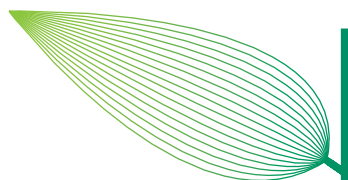




Vinda International Holdings Limited

(incorporated in the Cayman Islands with limited liability) Stock Code: 3331

維達30周年 為家加滿FUN



HEALTHY LIFESTYLE
STARTS FROM
Annual Report 2014

VINDA

商界展關懷
caringcompany 2013-15
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

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Building strong internal foundations in this way enables the Group to perform its wider social responsibilities more effectively. Rooted in an internal culture, we participate in various kinds of social welfare activities, showing our care for the community straight from the heart. For example we have established the Vinda Charity Foundation (“Foundation”) that provides assistance to both employees and members of the public in need and we have set up a volunteer team which is taking part in a number of projects to help build a harmonious community.

Integrity First in Business Operations

Believing that integrity in business operations should be the cornerstone of any enterprise, the Vinda Group has made integrity one of its core values. A number of measures designed to safeguard integrity have been put in place, including ‘Management Measures on Contract Management’, ‘Management Measures on Tendering and Tender Negotiation’ and ‘Management Measures on Anti-Corruption’, along with a ‘Management System on Confidentiality’.

In 2014, the Group further enhanced its contract management standards by enhancing the regulation of its contracting practices, for instance by introducing comprehensive supervision of various aspects of its contracting activity to prevent fraud and avoid contract disputes. This has included initiatives such as examining the qualifications of the contracting parties, negotiating the terms of the contracts and monitoring contract performance. We also update the ‘Management System on Confidentiality’ from time to time, based on the Anti-Unfair Competition Law of the People’s Republic of China and the Hong Kong Listing Rules and regulations promulgated by the Securities and Futures Commission. This is done to prevent any breaches of confidentiality in relation to the Group’s commercial and operational secrets, and we strictly monitor the implementation of the system.

To prevent corruption and unfair competition the Group has formulated a set of ‘Management Measures on Tendering and Tender Negotiation’ which expressly require principles of “fairness, justice, integrity and trustworthiness” to be adopted in tendering. They also clarify the functions and responsibilities of the tender panel and specify the correct tendering workflow. As a preventive measure our internal control and supervision department regularly conducts internal audits and risk assessments for different business units.



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Care for Customers, Quality First

Our business reputation is built on the quality of our products and services, and our effective standardized management system serves as a key assurance of this quality. We have implemented an internationally-benchmarked management system consistently across the Group, with all our production bases being certified under the ISO9001 quality management system, the ISO14001 environmental management system and the ISO22000 food safety management system. Vinda Paper (China) Co., Ltd., Vinda Paper (Shandong) Company Limited and Vinda Paper (Liaoning) Company Limited have further obtained ISO50001 energy management system certification. The Group has also been granted the Hong Kong Safety Mark by Hong Kong Safety Institute Limited, in recognition of the safety, reliability and trustworthiness of our production standards and products.



Under our well-established internal quality inspection system for controlling product quality at source, raw and auxiliary materials undergo strict acceptance inspections before being warehoused. Polling, sampling and first-batch inspection procedures in the production process are in place to prevent any substandard products reaching distributors. The Group has maintained a 100% product pass rate in local and national special inspections over the years.

To improve product quality, we have introduced a range of automated equipment that is strengthening our quality controls during the production process. This equipment includes an automatic toilet roll weighing system, an automatic camera system, online quantitative and moisture scanners for paper machines, an automatic online softpack appearance detector, and an online box tissue empty box monitoring device.

We have also established a total quality management system that includes a customer complaint platform and a post-specific quality accountability system to define duties. Further, the skills of our frontline workers are regularly enhanced through experience sharing sessions and skill competitions, and they are also offered technical training and assessments for special posts.

Alongside its efforts in maintaining consistent product quality, the Group also attaches great importance to keeping its production sites clean and hygienic. We monitor hygiene conditions under the 6S management standards (SEIRI/Sort, SEITON/Systemize, SEISO/Sweep, SEIKETSU/Sanitize, SHITSUKE/Self-accomplishment, and Safety), and engage professional pest control contractors to undertake regular extermination. To ensure good hygiene and product safety, production workers are required to strictly follow sanitation standard operating procedures (SSOP), which include requirements for regular physical examinations, hand disinfection before entering shop-floors, the wearing of uniforms, and high standards of personal hygiene.

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Cherishing and Living in Harmony with the Environment

The Group has heeded the call of environmental protection organizations to create a sustainable business by engaging in energy conservation. Three of the Group's plants in South China have obtained FSC (Forest Stewardship Council) Chain of Custody certification, and all its production bases are scheduled to apply for such certification in 2015. Further, all the Group's production plants have obtained clean production certificates for emission reduction and energy conservation. In particular, the Hong Kong Productivity Council has rated our production base in Jiangmen, Guangdong, as a model project within the Cleaner Production Partnership Program.



The Group has embraced the concepts of arm's length procurement, low-carbon operations, recycling and the development of a green supply chain, and to this end we maintain rigorous supplier screening standards that place eco-certified suppliers in the preferred list. For instance, all our pulp suppliers must have obtained internationally-recognized forest certification, such as FSC or PEFC (Program for the Endorsement of Forest Certification Schemes) certification; and our chemical suppliers are required to possess MSDS (Material Safety Data Sheet) to ensure that all chemical additives comply with GB9685 (Hygienic Standards on Additives in Food Containers and Packaging Materials). Furthermore, the Group conducts annual reviews of its suppliers to ensure consistency of quality across its supply chain, and their compliance with environmental protection requirements.

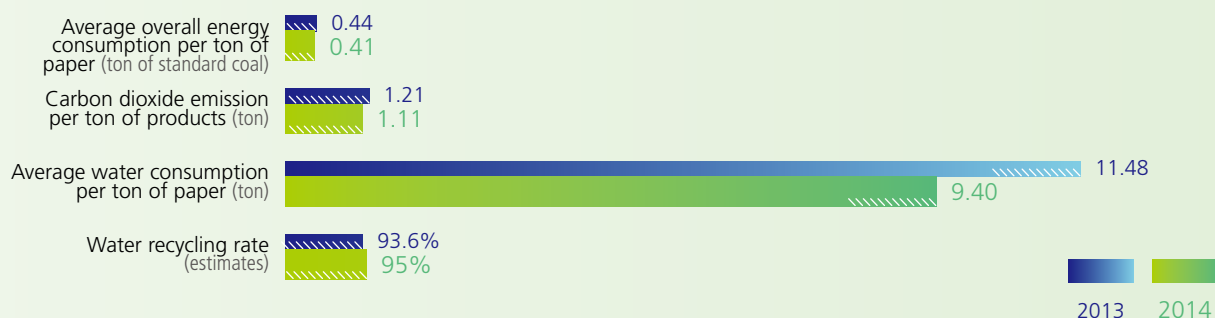


The Group has been striving to maintain its energy consumption and emissions at levels lower than national thresholds, while at the same time making improvements year by year. Its carbon footprint is regularly tracked, and specific improvements developed according to waste gas, greenhouse gas and waste emissions across the operational links. In 2014, the Group's average overall energy consumption was 0.41 tons of standard coal per ton of paper, representing a decrease of 7% year-on-year. This figure is also 23% lower than the threshold for 2015 of 0.53 tonnes required by the Twelfth Five-year Plan for the Papermaking Industry, published by the central government. Our carbon dioxide emission per ton of products was 1.11 tons, ranking us ahead of China's domestic papermakers. This figure is 19.6% lower than the threshold of 1.38 tons specified by the national energy consumption standards applicable to the papermaking industry. Our total water consumption was 5.85 million tons for the year, with a water recycling rate exceeding 95%; our average water consumption was 9.4 tons per ton of paper, representing a decrease of 18% year-on-year. This is far lower than the national threshold of 30 tons required by GB/T18916.5 (Water Consumption Quota — Part 5: Papermaking).

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Carbon emission and energy consumption of the Vinda Group

	Average overall energy consumption per ton of paper (ton of standard coal)	Carbon dioxide emission per ton of products (ton)	Average water consumption per ton of paper (ton)	Water recycling rate (estimates)
2013	0.44	1.21	11.48	93.6%
2014	0.41	1.11	9.40	95%
Percentage	-7%	-9%	-18%	1.4% points



Over the years, the Group has promoted the use of clean energy to reduce air pollution, in line with the global trend towards developing a low-carbon economy. Our plant in Sichuan has been using natural gas for fuel since it commenced operation, and our plant in Beijing has completed a coal-to-gas upgrade. As for reducing water consumption, our production bases are equipped with sophisticated water recycling systems that utilize world-class air flotation devices, fiber filters, microstrainers and other advanced wastewater treatment facilities for papermaking. Currently, all our paper machines use recycled water; by doing so they not only contribute to the conservation of precious water resources but also lower our production costs, helping us to a win-win situation economically and environmentally. The Group is also active in developing waste recycling solutions. Solid waste from its production process is handled using a set of proven approaches that include recycling by qualified contractors, selected by tender. Contractors that handle hazardous waste are required to hold qualifications recognized by environmental protection authorities. We have also installed dedicated facilities for recycling paper, plastic and aluminum at our production bases.



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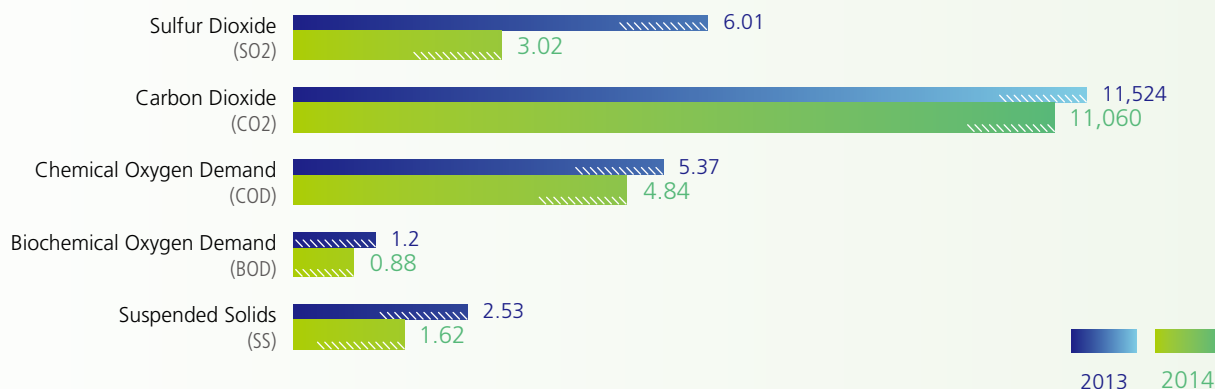


A three-level monitoring system has been adopted for the Group's plants to ensure their compliance with national emission standards. Level 1: Online monitoring systems at wastewater and gas exhaust vents are accessible by local environmental protection authorities, for round-the-clock monitoring of wastewater discharge. Level 2: Environmental protection units have been set up at our production bases; members carry out routine monitoring of wastewater and gas and keep the Group abreast of regulations relating to indicators such as dust, SO₂, and SS, BOD, COD and pH levels of wastewater. Level 3: Our production bases accept regular inspections by local environmental protection authorities.

As an industry leader, the Group also takes an active part in conducting research into energy-saving initiatives and environmental protection standards, at national and local levels. For example, it is involved in the Carbon Footprint Study being undertaken by the China National Pulp and Paper Research Institute, and energy efficiency work being organized by the Guangdong Paper Association. In such ways we are aiming to make energy use more efficient across the entire industry, and to minimize the impact of paper production on the environment. To boost production and enhance energy efficiency, the Group has also established a technological upgrade incentive mechanism which encourages our technical and production staff to contribute their insights and expertise. Proposals made by these staff in areas such as paper machine speed-up, upgrades to the steam system and the paper machine hot air system, equipment cooling water recycling and the replacing of frequency converters for better power efficiency, have helped significantly lower our consumption of water, power, coal and other energy.

Total pollutant emissions at production bases of the Vinda Group

Emissions in production	Type of emissions	Emissions volume per 10,000 tons of products (ton)		Decrease (%)
		2013	2014	
Waste gas emissions	Sulfur dioxide (SO ₂)	6.01	3.02	50
Greenhouse gases	Carbon dioxide (CO ₂)	11,524	11,060	4
Wastewater emissions	Chemical oxygen demand (COD)	5.37	4.84	10
	Biochemical oxygen demand (BOD)	1.2	0.88	27
	Suspended solids (SS)	2.53	1.62	34
Note	All production plants meet the pollutant emissions concentration thresholds set by local environmental protection authorities.			



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Loving Employees, Strengthening Cohesiveness

The Vinda Group regards its employees as its greatest assets, and recruits and promotes talent on the basis of merit. The Group adheres to the principle of fair recruitment so that applicants and employees enjoy equal recruitment and promotion opportunities regardless of, age, gender, race, nationality, religion, marital status or disability. As at 31 December 2014, the Group had a total of 7,818 employees, with a balanced proportion of men and women; 43.87% of employees had completed tertiary education or above.

The Group strictly complies with Labor Law, Labor Contract Law and Trade Union Law, and follows the national rules for working hours. It provides employees with paid leave in accordance with the law, and offers dispatched employees and marketing employees family visit leave and reimbursement of expenses for family visits of non-local employees. We pay the salaries of our employees in full, on time, and make additional contributions for items such as statutory social insurance, the housing provident fund and personal accident insurance, in accordance with the law.

The Group continues to optimize its remuneration and benefit systems, which include a Remuneration Management System, a Performance Management System and a Benefits Management System. Its aim is to establish a fair and reasonable mechanism for managing remuneration and providing performance incentives that will boost employee loyalty and cohesiveness, and allow employees to share in the profits of the enterprise as it grows. Apart from statutory remuneration, we offer meal allowances, holiday gifts and long service gold medal awards. Believing in the importance of our employees' physical and mental health, we assist them in achieving good work-life balance by providing facilities such as gymnasiums, dance rooms and libraries, and by organizing recreational activities including sports activities, birthday parties, parent-child activities and festive gala evenings, all of which help create a unique "family culture" within the Vinda Group. To protect the legal rights and interests of female employees, the Group provides prenatal leave, breastfeeding leave, an annual gynecological examination, a Mutual Aid Safety and Health Protection Program for Female Employees, and an Employee Assistance Program. In addition, we organize activities such as outings or special banquets on International Women's Day and Mother's Day, regularly hold activities such as sharing sessions by outstanding female employees, and offer training for career planning.

The Group places the occupational health and safety of its employees as a high priority. It provides its production staff with professional protective equipment including dustproof masks, earplugs, goggles, insulating shoes and insulating gloves, as well as arranging for annual physical examinations and holding regular lectures on occupational safety. We also strictly implement the Rules on Occupational Safety and Health Management, Procedures for Reporting and Managing Injury (Accident) at Work, and the Accountability System for Safe Production, all of which are designed to guarantee the safety of our employees at work.



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The Group holds various training sessions each year to develop employee potential and reinforce its culture of teamwork. Such training sessions include face-to-face teaching, e-learning, on-the-job training, and cross-company exchange and learning. Each employee will attend not less than 10 hours of training sessions each year. New employees will receive internal training and, if necessary, attend courses provided by external professional training institutes. The Company also conducts advanced training for senior management staff to enhance their global and international management perspectives, including “Strategic planning in ten steps”, “Five-star elite training class” and six core marketing courses. On the operational front, the Group holds a three-year “Plant manager training course” to allow participants to acquire seven core industrial engineering knowledge and apply what they have learnt at work.

The Company has improved the comprehensiveness and readiness of the training system by actively establishing internal training resources, including pooling various experts to develop internal learning programmes and provide courses on leadership and management skills for middle- and elementary-level managers. Major sales regions also actively implement training for marketing professionals so as to form a large and backbone frontline sales team for promoting sales growth. Apart from internal training, the Group also arranges employees to participate in training provided by external professional training institutions. We also encourage employees in specialized departments to participate in training for special positions and obtain occupational qualification certificates for continuous self-improvement. For employees who undergo posting or receive promotion, appropriate training will be provided to assist them to adapt to their new posts. In addition, we offer free training and internships to tertiary students, and has implemented the management trainee programme since 2011, a process that helps us to develop a talent pool of some 100 professionals and elementary-level supervisors for future development.

During the year, Vinda International was selected for inclusion in the list of “2014 China Best HRM Companies” organized by 51job, and won awards that included one for the “2014 China Best Recruitment and Retention Program”. The Best HRM Companies awards are the best-recognized in the field of human resource management, and our selection as one of the top 100 companies provides a strong testimony of our corporate management capabilities.

The Group was also once again honored with the “2014 Best Employer of Guangdong Province” award. Among the organizers is the Guangdong Enterprises Confederation, and 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 awards and honors won by Vinda International in human resource management show that the Group’s family-like relationship with its employees and the way it gives high priority to their interests are widely recognized, and that the Group is regarded as a role model within the industry.



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Serving the community by helping the disadvantaged

The Vinda Group has a philosophy of “Treating all as family in charitable activities”. It lends a helping hand to the needy within the community by playing an active role in charitable activities through its internal and external charity program the Vinda Charity Foundation. In 2014, the Group offered substantial assistance to disadvantaged groups in areas such as education, elderly services, and housing and medical care for people suffering from serious diseases.



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Service areas under the Vinda Charity Foundation in 2014 (by category):

Service Area	Particulars
EDUCATION	<ul style="list-style-type: none"> Under a program called “Achieving a bright future through Vinda’s bursaries”, the Foundation provided financial assistance for eight students from poverty-stricken families who showed excellence in conduct and studies, enabling them to continue to pursue their dream of school study. Donations from the Foundation also enabled maintenance work to be carried out on the rehabilitation classrooms at Qizhi School in Jiangmen City, providing autistic children with access to education and helping them integrate into the community.
ELDERLY SERVICES	<ul style="list-style-type: none"> Six “Vinda Centres” — canteens for the elderly — were built in Xinhui District, where they are providing complimentary lunch and dinner for elderly people living alone, and those living in poverty, those suffering from severe disabilities and those without a pension. These canteens have also been equipped with recreational facilities to help boost elderly users’ sense of being a part of the wider community. The Foundation also assisted in the employment of cleaning workers, the renovation of canteens, and repair work to washrooms at a number of homes for the elderly in Xinhui District, as well as offering free furniture and electrical appliances, all of which helped improve the quality of life of residents. In 2014, the Foundation also launched a program called “Caring for the elderly through home delivery”, under which volunteers delivered free oil, foodstuffs and other daily necessities to 322 elderly people entitled to the five basic national security schemes and living in different parts of Xinhui District.
HOUSING	<ul style="list-style-type: none"> In response to a call by the Xinhui District Women’s Federation, the Foundation reacted positively by offering aid in the reconstruction and repair of dilapidated houses for single mothers from the district who were experiencing difficulties. Reconstruction of ten affordable houses and repair of five dilapidated houses were completed during the year.
MEDICAL CARE FOR PEOPLE WITH SERIOUS DISEASES	<ul style="list-style-type: none"> The Foundation provided emergency relief services by making contributions to the Xinhui District People’s Hospital’s “Saving the Heart” campaign, under which a child with congenital heart disease and two adult patients received treatment. In addition, Vinda International gave donations towards the treatment of five people suffering from serious diseases in 2014.

As part of its action plan for contributing to the community, the Group has also formed a volunteer team of employees who are regularly engaging in community services and charitable activities. It has also collaborated with the government in organizing various charitable events to promote healthy living for families. A Service Charter for Young Volunteers has been formulated that is encouraging more volunteers to participate in community services, deliver door-to-door services for homes for the elderly, visit elderly people with no family members, and provide services and assistance for people with disabilities. The Group recorded 449 cases of volunteer participation in activities throughout 2014, with a total of 2,575 volunteer service hours, representing a 57% increase in volunteer participation as compared with 2013.

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Projects in which Vinda volunteers participated in 2014 (by category):

Event	No. of Participations	Particulars
Charity bazaar	221	Three charity bazaar events — “Charity bazaar in support of bursaries”, “Lei Feng Month charity bazaar” and “Double Ninth Festival charity bazaar” — were run to raise funds for disadvantaged groups including poverty-stricken families and people with disabilities, offering them care and warmth.
Volunteer services during statutory holidays at urban rail stations	63	During statutory holidays, Vinda volunteers assisted passengers at urban rail stations in making ticket purchases and finding their way through stations, as well as answering inquiries.
Care for orphans	104	Vinda volunteers organized various activities for orphaned children, including New Year parties, birthday parties and sand painting activities. These gave the children opportunities for social contact, enabling them to widen their horizons and learn how to build good interpersonal relationships. A QQ group was also set up to help volunteers learn more about the children’s living conditions, and be better able to offer timely care and assistance.
Visits to poor families with minimal social security support	61	Vinda volunteers paid regular visits to poverty-stricken families living in rural areas, and delivered daily necessities to alleviate their difficulties. The volunteers also took the initiative of gathering details about the difficult living conditions of these families and passing them on to the relevant government departments, so that these families might receive timely assistance.
Total	449	

The unremitting efforts of all our colleagues led to the Vinda volunteer team being awarded a number of prizes in 2014, including the Outstanding Volunteer Organisation Prize, the Volunteer Service Contribution Prize, the Outstanding Volunteer Service Project Prize and the Outstanding Volunteer Service Management Prize in Xinhui District. The Group was also awarded the “Caring Company Logo” by The Hong Kong Council of Social Service during the year, in recognition of its contributions to the community, the environment and its employees.

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Outlook

Tireless efforts over the past 30 years have seen us consistently raise our business standards while simultaneously discharging our corporate social responsibilities. With an emphasis on sustainability, one of our core values, we will continue in 2015 to fulfill our commitment to protecting the environment, creating better working conditions for our employees, and delivering social benefits to the community. In future, we plan to improve our data collection and reporting system across the production process by introducing a comprehensive resource management system that will cover all our production units across the Group. Enhancing the efficiency and accuracy of our data collection and data reporting will enable us to rigorously monitor and analyse our consumption of resources and our emissions, and further promote the 'green production' model. We believe that our goal of achieving full sustainability can only be achieved with the harmonious coexistence and development of the Group, the environment, the employees and the community.

