



THE PAN GROUP

PRODUCTION PRINCIPLES

Issued under the decision No 03-17/QĐ-CTHĐQT

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PAN PRODUCTION PRINCIPLES

The production principles are issued by The PAN Group Joint Stock Company, which gives the company's requirements of agriculture and food production. The principles are issued in order to ensure the operation of stakeholders in compatible with the sustainable development strategies and the company's commitment: "Provide high quality product, trusted origin in the integrated full value chain".

The principles mentioned in this document focus on the issues which evaluated is important and significantly

affect to agriculture- food sectors and the group's operation. These principles also agree with the provisions of Vietnam's law, standards, and common international practices which recognized widely in the world.

Any person and organization who join The PAN Group or the supply chain of the group is requested to meet requirements of the Principles.

The PAN Group Joint Stock Company sincerely thanks and appreciates the efforts to comply these regulations of

stakeholders! We pledge to consider and adjust cooperation based on the compliance of stakeholders with these principles.

PAN production principles were approved by the top management of the group and take effect from 03/2017.

Chairman

NGUYEN DUY HUNG

A. DEFINITION-SCOPE OF APPLICATION

PAN, The PAN Group: is construed as The PAN Group Joint Stock Company.

Company: is construed as subsidiary company, associated company in the group.

Supplier, contractor: are construed as goods suppliers for company, or operate under the name and the authorization of the company.

Product lot: is construed as a number of products made from homogeneous material (For example: with same entry date of manufacture, the same supplier, preservation conditions, quality...), from one production cycle with same specifications.

Materiality: is construed as property

of product, operation... that significantly affect to the impact range, severity, product quality, economic value of the final result. Materiality is the factor that considered to give appropriate control measures.

Requirements in the Principles are applied to:

- Subsidiary companies in the group.
- Other subject (if any) is working under the name of PAN or is authorized by PAN such as companies providing services.

Besides, the principles apply for other subjects specified in the following content:

- Contractor, and supplier.
- Farmers, processors.

B. CONTENT

PART 1: INFRASTRUCTURE AND MANAGEMENT



The principles in this part apply to:

- Facilities and accessories
- Management system

1. Accessories

General facilities: Factory structure and material and equipment must be easy to clean, durable, smooth, non-leakage, water resistance, not eroded by detergents, stagnant water and garbage, microorganism, and quality protected from the outside factors. Guard doors are required to meet hygiene demand.

Accessories must be examined their operational capacity, safety for user and other factors might cause passive effect

to the product: leakage level of toxins, failure to meet the requirements of stated process (temperature, pressure, tightness, sortable, handle time, processing stage...).

Food facilities: Require specialized equipment or designed appropriately with food production sector. These devices must be easy to clean, have no hidden risks of leakage, foreign body contamination, chemicals, microorganisms or food poison.

Pollution-free to the environment, incapable of infecting pathogens,

microorganisms, toxins or other toxic chemicals to users.

The distance to the floor must be at least 20 cm with food ingredients, 60 cm with processed product, 30 cm to the wall, and 50 cm to the ceiling. Require woman and man toilets with the size of at least 10 people/ toilet, 20 people/ lavatory which is convenient for workers. (According to Decision No 3733/2002/QĐ-BYT and Circular No 15/2012/TT-BYT).

2. Factory

General manufacturer: Factory and equipment must be designed appropriately with production purpose: Material,

structure, function... Infrastructure is prevented from factors that reduce the quality of end-product.

Full and separately arrangement of vital areas including: material warehouse, product storage, primary processing/ processing areas, packing area, toilet area, dressing area, toxic areas, support areas (boiler, presser, pump house, office, meeting hall...).

Paths and operation spaces in factory must be wide enough to clean, easily inspect the production process and products, operate conveniently with fewer errors and less dangerous.

Food manufacturer: Factory and

equipment must be designed appropriately with one dimensional principal and meet all the specified requirements of food safety in food processing sector.

3. Storage, packing, containers and devices, transportation:

Preservation mode is specified to ensure consistently with a certain product.

Product package must be inspected and approved to be suitable with the product, has no bad impact to the quality, and safety during storage. For example: leakage prevention protects the product from biological, physical and chemical factors.

Storage and preservation facilities must be monitored their ability to meet

FOUR STORAGE MANAGEMENT REQUIREMENTS:

1. *Have complete control of the exact export, import and unsold amount in case of need.*
2. *Ensure FEFO (or FIFO in case expire date is not labelled);*
3. *Easy to find, to get and to inspect the species of goods.*
4. *Goods quality is not declined during storage.*

the preservation requirements of goods. Warehouses must be subdivided, and marked in order to seek an origin. In addition, they must be designed in appropriately with the storage purpose of different goods.

4. Other areas

Farms, fields, ponds for aquaculture must be equipped with toilets which are arranged conveniently, suitable collecting waste area for workers to accomplish works in the fields, ponds as necessary.

Waste area and toilets area must be separated out and have no cross contamination to processing and product storage areas.

Dust and heat generated areas must be handled to restrict the influences to product and manufacturing process.

Must consider the wind direction, neighboring factories, water sources before set up production to avoid the risk of cross contamination.

5. Management system

a. General requirements

General facilities: All company's documents must be controlled with these following steps: Editing, approval, encoding, publishing, revision, abolition.

There must be instructions, standards and appropriate supervision for all steps.

Specific operating instructions must be available and easily to see for workers, minimize confusion errors, support the inspection in conducting faster and more effectively. Documentation must be controlled by marking to guarantee its accuracy and update.

Workers must be trained.

Follow other voluntary standards claimed by the company.

Effective system is ready to monitor the compliance.

Food facilities: Production and processing lines must be managed sufficiently to meet all the food safety requirements, including:

- Sets up production lines following the one direction principle.

- Production process must be enclosed and equipped with precautions to prevent cross contamination risk from physical, chemical, microorganism factors or external pollutants.

- Technical process must be verified safe. Products must have no unexpected negative impact on customers' health and safety.

- Appropriate system to control the hazards of food safety.

- Must be certified HACCP or equivalent or higher certificate such as FSSC22000, ISO22000, BRC, IFS, SQF...



Agricultural facilities: Must have Integrated Pest Management – IPM system to improve product quality and protect the environment.

Agricultural facilities producing food: must be compatible with Global GAP, or equivalent standard, or must have detail plan to achieve this certificate.

Standards for devices and factory must be compatible with the legal regulations of food safety. (Refer to Decision 3733/2002/QĐ-BYT and the update QCVN version)

The company is requested to comply the recommendations of Codex International food standard Committee (CAC).

b. Supplier and material:

Raw material includes all sort of packing, water, air... or any material used to make the end product.

Before purchasing and using, all raw

materials must have approved standard. The import of major materials must follow specific regulation issued by the company and must be in appropriate with requirements of quality management and food safety.

Raw material/ breed/feed: Must be inspect with reliable methods, specific evidence to ensure the accuracy of provided information on application of prohibited substance, chemical with exceeded amount in the composition (such as weight gain drug, dopants, pesticides, antibiotics, veterinary drugs, and prohibited toxic chemicals), inappropriate manufacturing methods leading to the risk of not achieving

quality criteria must be avoided.

Main suppliers must be evaluated in accordance with group's requirement which published in official documents.

Regular evaluation plan must be in appropriate with properties of goods. Reconfirmation must be done in any case of replacing supplier, publishing official information on risks, occurring incidents and in accordance with regular plan.

Major suppliers are evaluated annually at least once and unlimited number of evaluation.

Supplier evaluation forms are variety therefore the chosen form must be practical and provide reliable and convincing result.

Domestic supplier of fresh food such as vegetable, meat, fish, flower and fruits must be evaluated at least once per year at their production places. There must be suitable evaluation and operation control methods for overseas suppliers before purchasing for the first time. The evaluation must be handled by professional staffs and company leaders.

c. Processing and producing

Every manufacturing stages must have specific operating instructions and criteria to define Pass-Fail.

Inspection step of each stage must have instruction and operation plan to make sure all goods will be examined with regular

inspection plan. Inspection content and plan must be in appropriate with properties of goods.

All final products, intermediate products and error products in the factory must be recognized by visual signs.

Product component and production process must be controlled by appropriate methods to avoid risk of any fraud from supplier or contractor.

Production process at the factory:

Production record of each lot (lot record) must be updated and follow throughout the process until delivery. Information of production lot is recorded in the file includes (but is not limited to): Information and the

origin of raw material; Production quantity; Component; individuals or groups involved in the process; Processing equipment; Supervisors (throughout the process), inspection methods and results; ongoing stage of the product; Production conditions (device and process parameters); damage-loss rate; Number of product lots, entry date, delivery date; abnormal incidents in the process (if happen); Record and checking people.

Production of crops and livestock in farms and fishing grounds: Cultivation must be recorded in any type including information (but is not limited to): The breed sources, fertilization process,

feeding, regime and frequency, pesticides applying or spraying process, antibiotics, treatment process, type of drug and period of use, documents of all types of materials used throughout the cultivation, harvesting and preserving files, handling files of farms, ponds and arable lands; Record and checking people.

d. Preservation and transportation

When exporting, goods must be inspected in accordance with the instruction at paragraph b, article 5 of this section. During preservation and before exporting, goods also must be checked to recognize change in quality or abnormal problems. Inspection document must be recorded.

Within the control of the company, transportation conditions must be verified by qualified and competent person.

Goods arrangement and loading methods must meet all the requirements of hygienic, safety and are convenient for inventory.

Goods must be arranged and classified in accordance with the requirements of traceability when necessary. Must verify the quantity/ species/ number of product lots delivered to agents or areas.

Specific goods must be managed separately and in appropriate with all regulations, including: chemicals, dangerous devices or vulnerable goods...

e. Cleaning process:

General facilities: Equipment and production tools must be arranged suitably to prevent the risks of cross contamination affected to product quality or arising disease in the community.

Cleaning process must be evaluated sufficiently to meet the requirements of environment safety and preserving the safety and quality of product.

Detergents used in the process must be instructed and controlled in sort and directions for use to avoid the risks to health and product contamination.

The company must publish hygiene and



cross contamination prevention regulations to the following issues:

- Personal protective equipment regulation;
- Regulation of equipment cleaning;
- Regulation of factory cleaning;
- Regulation of sterilization and prevention from destructive, invading or pathogenic organisms;
- Regulation of cross contamination prevention;

- Handwashing and personal hygiene regulations;

- Hygiene regulations for contractors and supplier before start working.

Food manufacturer: Must have specific measures to prevent from food contamination factors such as: Air, contacts, working tools, organism, strong light, rain, temperature... Contamination risks include: physical, microbiological and chemical risks.

f. Competence and education

Officers must be qualified for their position.

Workers and operators must be trained

and verified before start working.

Workers must be trained necessary knowledge annually or after any incident, by capable trainer.

All training recorded must be kept to know the qualification of workers.

Managers must be qualified and have specific responsibility to control the operation of company.

There must be qualified staffs to carry out legal works, update, monitor and evaluate the compliance with the legislation related to company's products. Legal database that the company complied must be available.

Training plan must be set up at the end of previous year based on training demand. The training is not only limited for workers within the company but also for all contractors, suppliers or stakeholders in the operation chain of the company, cooperating or working under the name of company or authorized by the company.

g. Health status

With food facilities: Worker must meet current regulations of health status and meet requirement of food safety. (Refer to Decision 21/2007/ QĐ-BYT and Circular 15/2012/TT-BYT)

h. Internal audit

Annually, there will be an internal audit organized by the PAN group as following:

- *Audit by the Group:* to periodic manufacturing operation of the company or when there is an abnormal incident
- *Internal audit:* will be carried out by the company it self

Audit content based on the requirements of these Principles and other requirements from competent parties. Company must be well prepared and earnest during the internal audit. The results must be stored and relative correction plan should be set



up and complied as well as informed to Board of director.

i. Product recall and traceability management system

At all stages in factory, the company must ensure the product traceability and the ability to recall products when necessary.

Raw materials, semi-final products and final products must be labelled and have identification mark and unified code to meet traceability requirement.

The tracing includes information of delivery and agents controlled by the company.

Product recall must be practiced to

ensure the effectiveness of the traceability system.

j. Correction and prevention

Corrective and preventive actions must be done with potential problem or incident.

Corrective and preventive actions must:

- Be fulfilled completely.

- Be performed on time.
- Be effective to eliminate nonconformity

Corrective and preventive action must be reviewed in periodic inspections to ensure the effectiveness of actions. These revisions are important and must be done in internal audit of the company.

PART II: PRODUCT



The PAN Group commits to provide high quality, safe and traceable products. The following principles define the minimum requirement of PAN products.

PAN PRODUCTS QUALITY:

SAFETY: *Products are safe, nutritious, and improve customers' health.*

QUALITY: *Products have outstanding quality by applying modern technologies and processes and meet all the demand of the customers.*

TRACEABILITY: *All products' manufacturing process must be traceable to verify the quality and create trust for customer on a safe and full production chain.*

1. Product specifications

Specifications for final products must be available at every inspection steps. With some features cannot be inspected at the time of manufacturing (for example: seed germination) must be evaluated after the trials.

Final product standard must include specifications, packing, preservation, transportation standards...Products guide must be attached right after deliver out of the company to ensure the product always be preserved and used in the best condition.

Products must be consistent with the law, and quality commitment and

announcement published by the company.

With general products: Keep manufacturing processes under the control of the company to ensure the final product quality.

With food products: Food safety is considered as a priority for food products. Product safety must be verified by monitoring raw materials sources, manufacturing process, preservation, transportation and other major factors.

2. Product quality

Products must be improved continuously to create outstanding



strengths in comparison with the same product in market. Food safety, use value, and traceability are primary concerns.

Quality improvement is implemented by:

- Investing in modern technology and equipment.
- Raw materials supply control.
- Establishing an appropriate and comprehensive quality management system.
- Staff training.
- Improving the product value chain.

There must be a specific procedure of non-conforming products management.

Effective separation measure must be defined apparently to avoid mixing with good products and be informed to relating people.

3. Traceability of product

Each product lot must have:

- Corresponding lot record.
- Inspection results of major features.

Major features are features which define product quality, safety degree or features having high risk of failure. Sampling process must be recorded and (if possible) with the witness of an independent party.

- Product samples must be stored during their shelf-life and inspected regularly their quality.

Product manufacturing process and raw materials supplying must be traceable based on label/packing bag of the end product.

Information in the packing bag must include information in accordance with legal provisions. If there is no packing or the packing is too simple for fresh and processing food products and those products are directly sold to customers, the following information are required: The origin of product, packing date and expired date if possible.

Agriculture and aquaculture products without label must have other appropriate sign for traceability.

4. Food allergy and intolerance

Food allergy: is an immune system reaction that occurs soon after eating a certain food.

Food intolerance: is a digestive system reaction unrelated to antibodies such as the digestive enzyme for a certain food can't be produced.

There must be a measure to prevent the mixing of food which caused high risk of allergy or food intolerance to common food. Allergy information of the food must

be stated clearly and inform to customers.

** Popular food may cause allergy: Milk, gluten (in cereals), peanuts, seafood, egg, chocolate, lemon, soybean...*

5. Communicate with customers:

Company must be honest to customer about information related to manufacturing processes and product quality to ensure that customers will receive appropriate product which officially committed and claimed by the company.

There must be a mechanism for

handling customer claims and contact information attached to product must be provided. All claims must be fully resolved and their documents must be archived. Maximum time for feedback confirmation is 48 working hours.

The company must organize an annually customer feedback survey of product quality criteria in order to evaluate precisely the quality of products. The size of survey shall be sufficient to reflect the results accurately. The results shall be used to carry out improvements later.

PART III: ENVIRONMENT - SOCIETY



Production and business operations of The PAN Group associated with the responsibilities with environment, communities and stakeholders. PAN aims at sustainable development in compliance with international standards of environmental and social responsibility, through which maintain stable growth and get the support of all parties.

1. General requirements

Member companies in the Group need to have personnel responsible for environmental, social and safety issues at their company. The company has to issue policy on ethical, safety, environmental, social, and human resource issues, clearly stating the overall perspective and the behavior of the company for each issue, as

the basis for actions and solutions.

The above policies can be integrated to represent consistent operation throughout the management. In addition to the consistency, policy should:

- Comply to the host country's law
- Leading to the standards and the principles that the company is committed to comply.

For example, IFC environment and social performance standards, the International Declaration of Human Rights

Of UN, conventions on International Labor, Safety, Social, Environment, Climate change issues, etc, of international organizations such as International Labor Organization ILO, the UN. Some other international standards certified by 3rd party include ISO 22000, OHSAS 18000, ISO14000, ASC, MSC CoC, Global GAP, etc.

- In accordance with the activities of the companies and in line with the context of activities and conditions of the company.

- Approved by a qualified person and authority and widely introduced to the related people to ensure the full understanding.

- Guided, implemented and monitored through the management system including specific guidelines, monitoring method and recorded documents.

- Periodically reviewed, timely updates and the results of implementation must be recorded with the assessed level of compliance.

Companies have to do training courses on environmental - social problems relating

to the operation of the company to improve the awareness and behavior for staff.

The company must monitor and supervise data and environmental- social impacts directly or indirectly caused by the operation of the company, including contractors and farmers under the long-term farming contract, outsourcing companies, or operating under the name and the authorization of the company. Methods of tracking and recording data need to be evidence-based, consistent and reliable basis and the calculations must be addressed when needed.

The company must demonstrate the efforts to improve environmental - social

performance through activities and results.

2. Labor

Company must ensure full rights of workers under the law and the commitments signed with the laborers and with other third parties.

Company must issue policies with reference to all matters relating to employees of the company and implement them accordingly.

HR policies must not violate any regulations on child labor, manifestations of racism, inequality, skin color, ethnicity, religion, sex, or with disabled person, etc.

Company must comply with law system and internal regulation on labor contract, insurance, working hour, working conditions, incomes and other compensation committed with laborers and other third parties.

Company must have "staff grievance mechanism" with suitable methods to fully get the information or responses from employees to handle the problems efficiently.

Reward and punish policies have to be transparently informed upon the agreement of the parties.

3. Safety management system

The company must identify the hazards and risks related to safety issues for related parties include (but not limited to): Workers in the companies, contractors, customers, suppliers and surrounding communities. The influence of hazard and risk must be assessed on the basis of severity and the frequency that it may occur.

Companies must identify measures to respond and prevent all safety risks. Proposed measures must be feasible to put risks to an acceptable level. Measures must include specific guidelines, plans



surveillance, monitoring implementation and data collection to evaluate the effectiveness of the application.

Companies must have a policy health safety addressing the safety and health

issues of stakeholders including employees, customers, contractors, surrounding communities, etc. The policy should be based on the actual risk assessment on the safety hazards that may occur in the company.

The policy should be instructed in detail by specific documents on how to implement, follow up and the results achieved. For example, guides on the provision and use of labor protection devices, implementation of periodic training with the corresponding content, and periodic reports on legal compliance, etc.

The company must establish and drill to respond to the emergency case and always be ready (fires, explosion, natural disaster, poisoning, violence, strikes...). The company must supply medical assistance area in case of the occurrence of risks for safety and health. Employees with good knowledge of medical issue have to be

ready all the time to handle any medical emergencies.

4. Environment management system

Environmental aspect are issues originated from activities, products or services of the company and interact with surrounding factors such as natural resources, soil, water, air and fauna and flora.

The company should identify the aspects of and impacts on the surrounding environment (the environment out of the control of the company), and evaluate full environmental impacts prescribed

to Government's regulation and must be assessed on the basis of the level of influence severity and frequency that may occur.

Companies must identify measures to respond and prevent all negative effects to environment. Measures proposed must be feasible and lower the effectiveness to an acceptable level. Solution should include specific guidelines, supervision plan, monitoring of the implementation and gathering data to evaluate the effectiveness of the application.

Companies must have an environment policy referring to the company's orientation towards environmental

problems. Policy should be based on risk assessment on the actual environment that may occur in the company.

The policy should be detailed instructed in detail by specific documents on how to implement or monitor and the measures as well as the results achieved. For example, guidelines on how to use energy such as water, resources, sorting and handling waste, etc, in an economical and efficient way.

The company also has to implement the suitable measures methods and plans for emergency situations on environment that can happen and always be ready to response (chemical spill, wastes, etc)

5. Water

The company must assess the effects of water use on surrounding community.

Water sources must ensure the compliance with the regulations on mining. The volume of water use must be reasonable, economical and be monitored. The company must provide relevant evidence for the cutting of water consumption norms in line with company conditions.

Water use limit must also comply with the provisions of the standards of the International organizations with whom the companies voluntarily comply.

6. Chemicals

Chemicals (including chemical detergents, pesticides, antibiotics, fertilizers, food additives, ingredients) should be used in compliance with the instruction of the producers and under the legal provisions. Packages should be made from good quality materials to avoid leak, cracks, breakage or corruptions, etc.

Chemicals are warned to have significant impacts on human health and on the environment. Information on the safety in the company must be informed at storage area and places where chemicals are used. Information must be detailed and clear enough to users.

Chemical labels and instruction must be in Vietnamese and with important information including name, types of poisons, first-aids in emergency situations, person in charge, etc.

The particularly poisonous chemicals such as strong acid, toxic substances or substances with potentially corrosive or significant

Storage place must be isolated to maintain chemical quality, to avoid misuse or to cause other negative impacts on products, environment and people. There must be person in charge to control quantity, quality, and the expire date.

Measures may include: edge or wall for avoid spill, collecting drain, spill capture, specialized personal protective equipment. These kind of chemical must be managed with quantity, using and preservation.

Pesticides and fertilizers must have danger notice and measures to mitigate the negative impacts including:

- Polluted water, soil, air and living environment.
- Polluted agricultural products
- Erosion and loss of productivity on the fields and on product quality
- Impact the on the environment, and the diversity of biological balance.

If the toxic chemicals mentioned above are stored or used in the company, there must be training courses for related employees. Only trained employees be allowed to get access to and use those chemicals.

The list of pesticides, if used, must follow the WHO recommendations (*The WHO Recommended classification of Pesticide by Hazard*)

There must be instruction on toxic chemicals management in companies producing agriculture products and must be applied in real life.

7. Liquid and solid waste:

There must be separation among using materials, pending materials for treatment and waste have a appropriate actions.

Liquid waste from aquaculture (waste water, sludge) and other sources must go through a treatment system before being discharged into the environment. Storage volume treatment capacity must be fit with the amount of discharged waste. The waste water treatment system must include operation manual, procedure and person in charge, with appropriate monitoring to ensure the output quality, a record must be



kept in case of need. The person in charge of the operation must be trained accordingly.

Solid waste must be collected in a specific area and classified appropriately for reuse, recycling and mitigate impact to environment. Garbage area must be treated and cleaned regularly, with no signs of pollution surrounding, no signs of flies, mosquitoes, beetles and rodents.

Hazardous waste must be managed with special care to avoid the leakage and impact to environment.

Measures include: Isolation from other trash, storage in a safe area, full covered, controlled the access, clear signs and

record for archive. Limiting the generation of all kind of waste by changing or improving the production and technology.

8. Exhaust gas and dust

Gas and dust sources coming from production and business activities of the company or from the contractor's activities working in the company area.

Exhaust gas and dust from the production must meet the national standards before being discharged into the environment. Regulations must be established to minimize the impact on the environment and the community.

Unpleasant smell and odor from the production must be treated to protect workers' health, minimize occupational disease or poor body condition during working.

9. Resources usage

Resources include natural resources (minerals), artificial resources (electricity, clean water and materials), renewable resources (forest, papers) or unrenovable resources (coal and mineral oil).

The amount of the resources significantly used in the company must be controlled managed not only in

headquarters but in alloperation areas which have significant impact to the company (farms, ponds, fields...)

The company must have specific programs, plans and measures for rational use, resources saving and step by step improvement.

10. Emergency case

An emergency is defined as situations that can cause dangerous incidents to the company's major assets, human's life and health which have big impact on the community. The essence of emergency is hazards and special safety

and environmental risks as described in paragraphs b and c of this document. For examples: Explosion; floods, storms; tornado; earthquake; spillage of toxic chemicals in large quantities; dangerous epidemics; food poisoning...

The company must fully identify possible emergencies, severity and measures to prevent and mitigate negative impacts. The records must be established, approved by authorities and fully archived.

The company must be ready for the response with appropriate equipment, training and regular facility inspection.

There must be a person in charge for any specific emergencies.



11. Supply chain management

Companies have to establish the Code of conduct apply to their suppliers, in which mention about the responsibilities

of ethics, environment, society issues in business. Content of the document has to be appropriate to the context, specific activities, the PAN Production principles and conform to the legal requirements.

Suppliers have to confirm that received, read and understood all information in Code of conduct and give the supporting evidence of observation. Companies take responsibility in explanation all requirements, set up the monitoring program to evaluate the observation and corresponding corrective plan.

The Code of conduct apply to all major suppliers of companies (material, service...). For other suppliers, The PAN

Group encourages their observation. Companies should have appropriate adjustments of policy to the cooperation of suppliers.

In any case, suppliers have to follow the legal regulation where locate, implement responsible business and avoid negative effect to brand and reputation of related parties.

12. Business ethic

Companies need to aware and implement to ensure integrity, transparency, fairness in business. Business ethic is performed through:

- To be honest in product, according to the commitment of supplying safety food,

Commitment with stakeholders: The company needs to identify key stakeholders which is depended on the foundation and operating scale of the company.

The company's commitment must provide benefit to stakeholders including economic interests, protection and improvement of the environment, health safety and social security.

Stakeholders' commitment must be fully consulted, publicized and the results also must be announced widely.

Commitment must include "Grievance mechanism from the community".

high quality product and get highest value

- Refuse any fraud, cheat, bribery, exclusiveness, infringement of intellectual property or commitment of all sides.

- Responsible implementation to community, environment and ensure fair treatment.

- Observe legal requirements strictly.

13. Cooperate social responsibility and stakeholder engagement:

Companies have to establish social policies, in which mention about the intension of activities could effect surrounding communities.

Society here includes all people whether be effected or not by corporates, but shareholders.

Companies are encouraged to implement social responsibility by specific commitment and activities. These should

be the voluntary contribution, not for benefit and the support evidence are available. There isn't any requirement of contribution level in this document, however it should be appropriate to scope and activities of companies.

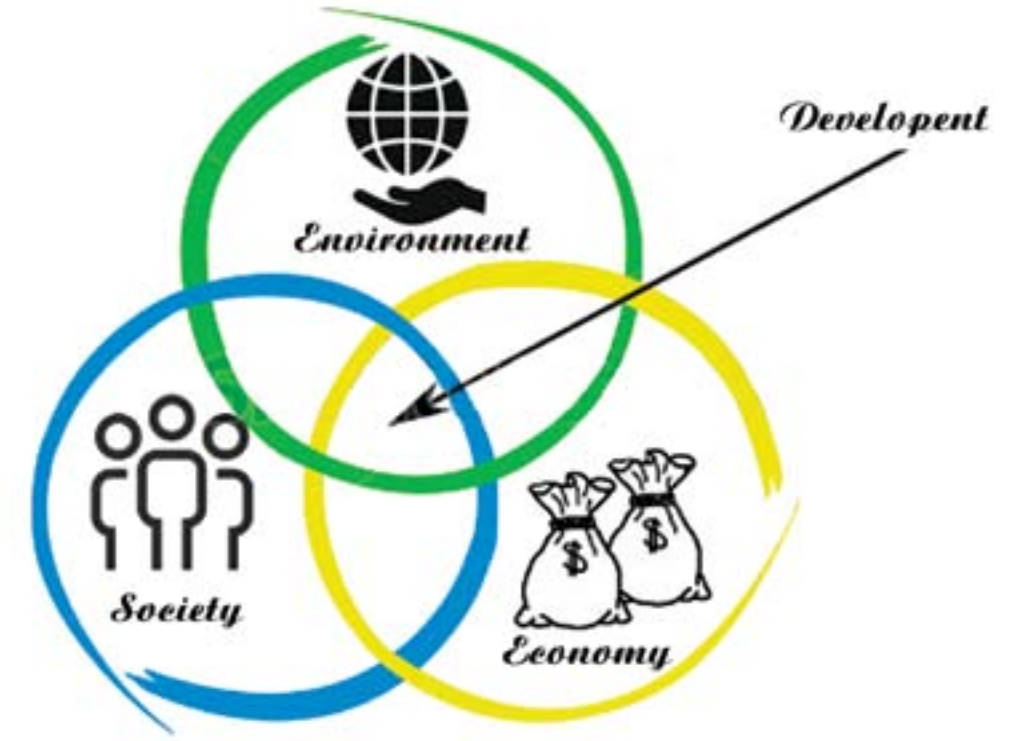
Companies have to review all social responsibility activities, make action plan in future appropriate to strategy. Companies need to have a talk with communities to receive all their feedback.

14. Monitoring, Internal Audit and Report

Companies must accept E&S annual monitoring program of The PAN Group. The audit result will be report to board of directors and it is a basis for following action plan. Company have to monitor data which is required by most updated Guidelines for Sustainability Reporting, or Annual Monitoring Report of IFC. Companies have to supply the execution

result according to requirement of PAN or other authorized sides (customers, shareholders, government). All calculation base on suitable supposition to ensure the exact data. Monitoring should find the trend to execute corrective action and improve. The PAN Group warning strictly any usage of fraud figure, data collect by unappropriated method or be modified that not reflect the actuality.

PART IV: OTHER REQUIREMENTS



The formal document must be approved, issued and publicize widely. Policies, regulations should have the following guidelines and monitor the observation.

Document must be reviewed and updated periodically.

Any individual, organization have to observe all locally legal requirements and other voluntary standards. When the reference document mentioned in this document change or update, companies have to follow the most updated regulation.

Companies have to issue detailed regulation which is appropriate to specific sectors:

- *Integrated Pest Management and other performance guidelines in agriculture:* Apply to cultivation.

- *Food Safety:* Apply to food production and distribution.

- *Sustainable aquaculture:* Apply to aquaculture sector

- *Heritage preservation, livelihood and life of native people:* Apply to companies who make a significant effectiveness to preserved area, historical and cultural heritage, living environment of communities and livelihood of native people.

- *Biodiversity:* Apply to companies who make a significant effectiveness to

environment and native creature. Ex: invasive species, make disadvantage to living condition of specific species.

At the end of each year, companies need to make an Environment and society action plan for the following year.

Annual Environment and society action plan:

- *Identify the work relating to Environment, society will be delivered in next year, people in charge and progress.*
- *Monitoring program*
- *Annual training program, raising awareness and skill.*

- *Equivalent surveillance audit, review and report*

Companies have to keep supporting evidence of their observation. Evidence could be in any type: Document, records, photograph, actuality, interview or actual result

The PAN Group will conduct an annual audit to member companies, and expand to their supply chain, contractor if necessary. Audit content also bases on these principles.

Companies have to be honest and open with monitoring activities of The PAN Group

Judgement of the PAN production principles: In case of any requirement in this document is not explained clearly or has different understandings then The PAN Group is defined as a unique subject give the final conclusion and offer the measures, bases on actual condition, international regulations to equivalent issues.

C. References

1. Decision 3733/2002/QĐ-BYT
2. Decision 21/2007/QĐ-BYT
3. Circular 15/2012/TT-BYT
4. Recommend of Codex Alimentarius Commission (CAC)
5. The WHO Recommended Classification of Pesticides by Hazard
6. IFC Performance Standard
7. Environment, health and safety guidelines (IFC)
8. TCVN 5603:2008 (equivalent CAC/ Recommend Code of practice 1-1969 – Rev4 -2003)
9. Environment management standard ISO14001:2015.
10. Occupational health and safety assessment series (OHSAS18001)



FARM FOOD FAMILY

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