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Table of Contents

- I. Introduction:3***
- II. Assumption and net revenue, net profit forecasting:3***
- III. WACC calculation:6***
 - A. Cost of Debt:6***
 - B. Cost of Equity:7***
 - C. WACC:7***
- IV. Enterprise Value:8***
- V. Evaluate through Market Approach and comparative peers:9***
- VI. Risk-return analysis:10***
- VII. Final Decision:11***
- VIII. Increase value and Strengthening position:12***
 - A. Internal Factor:12***
 - B. CSR:13***
- IX. Vinamilk's BOD evaluation:13***
 - A. Ecological:13***

B. Social:	14
C. Economics:	14
X. Vinamilk management role:	15
XI. References:	16

I. Introduction:

This project is concentrated on applying finance principles, theories, and calculations to evaluate as well as identify factors affecting Vinamilk company. Additionally, our group will give the final judgment on whether to invest in this company or not.

II. Assumption and net revenue, net profit forecasting:

According to GOS (2023), Vietnam's CPI index decreased by 0.23% in March 2023 compared to the previous month and will likely remain between 4 to 5% through the end of the year. The Vietnamese government is enacting the fiscal expansion policy by investing in multiple National Infrastructure Projects, including Beltway No.4 Ha Noi, Beltway No.3 Ho Chi Minh (Linh 2023)... Thus, public infrastructure investment will have a positive impact on the country's total production output (Hemming et al. 2002). Therefore, we believe that Vietnam's economy will overcome the current mild recession at the end of 2023 and GDP per capita will increase in the next 5 years.

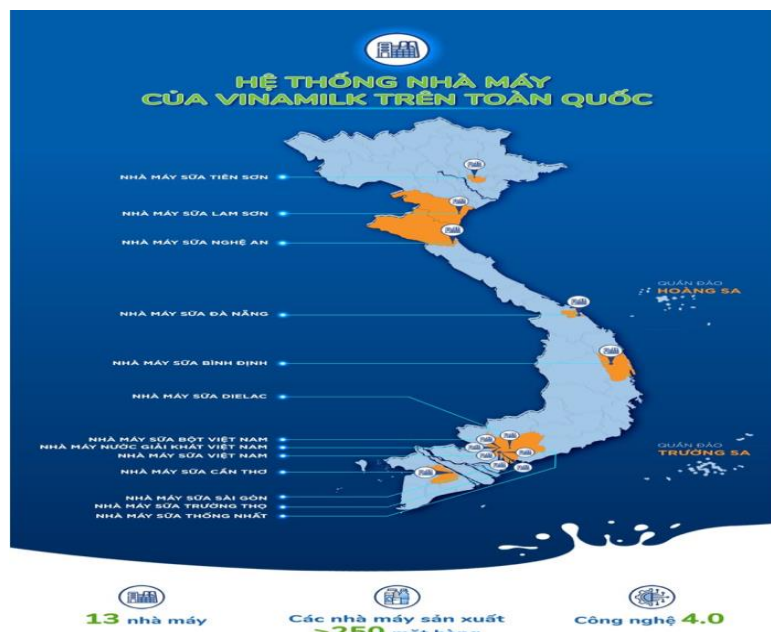


Figure 1: Vinamilk's factories across Vietnam



Figure 2: Vinamilk's product portfolio

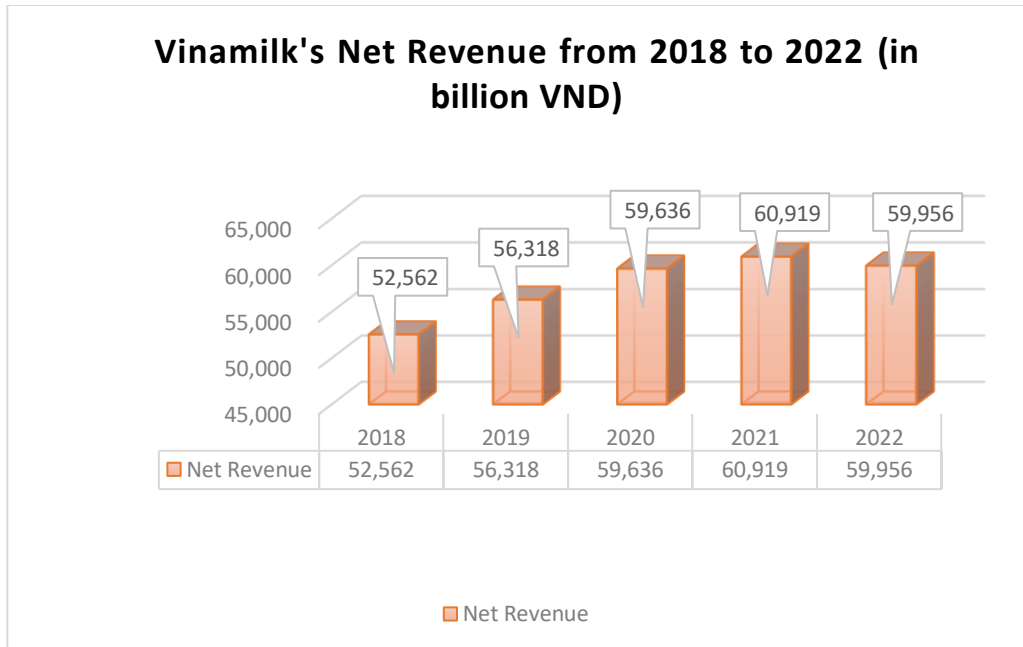


Figure 3: Vinamilk Net Revenue from 2018 to 2022.

Vietnam’s dairy consumption revenue was projected to reach 3.81 billion USD in 2023 and will continuously increase by 8.89% annually until 2027 (Statista 2023). Vinamilk is the market leader in Vietnam's dairy industry with 44% of the total market share, it is dominant in the two segments: drinking milk products with 47.1%, and yogurt and sour milk with 65% (Euromonitor 2023). From 2018 to 2022, Vinamilk launched 18 new products per year, 13 factories across Vietnam, 12 domestic farms with more than 130,000 cows, demonstrating Vinamilk's commitment to maintaining its position as market leader by expanding its product line (Vinamilk Annual Report 2020). Therefore, we estimated that from 2023 to 2027, Vinamilk's net revenue growth would achieve 5.5% regarding their current position; the general administrative and selling expense increase by 0.5% regarding its expansion as well as marketing cost for 27 billion VND per day (Ngan 2023).



Figure 4: MocChauMilk paradise project.

On the other hand, Vinamilk launched the MocChau Milk Paradise project with a capital investment up to 3,150 billion VND for two phases in 2022 (Trang 2022) (Figure 4). The first phase will complete in 2024 with the initial investment is 1000 billion VND, we assume that the project’s first phase will last for 40

years. Hence, Vinamilk’s chairwoman confirmed that there would be no more M&A deals in the next 5-10 years (Son 2023). Applying the straight-line method, the depreciation will increase by an additional 250 billion VND beginning in 2024.

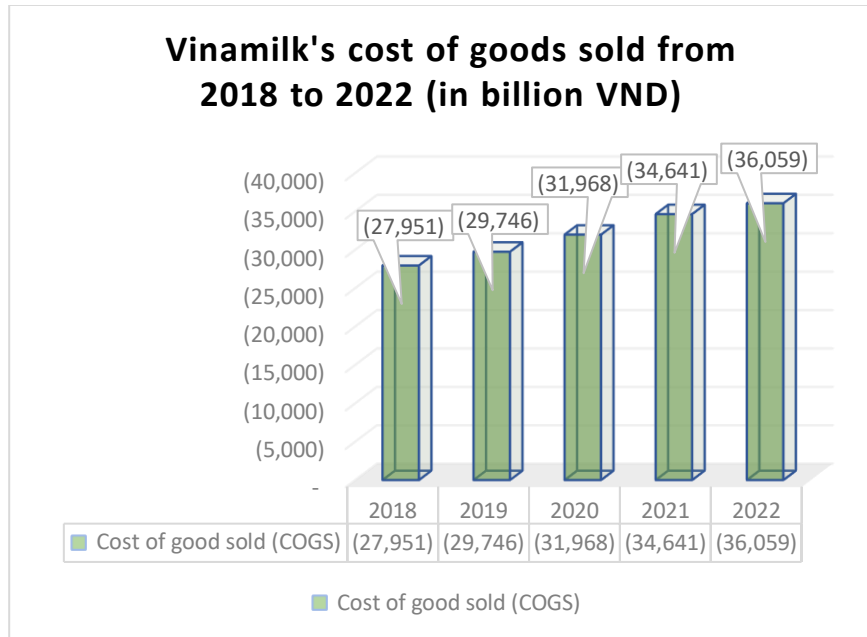


Figure 5: Vinamilk COGS from 2018 to 2022.

However, Vinamilk has to import milk powder for its liquid milk production, which explains why its cost of goods sold increased significantly from 2018 to 2022 since the main source of these raw materials comes from advanced countries (Ngan n.d). According to IMF, the advanced economic growth might slow down to 1.3% in 2023, while the global inflation rate remains at 7% in 2023 and is unlikely to return to the target until 2025. Therefore, we assume that Vinamilk’s cost of goods sold will increase to 7.5% annually from 2023 to 2025 and return to 5% annually by the end of 2027 regarding the global economy’s healing.

Each year, Vinamilk deposited more than 15,000 billion VND with an average rate varied from 8%-10% while the venture investing recognized a loss but it is insignificant compared to the money that Vinamilk receives from bank deposits. Thus, SBV is decreasing the supplying capital interest rate, suggesting that the deposit interest rate will decrease in the future. Therefore, Vinamilk’s financial income should increase by 7% regarding its safer investment portfolio. In contrast, Vinamilk’s financial expenses were coming from paying to foreign banks only in which Japan’s banks are the heaviest lender for short-term borrowing.

Unit: VND(in billion)	2023	2024	2025	2026	2027
Net Revenue	63,254	66,733	70,403	74,275	78,360
Cost of good sold (COGS)	(38,763)	(41,671)	(44,796)	(47,036)	(49,388)
Gross Profit	24,490	25,062	25,607	27,239	28,973
Selling Expense	(12,611)	(12,674)	(12,737)	(12,801)	(12,865)
G&A Expense	(1,604)	(1,612)	(1,620)	(1,628)	(1,636)
EBITDA	10,275	11,026	11,500	13,060	14,721
EBIT	10,275	10,776	11,250	12,810	14,471
Finance income	1,477	1,580	1,691	1,809	1,936
Finance expense	(649)	(681)	(715)	(715)	(715)
Other income & expense	40	2	50	(48)	30
EBT	11,143	11,677	12,275	13,856	15,722
Corporate income tax	(2,229)	(2,335)	(2,455)	(2,771)	(3,144)
Net income	8,915	9,341	9,820	11,085	12,578

Table 1: Vinamilk's forecasted freecashflow.

III. WACC calculation:

According to CFI (2023), the weightage cost of capital (WACC) was determined by the cost of capital through all sources with two majors categorized: Cost of debt and Cost of Equity. Since Vinamilk doesn't offer any preference share, its WACC formula would be:

$$WACC = W_D \cdot r_D(1 - t) + W_E \cdot r_E$$

A. Cost of Debt:

(In VND)	2018	2019	2020	2021	2022
Short-term borrowing	1,060	5,351	7,316	9,382	4,867
Long term borrowing	216	123	167	76	66
Total Borrowing	1,276	5,474	7,483	9,458	4,933
Interest expense	51	108	144	89	166

Table 2: Vinamilk's total borrowing from 2018 to 2022.

The total borrowing (total debt) was calculated by adding up the short-term and long-term borrowing together since Vinamilk only borrowed from Banks. Since we mentioned that Vinamilk is constructing a 3000 billion VND project, the total debt will likely increase in the future. Therefore, the total borrowing in the future will be calculated by summing the average of the previous 5 years with an additional 1%.

(In VND)	2023	2024	2025	2026	2027
Total Borrowing (in Billion VND)	5,782	6,692	6,938	6,828	6,297
Interest expense	174	183	192	192	192
Pre-tax cost of debt	3.01%	2.73%	2.77%	2.81%	3.05%

Table 3: Vinamilk's total borrowing forecasted from 2023 to 2027

B. Cost of Equity:

As aforementioned that Vinamilk is likely to borrow to finance its new project, we forecasted that it would continue to issue ordinary shares by an average of 7% of total outstanding shares annually. Its share capital would increase at the same rate respectively. Moreover, the Capital assets pricing model would be used to compute Vinamilk's cost of equity.

	2023	2024	2025	2026	2027
Outstanding shares	2,257,151,891	2,437,724,043	2,632,741,966	2,843,361,323	3,070,830,229
Shareholder capital (VND)	22,362,523,261,500	23,927,899,889,805	25,602,852,882,091	27,395,052,583,838	29,312,706,264,706

Table 4: Vinamilk's total share capital forecasted from 2023 to 2027.

According to Van Binsbergen et al. (2022), the benchmark for risk-free interest-rate assets is government bonds. For that reason, we calculated the average yield-to-maturity of Vietnamese-10 years government bonds from 2018 to 2022 for risk-free interest rates (Investing 2023). We measured the market expected by averaging overall Vietnam's stock market return from 2017 to 2021 since the 2022 data is missing (Knoema 2023). The beta coefficient was a measurement of the percentage change in stock price to an additional 1% change in the market, historically (Levy 1974). Regarding Vinamilk's stock has been listed on the VN-30 index from 2018 to 2022, we would measure the beta coefficient between Vinamilk stock and the Vn-30 index. After the calculation we obtained the beta coefficient is 0.627, the expected market return is 0.011%, and the risk-free interest rate is 0.012%. As a result, Vinamilk's cost of equity would be:

$$Re = Rf + \beta \times (Rm - Rf) = 3.566\% + 0.627 \times (17.822\% - 3.566\%) = 12.51\%$$

C. WACC:

According to PWC, the corporate income tax is 20%. We would apply this rate for Vinamilk. Combining all the above information, Vinamilk's average WACC from 2023 to 2027 would be:

	2023	2024	2025	2026	2027
Total borrowing (in billion VND)	5782	6692	6938	6828	6297
Weightage cost of debt	20.5%	21.9%	21.3%	20.0%	17.7%
Pre-tax cost of debt	3.01%	2.73%	2.77%	2.81%	3.05%
Total share capital (in billion VND)	22,362	23,928	25,602	27,395	29,313
Weightage cost of equity	79.5%	78.1%	78.7%	80.0%	82.3%
Required rate of return			12.51%		
Tax rate			20%		
WACC	10.44%	10.25%	10.32%	10.46%	10.73%
Average WACC			10.44%		

Table 5: Vinamilk's forecasted WACC

IV. Enterprise Value:

Vinamilk was known as a company that always distributes dividends with a high payout ratio varying from 70% to 90% from 2018 to 2022. Moreover, this company doesn't have the intention to stop paying dividends by planning its payout ratio in 2023 to be 50%. However, this ratio has decreased which aligns with our assumption that Vinamilk will concentrate on finishing the project's first phase. Therefore, we estimated that Vinamilk's payout ratio in 2023 and 2024 will be 50% and return to 60% in the latter.

	2018	2019	2020	2021	2022
Net income (in billion VND)	10206	10554	11236	10633	8758
Total Dividend (in billion VND)	7256	7836	7928	7523	8046
Payout ratio	71.1%	74.2%	70.6%	70.8%	91.9%
Retention earning ratio	28.9%	25.8%	29.4%	29.2%	8.1%

Table 6: Vinamilk's share distribution history.

Moreover, a company's enterprise value could be calculated by adding the terminal value to the intrinsic value of a company. Regarding the requirement to calculate Vinamilk's enterprise value as of 31 December based on the Dividend Discount model, the intrinsic value of a company would equal 2022's present value of discounted dividend future cash flow from 2023 to 2027.

	2023	2024	2025	2026	2027
Net income (billion VND)	8,915	9,341	9,820	11,085	12,578
Payout ratio	50%	50.0%	60.0%	60.0%	60.0%
Dividend	4,457	4,671	5,892	6,651	7,547
Number of outstanding share	2,257,151,891	2,437,724,043	2,632,741,966	2,843,361,323	3,070,830,229
Dividend per share (VND)	1,975	1,916	2,238	2,339	2,457
Required rate of return (Cost of equity)	12.5%				
Present value in 2022	₫1,755.15	₫1,513.59	₫1,571.33	₫1,459.75	₫1,363.10
2022's Vinamilk theoretical share price from DDMModel	₫7,662.93				

Table 6: Vinamilk's share price forecasted.

The company's perpetuity terminal growth shouldn't exceed the country's GDP growth rate since the company's growth outpaces the country's economy is a risky assumption. Therefore, we calculated the perpetuity terminal growth by averaging Vietnam's GDP growth rate and inflation from 2015 to 2021, the growth value that we obtained is 4.39%.

In addition, Vinamilk's terminal value on 31 December 2022 would be:

$$\text{Terminal value in 2022} = \frac{[FCF_{2027} \times (1 + g)]}{(WACC - g)} = 132,188,517,591,869$$

As a result, Vinamilk's enterprise value on 31 December 2022 would be:

$$\text{Enterprise value} = 148,203,701,680,155 \text{ VND}$$

V. Evaluate through Market Approach and comparative peers:

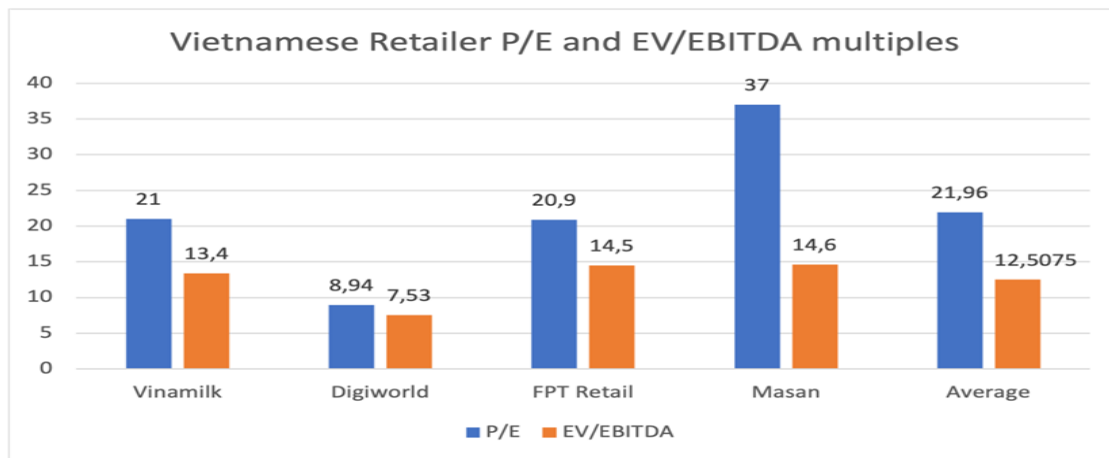


Figure 7: Vietnamese Retailer P/E and EV/EBITDA multiples based on data compiled by Market Screener (2023)

Vinamilk's value will be determined by comparing its P/E, EV/EBITDA multiples, and margins to Vietnamese retailers and foreign dairy counterparts according to figures 7 and 8 (Market Screener 2023). In Anderson and Keith's book, a low P/E could indicate an opportunity for investors, but more data would be needed to determine whether data investment is worth it (Anderson and Keith 2012). Figure 7 shows Vinamilk had a 21 P/E multiple, greater than other Vietnam retailers except for Masan. In Viet Nam, consumer products companies like Vinamilk and Masan had a higher P/E ratio, indicating more robust growth. Vinamilk's P/E and EV/EBITDA are median and increased, respectively, among dairy companies. Compare EV/EBITDA. An average EV/EBITDA ratio may be safer since it accounts for capital expenditures. Low ratios may attract investors. Vinamilk's EV/EBITDA multiplier is 13.4, above average, due to the previous year's sales drop. Finally, we compare Vinamilk's sales and profit to comparable competitors. Vinamilk's 2,558 billion VND LTM revenue is smaller than other dairy firms, yet it ranks high in Vietnam. gross margin. Vinamilk had a 39.9% gross margin, the highest in Vietnam and greater than other dairy firms. Net margin also indicates the company's strategy's success. Vinamilk's 14,2% net margin is second to China Feihe's. Vinamilk's production and operations plans are solid. Vinamilk's market price reflects its stability and profitability, however owing to recent sales declines, its share price is inflated.

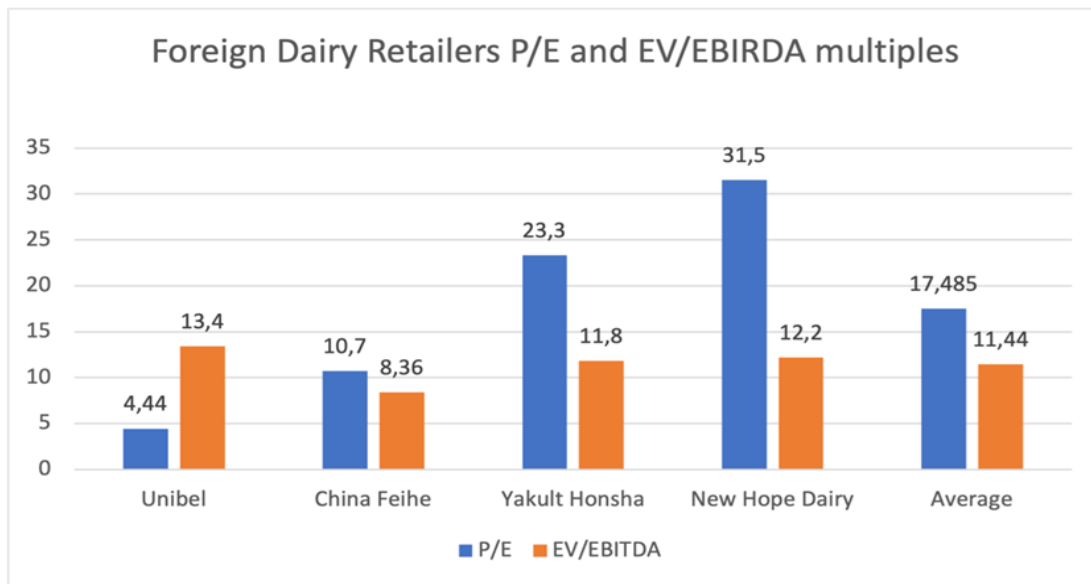


Figure 8: Foreign Dairy Retailers P/E and EV/EBITDA multiples based on data compiled by Market Screener (2023)

VI. Risk-return analysis:

The share price of Vinamilk for the 60 months preceding May 2023 is displayed in the table below, with data sourced from Investing.com (2023). The stock price generated an expected return of -0.42% and a standard deviation of return (volatility) of 6.13%. The return rate indicates that Vinamilk currently has a negative return rate, which could indicate that investors could lose money if they choose to invest in the company. The volatility rate indicates that Vinamilk's share price trend is relatively stable; therefore, an investment in Vinamilk will likely not be risky and will not yield a high return, as calculated previously. In addition, Vinamilk's stability is demonstrated by its beta rate, which is 0.4571 as stated on the Investing website. The low beta indicates that Vinamilk is less sensitive to changes in the overall market. In conclusion, Vinamilk share is a suitable investment for those who favor low risk. While the negative return rate may appear negative, it is actually the result of an external factor, COVID, as most negative changes between months occur in 2020.

Date	Price	Change	Date	Price	Change	Date	Price	Change
6/1/2018	100,765.00	4.43%	6/1/2020	85,852.00	-0.71%	6/1/2022	69,799.00	0.70%
7/1/2018	99,698.00	-1.06%	7/1/2020	81,510.00	-5.06%	7/1/2022	72,800.00	4.30%
8/1/2018	92,882.00	-6.84%	8/1/2020	92,175.00	13.08%	8/1/2022	75,500.00	3.71%
9/1/2018	98,709.00	6.27%	9/1/2020	100,859.00	9.42%	9/1/2022	72,300.00	-4.24%
10/1/2018	83,468.00	-15.44%	10/1/2020	100,025.00	-0.83%	10/1/2022	78,500.00	8.58%
11/1/2018	92,023.00	10.25%	11/1/2020	100,211.00	0.19%	11/1/2022	82,800.00	5.48%
12/1/2018	86,973.00	-5.49%	12/1/2020	100,766.00	0.55%	12/1/2022	76,100.00	-8.09%
1/1/2019	97,845.00	12.50%	1/1/2021	96,088.00	-4.64%	1/1/2023	77,100.00	1.31%
2/1/2019	102,266.00	4.52%	2/1/2021	97,958.00	1.95%	2/1/2023	75,500.00	-2.08%
3/1/2019	97,700.00	-4.46%	3/1/2021	91,976.00	-6.11%	3/1/2023	74,400.00	-1.46%
4/1/2019	94,076.00	-3.71%	4/1/2021	87,396.00	-4.98%	4/1/2023	70,000.00	-5.91%
5/1/2019	93,859.00	-0.23%	5/1/2021	84,591.00	-3.21%	5/1/2023	67,100.00	-4.14%
6/1/2019	90,200.00	-3.90%	6/1/2021	84,498.00	-0.11%			
7/1/2019	90,346.00	0.16%	7/1/2021	80,479.00	-4.76%			
8/1/2019	90,200.00	-0.16%	8/1/2021	81,694.00	1.51%			
9/1/2019	96,697.00	7.20%	9/1/2021	85,198.00	4.29%			
10/1/2019	96,921.00	0.23%	10/1/2021	86,243.00	1.23%			
11/1/2019	90,583.00	-6.54%	11/1/2021	83,296.00	-3.42%			
12/1/2019	87,598.00	-3.30%	12/1/2021	82,155.00	-1.37%			
1/1/2020	81,583.00	-6.87%	1/1/2022	80,337.00	-2.21%			
2/1/2020	78,575.00	-3.69%	2/1/2022	75,793.00	-5.66%			
3/1/2020	68,424.00	-12.92%	3/1/2022	78,210.00	3.19%			
4/1/2020	74,440.00	8.79%	4/1/2022	71,733.00	-8.28%			
5/1/2020	86,470.00	16.16%	5/1/2022	69,316.00	-3.37%			

Figure 9: Vinamilk share price from 5/2018 – 5/2023

VII. Final Decision:

There have been multiple research papers and scholarly articles suggesting that the Vietnam stock market is inefficient and has a weak form, even up until today. Loc (et al. 2010:3519) conclude that the Stock Trading Center (STC) in Ho Chi Minh City is not even efficient in the weak form, and other researches have shown that the market could not get out of the weak form during its operation up until recent days (Phan and Zhou 2014:77; Gupta et al. 2014:25). A major reason for the inefficient stock market of Vietnam is the low level of information transparency, with many inaccurate publications and monopolistic access to information (Nghia and Blokhina 2020:85). In conclusion, the Vietnam stock market is having **weak form market efficiency**, in line with the EMH.

According to the Dividend Discount Model in the previous section, the price of a Vinamilk share is VND7,662, as of December 31, 2022. However, the actual market price of a Vinamilk share on December 30, 2022, was VND76,100. As seen, there is a conflict between the model and the market price. Since the Vietnam stock market is inefficient, the market may not reflect the true value of the share, as all kinds of information is not truly reflected (Nghia and Blokhina 2020:85). The share price is deemed overpriced after all, thus it is recommended to sell the shares.

VIII. Increase value and Strengthening position:

A. Internal Factor:

Value enhancement is one of the main objectives of the executive managers (Berzkalne and Zelgalve 2014). The method used in evaluating a company depends on the purpose of the evaluation. For instance, Misamore (2017) suggests different valuation methods, namely analysing the tangible asset, liquidity, enterprise value, earnings, and share price value. As a result, the value of a company can be determined by profitability. The profit margin can be improved via higher revenue and cost optimization.

In order to increase the quantity sold, in other words, Vinamilk should develop **marketing strategies** and extend the **consumer base** (Quain et al. 1998). The investigation of the **consumer trend**, such as rural areas consumption, multi-channel shopping, content personalization, and age-based health trend, allows Vinamilk to respond to the consumer needs. **Product diversification** that helps tailoring according to **consumer preference** and **consumer targets** should be under consideration to expand the domestic market share (VNM n.d.development). Enhancing **brand equity** (brand recognition, quality perception, promotion) results in large sales and market share (Thanh 2012). As **exporting** occupies 8% of total revenue, Vinamilk has the opportunities to expand distribution to new markets (VNM 2023profile).

In 2023, the cost has not improved from the post COVID-19 period while revenue slightly grows (Figure 1), causing a drop in profit (VNM 2023p&l).

Vinamilk should be concerned with **high-level of cost** such as material, and operating expenses(VNM 2023p&l). According to VNM (2023min), Vinamilk does not have the control over the cost which depends considerably on the global situation. The **price trend of imported milk powder**, which is the main ingredient for numerous reconstituted and powder milk product lines, sharply increases in the international market (VNM 2023profile, VNM 2023min). It also implies that **global challenge** is an important factor that impacts the cost of imported materials.

One challenge is the **supply chain disruption** caused by the Russia-Ukraine war (KPMG 2023). As China-US tension tightens, the company should prepare for more severe disruption (Stahl 2023). Therefore, Vinamilk can consider reducing imports of powdered milk and cow breeds (VNM 2022annual, VNS 2021). For instance, the company can invest more in production chain and **technologies** to self-supply powdered milk. Moreover, the company can consider expanding the cows breeding business line (VNM 2023res)

Another factor that the company may consider to enhance value is the contribution to sustainability and CSR. According to Wu and Jin (2022:1), these factors significantly helps to build brand image and improve company competitiveness.

B. CSR:

For a company, sustainability refers to building a community with the understanding and commitment to environmental concerns when making economic development (Scoones 2007:589). Factors of nature, such as water, electricity, and oil (Jacques 2020:31,175), must be

taken into consideration as a company strives for profit and expansion in regard to sustainable development. In addition, the CSR idea suggests that when conducting a business decision, a company should also concern about the ethical values and the law, as well as paying respect for the society and environment (McWilliams et al. 2006:1; Lindgreen et al. 2009:309).

In order to strengthen its domestic position, the company should consider the aforementioned factors regarding company values and focus on the powder milk market due to the dependence of Vietnam dairy firms on importing. On the international market, Vinamilk received the title of the 6th largest dairy brand in the world, the 2nd strongest milk brand in the world, and is known for standardized manufacturing (NDO 2022). Thus, Vinamilk can expand to different markets, build trust, and partner to increase brand recognition (Nguyen 2020). In addition, China has ended zero-COVID policy, creating a huge opportunity for Vinamilk export in its dairy market (Zhu et al. 2023).

IX. Vinamilk's BOD evaluation:

As stated in Vinamilk’s Sustainable Report (2022), the BoD building trust with consumers, stakeholders with three pillars of Sustainability: Nature, People and Product, comply with the Sustainable Development Goal (SDG). We will evaluate whether their strategies can recognize and apply to ecological, social, and economic implications of business decisions and whether Vinamilk can successfully deliver their mission: “Bringing the most valuable nutrition source with all respect, trust and responsibility to the community” (Vinamilk n.d).

A. Ecological:

Firstly, the Nature pillar is how Vinamilk utilize their resources, decreases carbon footprint as well as protects biodiversity (Vinamilk 2023). Their main solutions are: application of innovative, ecologically friendly processes; well-managed and optimal use of natural resources through circular economy; Utilize eco-friendly technologies and energy, efficiently handle waste production, and plant trees on Vietnam's empty soil area. They also implements the Materiality Area by listening to their stakeholders priority when decide business operation while preserving the biodiversity of the environment (Figure 11 & 12), which is connected to sustainability.

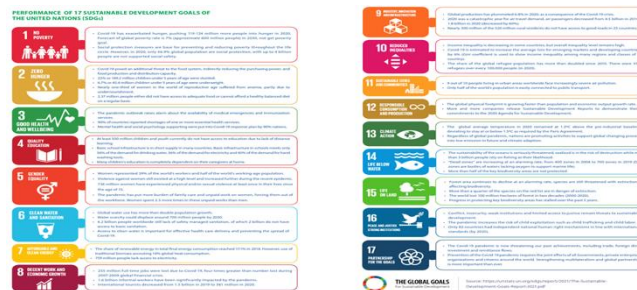


Figure 10: Sustainable Development Goal (United Nations 2021)

Implementation process	Purpose	Output
Recognizing issues related to sustainability of the country, the world, the dairy industry and the global dairy sustainability framework (GSF).	Review challenges and opportunities of sustainability. Acquire and research global sustainability initiatives and in the dairy industry.	List of areas and aspects of impact
Discuss and interview with a group of internal experts	Assess sustainability challenges across different criteria and compare practice from existing sustainability efforts at Vinamilk to management methods and production standards, key strategies and goals, measurement and evaluation, current challenges, risks and opportunities. Discuss social and environmental impacts of Vinamilk throughout the value chain.	Matters and aspects directly related to the value chain such as: dairy supply and farmer relations, production and operations, logistics, employment and working conditions, product development, strategic overview and market development.
Establish the relationship with key stakeholders	Identify stakeholders to implement Engagement activities.	The list of stakeholders includes Customers, Investors, NGOs, Partners, Community, Employees.
Stakeholder online survey of material aspects. The length of the online survey is designed to be up to ten minutes.	Acknowledge comments from stakeholders on the important/less importance of material aspects to help Vinamilk prioritize important topics.	The results of ranking the most important sustainability criteria (1) for them and (2) for Vinamilk to focus on in the coming years and (3) evaluating Vinamilk's current performance on sustainability criteria. The survey was sent to 23 internal stakeholders and 78 external stakeholders and had an overall response rate of 73%.
Data analysis, using comparative methods including Pearson Correlation method.	Assess Vinamilk's level of control and influence on sustainability criteria throughout the value chain. Assessing the link between aspects affecting one aspect brings value to one or more other aspects, thereby balancing resources and important directions.	Ranking of criteria in which classification is classified into higher priority group and lower priority group.
Hold a confirmation meeting with ESG and stakeholders who contributed to the process to discuss the priority of the 11 criteria.	Verify and confirm material aspects with related parties. Share Vinamilk's Sustainability orientation in the future. Receive feedback, review available resources, on-going programs as a basis for decision-making.	List of material areas, classified into three groups from highest to low priority. List of aspects that stakeholders want Vinamilk to pay more attention or include in the future, including forest protection. The recommendations are mostly consistent with Vinamilk's sustainability strategy.
Discussion among members of the Sustainability Committee.	Develop goals and action strategies related to Sustainability.	Sustainability policy and commitment by materiality areas. Goals and action strategies.
Implement and deploy according to PDCA Plan-Do-Check-Act/Acted principles.		Presented in chapter 3: Material areas

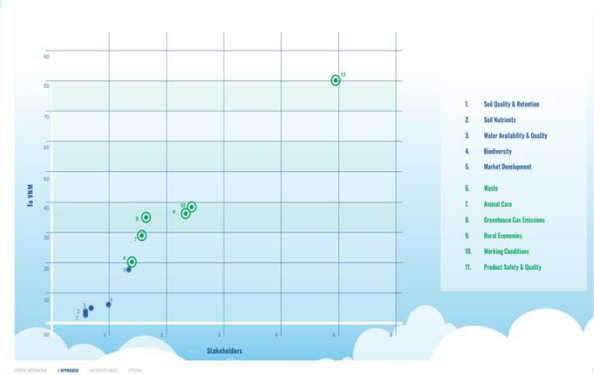


Figure 11 & 12: Materiality Area and Stakeholder Priority (Vinamilk 2023)

Due to Vietnam’s government target to reduce net emissions to zero by 2050, Vinamilk has a wide-range approach to follow the target (Viet and Thao 2022; Vinamilk 2023). They have gained significant achievements. Vinamilk replaced conventional energy with saturated steam produced by biomass-fired fluidized boiler technology. Production operations employ 86.8% green energy, and all factories have installed energy management systems to reduce CO2 emissions (Vinamilk 2023). With their effort, they have received their award: “Leading Enterprise CSR and ESG” in 2022 (NDO 2022).

B. Social:

Secondly, Vinamilk engages with all of its stakeholders. With their suppliers, they spent on 87% of their procurement budget to find qualified and sustainable suppliers and keep in connection with 80 transfers and more than 4,000 livestock households (Vinamilk 2022; Vinamilk 2023). They also follow a customer-centric approach in diversified the product line with affordable prices and ensure food safety. Providing customers loyalty program with incentives and surveys the customers to ensure the quality and flavor. Customers’ satisfaction remained stable, over 95% in 2020, 2021 and 2022 for domestic and international market (Vinamilk 2021; Vinamilk 2022; Vinamilk 2023). The firm also involves in numerous CSR activities about nutrition and health. For instance, Vinamilk has provide their product to the citizens and doctors in Covid-19 pandemic (Figure 4).

C. Economics:

Lastly, Vinamilk has also provided positive economic impacts not only to the firm but also the citizen. Vinamilk applies the Circular economy model, recycling the materials which help to reduce production waste and optimize production cost. The model has help Vinamilk saved 968,412 kg of plastic and reducing the quantity of plastic used by 9% (Huong 2022). Compared to 2016, internal production capacity for major product lines expanded by 60–80% in 2021, sufficient for future growth through 2025–2027, expanding product line while maintain the level of production in Covid-19 pandemic (Vinamilk 2021). With 14 dairy farms and 2 warehouse, Vinamilk has successfully created jobs for farmers and local citizens at the mountain regions (Vinamilk n.d).

In conclusion, Vinamilk has successfully recognized and applied the ecological, social, and economic impacts in Vietnam to their business decision-making, as well as business operation.

X. Vinamilk management role:

Vinamilk has also integrated technology into their production process and also sold their product. In terms of being the market leader in the dairy industry, Vinamilk has recognized their position and value in the market. They have apply advanced management strategies and adaptable innovation to face with business risks in Covid-19 pandemic, as stated by Ms. Mai Kieu Lien-CEO of Vinamilk (Vinamilk 2023). For instance, using cashless payment applications makes it easier for business operations to run effectively between sales and distribution. The production process has been improving and ensure the raw milk will be process safely for consumers (Vinamilk n.d). The management board of Vinamilk also highlighted the significance of using AI technology in product distribution, reducing extra expenses and wasteful energy consumption, which optimize production and logistic cost (Huong 2022). Hence, Vinamilk is adapted to the trends in technology.

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