, fiber ball and disc filtration systems <p>For relevant results achieved</p> <ul style="list-style-type: none"> • The average water consumption for every ton of paper dropped by 5.7% year-on-year, significantly lower than the national quota of 30 tons of water consumption for every ton of product, as stipulated in GB/T18916.5 "Water Consumption Quota — Part 5: Paper-making" • The water recycling rate was maintained at over 95% 		
Total packaging material used for finished products	The Group currently does not report on the volume of total packaging materials used. We plan to disclose this information in future reports	A.2.5	

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Aspect A3: The Environment and Natural Resources

The significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Group has no significant impact on the environment and natural resources during the year	A3.1	✓
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B. Social

Employment and Labour Practices

KPI

Aspect B1: Employment

Total workforce by gender, employment type, age group and geographical region	<p>Number of employees of Vinda Group: 11,257</p> <p>Workforce by nature of work</p> <ul style="list-style-type: none"> Percentage of employees engaged in production-related duties: 42% Percentage of employees engaged in sales and marketing-related duties: 21% Others: 37% <p>Workforce by gender</p> <ul style="list-style-type: none"> Male: 54% Female: 46% 	B1.1	✓
Employee turnover rate	Turnover rate: 16%	B1.2	✓

Aspect B2: Health and Safety

Relating to providing a safe working environment and protecting employees from occupational hazards	<p>Number and rate of work-related fatalities</p> <ul style="list-style-type: none"> Number of occupational fatalities: 0 Rate of occupational fatalities: 0 <p>Occupational health and safety measures adopted, how they are implemented and monitored</p> <ul style="list-style-type: none"> Regularly review the compliance of safety measures in reference to Work Safety Law of the People's Republic of China and Administrative Measures for Work Safety Training and improve the Occupation Health and Safety Management System and the Safety Feedback Mechanisms Appointed an external technical advisory body to advise the company on the environment, health and safety (EHS) policies Set up production safety committees Strengthened the safety management by identifying potential risks, providing protection equipment and offering training in operation safety 	B2	✓
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Aspect B3: Development and Training

<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities</p>	<ul style="list-style-type: none"> • Number of participants: 54,585 • Average training hours per staff: 15.4 hours 	B3	✓
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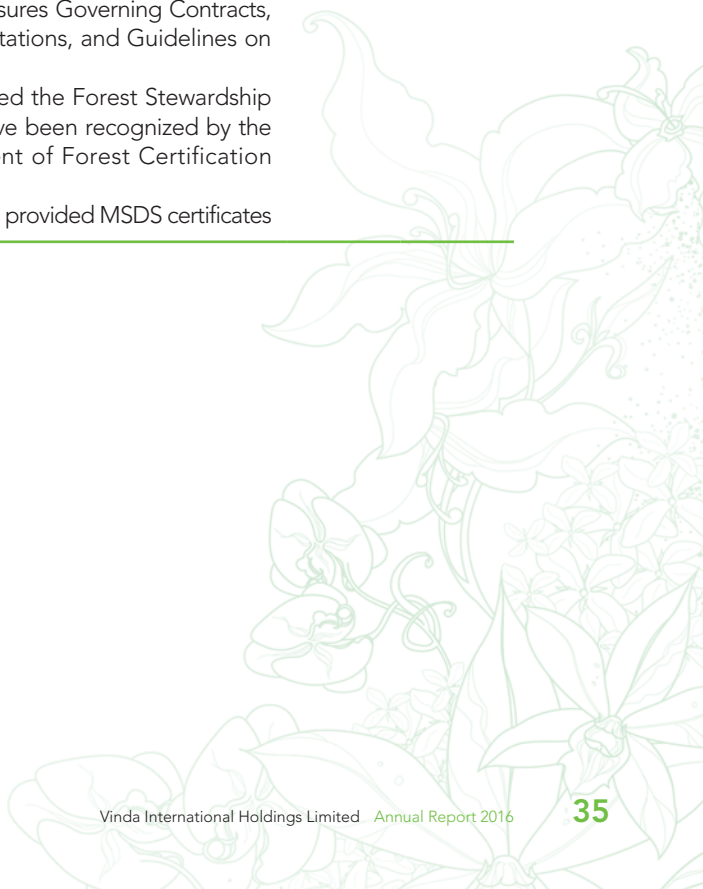
Aspect B4: Labour Standards

<p>Employment practices to avoid child and forced labour</p>	<ul style="list-style-type: none"> • Stringently comply with all national and local laws, such as the Labor Law, Labor Contract Law and Employment Promotion Law of the People's Republic of China • Developed various rules and regulations such as management systems for remuneration, performance and benefits • Fully complied with the Law on the Protection of Women's Rights and the Rules on the Labor Protection of Female Employees 	B4.1	✓
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<p>Steps taken to eliminate such practices when discovered</p>	<p>During the year, there was no non-compliance with regulations in the Group</p>	B4.2	✓
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Aspect B5: Supply Chain Management

<p>Policies on managing environmental and social risks of the supply chain</p>	<p>The wood pulp used by the Group is mainly sourced from northern Europe, South and North America</p> <ul style="list-style-type: none"> • Engage and manage suppliers and carry out green production in strict compliance with the Measures Governing Contracts, Measures Governing Tender Invitations, and Guidelines on Internal Control • Sourced wood pulp have obtained the Forest Stewardship Council (FSC®) certification or have been recognized by the Programme for the Endorsement of Forest Certification (PEFC) • Ensured all our chemicals suppliers provided MSDS certificates 	B5	✓
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KPI

Aspect B6: Product Responsibility			
Percentage of total products sold or shipped subject to recalls for safety and health reasons	No recall actions due to safety and health issues were taken by the Group	B6.1	✓
Number of products and service related complaints received and how they are dealt with	<ul style="list-style-type: none"> The group received 507 complaints in total. Will investigate and identify the cause and take remedial measures upon receiving complaint from customers Developed customer complaint handling procedures, including procedures for handling customer's comments, compensations and returned products 	B6.2	✓
Practices relating to observing and protecting intellectual property rights	The Group did not receive any intellectual property-related cases during the year	B6.3	✓
Quality assurance process and recall procedures	For Quality assurance process <ul style="list-style-type: none"> Developed a three-tier quality monitoring mechanism, which covers the procedures for managing the inspection of incoming goods, the procedures for managing process inspection and the procedures for managing final checks For recall procedures <ul style="list-style-type: none"> Established the Notice and Recall Control Procedures 	B6.4	✓
Consumer data protection and privacy policies, how they are implemented and monitored	<ul style="list-style-type: none"> Code of conduct clearly stipulates our practices on collecting and handling personal information of our customers, employees and third parties in accordance with privacy laws and by fair and lawful means 	B6.5	✓

KPI

Aspect B7: Anti-corruption

Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	<ul style="list-style-type: none"> • Regularly updates the Guidelines on Internal Control, Management Measures on Contracts, Management Measures on Confidentiality, Management Measures on Tendering, Management Measures on Anti-Corruption, and Code of Conduct for Staff • Revised and improved the Measures Governing Anti-Corruption • Set up a report hotline and mail box • Organised training in anti-corruption and occupational ethics • Periodically updates the internal management policies, procedures and guidelines 	B7	✓
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Aspect B8: Community Investment

Focus areas of contribution	<ul style="list-style-type: none"> • Published the “Vinda 2016 Report on the Parent-child Relationship of National Families”, which is the first report about “two-child families” in China • Provided finance assistance to 39 university students for three consecutive years as well as 15 high school students through the Vinda Charity Foundation during the year • Continued the “Save the Heart” programme to offer assistance to congenital or rheumatic heart disease patients from families with financial difficulties, along with insurance coverage for cervical or breast cancer for women from single-parent families or families receiving minimum living guarantee 	B8.1	✓
Resources contributed	<ul style="list-style-type: none"> • Total hours of community service provided: 3,888 hours • Number of volunteers participating: 771 participants • Number of meals provided by the six service centres in Xinhui: approximately 104,198 meals 	B8.2	✓