

Environmental, Social and Governance (ESG) Report 2017



Hang Seng Corporate
Sustainability Index
Series Member 2017-2018

In 2017, Vinda Group was selected as a constituent of the Hang Seng Corporate Sustainability Benchmark Index under the Hang Seng Corporate Sustainability Index Series, a clear recognition of our efforts in environmental, social responsibility and corporate governance.

Sustainability, Innovation, Professionalism and Integrity are Vinda's core principles. Therefore, we strive to achieve continuous improvements in respect of environmental protection, supply chain management, employee relationships, corporate governance and community charity.

Scope and Guideline

Vinda's majority revenue is generated by Tissue segment in mainland China and Personal Care segment in South East Asia. Therefore, the scope of our Environmental, Social and Governance Report (the "Report") covers initiatives and the performance of all twelve Vinda's production bases, including nine (in seven legal entities¹) in mainland China, two factories in Malaysia and one in Taiwan for the period between 1 January 2017 to 31 December 2017 (the "Year").

The Report is in reference to the ESG Reporting Guide issued by The Stock Exchange of Hong Kong Limited. The figures and information disclosed in the Report are based on our documents and records. We commissioned a professional third party Greentech (中碳能投科技(北京)有限公司) to conduct a carbon footprint audit for factories in mainland China.

*Healthy Lifestyle
Starts with Vinda*

¹ The seven legal entities are Vinda Paper (China) Company Limited (including three subsidiaries in Guangdong, Jiangmen and 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.



The Group



11,277
employees



All Vinda production sites are qualified to manufacture products based on FSC™ Chain of Custody Certification standards*



Wood pulp source
100%
environmentally certified



100%
Of our chemicals suppliers obtained MSDS/SDS certificates



Vinda Volunteer Team provided
3,558
hours of community service

730
participants

* Please check the validity of the certificates at <http://info.fsc.org>

Mainland China



-45.5%

SO₂ emission
(emission per 10,000 tons
products (ton))
2017 vs 2016



-22.2%

CO₂ emission
(emission per 10,000 tons
products (ton))
2017 vs 2016



>95%
water recycling rate



100%
sampling inspections
passing rate for
16
consecutive years



85,753
hours of training

83,271
participants



**ISO14001,
ISO9001,
ISO22000**
certification



Malaysia



Taiwan



Eco-friendly Operations

Energy consumption and carbon emissions

Vinda emphasises an effective and feasible energy management. We impose stringent controls on procurement, production and distribution.

Mainland China

As an industry pioneer in energy control, we have already put in place energy savings and carbon emissions management systems, waste water discharge monitoring system as well as paper-making water re-use projects in our factories throughout mainland China. We also have carried out regular statistical analyses and evaluation as our usual practice. All these initiatives were adopted prior to the Standard GB31825-2015 "The Norm of Energy Consumption per Unit Product of Pulp and Paper" which came into effect in July 2016 in China.

Natural gas and coal are our main sources of energy to supply heat. The Group selects energy source for each factory based on the availability and feasibility of the natural resources and infrastructure composition. Our factories in Sichuan, Beijing and Guangdong have been using natural gas where the infrastructure makes it feasible. Central heating systems and central effluent treatment facilities are adopted in our factories in Jiangmen, Zhejiang and Liaoning, leveraging the economies of scale of the industrial parks where these factories are located. For factories using coal such as that in Hubei and Shandong, we reduce emissions and improve heat supply efficiency through technological adaptations and upgrades such as replacing the iron dryers of paper machines with steel dryers and upgrading the steam pipes.

Energy consumption and carbon emissions	2017	2016	Change (%)	Upper limits of national benchmarks
Average overall energy consumption per ton of paper (ton of standard coal)	0.32	0.38	-15.8%	0.42
Steam (ton/ton of paper)	0.79	0.93	-15.1%	N/A
Coal (ton of standard coal/ton of paper)	0.13	0.15	-13.3%	N/A
Electricity (kilowatt-hour/ton of paper)	629.39	887.89	-29.1%	N/A
Natural gas (cubic metre/ton of paper)	27.83	29.19	-4.7%	N/A
Sulfur dioxide (SO ₂) (emission per 10,000 tons products (ton))	0.84	1.54	-45.5%	Ceiling as determined by local environmental authorities
Carbon dioxide (CO ₂) (emission per 10,000 tons products (ton))	11,189	14,378	-22.2%	Ceiling as determined by local environmental authorities

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We encourage our workers and frontline management to suggest any possible solution to enhance the energy efficiency of production equipment based on their experience. For example, our factory in Jiangmen is equipped with real-time temperature monitoring of dryers and heaters to reduce energy consumption for every ton of paper through adjustments of the steam system and system intellectualization during the Year. In 2017, the average overall energy consumption for every ton of paper in all factories was 0.32 ton of standard coal, representing a decrease of 15.8% year-on-year, lower than the upper limit of the national benchmark of 0.42 ton of standard coal for every ton of paper under "The Norm of Energy Consumption per Unit Product of Pulp and Paper". In addition, the standard coal consumption per unit product for per ton of paper decreased by 13.3%, while the consumption of steam decreased by 15.1% and the consumption of electricity decreased by 29.1% as well, primarily due to gradual replacement of coal-fired boilers with natural-gas boilers.

During the Year, we further strengthened control of waste gas emissions. All factories are equipped with advanced de-sulfurisation and de-nitrification technologies to effectively reduce the amount of sulfur and nitrogen compounds in our waste gas. We employed a three-tier monitoring management system to ensure that waste gas emissions level is lower than the national standards such as GB1327-2001 "Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boilers" and GB3095-2012 "Ambient Air Quality Standards".

In 2017, sulfur dioxide emissions per 10,000 tons of product decreased by 45.5% to 0.84 ton (2016: 1.54 tons). The emission concentration was lower than the benchmark levels determined by local environmental authorities. Carbon dioxide emissions per 10,000 tons of product was 11,189 tons (2016: 14,378 tons), representing a decrease of 22.2% year-on-year, which was attributable to the decrease of standard energy consumption for every ton of paper due to enhanced energy consumption efficiency.

Malaysia and Taiwan

Our factories in Malaysia comply with "Environmental Quality Act 1974", "Environmental Quality (Clean Air) Regulation 2014" and "Environmental Quality (Amendment) Act 2012". In Taiwan, we strictly comply with "Air Pollution Control Act 2012".

Our main usage is electricity. We changed fluorescent lights to LED lights in our factories to reduce electricity consumption. Our warehouse Mechanized Handling Equipment (MHE) in Malaysia changed from liquefied petroleum gas to rechargeable battery.

Energy consumption and carbon emissions	Malaysia			Taiwan		
	2017	2016	Change (%)	2017	2016	Change (%)
Energy – Electricity (GWh)	47.21	49.60	–4.8%	12.8	13.2	–3.0%
Energy – Fuels (terajoule)	0.65	1.12	–42.0%	1.27	1.38	–8.0%
NO _x as NO ₂ (ton)	0.07	0.11	–36.4%	0.13	0.13	–
CO ₂ fossil (kton)	0.04	0.07	–42.9%	0.09	0.09	–
CO ₂ electricity (kton)	32.44	34.08	–4.8%	7.44	7.73	–3.8%

Treatment of solid waste

Mainland China

Regarding solid waste treatment, all factories are required to strictly follow set handling procedures for both hazardous and non-hazardous waste. All hazardous waste is handled by professional contractors licensed by environmental authorities while non-hazardous waste is sorted, classified and recycled to the largest extents by eligible contractors selected through a tendering process.

Malaysia and Taiwan

In Malaysia, we strictly comply with "Environmental Quality Act 1974", "Environmental Quality (Scheduled Wastes) Regulation 2005" and "Solid Waste and Public Cleansing Management Act 2007". The scheduled waste competent person at factories strictly follow handling procedures for the scheduled waste. All scheduled waste is collected by appointed licensed contractors only.

In Taiwan, we comply with "Waste Disposal Act (2017)". The dedicated person is responsible for handling waste management. We signed contract with appointed licensed vendor to regularly treat or dispose waste.

In 2017, the recovery of solid waste in Malaysia was 2,088 tons (2016: 2,932 tons), representing a decrease of 28.8%. In Taiwan, the recovery of solid waste was 1,020 tons (2016: 1,145 tons), representing a decrease of 10.9%.

Save Water

Vinda aims to reduce water use in the production process and minimise the sewage discharge.

Mainland China

All our production bases are equipped with advanced water recycling systems, effectively improving the utilisation rate of water resources. After sewage undergoes oxygenation, anaerobic treatments and stratified filtration with shallow air flotation, fiber ball and disc filtration systems, it is either used for greening, or is discharged through the respective municipal sewer systems.

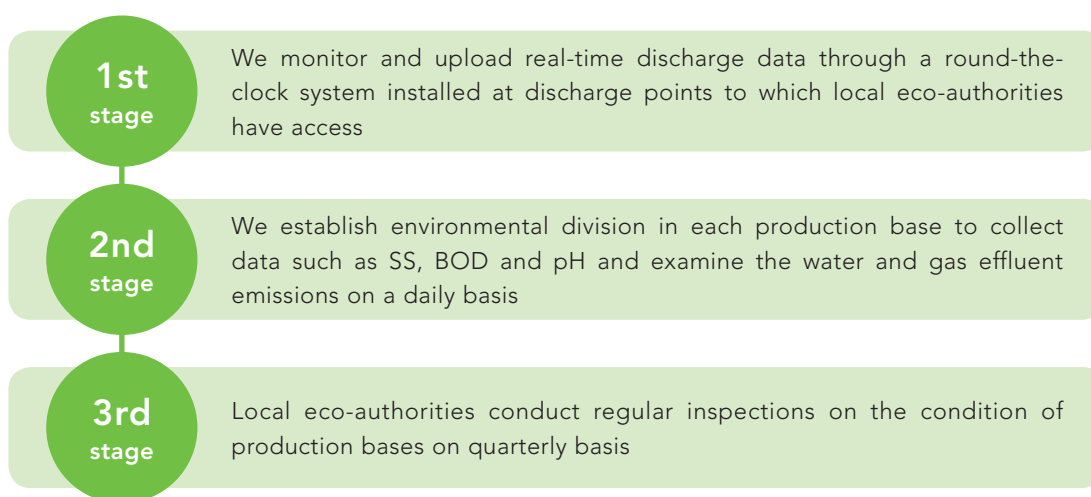
	2017	2016	Change (%)	Upper limits of national benchmarks
Average water consumption for every ton of paper (ton)	8.48	8.28	+2.4%	30
Water recycling rate*	over 95%	over 95%	–	N/A

* Internal estimation

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In 2017, our water recycling rate remained above 95%. The average water consumption for every ton of paper was 8.48 tons, which was significantly lower than the national upper limit of 30 tons of water consumption for every ton of product as stipulated in GB/T18916.5 "Norm of Water Intake – Part 5: Pulp, Paper and Paper Board Production".

Regarding treatment of sewage discharge, all production bases are equipped with three-tier effluent treatment facilities. The rigorous monitoring and management systems have been implemented to monitor discharge data on a real-time basis. In response to government calls for a centralised and professional discharge and treatment of sewage by local industrial parks, the sewage discharge handling of our largest factory in Jiangmen was connected to the sewage treatment system of the local industrial park at the end of 2016.



Malaysia and Taiwan

In 2017, total water consumption in Malaysia decreased by 10.0% to 0.09Mm³. In Taiwan, total water consumption was 0.05Mm³, 25.0% higher compared to 2016, which was mainly driven by the higher demand of water on factories' air-conditioning system under higher temperature environment.

To save water, we have initiated the recycling of water system in the Cooling Tower for factories' air-conditioning.

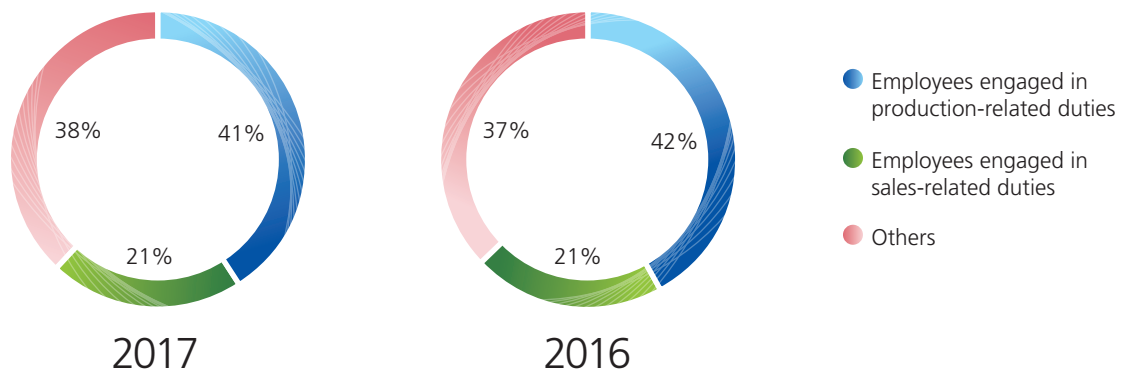
	Malaysia			Taiwan		
	2017	2016	Change (%)	2017	2016	Change (%)
Water consumption (Mm ³)	0.09	0.10	-10.0%	0.05	0.04	+25.0%

Care for People

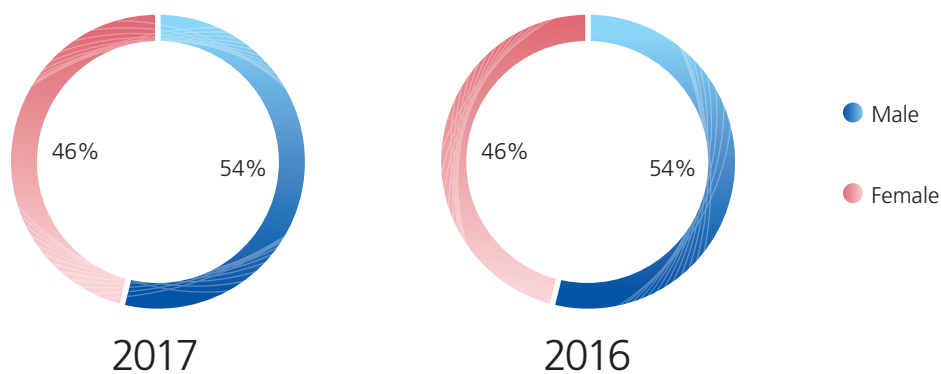
Vinda values talent. We fully comply with national laws and regulations regarding recruitment, employment, employee benefits, training and workplace. We are dedicated to providing fair and equal opportunities for employment and promising career development platform. During the Year, we received various awards such as the title of "2018 Outstanding Human Resources Management Award", "2017 Best Employer in South China", "Advanced Unit for Promoting Deliberative Democracy and Enhancing Social Responsibility" and "2017 Excellent Employer for Foreign Workers". The Group also received the "Caring Company Logo" by The Hong Kong Council of Social Service for five consecutive years.

Vinda Group	2017	2016
Number of employees	11,277	11,257
Turnover rate	18%	16%

Employee Composition by Nature of Work



Employee Composition by Gender



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Fair Recruitment

We hire employees based on a standard procedure as specified in our "Recruitment Management System". Vinda follows fair, open and impartial recruitment principles, only taking into account an individual's work experience, competence and educational background, regardless of the age (no recruitment of minors under the age of 16, in mainland China), nationality, race, religion, gender, sexual orientation, marital status, pregnancy, disability or political stance. This process prohibits any employment discrimination and offers equal employment opportunities to all candidates. We do not allow any malpractice issues such as the use of child labour or forced-labour workers.

Employment and Benefits

Mainland China

We strictly comply with national and local laws, such as the "Labour Law", "Labour Contract Law", "Labour Union Law" and "Employment Promotion Law of the People's Republic of China". We also legally abide by labour policies and establish labour unions in accordance with laws.

We have developed various rules and regulations related to the benefits of employees such as the "Remuneration Management System", "Benefit Management System", "Leave and Business Trip Management System", and "Benefit System for Dispatched Employees". These set a standard for the payment of remuneration, paid leave, and the payment of statutory social insurance such as pensions, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident funds, personal accident insurance and the distribution of other benefits. During the Year, we further improved our remuneration policies and introduced short-term incentive.

Meanwhile, we protect the legal interests of female employees in strict compliance with applicable laws and regulations such as the "Law on the Protection of Women's Rights" and the "Rules on the Labour Protection of Female Employees". Along with prenatal leave, breast-feeding leave, annual gynecological examinations and the Mutual Aid Safety and Health Protection Programme for Female Employees, we also organise activities such as outings or dinner gatherings on International Women's Day and Mother's Day, and set up a new "Mama's Love House" (媽媽愛心小屋) in workplaces to provide better breast-feeding area.

Malaysia and Taiwan

In Malaysia, we follow the government law "Child and Young Persons (Employment) Act 1966" that employer can only hire workforce aged 19 and above. We comply with all the mandatory employment benefits stipulated in "Employment Act" and on top of that, we offer additional benefits, for instance, longer maternity and paternity leaves, medical benefit and insurance benefit.

In Taiwan, we abide by relevant labour acts such as the "Labour Standards Act" and the "Employment Service Act". We strictly comply with the "Act of Gender Equality in Employment" and formulated the "Employee Working Rules" and the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment", to strengthen the protection of female employees' working rights, and prevent the occurrence of gender discrimination and sexual harassment in the workplace.



Family Culture

We advocate a “family culture”, caring for employees with a view to enhancing a sense of belonging and enhanced work performance.

Mainland China

In addition to offering facilities such as gyms, dance rooms and libraries in workplaces, we also organise diversified recreational activities, including cultural activities such as photo contests, chess and card games, writing competitions; parent-child activities such as outward bound programmes, parent-child summer camps and training courses; ball games such as fun sport activities and football, table tennis and yoga training classes; festival activities like the Year-end Gala and Lantern Festival Gala. Moreover, we provide donations to those employees in need and arrange regular home visits to provide support to these employees. During the Year, we gained the title of “Advanced Unit of the Model Family of Staff in Guangdong Province” in recognition of our spirit of valuing and caring for workers.

We emphasise the importance of two-way communication with our staff. We listen to the views and suggestions of employees in a fair and open way by organising activities such as staff meetings.

Malaysia and Taiwan

We organised various recreational activities, such as hiking, badminton tournament, DIY office renovation, Bollywood masquerade themed annual dinner and wall doodling to enhance creativity and promote teamwork in Malaysia. We release newsletter regularly to share about the events that were organised in every quarter in order to better engage employees. In Taiwan, we organised activities such as a handicraft-making activity on Mother’s Day, film watching, barbecue, charity run and singing contest.



Retain Talent and Training Platforms

Along with a long-term incentive scheme for key senior executives, the “Talent Management Cycle Initiative” was introduced to assess the abilities and potential of all employees following more targeted and systematic ways of trainings. This helped improve the Company’s talent pool over the long run.

We offer employees target-oriented and systematic trainings to improve their professional skills and competitiveness. Trainings include face-to-face tutoring, self-learning, workshops, project practice, experience-sharing and e-learning.

Mainland China

Our “Talent Scheme”, “Navigation Scheme” and “Altitude Development Programme” are used to identify high potential managers. We have also developed the “Ivy League Project” specially tailored to cultivate excellence in our internal trainers.

For all the factories in mainland China, we have put in place a set of qualification standards for the appointment of technical staff. Following technical training and comprehensive qualifications certification, our technical staff demonstrated their capabilities and chart their own routes for career development in order to create a dual channel for management and professional development. In addition, Vinda has started the “Framework Construction Project for Marketing Capability” to identify the core skills required for marketing personnel.

In 2017, a total of 85,753 hours of trainings were provided to 83,271 participants. Our employees received 13 hours of training on average during the Year.

Malaysia and Taiwan

In 2017, we have introduced the competency matrix assessment for exempt employees with the aim to promote the competency of employees in Malaysia. As for non- exempt employees, we have a thorough competency matrix that matches to the different position in the factory. All the programmes in the matrix were developed by experts.

We launched a three-year training programme for all employees named “The 7 Habits of Highly Effective People”, aiming to better help employees increase their efficiency in lives and at work. Other training such as “Critical Thinking”, “Stakeholder Management”, “Business Simulation”, “Influencer” and “People Engagement and Performance” were also conducted to enhance leadership and improve business acumen.

In 2017, a total of 8,016 hours of training were provided to 566 participants, The average training hours completed per employee was 25.1 hours.

In Taiwan, we provided training on occupation and management based on the Group’s “Training Management Measures” to enhance the work-related knowledge and skills of our employees. In 2017, we organised the Factory Experience activity. Our sales team participated in the production, quality control, warehousing and logistics, learning more about whole procedure of our products.

In 2017, a total of 3,536 hours of training were provided to 328 participants. The average training hours completed per employee was 10.8 hours.

Safety First

We attach great importance to occupational safety and health, constantly improving the health and safety conditions in our workplaces with our goal of “zero accidents”. We also strive to prevent from any potential health or safety hazards. In 2017, there was no fatal work accidents.

Mainland China

To comply with applicable national safety laws and regulations, we continuously improve our internal safety management system, such as “Fire Safety Management System”, “An Identification and Evaluation Management System for Dangerous Points” and “An Operations Safety Management System in Limited Spaces”. We standardise safety management requirements at the group level by adopting a safety management system to ensure that operational projects with high risks can be effectively monitored.

During the Year, we continued to perfect our feedback mechanism for work safety. Each factory has to convey safety messages, conduct data analysis and summarise the daily work safety condition of all factories. All information will be reported to the management and those in charge of work safety at each factory on monthly basis. Furthermore, we conducted two rounds of safety assessments in all factories in 2017.

We have enhanced our protective equipment. For example, we provide workers with professional protection equipment such as anti-noise earplugs, dust-proof masks, work uniforms and gloves. Noise-reduction and dust-removal devices are also installed on the main equipment which generates dust and noise.

We also conduct safety trainings with factory workers and safety personnel regularly, including training on “How to Carry Out Efficient Safety Inspections and a Basic Knowledge about Occupational Health”, and the “HES Management of Modern Enterprises – Basic Knowledge on Managing”. In 2017, 698 safety seminars were held for a total of 40,742 participants. In addition, a total of 15 safety personnel attended safety training courses conducted by external professional training institutions, aiming to develop their safety skills. Work safety training for front-line staff was also strengthened. During the Year, the number of production safety accidents dropped by 39.4% to 20 compared with 2016. In 2017, the Lost Time Accidents (“LTA”) was 22,576 hours and the Lost Days from above Accident (“DLA”) was 2,822 days.

Permanent workers	2017	2016	Change (%)
Number of production safety accidents	20	33	–39.4%
LTA (hour)	22,576	14,240	+58.5%
DLA (day)	2,822	1,780	+58.5%
Number and rate of work-related fatalities	0	0	–

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Malaysia and Taiwan

In Malaysia, we fully comply with local safety, health law and regulations, such as "Occupational Safety Health Act 1994" and "Factories and Machineries Act 1967". During the Year, we continuously improved in workplace unsafe conditions and behaviour safety program reporting by using Omniesafe mobile apps system.

We also conduct a series of safety training programs such as Basic Occupation First Aid, CPR and AED. Employee health check, safety week and fire safety talk were provided to employees with aim to create safety awareness and share the knowledge about fire precaution during emergency.

In Taiwan, we formulated the "Life Protection Rules". We hold a safety and health committee and management review meeting on a monthly basis to monitor the progress and the performance of safety management measures. All staff receives safety and health education training on a semi-annual basis.



	Malaysia			Taiwan		
	2017	2016	Change (%)	2017	2016	Change (%)
LTA (case)	1	3	-66.7%	0	0	-
DLA (day)	37	43	-14.0%	0	0	-
Number and rate of work-related fatalities	0	0	-	0	0	-

Green Supply Chain

A sound supply chain management system helps ensure product quality and safety, which is crucial to safeguarding the reputation of any enterprise. We therefore uphold the principle of maintaining a green supply chain in adherence to our "Code of Conduct". 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, primarily sourced from Europe, as well as South and North America, is the major raw material for our tissue products. We give priority to selecting environmentally friendly wood-pulp certified by the Forest Stewardship Council™ (FSC™), the Programme for the Endorsement of Forest Certification (PEFC) or China Forest Certification Council (CFCC) as our raw material. In 2017, the wood pulp sourced by Vinda was all environmentally certified. All production supply chains in mainland China, Malaysia and Taiwan were FSC certified, which enables tracing the origins of the wood pulp raw materials to the well-managed, FSC-certified forests or other controlled sources.

Chemicals Procurement

Mainland China

We prefer chemical suppliers certified with a 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 all relevant laws and regulations. With MSDS, we are 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" in order to safeguard product quality. In 2017, all of our chemical suppliers obtained MSDS certificates.

In addition, in order to standardise quality control systems among suppliers, regulate acceptance requirements among users and govern internal tests requirements among suppliers, we formulated a tendering standard for chemicals in mainland China that cover wet strength agents and glues during the Year. All suppliers are required to submit an internal test report that comprised microbiological content, pH level, viscosity, specifications or adhesion before delivery and a third party test report regarding every product model at least once a year.

Malaysia and Taiwan

Chemicals suppliers shall provide Safety Data Sheet (SDS) for evaluation before purchasing. Our chemical suppliers are required to comply with "Occupational Safety And Health (Classification, Packaging and SDS of Hazardous Chemicals) 2013" in Malaysia and "Regulations for the Labeling and Hazard Communication of Hazardous Chemicals" in Taiwan. In 2017, chemical purchased in Malaysia and Taiwan are with SDS from suppliers.

Quality First

Quality is the cornerstone of an enterprise's reputation. Therefore, we place strong emphasis on the production process and product quality.

Mainland China

All production bases in mainland China 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 secured ISO50001 Energy Management System certifications, while the remaining factories will apply for energy management system certifications in steps.

Hygiene is important to all production bases. Each factory has strictly enforced the 6S management measures, which cover sorting, straightening, shining, sanitising, sustaining and safety, and complied with a three-tier quality monitoring mechanism, covering the "Procedures for Managing the Inspection of Incoming Goods", the "Procedures for Managing Process Inspections" and the "Procedures for Managing Final Checks". During the Year, we updated the pulp inspection standard to strictly regulate technical requirements, testing procedures, inspection rules as well as signs, packaging, transportation and storage for pulp to ensure that it undergoes tests for moisture content and yellowing index before delivery to our factories. During the production process, 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.

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In 2017, our products passed the sampling inspections carried out by local and national authorities, maintaining a 100% passing rate for 16 consecutive years.

Malaysia and Taiwan

Malaysia and Taiwan factories have been certified with ISO9001 Quality Management System, ISO14001 Environmental Management System and OHSAS18001 Occupational Health and Safety Management System. Malaysia factories were awarded Gold Safety Awards (site 1) and Bronze (site 2) from Essity. Malaysia factory (site 2) was also awarded MSOSH (Malaysian Society for Occupational Safety & Health) Gold Award. In addition, Taiwan factory was awarded Bronze Safety Award from Essity.

The Malaysia factories implemented 5S workplace management, Foreign Contaminants Control Policy and Foreign Contaminant Control Procedure covering personal hygiene, production and warehouse storage zoning, contamination control (glass, plastic, metals, wood), cleaning and lubricants used, equipment maintenance, material and products handling, pest control as well as metal detection. Our Taiwan factory adopted 6S management measures and pest elimination.

Factories in Malaysia passed the audit conducted by Department of Occupational Safety and Health Malaysia. In Taiwan, we also passed the sampling inspection carried out by local authorities, achieving a 100% passing rate.

Product Recall and Complaint Handling

We are committed to the quality and efficiency of our after-sales customer service. The "Procedures for Handling Customers' Comments" sets forth rules for responding to customers' comments and its summary analysis provides measures on compensations, procedures for handling returned products, remedial measures and preventive measures. If a product was recalled due to special circumstances, we would recall 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 2017.

During the Year, the complaint rate for dry tissue paper products, calculated on the number of complaints received for every 1,000 tons of tissue products sold, was 0.55 (2016: 0.67) in mainland China. The complaints were primarily associated with the product packaging. In Malaysia, the complaint rate for personal care products was 0.52 (2016: 0.60). In Taiwan, the complaint rate for personal care products was 0.21 (2016: 0.72).

High Standard of Corporate Governance

Vinda underscores its commitment to maintaining high standards of corporate governance and adopts a "zero tolerance" attitude towards corrupt business practices. Our internal control unit reports directly to the Audit Committee of the Board and is responsible for conducting internal audits, receiving reports on misconduct, reporting cases to senior management and advising on how to handle such cases. The internal control unit also formulates, reviews and regularly updates the internal control system, rules and guidelines of an enterprise by referencing national and local laws and regulations as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, guidelines issued by the Securities and Futures Commission and other regulatory rules.



We regularly update our internal control policies, procedures and guidelines as well as rules and regulations governing anti-corruption, including "Guidelines on Internal Control", "Measures on Business Transactions and Cost Approval Authorities", "Measures Governing Contracts", "Management System on Confidentiality", "Measures Governing Tender Invitations" and "Code of Conduct", to combat malpractice, fraud, corruption, breach of confidentiality and insider trading. The "Code of Conduct", applicable to all employees, specifies that any business relationship established by any Vinda employee shall be founded on honesty and integrity. In 2017, we reviewed and updated our policies, including communications with shareholders, handling and dissemination of inside information, and the code for securities transactions by directors and relevant employees. We also regularly conduct independent reviews where the Group's operations are located to ensure that our operations are legal and lawfully compliant.

Privacy Protection

All our employees strictly comply with the "Code of Conduct", collecting and handling personal information of our consumers, employees and business partners by fair and lawful means to ensure that they are not accidentally accessed, processed, erased, lost or used without authorisation. The confidential information of our employees is protected and may not be, under any circumstances, revealed to any personnel unless required by law.

Giving Back to Our Community

We are committed to fulfilling our responsibilities as a corporate citizen.

The Vinda Volunteer Team ("Team") was set up in 2008 in mainland China. The Team provided travel consultation services at railway stations on statutory holidays. Meanwhile, the Team has been actively assisting site layout and on-site order maintenance for various events to meet the needs of local communities, such as on-site order maintenance for the Mango Festival in Luokeng, decoration and on-site order maintenance for collective wedding events in the Xinhui District. The Team also carries out home safety assessments and health management services by way of donations and visits to elderly people living alone. During the Year, we partnered with the Sunflower Social Work Center in Xinhui to provide training for Vinda volunteers to enhance their professionalism. During the Year, 3,558 hours of community service were provided by the Team. A total of 730 participants attended the activities during the Year. During the Year, the Team was awarded the "Best Volunteer Service Organisations in Guangdong Province".

In addition, we initiated warm-hearted live broadcasts during the Chung Yeung Festival, showing our care for incontinence people through communication and by contributing to the Shanghai Qingpu Red Cross, in which we donated a corresponding amount of adults diapers based on the number of likes we received for the live broadcast.



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In Hong Kong, our employees participated in the Lifeline Express Charity Run/Walk fundraising activities for the third year in a row to offer free surgeries for cataract patients in impoverished areas of mainland China. Since 2008, the Tempo brand in Hong Kong has been providing product sponsorship to Orbis Moonwalkers. During the Year, Tempo also made donations to the Fu Hong Society.

In Taiwan, we donated diapers to social welfare institutions such as United Way of Taiwan (中華社會福利聯合勸募協會), and donated medium-sized diapers to every newborn in the neighborhood community. In addition, we regularly donated nutritional lunch to the elderly in community of Weixin village (維新村) and donated gifts to the elementary school graduates of Weixin each year.

In Malaysia, employees refurbished four children's home through a charity campaign entitled Drypers Share A Little Comfort which helped improve the living condition of impoverished children, providing them with a comfortable homes. In addition, A TENA Moments campaign called on Malaysians to nominate a caregiver in their lives for appreciation. This meaningful initiative aimed to raise awareness for the obscure caregivers, and to honour their dedication. TENA Empowering Tour was organised to convey that incontinence is nothing to be ashamed of, and people with incontinence are also able to enjoy happy life with support. During the campaign, 125 cartons of TENA products were given out to two old folks homes.

The Malaysian team has also been sharing knowledge and best practices with university students through collaboration with universities. Career talks were conducted in Sunway University, Monash University, Multimedia University, Heriott-Watt University, Infrastructure University Kuala Lumpur and University Malaya and etc. We have also done a marketing project with Victoria University MBA students to give business insights.

In Singapore, Vinda was honoured Prime Minister's social responsibility award, recognising our contributions towards caring and improving the quality of life in the elderly community.

Vinda Charity Foundation

We offer assistance to underprivileged students, the elderly and critically ill patients through the Vinda Charity Foundation. We built four new service centres in Xinhui to provide free meals to the elderly under the Five-Guarantees System or with low guarantees in 2017. The first service centre opened in 2013, and 11 service centres have been built over the years. In 2017, approximately 115,000 meals were served and 220 people benefited thereby.

In terms of educational aids, in 2017, "You Are the Best" Education Fund under the foundation provided financial assistance to 35 students who also participated in volunteer activities to give back to society. Those undergraduates who have received subsidies also donated their salaries to people in need. We continued the "Save the Heart" programme to offer assistance to the critically ill or 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. Moreover, we sponsored the infrastructure upgrade of a health centre in Shuangshui town to improve the medical environment for local residents.



At the same time, Vinda has set up a “Vinda Love Care Fund” to provide assistance for autism students at the Qizhi School in Jiangmen, aiming to supporting them in their social communication, emotional management and behavioral control. We have also built a “Love House” for orphan families, visiting children from broken homes and providing assistance to them.

Conducting Studies on Family Relationships

Vinda has conducted studies on the theme of “family situations” for four consecutive years. The “2017 Report on the Parent-child Relationship of National Families” focused on the communication modes between post-80s and post-90s parents and their children, which provided practical and meaningful advices to young parents.

Our Promise

Looking forward, Vinda will continue its ceaseless efforts to ensure sustainable development. For environmental protection, we will continue to reduce emissions, save energy and reduce pollution through any possible ways. In terms of corporate governance, we will ensure that all internal policies, systems and processes are lawful and legally complied. We promise to do our best to fulfil our social responsibilities.



Environmental, Social and Governance (ESG) Report 2017

A. Environmental

		KPI
Aspect A1: Emissions		
Types of emissions and respective emissions data	Mainland China	A1.1
	– Carbon dioxide emissions per 10,000 tons of products: 11,189 tons (2016: 14,378 tons)	A1.2
Greenhouse gas emissions in total	– Sulfur dioxide emissions per 10,000 tons of products: 0.84 tons (2016: 1.54 tons)	
	Malaysia	
	– CO ₂ fuel emissions: 0.04 ktons (2016: 0.07 ktons)	✓
	– CO ₂ electricity emissions: 32.44 ktons (2016: 34.08 ktons)	
	– NO _x as NO ₂ : 0.07 tons (2016: 0.11 tons)	
	Taiwan	
	– CO ₂ fuel emissions: 0.09 ktons (2016: 0.09 ktons)	
	– CO ₂ electricity emissions: 7.44 ktons (2016: 7.73 ktons)	
	– NO _x as NO ₂ : 0.13 tons (2016: 0.13 tons)	
Total hazardous and non-hazardous waste produced and intensity	– In response to government calls for a centralised and professional discharge and treatment of sewage by local industrial parks, the sewage discharge handling of our largest factory in Jiangmen is connected to the sewage treatment system of the local industrial park by the end of 2016	A1.3 A1.4 ✓
	– Recovery of solid waste in Malaysia was 2,088 tons (2016: 2,932 tons)	
	– Recovery of solid waste in Taiwan was 1,020 tons (2016: 1,145 tons)	
Measures to mitigate emissions and results achieved	Mainland China	A1.5
	– Equipped with advanced de-sulfurisation and denitrification technologies to effectively reduce the amount of sulfur and nitrogen compounds in our waste gas	
	– We employed a three-tier monitoring management system to ensure that waste gas emissions level is lower than the national standards such as GB1327-2001 "Emission Standard of Air Pollutants for Coal-burning Oil-burning Gas-fired Boilers" and GB3095-2012 "Ambient Air Quality Standards"	
	– Sulfur dioxide emissions per 10,000 tons of products: 0.84 tons, decreased by 45.5% (2016: 1.54 tons)	
	– Carbon dioxide emissions per 10,000 tons of products: 11,189 tons, decreased by 22.2% (2016: 14,378 tons)	
	Changed fluorescent lights to LED lights in Malaysia and Taiwan factories; Warehouse MHE in Malaysia changed from liquefied petroleum gas to rechargeable battery	✓
	Malaysia	
	– CO ₂ fuel emissions: 0.04 ktons, decreased by 42.9% (2016: 0.07 ktons)	
	– CO ₂ electricity emissions: 32.44 ktons, decreased by 4.8% (2016: 34.08 ktons)	
	– NO _x as NO ₂ : 0.07 tons, decreased by 36.4% (2016: 0.11 tons)	
	Taiwan	
	– CO ₂ fuel emissions: 0.09 ktons (2016: 0.09 ktons)	
	– CO ₂ electricity emissions: 7.44 ktons, decreased by 3.8% (2016: 7.73 ktons)	
	– NO _x as NO ₂ emissions: 0.13 tons (2016: 0.13 tons)	

Environmental, Social and Governance (ESG) Report 2017

		KPI
Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Mainland China	A1.6
	Handling of hazardous and non-hazardous wastes	
	– Hazardous waste is handled by professional contractors licensed by the environmental authorities	
	– Non-hazardous waste is sorted, classified and recycled to the largest extents by eligible contractors	
	– Set up paper-making water re-use projects	
	– Installed water recycling systems in all of our production bases	
	– Equipped our bases with three-tier effluent treatment facilities	
	Result achieved	✓
	– The emission concentration of all types of pollutants fully met the national standards	
	Malaysia and Taiwan	
Aspect A2: Use of Resources	– Strictly comply with local laws and regulations, including “Environmental Quality (Scheduled Wastes) Regulation 2005” in Malaysia and “Waste Disposal Act 2017” in Taiwan etc.	
	Results achieved	
	– Recovery of solid waste in Malaysia was 2,088 tons (2016: 2,932 tons)	
	– Recovery of solid waste in Taiwan was 1,020 tons (2016: 1,145 tons)	
Direct and indirect energy consumption by type	Mainland China	A2.1
	– Average overall energy consumption for every ton of paper (ton of standard coal): 0.32 (2016: 0.38)	
	– Electricity (kilowatt hours/ton of paper): 629.39 (2016: 887.89)	
	– Coal (ton of standard coal/ton of paper): 0.13 (2016: 0.15)	
	– Natural gas (cubic metre/ton of paper) : 27.83 (2016: 29.19)	
	– Steam (ton/ton of paper): 0.79 (2016: 0.93)	✓
	Malaysia	
	– Energy – Electricity (GWh): 47.21 (2016: 49.60)	
	– Energy – Fuels (terajoule): 0.65 (2016: 1.12)	
	Taiwan	
Water consumption	– Energy – Electricity (GWh): 12.8 (2016: 13.2)	
	– Energy – Fuels (terajoule): 1.27 (2016: 1.38)	
	Mainland China	A2.2
	– Average water consumption for every ton of paper: 8.48 tons (2016: 8.28 tons)	
	– Water recycling rate (estimates): over 95% (2016: over 95%)	✓
	Malaysia	
	– Water consumption (Mm³): 0.09 (2016: 0.10)	
	Taiwan	
	– Water consumption (Mm³): 0.05 (2016: 0.04)	

Environmental, Social and Governance (ESG) Report 2017

		KPI
Energy use efficiency initiatives and results achieved	For energy use efficiency initiatives Mainland China – Selected the energy source for each factory based on the availability and feasibility of the natural resources and infrastructure composition by referring to “The Norm of Energy Consumption per Unit Product of Pulp and Paper”	A2.3 A2.4
Water efficiency improving initiatives and results achieved	Malaysia – Comply with “Environmental Quality Act 1974”, “Environmental Quality (Clean Air) Regulation 2014” and “Environmental Quality (amendment) Act 2012” Taiwan – Strictly comply with “Air Pollution Control Act 2012” Results achieved Mainland China – All plants met the national standards of energy use – Consumption of steam decreased by 15.1% – Average overall energy consumption per ton of paper (ton of standard coal) decreased by 15.8% – Electricity consumption (kilowatt hours/ton of paper) decreased by 29.1% – Coal consumption (tons of standard coal/ton of paper) decreased by 13.3% Malaysia – CO ₂ fuel emissions decreased by 42.9% – CO ₂ electricity emissions decreased by 4.8% – NO _x as NO ₂ decreased by 36.4% Taiwan – Energy – electricity decreased by 3.0% – Energy – fuels decreased by 8.0% – CO ₂ electricity decreased by 3.8% For water efficiency improving initiatives – Our production bases in mainland China are equipped with water recycling systems and devices for shallow air flotation, fiber ball and disc filtration systems – The recycling of water system in the Cooling Tower for air-conditioning of factories in Malaysia and Taiwan Results achieved Mainland China – The average water consumption for every ton of paper was 8.48 tons, which was significantly lower than the national upper limit of 30 tons of water consumption for every ton of product as stipulated in GB/T18916.5 “Norm of Water Intake – Part 5: Pulp, Paper and Paper Board Production” – The water recycling rate remained above 95% Malaysia – Total water consumption decreased by 10.0% to 0.09Mm ³	✓
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	A2.5
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 ✓

B. Social

Employment and Labour Practices

KPI

Aspect B1: Employment

Total workforce by gender, employment type and age group	Number of employees of Vinda Group: 11,277	B1	
	Workforce by nature of work		
	– Percentage of employees engaged in production-related duties: 41%		
	– Percentage of employees engaged in sales and marketing-related duties: 21%		✓
	– Others: 38%		
	Workforce by gender:		
	– Male: 54%		
	– Female: 46%		
Employee turnover rate	Turnover rate: 18%		

Aspect B2: Health and Safety

Number and rate of work-related fatalities	– Number of occupational fatalities: 0 – Rate of occupational fatalities: 0	B2.1	
Lost days due to work injury	Mainland China – LTA: 22,576 hours (2016: 14,240 hours) – DLA: 2,822 days (2016: 1,780 days) Malaysia and Taiwan – LTA: 1 case (2016: 3 cases) and DLA: 37 days (2016: 43 days) in Malaysia – No LTA and DLA in Taiwan	B2.2	
Occupational health and safety measures adopted, how they are implemented and monitored	Occupational health and safety measures adopted, how they are implemented and monitored Mainland China – Continuously improve our internal safety management system, such as "Fire Safety Management System", "An Identification and Evaluation Management System for Dangerous Points" and "An Operations Safety Management System in Limited Spaces". We standardise safety management requirements at the group level to ensure that operational projects with high risks can be effectively monitored – Continue to perfect our feedback mechanism for work safety. Each factory has to convey safety messages, conduct data analysis and summarise the daily work safety condition of all factories. All information will be reported to the management and those in charge of work safety at each factory on monthly basis Malaysia – Continuously improve Workplace Unsafe Conditions and Behaviour safety program reporting by using Omniesafe mobile apps system Taiwan – Formulated the "Life Protection Rules". We hold a safety and health committee and management review meeting on a monthly basis to monitor the progress and the performance of safety management measures	B2.3	✓

Environmental, Social and Governance (ESG) Report 2017

Employment and Labour Practices

KPI

Aspect B3: Development and Training

Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Mainland China	B3	
	– Number of participants: 83,271		
	– Average training hours per staff: 13 hours		
	Malaysia		
	– Number of participants: 566		✓
	– Average training hours per staff: 25.1 hours		
	Taiwan		
	– Number of participants: 328		
	– Average training hours per staff: 10.8 hours		

Aspect B4: Labour Standards

Employment practices to avoid child and forced labour	Mainland China	B4.1	
	– Strictly comply with national and local laws, such as the "Labour Law", "Labour Contract Law", "Labour Union Law" and "Employment Promotion Law of the People's Republic of China"		
	– Develop various rules and regulations related to the benefits of employees such as the "Remuneration Management System", "Benefit Management System, Leave and Business Trip Management System" and "Benefit System for Dispatched Employees"		
	– Protect the legal interests of female employees in strict compliance with applicable laws and regulations such as the "Law on the Protection of Women's Rights" and the "Rules on the Labour Protection of Female Employees"		
	Malaysia		✓
	– Follow "Child and Young Persons (Employment) Act 1966" and comply with all the mandatory employment benefits stipulated in "Employment Act"		
	– Offer additional benefits, for instance, longer maternity and paternity leaves, medical benefit and insurance benefit		
	Taiwan		
	– Abide by relevant labour acts such as the "Labour Standards Act" and the "Employment Service Act"		
	– Comply with the "Act of Gender Equality in Employment" strictly, and formulated the "Employee Working Rules" and the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment", to strengthen the protection of female employees' working rights		
Steps taken to eliminate such practices when discovered	During the year, there was no non-compliance with regulations in the Group	B4.2	✓

Environmental, Social and Governance (ESG) Report 2017

Employment and Labour Practices

KPI

Aspect B5:

Supply Chain Management

Policies on managing environmental and social risks of the supply chain	During the year, the Group mainly sourced its wood pulp from Europe, South and North America – Engage and manage suppliers in strict compliance with the "Measures Governing Contracts", "Guidelines on Internal Control" and "Measures Governing Tender Invitations" – Give priority to selecting environmentally certified raw material Malaysia – Comply with "Occupational Safety And Health (Classification, Packaging and SDS of Hazardous Chemicals) 2013" Taiwan – Comply with "Regulations for the Labeling and Hazard Communication of Hazardous Chemicals" All our chemicals suppliers obtained MSDS/SDS certificates	B5	✓
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Aspect B6:

Product Responsibility

Percentage of total products sold or shipped subject to recalls for safety or health reasons	No recall actions due to safety or health issues were taken by the Group	B6.1	✓
Number of products and service related complaints received and how they are dealt with	– The "Procedures for Handling Customers' Comments" sets forth rules for responding to customers' comments and its summary analysis provides measures on compensations, procedures for handling returned products, remedial measures and preventive measures – We would recall 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 Please refer to "Product Recall and Complaint Handling"	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 assuring process – Developed a three-tier quality monitoring mechanism, covering 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 – Established the "Notice and Recall Control Procedures"	B6.4	✓
Consumer data protection and privacy policies, how they are implemented and monitored	"Code of Conduct" clearly stipulates our practices on collecting and handling personal information of our customers, employees and business partners by fair and lawful means	B6.5	✓

Aspect B7: Anti-corruption

Policies relating to bribery, extortion, fraud and money laundering prevention and compliance with relevant laws and regulations	– Regularly update our internal control policies, procedures and guidelines as well as rules and regulations governing anti-corruption, including "Guidelines on Internal Control", "Measures on Business Transactions and Cost Approval Authorities", "Measures Governing Contracts", "Management System on Confidentiality", "Measures Governing Tender Invitations" and "Code of Conduct" – Reviewed and updated our policies, including communications with shareholders, handling and dissemination of inside information, and the code for securities transactions by directors and relevant employees	B7	✓
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Environmental, Social and Governance (ESG) Report 2017

Employment and Labour Practices

KPI

Aspect B8: Community

Focus areas of contribution	<ul style="list-style-type: none"> - Published the "Vinda 2017 Report on the Parent-child Relationship of National Families", focused on the communication modes between post-80s and post-90s parents and their children - Encourage volunteers to participate in community services and visit orphans, the elderly and the disabled. During the Year, the Team was awarded the "Best Volunteer Service Organisations in Guangdong Province" - In Hong Kong, participated in the Lifeline Express Charity Run/Walk fundraising activities to offer free surgeries for cataract patients in impoverished areas of mainland China. Since 2008, the Tempo brand in Hong Kong has been providing product sponsorship to Orbis Moonwalkers. During the Year, Tempo also made donations to the Fu Hong Society - In Taiwan, donated diapers to social welfare institutions such as United Way of Taiwan (中華社會福利聯合勸募協會), regularly donate nutritional lunch to the elderly in community of Weixin village (維新村), etc. - In Malaysia, helped impoverished children to improve their living condition through a charity campaign entitled Drypers Share A Little Comfort, organised a TENA Moments campaign to reward caregivers, held TENA Empowering Tour and conducted career talks at local universities, etc. - In Singapore, being honoured Prime Minister's social responsibility award - Offered assistance to underprivileged students, the elderly and critically ill patients through the Vinda Charity Foundation - "You Are the Best" Education Fund provided financial assistance to 35 students in 2017 - Continued the "Save the Heart" programme to offer assistance to the critically ill or 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, and sponsored the infrastructure upgrade of a health centre in Shuangshui town to improve the medical environment for local residents - Set up a "Vinda Love Care Fund" to provide assistance for autism students at the Qizhi School in Jiangmen 	B8.1	✓
Resources contributed	<ul style="list-style-type: none"> - Total hours of community service provided: 3,558 hours - Number of volunteers participating: 730 - Number of meals provided to the elderly by eleven service centres in Xinhui: approximately 115,000 meals, which benefited 220 people 	B8.2	✓