

# SUSTAINABLE DEVELOPMENT REPORT 2017

## CENTURY SYNTHETIC FIBER CORPORATION

### Headquarter:

B1-1 North West Cu Chi Industrial Zone,  
Cu Chi District, Ho Chi Minh City  
Telephone: (+84) 28 3790 7565 | Fax: (+84) 28 3790 7566

### Branch:

Street 8, Trang Bang Industrial Zone,  
Trang Bang District, Tay Ninh Province  
Telephone: (+84) 276 389 9537 | Fax: (+84) 276 389 9536

### Representative office:

102-104-106 Bau Cat, Ward 14,  
Tan Binh District, Ho Chi Minh City

SUSTAINABLE DEVELOPMENT REPORT 2017 | Century Synthetic Fiber Corporation

BUILDING  
**PLATFORM**  
TO CATCH GREEN  
**FASHION**



**CÔNG TY CỔ PHẦN SỢI THỂ KỶ**  
CENTURY SYNTHETIC FIBER CORPORATION



## INTRODUCTION

Company's name	<b>Century Synthetic Fiber Corporation</b>
Trading name	<b>Century Corp</b>
Stock code	<b>STK</b>
Headquarter	B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City
Branch	Street 8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province
Representative office	102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City
Chartered Capital	VND 535.160.240.000
Telephone	<b>(+84) 28 3790 7565 / (+84) 276 389 9537</b>
Fax	<b>(+84) 28 3790 7566 / (+84) 276 389 9536</b>
Email	<b><a href="mailto:csf@century.vn">csf@century.vn</a></b>
Website	<b><a href="http://www.thekey.vn">www.thekey.vn</a></b>
Tax Registration Number	0302018927

## MESSAGE ON SUSTAINABLE DEVELOPMENT

Dear Esteemed Shareholders, Customers, Partners and Stakeholders,

I am very pleased to share with you the STK Sustainable Development Report 2017. We hope this report will bring you useful information on STK's business performance in the past year and its strategy and business plan merged with sustainable development strategy in the near future.

In 2017, global demand for textiles has tended to recover, especially in major markets such as the United States, Japan and the EU. In addition, thanks to the trend of moving orders to Vietnam, the textile and garment industry in Vietnam has achieved a growth rate of over 10% and has increased market share in most major markets. However, the trend of price competition has been a challenge for most enterprises in the industry.

As for the polyester filament industry, the supply and demand balance has gradually recovered, so yarn prices have improved significantly compared to 2016. Vietnam's polyester filament industry has achieved a growth rate of nearly 13%. Very high growth in some key and potential markets such as Thailand, Korea, Japan thanks to the benefits of free trade agreements as well as the trend of order movement of fashion brands. Global to Vietnam.

Overcoming difficulties in 2016, the Board of Directors and staff have determined and combined to achieve greater growth in 2016 and 2015 by developing new markets (such as Korea, Japan), new customers and new products, improve product quality, maximize the capacity of all factories and lower production costs. It can be said that the company has regained its momentum after 2016. In particular, net sales reached VND1,989 billion, up 68% year on year and consolidated profit after tax was VND99.6 billion, up 248% over the same period. The company has exceeded its revenue target by 4% and its profit target by more than 14%.

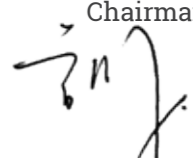
Besides, in order to build the foundation for future development in order to catch up with green consumption, in 2017, the company has also implemented some new investment projects such as cooperation with e.Dye Ltd. (Hong Kong) for fiber production, Trang Bang 5 project to recycle waste fiber and increase DTY fiber capacity. The company has also been researching a range of value-added products for leading fashion brands as well as expanding vertical integration.

In FY2017, the company also focused on improving its financial position by controlling its working capital and actively reducing its borrowing. In addition, the company has also gradually improved the management of the company.

The future of Vietnam's textile and apparel industry in general and of STK in particular is quite bright with the tendency of the movement of orders to Vietnam and the potential of trade agreements to be implemented in the future. the Vietnam-EU Free Trade Agreement ("EVFTA") and the Pan-Pacific Partnership and Trans-Pacific Partnership ("CPTPP").

However, the short-term risks are always hidden and the industrial revolution 4.0 will bring many challenges for businesses. In order to meet the demands of customers for more and more rigorous quality of products and services, the Company will have to continue to improve the production process in order to improve the quality of products and services and lower the cost.

In addition, the company will continue to improve its management capacity by building internal audit and risk management systems. We hope that with the great efforts of the Board of Management and staff and the strong support of shareholders, STK will achieve sustainable development in the years of service. development model. Continuing our efforts in building up good corporate governance and environmentally friendly production, in 2016, we have made some progress in improving our code of conducts, establishing the foundation for risk management and establishment of internal audit and remuneration and promotion subcommittees under the Board of Directors, and especially launching recycled yarn to the market. We firmly believe that, with all employees' great efforts together with stakeholders' active supports, STK will continue to achieve stable growth in the future.

Chairman  
  
Dang Trieu Hoa

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## ABBREVIATION

BOD	The Board of Directors
CIT	Corporate Income Tax
DTY	Draw Textured Yarn
EAT	Earnings After Tax
ERP	Enterprise Resource Planning
FDY	Fully Drawn Yarn
FTA	Free Trade Agreement
GPS	Generalized Systems of Preferences
GRI	Global Reporting Initiative
GRS	Global Recycle Standard
EVFTA	Europe – Vietnam Free Trade Area
HEPZA	Ho Chi Minh City Export Processing and Industrial Zones Authority
ILO	International Labor Organization
MSDS	Material Safety Data Sheet
POC	Plant Operation Center

POY	Partially Oriented Yarn
QC	Quality Control
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
SOP	Standard Operation Procedures
STK, CENTURY, Company	Century Synthetic Fiber Corporation
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
USD	US Dollar
VCOSA	Vietnam Cotton and Spinning Association
VND	Vietnam Dong
ESOP	Preferred Stock
ROA	Return on assets
ROE	Return on equity

## VISION - MISSION

### VISION

To become a worldwide leading pioneer in the textile sector and developing into multi-business fields relevant with our core business.



### MISSION

We adopt an advanced and environmentally friendly technology and modern management system, build up professional team and positive innovation corporate culture to contribute to our society, bring new and green products/services to the community by saving natural resource, energy and protecting natural environment.



### OUR COMMITMENTS

We always appreciate our customers. We take responsibility and initiatives and cooperate with each other in carrying out the works.



### OUR VALUES



1

#### Serving customers

We appreciate customers and always provide reasonable and profitable solutions to satisfy customers' requirements.

2

#### Uniting ourselves

Each of Century Synthetic Fiber Corporation (CSF) members always cooperate and support each other to achieve the Company's goals.

3

#### Improving continuously

We are never satisfied with the current achievements and longing for improvement in our performance, effectiveness and quality of life.

4

#### Developing together

CSF's development is aligned with the prosperity of our partners, our staffs and the community.

## KEY MILESTONES

**2000**

Established first factory  
at Cu Chi District

STK was established on the 1<sup>st</sup> June 2000

Main product: Draw Textured Yarn (DTY)

In the beginning, STK did not have a fully integrated production chain, but it must import Partially Oriented Yarn (POY) to produce DTY.

Initial designed capacity: 4,800 tons of DTY per year

**2003**

Investment  
of capacity expansion

STK continued investment to double capacity to 9,600 tons of DTY per year as it foresaw the strong increase in demand from the market as well as from the Company's customers

**2005**

Converted into Joint  
Stock Company  
– A strategic reform

On 11<sup>th</sup> April 2005, the Company was converted into a joint stock company and the name was changed to Century Synthetic Fiber Corporation. This strategic move enabled STK to diversify financing sources for its continuous expansion.

**2008**

Completed fully-  
integrated chain

A POY workshop was put into operation in order to improve the company's value chain and enhance its profitability. Self-production of POY was also aimed to reduce the Company's reliance on imported POY and especially the volatility of POY price and supply. The investment in POY workshop was a turning point in STK's development as with this move, STK became the first Vietnamese company making microfilament from imported polyester chips.

The Company completed the expansion and its production capacity rose to 14,500 tons of POY per year & 15,000 tons of DTY per year.

**2011**

Developed new product  
FDY (Fully Drawn Yarn) &  
Implemented management  
system ERP-SAP All in  
one

Construction of the new factory started on 28<sup>th</sup> Nov 2009 and it was put into the operation from 18<sup>th</sup> Jan 2011, adding an additional 11,000 tons of production capacity of DTY, POY per year.

Beside POY and DTY, STK also develop new product FDY to meet the demand of customer and market. This project raised the Company's entire capacity to 37,000 tons of DTY and FDY and 29,500 tons of POY per year.

In order to improve operating efficiency and business administration, since January 2012, STK implemented and put into operation an ERP provided by SAP for the Company's entire operation.



## KEY MILESTONES (CONTINUED)

**2014**

Catched up the fiber world's trend & opportunities

With an aim to catch the opportunities brought by inevitable relocation of garment and textile production from China to Vietnam and incremental growth brought by Free Trade Agreements (FTAs) as well as to optimize the Company's production scale, STK completed an expansion project for Trang Bang factory with a capital expenditure of USD34.2 million. The new factory was equipped with automatic DTY machines, which use the state-of-art technology from OerlikonBarmag, a leading European group.

Smooth capital raising: Successful Initial Public Offering (IPO) by issuing 3 million shares valued of VND 75 billion to public to finance Trang Bang Factory – the third phase.

**2015**

Officially listed on Ho Chi Minh Stock Exchange (HOSE), successfully develop new product "Recycled yarn"

Century shares were officially listed in HOSE on 30 December 2015. STK's brand reputation and market capitalization were enhanced;

On 18 September 2015, Trang Bang Factory – the third phase officially put into operation. The new factory has annual capacity of 15,000 tons of POY and 15,000 tons of DTY, raising the Company's total annual capacity to 52,000 tons of DTY and FDY per year by 2016. Beside auto-doping texturized machines manufactured by OerlikonBarmag, a leading European group, the new factory is also equipped with a Plant Operation Center ("POC").

The Company cooperated with US partner to successfully develop new product "Recycled yarn" from recycled chip, starting a first step of product diversification into value added products.

The Company started exploring opportunities from new markets which have preferential tariffs under FTAs.

**2016**

Building a platform for stable development

STK continued investment to expand Trang Bang factory in phase 4, raising total capacity of company to 60,000 tons of DTY and FDY per year by Quarter 1-2017.

The Company was granted by Control Union GRS 3.0 Certificate on production of recycled yarn.

The Company was granted by SGS a certification, confirming that its products conform to REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) on using toxic chemical material as stipulated by European Chemical Agency.

A trademark licensing agreement regarding production of recycled yarn was signed between STK and a leading company in the sector and the Company started to sell this product in Vietnam's and international markets.

**2017**

Embracing the opportunity toward remarkable growth

Putting Trang Bang 4 into operation, which brought the total production capacity up to 60,000 tons per year.

Successfully exploited two markets: Korea and Japan.

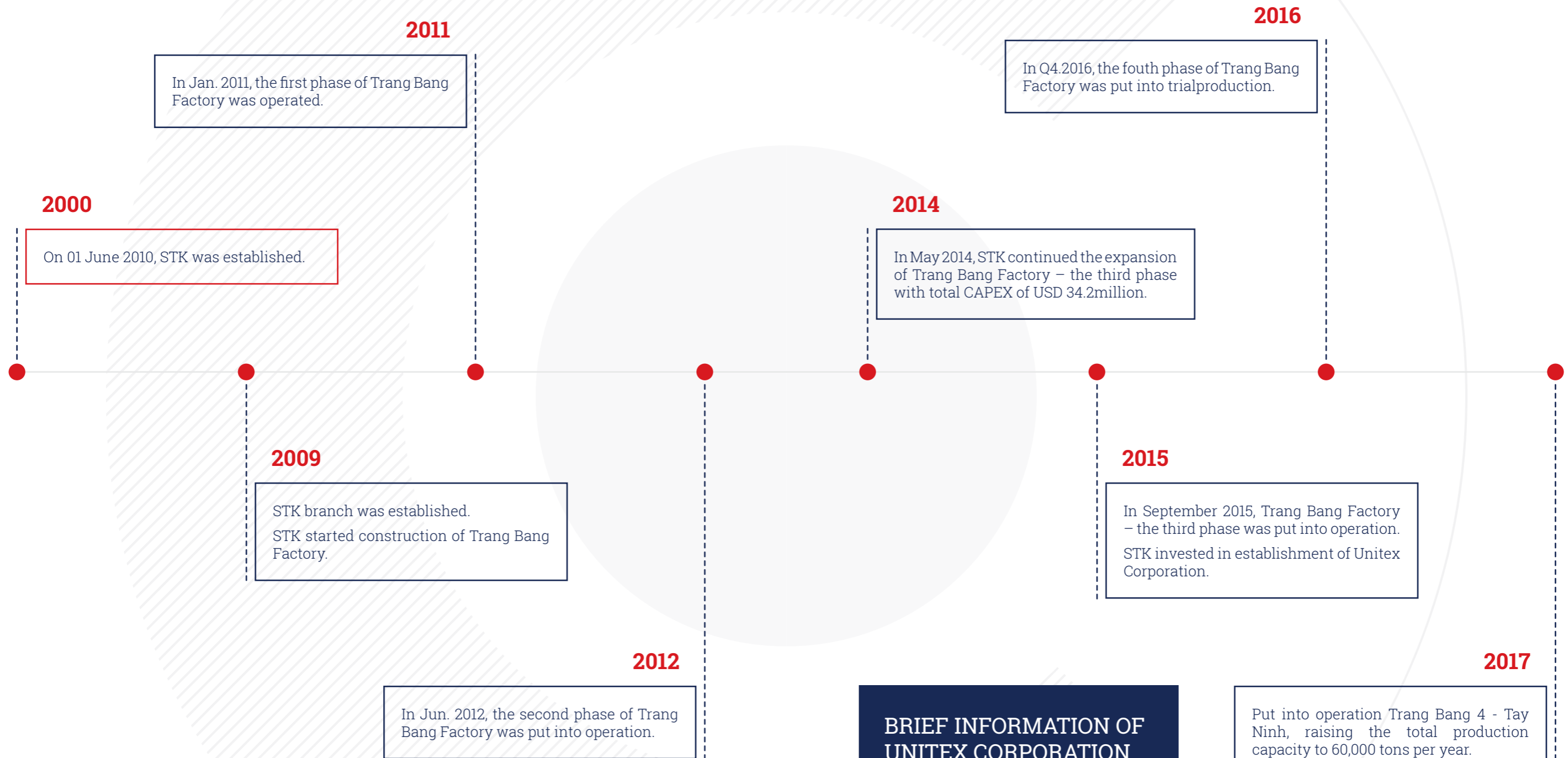
Timely captured with the trend of using recycled fiber, STK has cooperated with Unifi Group to become a franchiser under REPREVE brand to supply products to major brands in the world.

STK's products are also certified OEKO-TEX 100 which is the certification of non-toxic products disposed into the environment under the ZDHC program.

The company collaborated to strategic partners to establish E.DYE Vietnam Joint Stock Company specializing in producing color fiber, which will not pollute to the environment and saving water.

# HISTORY OF FORMATION

Company, Branch, Corporation & Representative Office



## BRIEF INFORMATION OF UNITEX CORPORATION

**Chartered Capital:** VND 80 billion.

**Business Industry:** to produce yarn, textile to take advantages of FTAs and growth opportunity in yarn industry.

## AWARDS & RANKING

### AWARDS & RANKING

**2017**

- ♦ Top 500 largest companies in Vietnam (VNR500): ranked 361 on the list of private enterprises in Vietnam.
- ♦ Awarding Organization: Vietnam Report and Vietnamnet.
- ♦ Top 100 Sustainable Businesses 2017 (CSI100)
- ♦ Awarding Organization: VCCI.
- ♦ IR Award 2017 - Listed companies meet information disclosure standards
- ♦ Awarding Organization: VAFE and Tai Viet Join Stock Company (Vietstock e-newspaper).

**2016**

- ♦ Awarded the titles "Top 10 Annual Report 2016" and "Top 10 Sustainable Development Report" and "Outstanding Improvement Annual Report" by Ho Chi Minh City stock exchange.
- ♦ Awarded the title "100 Sustainable Business 2016" by Vietnam Chamber of Commerce and Industry.

**2011**

- ♦ Certificate of Merit from Vietnam Prime Minister in 2011 for "Outstanding achievements in attracting investment, development of industrial zones and contributing to HCMC's social economic development".

**2010**

- ♦ Certificate of Merit from HCMC Department of Labor, Invalids and Social Affairs in 2010 for "Outstanding achievements in social insurance and health insurance".
- ♦ Certificate of Merit from the Ministry of Planning and Investment for "Outstanding achievements in attracting investment, development of the national economy in 2010".

**2009**

- ♦ Certificate of Merit from HCMC People's Committee for "Excellent Performance in 2009".
- ♦ "Vietnam Trade Service Award – 2009" granted by the Ministry of Trade and Industry.

**2008**

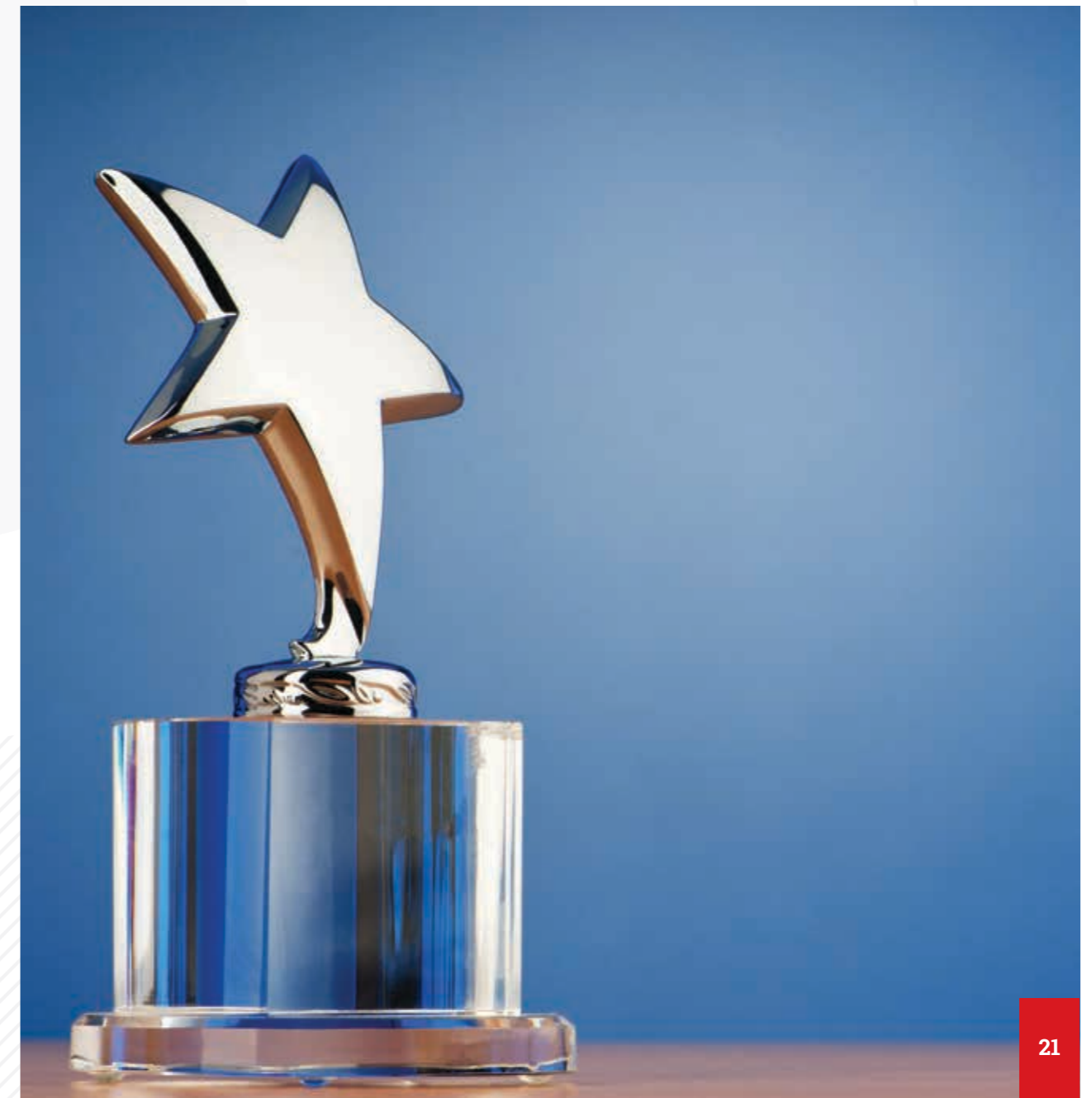
- ♦ "Vietnam Trade Service Award – 2008" granted by the Ministry of Trade and Industry.
- ♦ Certificate of Merit from the Ministry of Trade and Industry for "Excellent Performance in 2008".
- ♦ "Consumer Protection Medal" granted by the Vietnam Trademark Magazine – The Vietnam Union of Scientific and Technological Associations in 2008.
- ♦ Mr. Dang Trieu Hoa, the Managing Director was voted as "Outstanding Entrepreneur 2008" by Vietnam Trademark Magazine - The Vietnam Union of Science & Technology Associations.
- ♦ "Top Ten Businesses of the Garment and Textile sector in 2008" award by the Vietnam Trademark Magazine – The Vietnam Union of Scientific and Technological Associations in 2008.
- ♦ "Top Hundred Trademark of Vietnam in 2008" award by the Vietnam Trademark Magazine – The Vietnam Union of Scientific and Technological Associations in 2008.

**2007**

- ♦ Certificate of Merit from the Ministry of Trade and Industry for "Excellent performance in 2007".
- ♦ Mr. Dang Trieu Hoa, the Managing Director was voted as "Outstanding Businessman 2007" by Vietnam Ministry of Industry and Trade.

**2005**

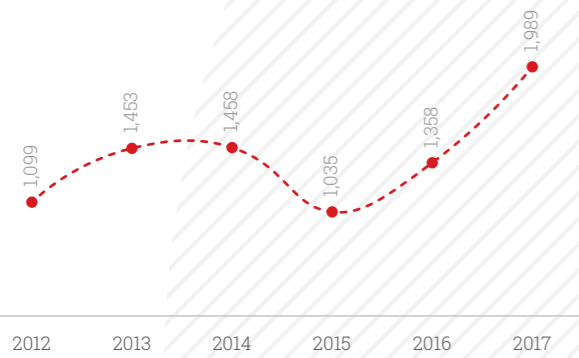
- ♦ Certificate of Merit from HCMC People's Committee for "Excellent performance in 2004".
- ♦ Certificate of Merit from HEPZA in 2005 for "Outstanding achievements in investment and development of industrial zones".



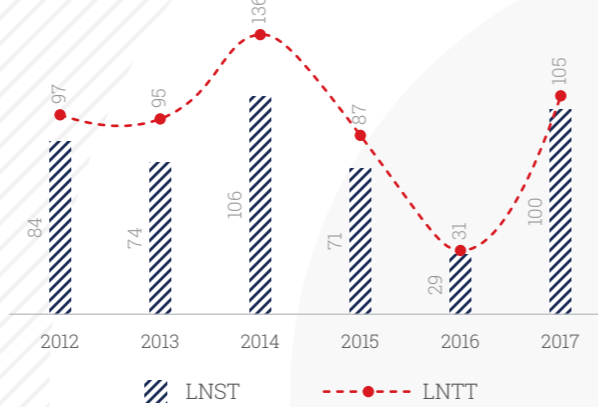
# SCALE OF CENTURY

## PERFORMANCE AND FINANCIAL POSITION INDICATORS

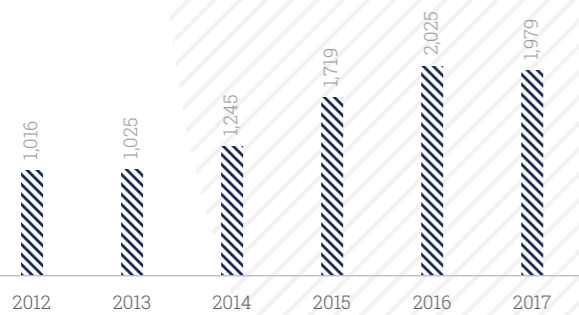
NET SALES



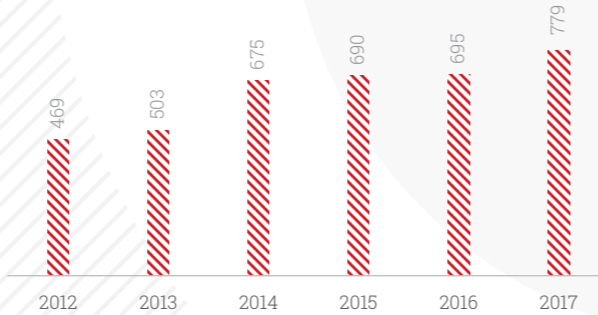
EAT



TOTAL ASSETS



OWNER'S EQUITY



ROA  
**5.0%**

ROE  
**12.8%**

1. Ownership structure  
(on 00/02/2018):

**415**  
shareholders

2. Number of listed shares:

**59,937,798**  
shares

#### BY TYPE OF SHARES

Type of shares	Number of authorized voting corresponding	Number of shares	Ratio
Common shares	01 share : 01 right to vote	59,937,798	100%
Preferred shares	/	0	0%
Treasury shares	/	0	0%
<b>Total</b>		<b>59,937,798</b>	<b>100%</b>

3. The Company does not have treasury shares.

#### BY SHAREHOLDER OWNERSHIP

CLASSIFICATION	Number of shareholders	Rate/total number of shareholders	Number of shares owning	Rate of share ownership
<b>Government</b>	0	0.0%	0	0.0%
<b>Internal shareholders</b>	<b>52</b>	<b>12.5%</b>	<b>19,192,799</b>	<b>32.0%</b>
BOD, BOS, Executive Board	5	1.2%	18,639,683	31.1%
Employees	47	11.3%	553,116	0.9%
<b>External shareholders</b>	<b>363</b>	<b>87.5%</b>	<b>40,744,999</b>	<b>68.0%</b>
Individual	319	76.9%	20,725,317	34.6%
Organization	44	10.6%	20,019,682	33.4%
<b>Total</b>	<b>415</b>	<b>100.0%</b>	<b>59,937,798</b>	<b>100.0%</b>

#### 4. BY GEOGRAPHY

LOCATION	Number of shareholders	Rate/total number of shareholders	Number of shares owning	Rate of share ownership
<b>Domestic</b>	<b>376</b>	<b>90.6%</b>	<b>53,254,799</b>	<b>88.9%</b>
Individual	356	85.8%	39,602,277	66.1%
Institution	20	4.8%	13,652,522	22.8%
<b>Foreign</b>	<b>39</b>	<b>9.4%</b>	<b>6,682,999</b>	<b>11.1%</b>
Individual	15	3.6%	315,839	0.5%
Institution	24	5.8%	6,367,160	10.6%
<b>Total</b>	<b>415</b>	<b>100.0%</b>	<b>59,937,798</b>	<b>100.0%</b>

#### 5. MAJOR SHAREHOLDERS (OWNING ABOVE 5% OF COMPANY'S SHARES)

Name of shareholders	Type of ownership	Nationality	Number of owning shares	Rate of ownership(%)	Rate of indirect ownership (%)
Huong Viet Investment Consultant Corporation	Organization	VN	12,083,414	20.16%	
Dang TrieuHoa	Individual	VN	8,332,793	13.90%	
Dang My Linh	Individual	VN	5,112,168	8.53%	
Dang HuongCuong	Individual	VN	5,112,168	8.53%	
VietNam Holding Limited	Organization	Cayman Islands	3,745,181	6.25%	
<b>Total</b>			<b>34,385,724</b>	<b>57.37%</b>	

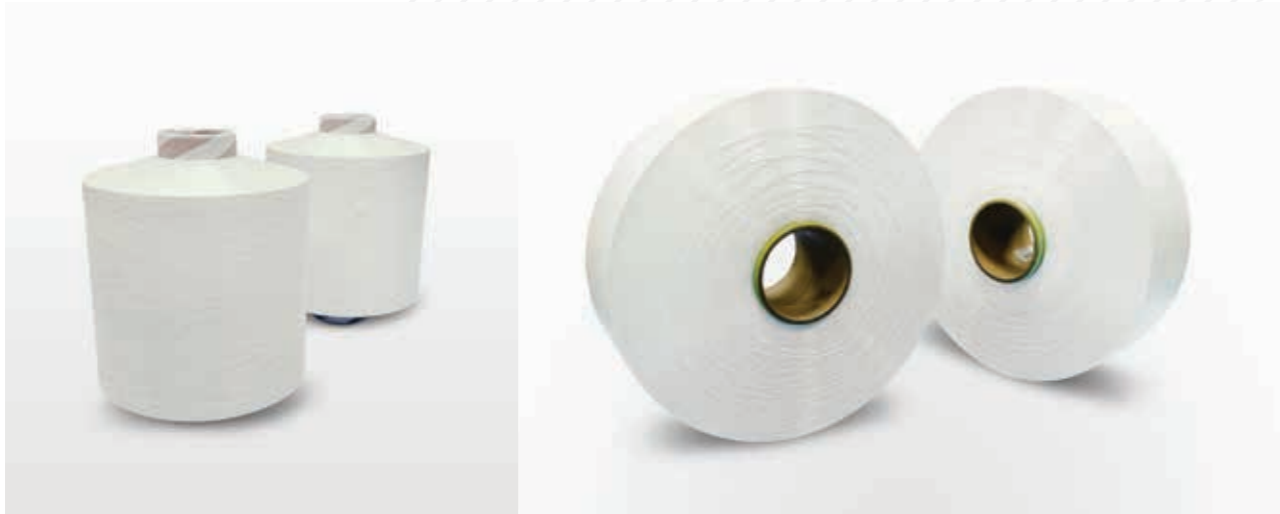
#### MAJOR TRANSACTION OF SHAREHOLDERS IN YEAR

No.	Transaction performing person	Transaction date	Position	Shares before transaction	Share after transaction	Reasons of increase/decrease	Rate of ownership after transaction
1	Vietnam Holding Limited	29/08/2017	Major shareholders	4,213,441	4,167,041	Sold 46,400 share for portfolio structurizing	6.95%

# BUSINESS HIGHLIGHT

## Scope of business

Century Synthetic Fiber Corporation operates in the yarn and fiber sector, which is an integral part in the supply chain of the textile industry. The Company mainly produces Polyester Filament yarn, which captures the largest market share of man-made fibers.



*DTY: Drawn Textured Yarn*

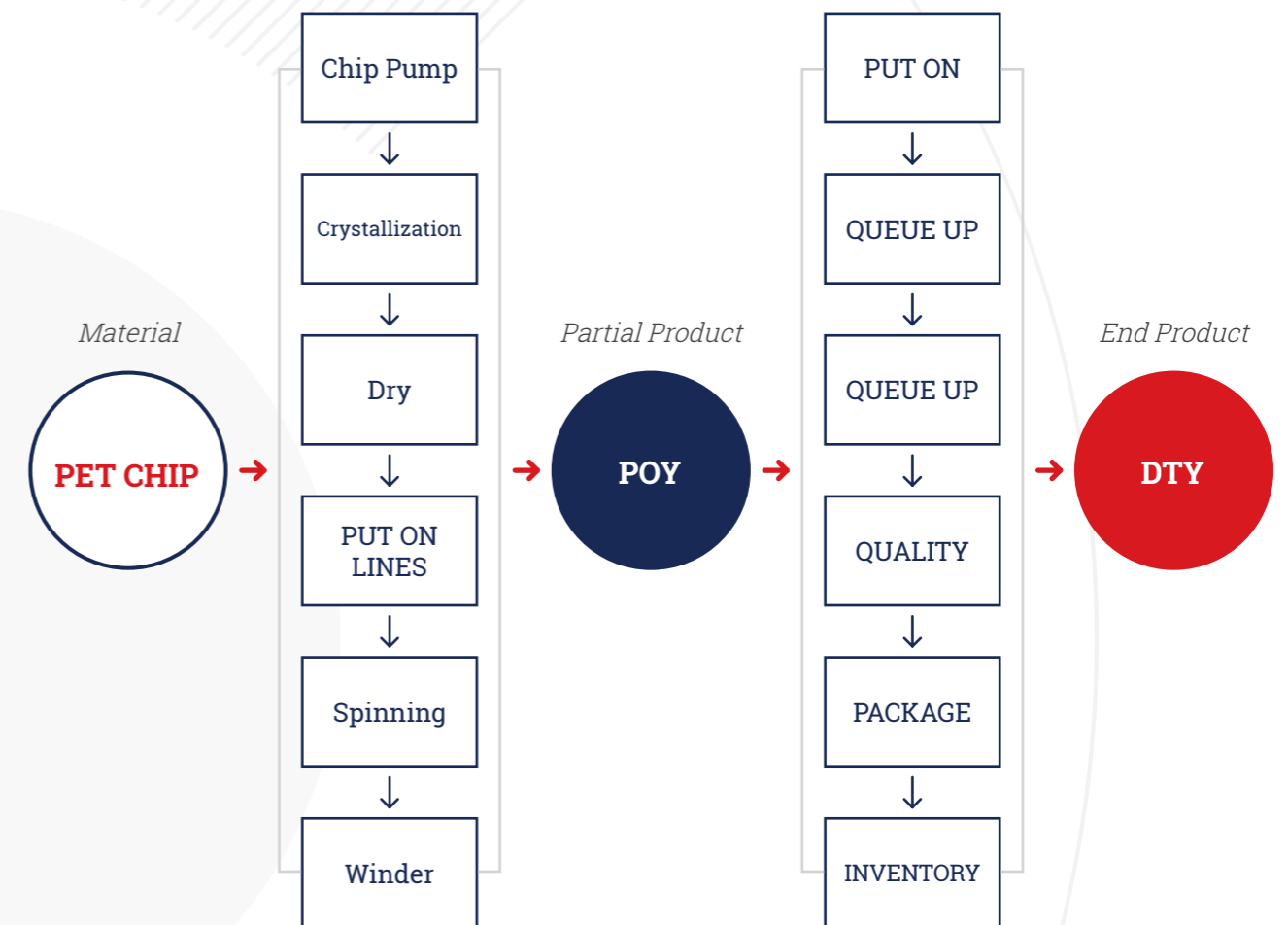
*FDY: Fully Textured Yarn*

## Scales of production

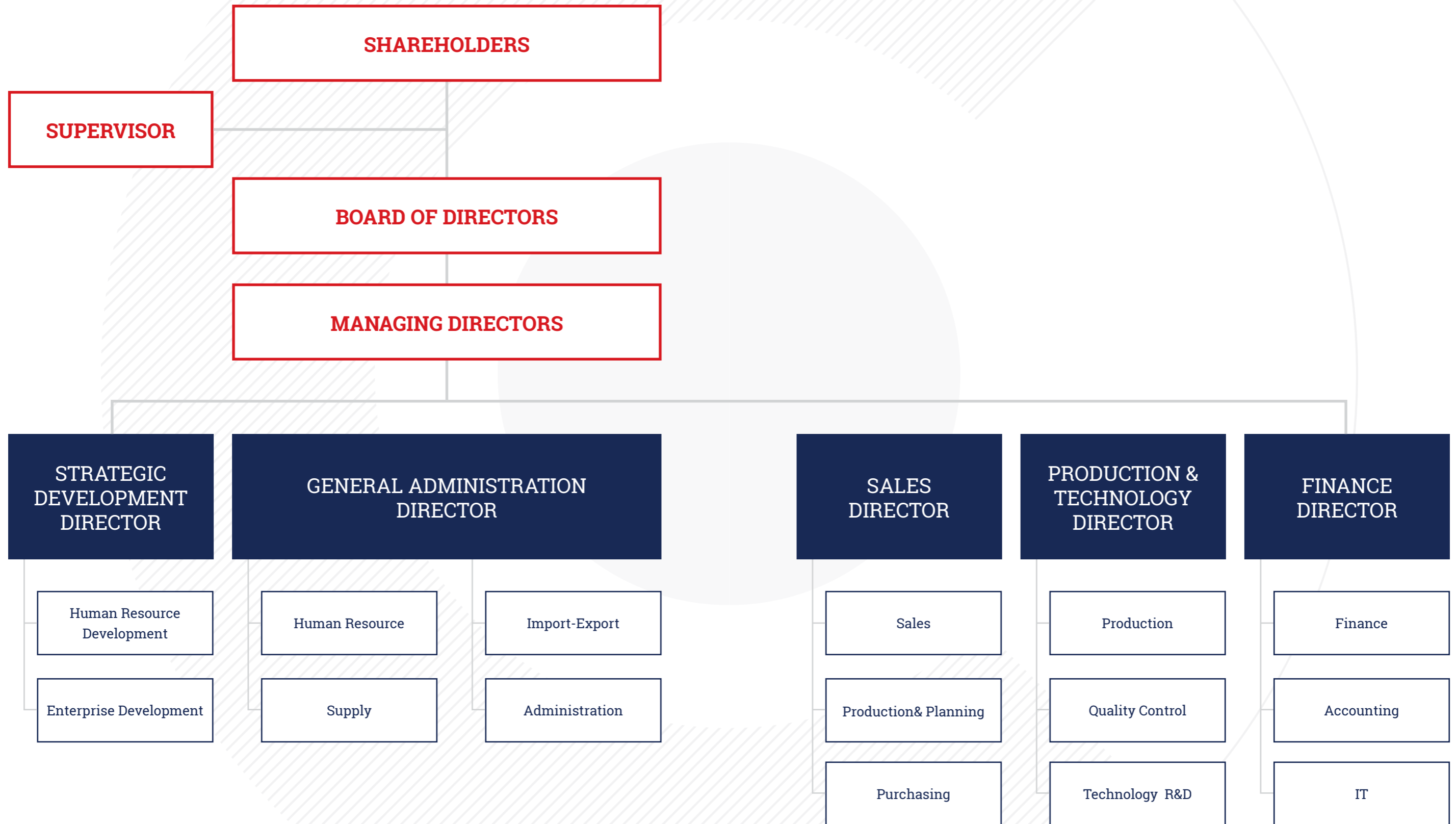
The Company has two factories in Cu Chi and Trang Bang with total acreage of 68,000 m2. Thank to continuous expansion and capacity increase, as at December 2017, total capacity of the Company was 60,000 tons of DTY and FDY. It is expected that by 2018, the Trang Bang 5 project will officially go into operation, raising the Company's total capacity up to 63,300 tons, apart from this, the project also will bring the added value to the Company through a waste yarn recycling line of 1500 tons PET chips



## POLYESTER YARN PRODUCTION PROCESS



# ORGANIZATION CHART



## BOARD OF DIRECTORS TENURE 2013 – 2018

1



**Mr. Dang Trieu Hoa**

**Chairman/Managing Director** - 49 years old

Mr. Dang Trieu Hoa founded STK in 2000 and has been playing the important role in incorporation and development of STK. He has more than 20 years of experience in yarn and textile trading and manufacturing. He was the Director of Hoan A Trading & Services Co., Ltd and Viet Phu Trading & Services before setting up STK.

At the position of Chairman and Managing Director, Mr. Hoa played a crucial role in forming visions & missions for the Company. He received 2007 Outstanding Businessman Award from Vietnam's Ministry of Industry and Trade.

**Qualification:** Business Administration.

2



**Mr. Dang Huong Cuong**

**Member of BOD** - 42 years old

Mr. Dang Huong Cuong is one of co-founders of STK. Currently, he is the Director of P.A.N Pacific Co., Ltd which is also in the yarn sector.

**Qualification:** Business Administration.

3

**Mdm. Dang My Linh**

**Member of BOD** - 46 years old



Ms. Dang My Linh is one of co-founders of STK. Currently, she is the General Director of Lien An Trading & Investment Joint Stock Company.

Before joining with STK, she had more than 10 years working experience at Worldtex Enterprise Co., Ltd. (Taiwan).

**Qualification:** Business Administration.

4

**Mdm. Cao Thi Que Anh**

**Member of BOD** - 52 years old



Currently, she is the Director of Thuc Pham Xanh Company. Before that, she has many years of experience in commerce and finance in Poland and Vietnam.

5

**Mr. Lee Chien Kuan**

**Member of BOD** - 56 years old



Mr. Lee Chien Kuan has joined the BOD of STK since 2008. He has many years experience in textile and yarn business. He also contributed actively to production and business activities of STK.



## BOARD OF MANAGEMENT



### Mr. Dang Trieu Hoa

**Chairman/Managing Director** - Year: 1969

Education: Business Administration

Working experience:

- *06/2010 to present*: Chairman/Managing Director, STK.
- *1995 - 2000*: Director, Hoan A Trading & Services Co., Ltd.
- *1991 - 1995*: Director, Viet Phu Trading & Services Co., Ltd.

1

### Mdm. Nguyen Phuong Chi

**Chief Strategic Officer (CSO)** - Year: 1972

Education: Master of Applied Finance

Working experience:

- *01/2015 to present*: CSO, STK
- *3/2008-12/2014*: Investment Advisory Manager, Tri Tin Consulting & Investment JSC.
- *4/2005-2/2008*: Senior Project Manager, Openasia Consulting Ltd.
- *10/2004-2/2005*: Business Development Officer, Mekong Private Sector Facility ("MPDF").
- *10/2002-10/2004*: Senior Financial Analyst, PricewaterhouseCoopers (Vietnam) Ltd.
- *3/1997-3/2000*: Legal Assistant, Deacons Graham & James, Hanoi Branch.

2



### Mr. Nguyen Thai Hung

**Administrative Manager** - Year: 1956

Education: Bachelor of Physics

Working experience:

- *2016 to present*: Administrative Manager, STK
- *2011 - 2016*: KYVY Corporation: Production Manager.
- *2008 - 2010*: Century Synthetic Fiber Corporation: Deputy Managing Director.
- *2002 - 2008*: Thai Tuan Textile & Garment Corporation: Manager of Textile factory 1 and Textile factory 2.
- *2001*: Century Manufacturing - Trading Limited Company: Workshop Manager.
- *1998 - 2000*: Thai Tuan Textile & Garment Limited Company: Textile factory Manager.
- *1994 - 1998*: Lien Minh Fiber Company (Taiwan, Tan Thuan Export Processing Zone): Workshop Manager.
- *1982 - 1993*: Viet Thang Textile Company (Thu Duc District): Head of Yarn Testing Laboratory.

3

### Mr. Phan Nhu Bich

**Deputy CFO/ Chief Accountant** - Year: 1970

Education: Bachelor of Economics. Major: Audit/Accountant

Working experience:

- *11/2010 to present*: Chief Accountant, STK.
- *3/2004 - 03/2010*: Controller/ Accountant, Thanh Cong Textile Garment & Investment Trading JSC.
- *1997 - 03/2004*: Accountant, Binh Phuoc Electricity Company.

4



## SUPERVISION COMMITTEE

### Mr. Nguyen Tu Luc

Head of the BOS - Year: 1952

1



Education: Bachelor of Accounting

Working experience:

- *1/2015 - present:* Chief Accountant, Mai Hoang Vu Co. Ltd.
- *2007 - present:* Chief Supervision Committee, STK.
- *2006 - present:* Assistant to Managing Director, STK.
- *2000 - 2006:* Chief Accountant, STK.
- *1984 - 2000:* Chief Accountant, South Asia Shoes.
- *1979 - 1984:* General Accountant, HCM Hotel, Chief Accountant of Saigon Hotel.

### Mr. Le Anh Tuan

BOS Member - Year: 1951

2



Education: Master of Economics

Working experience:

- *2013 - present:* Member of Supervision Committee, STK.
- *1999 - 2012:* Deputy Director, Ho Chi Minh City Export Processing and Industrial Zones Authority (HEPZA).
- *1998 - 1999:* Officer, Human Resource Department, Ho Chi Minh Party.

### Mdm. Nguyen Thi Ngoc Linh

BOS Member - Year: 1976

3



Education: Bachelor of Banking – Finance, Master of Public Finance of Fulbright Programme – John Kennedy School of Government, Harvard University, U.S.

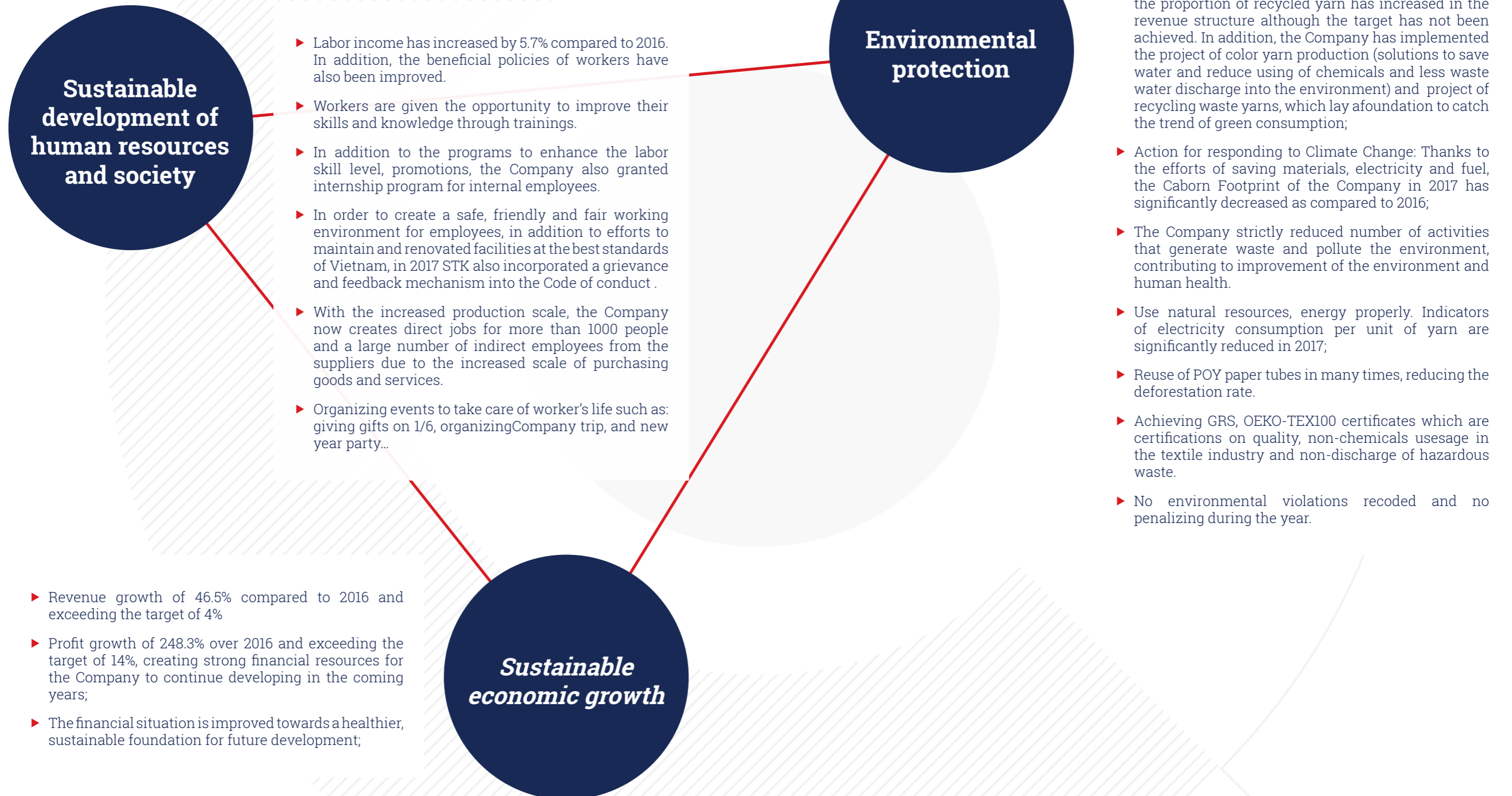
Working experience:

- *2007 - present:* Member of Supervision Committee, STK.
- *2006 - 2014:* Member of Supervision Committee, Incomfish, Phu Hoa Tan Water Supply JSC., Ben Thanh Water Supply JSC., Nha Be Water Supply JSC.
- *2004 - 2014:* Director of Customer Services/Director, Ha Noi Branch of Dong A Securities Company.



# EVALUATION OF THE BOARD OF MANAGEMENT TO ACHIEVEMENTS IN SUSTAINABLE DEVELOPMENT 2017

In the year 2017, with the efforts of the entire employees of the Company, STK has made many improvements in business and achieved positive results in accordance with the medium and long-term development goal as followings":





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## 2017 SUSTAINABLE DEVELOPMENT REPORT OVERVIEW

The textile and garment industry is playing a very important role as a key export sector as well as a significant contributor to the economic development of Vietnam. Considered as one of the sectors with the highest contribution to GDP in Vietnam, creating jobs for millions of workers, therefore, the textile and garment industry has been receiving tremendous supports from the Government, relevant ministries and sectors in removing difficulties to create the most favorable conditions for the development of the textile industry in an optimal way. As one of the links in the global supply chain of the textile and apparel industry, Vietnam is also strongly influenced by the shift of global supply chains under the influence of FTAs. In recent years, there was strong FDI investment flow on textile industry to take advantage of FTAs, raising concerns over potential risks of environmental pollution. In addition, as a labour intensive sector, textile industry is also subject to attention of consumers and government authorities regarding its liability to employees.

As an enterprise operating in the yarn industry, pertained to the supply chain of the textile industry, STK always pays attention and concerns to the strategy of enterprise's sustainable development. The Company sets economic growth goals in parallel with compliance goals and improvements on corporate social, community and environmental responsibilities. In addition, the Company is committed bringing the best interests to all stakeholders, ensuring balance between solid growth in revenue and profit with the overall development of the economy and society, environment.

2017 is the third year for which STK has made a report on sustainable development. The purpose of the report is to publicize the results as well as to assess the results of the implementation of the sustainable development goals in 2017 and set out the objectives and responsibilities of the business towards sustainable development in 2018.

The Millennium Fiber Sustainability Report 2017 is based on the standard guidelines of the GRI-G4 Global Initiative.

Reporting period	The report was prepared for the fiscal year 2017 from the date 01/01/2017 and ending 31/12/2017.
Reporting cycle	Annually performed.
Contact address (if any question)	Address: Road No 8, Trang Bang Industrial Zone, Tay Ninh Province, Vietnam. Email: <a href="mailto:ir@century.vn">ir@century.vn</a> Telephone: (+84.66) 389 9537 (Ext: 113)
Report's scope and boundary	The report is made in Vietnam regarding activities of Century Synthetic Fiber Corporation in the synthetic fiber industry.

## IMPROVEMENTS IN 2017 SUSTAINABLE DEVELOPMENT REPORT

Having learned from experiences in preparation of 2016 sustainable development report, the Company made the following improvements to this year report:

- 1 Addition of the Company's medium and long term sustainable development goals;
- 2 Addition of the BOM's Evaluation on achievements in sustainable development 2017;
- 3 Provision of referenced chart of sustainability goals;
- 4 Addition of detailed descriptions of the Company supplier's evaluation and selection policy;
- 5 Addition of detailed assessment of interactions between stakeholders and STK;
- 6 Addition of key environmental and sustainable development risks, remedy solutions for these risks;
- 7 Provision of the cultural norms description in the Company
- 8 Provision of additional information on the Company's responsibilities toward employees

## ETHICAL VALUES OF THE COMPANY

STK's member commits:

- ♦ Comply with the laws and the constitution of Vietnam.
- ♦ Comply with the rules and regulations in accordance with the Charter, Corporate Governance and other regulations issued by the Company.
- ♦ Promote principles such as information security, effective management, utilization and protection of the Company's assets.
- ♦ Act for the Company's ultimate benefit and minimize the conflict of interest with the Company.
- ♦ Perform the responsibility towards the society and local communities in which the Company operates.
- ♦ Ensure fair and healthy competition, accurately and timely disclosure information to avoid causing damage to the rights and interests of stakeholders.
- ♦ Appreciate customers and always provide reasonable and useful solutions to satisfy customers' requirements.
- ♦ The employees, a valuable asset should be respected, treated fairly, taken care, trained and encouraged to develop their abilities.

## CODE OF CONDUCT WITH STAKEHOLDERS

### For shareholders

Shareholders are important stakeholders of the Company. Therefore, the relationship between STK and shareholders is particularly focused on. STK always aligns the interests of shareholders with its sustainable development. STK commits to:

- ♦ Put the interests of the shareholders ahead, avoid the conflict of interests, ensures a safe investment, attractive dividend policy and sustainable returns for shareholders.
- ♦ Provide a diversified and effective communication channel. STK always meets requirements on information disclosure such as transparency, accuracy, clear and timely.
- ♦ Ensure equal treatment for all shareholders.
- ♦ Ensure confidential information of investors, shareholders, unless allowed by information owners or required by the authorities.

### For Customers

All activities of the Company aim to build the customers' strategic confidence, put the prestige and quality of products ahead, constantly cultivate the relationships with the customers through the after-sales policies, customer care in accordance with the common standards accepted by both parties. The Company commits to:

- ♦ Treat fairly, truthfully and respects the customers, builds the relationship based on mutual benefits.
- ♦ Build and maintain the customer satisfaction at a high level, establishes a sustainable relationship by offering high quality product at a competitive price, timely and accurate shipment, excellent after sale services.
- ♦ Continuously improve and diversify products, offering optimal product selection for customers.
- ♦ Protect customer's business information.

### For Employees

Based on STK's value: "Developing together: Century's development is aligned with the prosperity of our partners, our staffs and the community", and the employees are the Company's valuable assets. The Company always respects, treats fairly, takes care of the employees, and focuses on training and capacity development.

- ♦ The Company offers a competitive remuneration and welfare policies, commits to fully ensure legitimate benefits of employees under "Collective Labour Agreements", Labor Laws and other regulations of the State.
- ♦ The Company shall not use child labor, forced labor.
- ♦ The Company shall not discriminate against employees.
- ♦ The Company ensures the safe working environment, health care and legitimate benefits for the employees. The Company also focuses on training, creating promotion opportunities for employees.
- ♦ The Company evaluates the performance efficiency of staffs, encourages feedback, sharing aspirations and opinions from staffs for the development of the Company.

### For Suppliers

- ♦ The Company commits to treat all suppliers equally, cooperate for mutual benefits, avoid the potential conflict of interests with suppliers.
- ♦ The Company always adheres to the rules on tendering, negotiating and signing of contract.
- ♦ Do not share the confidential information of suppliers to their competitors.

### For Competitors

STK aims to improve the image and position of the Company in the industry, compete fairly on the high quality products and reasonable prices. The Company always adheres to the following principles of competition:

- ♦ Compete fairly, transparently and legally: do not make incorrect or dishonest comments on the competitors' products and services, do not engage in activities to sabotage competitors.
- ♦ The Company commits to use the legal methods to collect information about competitors, not use illegal or immoral ways to collect information.

### For Governments

- ♦ The Company complies with the law and the constitution of Vietnam.
- ♦ Do not take negative approaches to gain privileges and special benefits from the government, governmental agencies.
- ♦ Fulfill tax obligations and contribute to local budgets in accordance with prevailing regulations.

### For Media

- ♦ Reputation and prestige of the Company are important assets that all employees have to preserve and promote.
- ♦ We coordinate with media to help them understand the Company and ensure that all information we provided is transparent, accurate and not misleading.
- ♦ Investor Relation Department is responsible for feedbacks, providing information on media. Other departments are not allowed to contact or answer any question related to the Company.

Started from 2016, the Company has made some improvements in the Code of Conduct for its practical applications. Based on basic principles, the Company provided a detailed guideline to determine whether one person violated the Code of Conduct or not, and at the same time set up a mechanism for compliance, improvement and feedback on issues related to the Code of Conduct.

## DEFINITION OF SUSTAINABLE DEVELOPMENT OBJECTIVES ON MEDIUM AND LONG TERM PERIOD OF 2018-2023

In recent years, the concept and orientation of sustainable development have become increasingly important to the strategy of maintaining the long-term prosperity of the business. STK is one of the leading companies in the textile fiber industry in Vietnam. The Company always aligns business development with the key social and environmental objectives. With a vision of "becoming a global leader in the yarn industry / textile industry and developing multi-disciplinary industries related to the core value of the Company.", STK builds a sustainable development model which is aimed at creating value for the Company, society and the environment.



### MEDIUM-TERM SUSTAINABLE DEVELOPMENT GOAL 2018-2023 AS FOLLOWS

Continue to expand production to gain economies of scale. Develop environmentally friendly products / projects. Increase the proportion of recycled yarn to 30% by 2020. Develop a vertical production chain to optimize performance. Continuously improve policies, streamline production and business management processes to improve product quality, reduce costs and enhance business results. Build skilled workforce by continuing to provide professional trainings, to perfect the labor policies and to develop future successor generation for the Company in order to build a healthy corporate culture. Implement ESOP issuance plan to align the Company's development with employees.

### SHORT-TERM SUSTAINABLE DEVELOPMENT GOALS 2018-2020 AS FOLLOWS

Continue to promote the sales and extension on marketing for recycled yarn products and at the same time improve the quality of products. Research and develop new products with outstanding features such as hollow yarn, highly stretch yarn, CD yarn, doped dye yarn. Implement the color yarn project to save water resources, minimize the discharge of chemicals into the environment. Thoroughly adhere to the manufacturing standards of REACH 168 and OEKO-TEX 100 to protect consumer health. Diversify customer portfolios to reduce risk depends on several clients.

Based on the specific content of the United Nations' 17 sustainable development goals, STK has selected and incorporated the following sustainable development goals into the Company's strategic orientation of sustainable development 2018-2023:

### Environmental Protection

- ▶ Develop environmentally-friendly products,
- ▶ Reduce the consumption of natural resources;
- ▶ Do not pollute the environment



### Sustainable development of human resources and society

- ▶ Satisfactory salaries and income;
- ▶ Opportunity for growth and advancement;
- ▶ Safe, friendly and fair working environment;
- ▶ Economic and social development of the locality and community;



### Sustainable economic growth

- ▶ Steady revenue growth
- ▶ Steady profit growth
- ▶ Healthy financial standing





**Environmental Protection**

- ♦ Enterprise sustainable development based on green environmental protection.

Clean water and Sanitation



- ♦ Ensure adequate and sustainable management of water resources and sanitation for all.
- ♦ By 2030, ensure adequate and fair access to safe drinking water and safe living, in affordable housing for all.
- ♦ By 2030, ensure fair access to adequate sanitation facilities and conditions for all, with particular attention to the needs of women, girls, people with disabilities and vulnerable populations., stop using the toilet outdoors, 100% of households have hygienic latrines.
- ♦ By 2030, improve water quality, control of polluting sources; stop using of chemicals in industrial, agricultural and aquacultural production that pollute water sources and degrade biodiversity; 100% of hazardous wastewater is treated; halving the rate of untreated urban wastewater; promote safe water recycling.
- ♦ By 2030, significant increases in water use efficiency in all areas will be achieved, ensuring a sustainable supply of clean water to address water scarcity.

- ♦ The Company also arranged 50 separate toilets for men and women in 2 factories in Cu Chi and Trang Bang, ensuring compliance with the regulations of 20 employees/ shifters/toilets according to the state standard 3733.
- ♦ The toilets are provided with clean water, equipped with toilet paper and handwash, and cleaned daily by the cleaning staff.
- ♦ The Company also does not use chemicals in production certified by the world's trusted organizations (eg REACH STK certification has been achieved in 2017 and OEKO-Tex 100).
- ♦ Every quarter and every 6 months, the Company conducts waste water quality monitoring and environmental impact monitoring in order to monitor and promptly take appropriate measures to minimize the impact on quality of water source.
- ♦ In addition, the Company regularly propagates and popularize water saving policies in the Company, and uses water properly to protect water resources.

- ♦ Supervising and monitoring environmental reports to take preventive measures.
- ♦ Continue to develop color yarn project and obtain necessary permits to put it into official production.
- ♦ Increase the proportion of recycled yarn production from 6% to 30% by 2020.

Affordable and clean energy



- ♦ Ensure access to sustainable, reliable and affordable energy sources for all.
- ♦ By 2030, double the improvement rate of energy using efficiency; Reduce electricity consumption by 10% compared to base scenario.

- ♦ In addition to investing in energy saving equipment, the Company regularly monitors energy usage and implements energy efficiency measures to improve energy using efficiency.
- ♦ Build the habit of saving energy in the employees' consciousness by turning off unnecessary electrical appliances and after use.
- ♦ Every year, the Company always plan practical solutions to save energy and monthly review reports and indicators to control and promptly propose effective solutions if needed.

Climate action



- ♦ Respond timely and effectively to climate change and natural disasters.

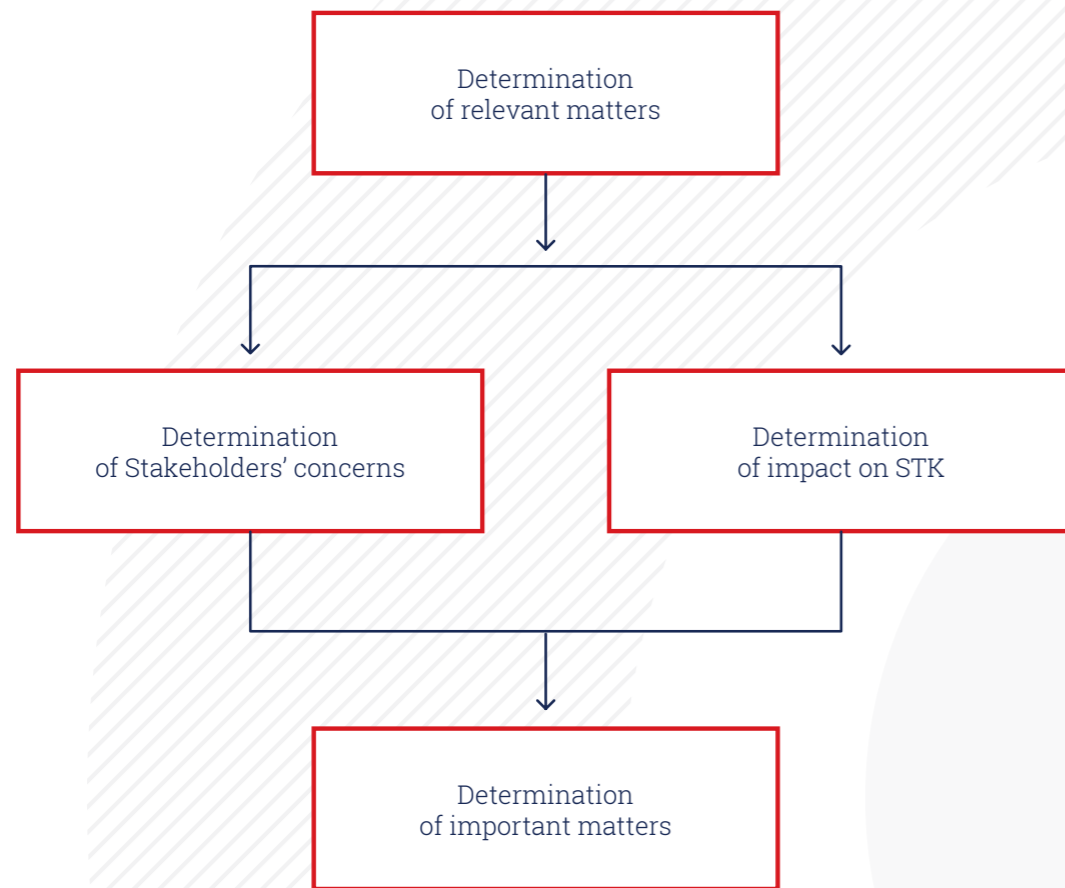
- ♦ Recognizing the negative impact of greenhouse gases, from 2016 STK has conducted a carbon footprint measurement and set out measures to reduce emissions such as stopping pollutants, emissions, and savings. electricity, gasoline, DO, coordinate ordering and travelling to reduce the use of transport vehicles

Fields	Implementation Orientation	UN Sustainable Development Goal	Orientation of Vietnam sustainable development until 2030	STK contributions towards the sustainable development goal	Target 2018-2020
<b>Sustainable development of human resources and society</b>	<ul style="list-style-type: none"> <li>◆ Employees are the main asset of the Company; the Company always focuses on human resources development.</li> <li>◆ Ensure safe working environment for workers.</li> </ul>	Good health and well-being	<ul style="list-style-type: none"> <li>◆ Ensure healthy living and increased wellbeing for people of all ages.</li> <li>◆ By 2030, 20-25% of the death rates before 70 years old (NCDs) will be reduced by 20-25% through prevention and treatment, mental health improvement.</li> <li>◆ Enhancing prevention and treatment of drug abuse, including drug and alcoholic addiction.</li> <li>◆ By 2030, the number of morbidity and mortality from harmful chemicals in air, water and soil pollutions will be significantly reduced.</li> </ul>	<ul style="list-style-type: none"> <li>◆ STK always strives to ensure labor safety and health care. (The Company has medical rooms for workers which are equipped with adequate facilities, medicines and medical instruments with a full time medical staff)</li> <li>◆ Organize periodical health check for employees, send those employees whom were detected with health problem to specialized medical centers for medical examination and treatment and follow up in 6 consecutive months.</li> <li>◆ In addition, the Company does not use chemicals in the production process to protect the health of workers and consumers.</li> <li>◆ The Company strictly implement regulations on prevention the use of drugs in the Company. If any case found be strictly disciplined in accordance with Company's regulations and policies.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Maintaining the program on worker skill improvement and job promotion, product respect awareness, labor safety compliance to the production section.</li> <li>◆ Intensive trainings to the middle and high management level so that they can timely and comprehensively monitor every workers.</li> <li>◆ Set high recruitment requirements (in term of quality) .</li> </ul>
					
					

Fields	Implementation Orientation	UN Sustainable Development Goal	Orientation of Vietnam sustainable development until 2030	STK contributions towards the sustainable development goal	Target 2018-2020
		<p>Decent work and economic growth</p> 	<ul style="list-style-type: none"> <li>Ensuring sustainable, comprehensive and continuous economic growth; creating stable jobs and high productivity to everyone.</li> <li>By 2030, target is to reduce the unemployment rate, uneducated and untrained in young people. Proactively implement the ILO's Global Employment Agreement.</li> <li>Ensuring labor rights; assurance a safe working environment for all workers, especially migrant female workers and informal workers.</li> </ul>	<ul style="list-style-type: none"> <li>The Company ensures that the salaries and allowances at STK are maintained at competitive level as compared to other companies in the same industry and area.</li> <li>The average salary increase in STK through years was always higher than the national GDP growth rate and the inflation rate.</li> <li>Besides the healthy, safety/hygiene working environment, STK also builds a competitive business culture so that employees can work in the most stage of efficiency and satisfaction.</li> <li>The Company is committed to say no on child labor and forced labor.</li> </ul>	
		<p>Peace, justice and strong institutions</p> 	<ul style="list-style-type: none"> <li>Boosting the society of peace, justice and equality for sustainable development, providing access to justice for all people; establishing effective models where every level can join and express the expectations.</li> <li>Enhancing the legal rights, ensuring equal access to justice for all people.</li> <li>Significant reduction in corruption and bribery.</li> <li>Developing an effective transparency system where every level can be engaged in.</li> </ul>	<ul style="list-style-type: none"> <li>STK is always committed to integrity in all activities. The Company has policies and measures to prevent acts of corruption, bribery and tax evasion.</li> <li>Ensure transparency through commitment to transparent and accurate disclosure.</li> <li>Compliance and support to the regulations and policies issued by the state.</li> </ul>	
		<p>Responsible consumption and production</p> 	<ul style="list-style-type: none"> <li>Insuring the sustainable production and consumption patterns.</li> <li>Achieve sustainable management and effective use of natural resources; to rationally exploit and use mineral resources.</li> <li>By 2030, significantly reduce the amount of waste generated, enhance the economic value of waste resources through prevention, reduction, recycling and reuse energy generated from waste treatment.</li> <li>Encourage the business community to adopt sustainable practices, including cleaner production technologies, the efficient use of natural resources, and the protection of the environment; complying to social responsibility with regards to the poor and vulnerable groups; Integrate sustainability information into periodical reports.</li> </ul>	<ul style="list-style-type: none"> <li>With the desire to protect the environment and preserve natural resources, STK has implemented recycled production using recycled materials to reduce the use of natural resources in the production process.</li> <li>In addition, the Company also takes measures to save energy, save water (reuse of AC water), recycle POY paper, encourage the recycling of waste (tanks and plastic) minimizing the input costs, the impacting on natural resources and enhancing added value for the Company.</li> <li>STK also prioritizes to the selection of suppliers that meet sustainable and environmentally production with consumption standards, complying to social responsibility and sustainable development strategies.</li> </ul>	

Fields	Implementation Orientation	UN Sustainable Development Goal	Orientation of Vietnam sustainable development until 2030	STK contributions towards the sustainable development goal	Target 2018-2020	
<b>Sustainable economic growth</b>	<ul style="list-style-type: none"> <li>Contribute to local economic development.</li> <li>To protect the local environment as well as sustainable production</li> <li>Compliance to the governmental laws and regulations as well as the Industrial Park requirements</li> </ul>	Industry, innovation and infrastructure		<ul style="list-style-type: none"> <li>Creating high strength infrastructure, speeding the sustainable industrialization and enhancing the innovation.</li> </ul>	<ul style="list-style-type: none"> <li>As a company manufacturing auxiliary products for the textile industry, STK has been contributing to the development of Vietnam's textile industry as well as creating a lot of jobs directly and indirectly for the local community. Contributing to the development of local infrastructure as well as the life quality of local people.</li> <li>STK is also constantly investing to create new products with added value to meet the increasing demand of green consumption trends such as recycled yarn, moisture absorbing yarn, colored yarn, and hence protecting the natural resources (oil, water).</li> </ul>	<ul style="list-style-type: none"> <li>Training and improving the quality of human resources in the locality.</li> <li>Create stable jobs for labors in Cu Chi and Trang Bang areas.</li> <li>Tracking and monitoring the environmental reports to timely solve environmental problems (if any).</li> <li>Compliance with current laws, ensuring transparency in information and business activities, strictly preventing corruption and bribery.</li> </ul>
		Decent work and economic growth		<ul style="list-style-type: none"> <li>Ensuring sustainable, comprehensive and continuous economic growth; creating stable jobs and high productivity to everyone.</li> <li>By 2030, target is to reduce the unemployment rate, uneducated and untrained in young people. Proactively implement the ILO's Global Employment Agreement.</li> <li>Ensuring labor rights; assurance a safe working environment for all workers, especially migrant female workers and informal workers.</li> </ul>	<ul style="list-style-type: none"> <li>The Company ensures that the salaries and allowances at STK are maintained at competitive level as compared to other companies in the same industry and area.</li> <li>The average salary increase in STK through years was always higher than the national GDP growth rate and the inflation rate.</li> <li>Besides the healthy, safety/hygiene working environment, STK also builds a competitive business culture so that employees can work in the most stage of efficiency and satisfaction.</li> <li>The Company is committed to say no on child labor and forced labor.</li> </ul>	
		Peace, justice and strong institutions		<ul style="list-style-type: none"> <li>Boosting the society of peace, justice and equality for sustainable development, providing access to justice for all people; establishing effective models where every level can join and express the expectations.</li> <li>Enhancing the legal rights, ensuring equal access to justice for all people.</li> <li>Significant reduction in corruption and bribery.</li> <li>Developing an effective transparency system where every level can be engaged in.</li> </ul>	<ul style="list-style-type: none"> <li>STK is always committed to integrity in all activities. The Company has policies and measures to prevent acts of corruption, bribery and tax evasion.</li> <li>Ensure transparency through commitment to transparent and accurate disclosure.</li> <li>Compliance and support to the regulations and policies issued by the state.</li> </ul>	

## DETERMINATION METHODOLOGY OF THE REPORT CONTENT



The world has never paid such unprecedented attention to matters related to climate change and sustainable development as at today. At the United Nations' 2015 conference on climate change, COP21 in Paris from 30 November to 12 December 2015, 195 nations discussed and reached an agreement. On 5 October 2016, the Paris Climate Agreement reached the threshold for ratification to take legal effect on 4 November 2016. This is a first time one international treaty received such a strong participation and swift ratification which shows special support of international community to climate issues. Several main contents of the agreement include commitments to reduce emission, by switching from using fossil energy to using clean substitute energy sources, with an aim to develop a low emission economy, limiting global warming to well below 2°C from the level of pre-industrial revolution.

In 2017, Vietnam has seen dramatic impacts from climate change (such as the weather abnormalities at the beginning of the year, droughts, floods, landslides, storms, floods) on the national economy. The Vietnamese government has been deliberating carefully in the management of the country's economy to ensure balance of economic development with the sustainability in environment and society. Thus, Vietnamese enterprises will be monitored more closely on environmental and labour aspects

## THE CONSULTATION OF STAKEHOLDERS



### Context for STK's Sustainable Development:

The world economy in 2017 simultaneously prospered from the world economy leading to the developed and emerging countries, which have recorded the economic activities better than the initial forecasts in early 2017. Not just the United States, but also European countries, Japan, which have seen slow growth in recent years, have leaped and become a driving force in the world economy in many different industries including the textile sector.

From the positive context of the world economy and positive commodity demand in 12 months 2017. Vietnam's fiber export turnover in 2017 reached 1.35 million tons worth \$ 3.59 billion, increased of 15,6% in volume and 22.7% in value over last year. Specific export to Korea reached \$ 319 million, increased 20.5% and Japan 66.5 million, increased 31.8% over last year. According to the statistics on export turnover of Vietnam's fiber and yarn industry, the export growth rate of the sector will increase by 22.7% annually, opening up great potential for economic development and business of the Company. In 2017, compared to main competitors in China, India, Bangladesh, Indonesia, Vietnam had the highest growth rate

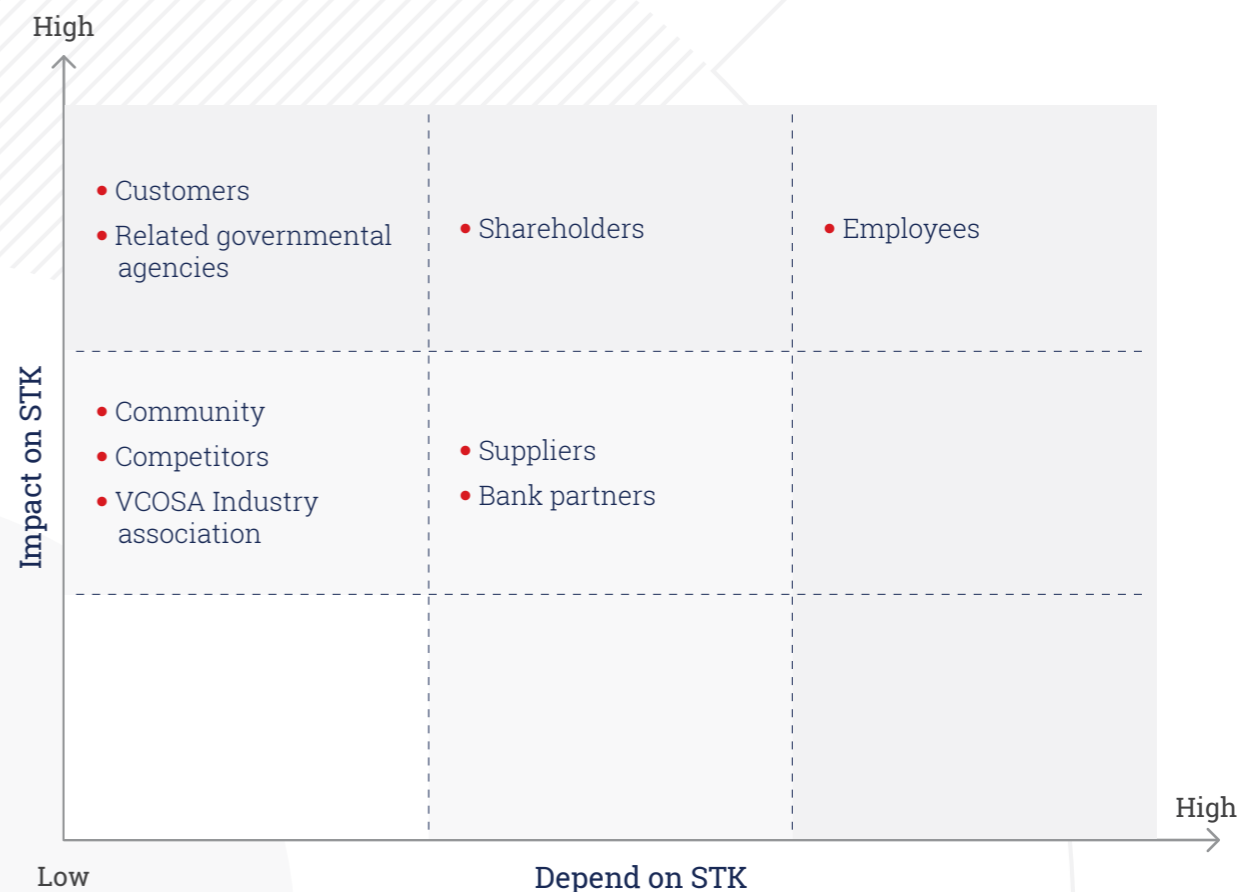
Requirements of consumers and big brands to Vietnamese garment enterprises on environmental protection are increasingly stricter. Therefore, to meet this expectation of the customers, major brands have introduced very strict policies on environmental protection and the goal of sustainable development. For example, Nike, Puma, Adidas, ... have conducted assessment on compliance of corporate social responsibility, environment and supplier's improvement on green production indicators, environmental aspects such as waste water, emissions, temperatures and targets of programs to reduce energy consumption, as well as binding requirements for the use of non-polluting materials. In addition, Vietnamese businesses need to take more responsibilities toward workers and the community, which requires a great deal of effort from Vietnamese businesses.

## 1. Conherence to related stakeholders

### 1.1 Determination of related stakeholders and priority level

The development of STK has always been evaluated, developed and considered based on positive and negative impacts on stakeholders. Thus, stakeholder engagement activities play a very important role in shaping the Company's development strategies as well as building a strong relationship between strategic partners. The identification of key STK stakeholders is based on their level of interaction with the STK either indirectly, directly or in the reverse direction.

### 1.2 Conherence to stakeholders



Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation from stakeholders
<p><b>Shareholders</b></p>	<ul style="list-style-type: none"> <li>Via meetings of the General Meeting of Shareholders, direct meetings with investors, seminars, factory visit programs, the BOM and the IR team are able to meet and discuss with the shareholders, hence understand the concerns of shareholders for the Company.</li> <li>Shareholder survey in writing</li> <li>IR newsletter</li> <li>In addition, STK's investor relations department is also available to discuss and respond to issues and concerns of shareholders and investors via telephone and email.</li> </ul>	<ul style="list-style-type: none"> <li>Transparency and protection of investor interests</li> <li>Good corporate governance</li> <li>Effectiveness use of investment capital in business and financial activities.</li> <li>The Company's orientations for sustainable development, on the Company's attention to social issues, environment and community.</li> <li>Dividends payment to investors</li> <li>The value of the business</li> </ul>	<ul style="list-style-type: none"> <li>Despite the difficulties of the market in the early period of 2017, the Company is still trying to promote the development of new markets, new customers, new products, high sales growth and maintenance of business operations. It is a stepping stone for the development of the Company</li> <li>The Company strictly adheres to and follows regulations on disclosure of information. Since being listed on Ho Chi Minh Stock Exchange, STK has never been warned about violations related to the disclosure of information.</li> <li>The Company is committed to pay a minimum dividend of 15% per annum to shareholders with fairness to shareholders and investors.</li> <li>The Company constantly improves its corporate governance system as well as tightens the risk management.</li> <li>The Company is always oriented towards sustainable development. In 2017, the Company was recognized as one of the Top 100 sustainable development enterprises in Vietnam.</li> </ul>

## 1.2 Conherence to stakeholders (continued)

Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation from stakeholders
<b>Customers</b>	<ul style="list-style-type: none"> <li>♦ Sales and Quality Management Department regularly exchange with customers (including meetings, visiting company, email, telephone ...) to exchange information, understanding the customer needs and requirements, also customer's expectations about the quality, service, price of the product ...</li> <li>♦ Periodically, the Company sends questionnaires to customers to collect assessments, comments to improve the quality of the Company's service and satisfy the customers' expectations</li> <li>♦ Company's website, seminar, industry association forum</li> </ul>	<ul style="list-style-type: none"> <li>♦ Company's operation is stable, safe and trustworthy.</li> <li>♦ High quality of products and services.</li> <li>♦ Competitive prices.</li> <li>♦ Terms of contract.</li> <li>♦ Outstanding customer services.</li> <li>♦ Capacity of technology and operation.</li> <li>♦ Professionalism in providing services.</li> <li>♦ High value added products.</li> <li>♦ Safe products which do not contain toxic substances.</li> </ul>	<ul style="list-style-type: none"> <li>♦ The Company continued to develop high value added products. The Company has launched and produced recycled fiber products. In the future, the Company will continue to produce products such as color fiber, hollow yarn, highly stretchyarn, CD (Cactionic Dyedable), Dope Dyed.</li> <li>♦ The Company has been granted, by SGS a certification, confirming that products of the Company conform to REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) on using toxic chemical material as stipulated by European Chemical Agency and OEKO-Tex 100.</li> <li>♦ Enhance the prestige of STK through prestigious awards, strengthening the trust of customers.</li> <li>♦ Strengthening the business sale team and quality management team to improve the efficiency of customer service.</li> <li>♦ The Company is certified by the SGS organization to be free of toxic substances using in production, in accordance with European standards (REACH 168) and OEKO-Tex 100.</li> <li>♦ The Company has been awarded Global Recycle Standard v3.0 (GRS) for the production of recycled fiber. To achieve this certification, STK has implemented puritanical standards of environmental protection, occupational safety, human health, and commitment not use toxic chemicals.</li> <li>♦ The Company was highly appreciated by its domestic and international customers on its product quality and customer service, ranked equally to the world leading polyester filament yarn producers such as Nan Ya (Formosa), Lan Fa, Zig Sheng, Hengli, LeaLea, Far Eastern New Century.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>♦ Weekly, the Company usually conducts the vision and mission program as well as weekly meetings thereby its staffs can exchange information about the Company's operation and problems and the Company can understand the needs, thinking and aspiration of its employees.</li> <li>♦ Quarterly, the Company carries out periodical dialogue with its employees to share information and to foster better understanding between the employer and the employees to ensure democracy at working place. Annually, at the Employee Benefit Conference, the Company collects opinions from employees to improve regulations and policies, working environment and productivity.</li> <li>♦ In addition, the employees can address directly to his/her direct supervisors or to the Human Resources department the problems, obstacles, concerns related to his/her job in order to get advice.</li> <li>♦ Regularly or irregularly, the Company and employees carry out collective negotiation meeting to build up harmonious, stable and progressive relationship, to determine new labor condition in order to sign collective labor agreement, to solve problems in operation.</li> </ul>	<ul style="list-style-type: none"> <li>♦ Safe working environment, good occupational health.</li> <li>♦ High salary, bonus, welfare policy.</li> <li>♦ Opportunity to be trained, to improve skills.</li> <li>♦ Opportunity to be promoted.</li> <li>♦ Broad vision of leaders.</li> <li>♦ Fairness and democracy.</li> <li>♦ No discrimination</li> </ul>	<ul style="list-style-type: none"> <li>♦ In order to bring satisfaction to employees, the Company constantly improves the policies of compensation, welfare, training, promotion as well as work environment for employees.</li> <li>♦ Make commitments on democratic rights, the right to have fair treatment and respect for workers.</li> <li>♦ Ensure safe working conditions for employees, take care of their health by issuing, building and complying with strict social responsibility policies.</li> <li>♦ In the year 2017, the Company has increased average salary from 7% to 9% depending on the position. The number of people were promoted to higher positions was 55. In addition, the Company also organized two courses to improve management skills for more than 80 managers. Each course lasted 3 days.</li> </ul>

## 1.2 Conherence to stakeholders (continued)

Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation from stakeholders
<b>Rivals</b>	<ul style="list-style-type: none"> <li>Based on the Company's purchasing plans, its Purchasing department usually meets and interact with suppliers to reach agreements which are mutually benefited to both parties.</li> <li>The purchasing department and quality assurance department usually visit factories of suppliers to assess their technical capacity, exchange information regarding parties' requirements in order to cooperate and mutually develop.</li> </ul>	<ul style="list-style-type: none"> <li>Fair and transparent competitive environment.</li> </ul>	<ul style="list-style-type: none"> <li>The Company competes fairly on the basis of offering exceptionally high quality products at reasonable prices.</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Based on the Company's purchasing plans, its Purchasing department usually meets and interact with suppliers to reach agreements which are mutually benefited to both parties.</li> <li>The purchasing department and quality assurance department usually visit factories of suppliers to assess their technical capacity, exchange information regarding parties' requirements in order to cooperate and mutually develop.</li> </ul>	<ul style="list-style-type: none"> <li>Prestige, long-term cooperation.</li> <li>Cooperation whereby both parties are benefited and can mutually develop.</li> <li>To set up stable value chain.</li> </ul>	<ul style="list-style-type: none"> <li>The Company cooperates with suppliers to develop together, enhance the quality of products and bring benefit for both parties.</li> </ul>
<b>The government</b>	<ul style="list-style-type: none"> <li>Company makes frequent contacts with the authorities via meetings, response to inspection, reports, administrative documents.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with policies and regulations.</li> <li>Satisfying all certificates and permits as prescribed</li> <li>Support for community development</li> <li>Deploying and supporting the alleges of the government</li> </ul>	<ul style="list-style-type: none"> <li>The Company always complies with government policies and regulations. The Company does not have any violations related to non-compliance.</li> <li>STK always pioneered and supported and implemented the major policies of the state</li> <li>The Company strives for sustainable development and supports local development</li> </ul>
<b>Banks</b>	<ul style="list-style-type: none"> <li>The Company and its banks usually meet, exchange information, negotiate terms of contracts. The parties often discuss via email and telephone to solve any problems arising from the relationship</li> </ul>	<ul style="list-style-type: none"> <li>The Company is sustainable and prestigious.</li> <li>Transparency in corporate governance.</li> <li>Professional financial management system.</li> <li>Incorporation and long term co-development</li> </ul>	<ul style="list-style-type: none"> <li>The Company constantly improves the quality of management system</li> <li>To fully and timely fulfill the debt repayment and loan interest obligations of the credit institution.</li> <li>Review, check and prepare well with work related to financial activities to ensure the timely and full compliance with the credit partners.</li> </ul>
<b>Local community</b>	<ul style="list-style-type: none"> <li>Via meetings, exchanging correspondents with local association, and social activities, the Company can understand the concerns and expectations of the local community.</li> </ul>	<ul style="list-style-type: none"> <li>To be responsible, to share and to join hand to develop local community</li> <li>Support local community to improve the quality of life through income improvement</li> <li>Improve quality and enhance the local community infrastructure system</li> </ul>	<ul style="list-style-type: none"> <li>The Company always takes effort to develop local community, contribute to local economy by using many local services such as boarding house, security guard, lunch catering, uniform provision...</li> </ul>
<b>Industrial Association (VCOSA)</b>	<ul style="list-style-type: none"> <li>Via forums, dialogues, exchanging correspondences and emails between the Company and the Industrial association, the parties can share problem and expectation of each party.</li> </ul>	<ul style="list-style-type: none"> <li>To become an active member, sharing information and contributing to the industry's development.</li> </ul>	<ul style="list-style-type: none"> <li>The Company is always available to cooperate with the Association and other industrial peers in developing synthetic industry particularly and textile supply chain generally</li> </ul>



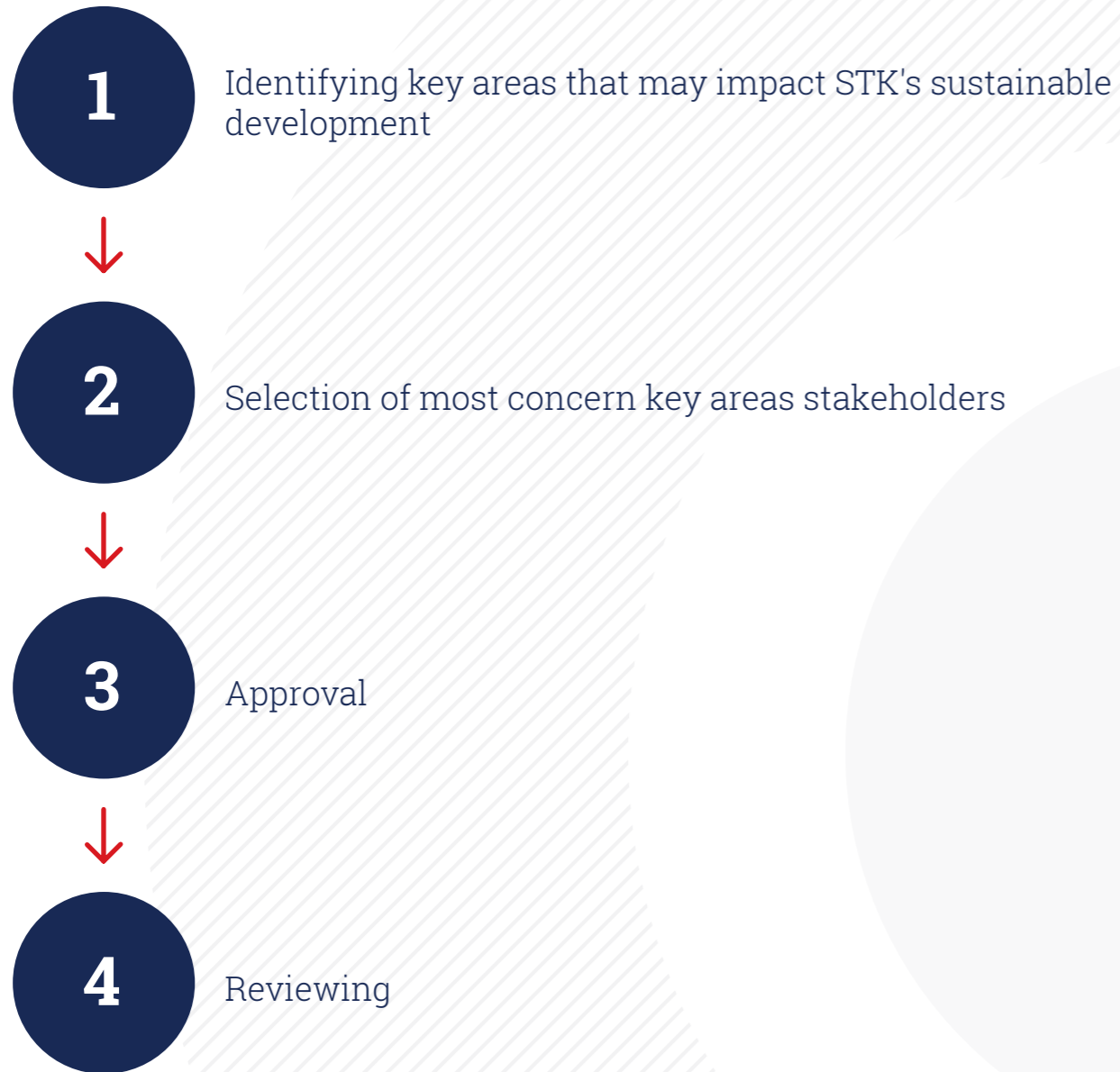
## Key risks

Risk	Risk Description	Impact assessment	Solutions
Economic risks	<ul style="list-style-type: none"> <li>Global economic crisis may affect the demand for garment and textile products, hence affecting STK's sales.</li> </ul>	<ul style="list-style-type: none"> <li>High probability and high impact.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct market research, update information, analyze and assess competitors.</li> </ul>
Market development risks	<ul style="list-style-type: none"> <li>Failure in developing and expanding the market, or the risks of losing market or declining market share.</li> </ul>	<ul style="list-style-type: none"> <li>High probability and high impact.</li> </ul>	<ul style="list-style-type: none"> <li>Make effort to diversify customer base and expand market to avoid the dependence.</li> <li>Build up reputable brand name for good quality product and customer services, strictly control costs in order to sustain sales during economic crisis.</li> <li>Boost R&amp;D to create high value added products to alleviate competition.</li> </ul>
Raw materials risks	<ul style="list-style-type: none"> <li>The risk of quality and supply of raw materials, chemicals cannot meet production needs.</li> <li>Risk of material price fluctuation affecting production cost of STK.</li> <li>STK's main raw materials are PET chips made from a derivative of oil, so oil prices and the world's regulations on oil extraction also directly and significantly affect the supply of raw materials</li> <li>Production of auxiliary materials including paper tube and carton box may cause environmental pollution and depletion of natural forest.</li> </ul>	<ul style="list-style-type: none"> <li>High probability and high impact.</li> </ul>	<ul style="list-style-type: none"> <li>The Company's policy to diversify suppliers.</li> <li>Continuously looking for new suppliers with better quality and able to meet the production needs of the Company's requirements.</li> <li>Set a purchasing plan in medium-term and long term.</li> <li>Improving efficiency for the use of raw material and finding alternative supply sources.</li> <li>Using recycled PET-chip (which is recycled from PET bottles) in order to reduce oil exploitation that causes environmental pollution. Increase the reuse of POY paper tubes to restrict environmental pollution and the depletion of forest resources.</li> </ul>
Operational risks	<ul style="list-style-type: none"> <li>Risk to assets: natural disaster (earthquake, storm and floods) or fire and explosion or intentional destruction may cause damage to the Company's assets.</li> <li>Operational risks: staffs' failure to comply with SOP may affect the quality of product and services.</li> <li>The impact of production process to the air, water, waste and human (labor abuse or work accident occurs during production process).</li> </ul>	<ul style="list-style-type: none"> <li>Medium probability and high impact</li> </ul>	<ul style="list-style-type: none"> <li>STK already bought insurances for all of these risks as well as business disruption insurance.</li> <li>It pays great attention to training of staffs, frequent update of standard operating procedures ("SOPs") and the Quality Control department's strict control of the production's compliance to SOPs.</li> <li>Organizing health and safety training courses to all production managers and employees to be aware about the safety in working process and being self - preventing from the threats in unsafe actions</li> <li>Strict compliance with the policies of environmental protection and occupational health and safety.</li> </ul>

**Key risks (continued)**

Risk	Risk Description	Impact assessment	Solutions
Legal risks	<ul style="list-style-type: none"> <li>◆ Changes in laws regarding to tax, customs, environmental protection and labor may cause increase in operating expenses. Labor's policy risks such as the increase in the minimum wage, the increase in payment of the social insurance, health insurance, unemployment insurance may increase the Company's costs.</li> <li>◆ The risk that current laws do not have unification, which leads to affecting on the policies applied at the Company.</li> <li>◆ Risk of anti-dumping investigation on the Company's products that may be initiated in exporing markets.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Medium probability and high impact.</li> </ul>	<ul style="list-style-type: none"> <li>◆ STK has set up a system to frequently monitor, update the information in order to have the best adaptation to these changes.</li> <li>◆ STK apply reasonable selling price policies for domestic and exporting markets and maintain a good reporting system to help proving that STK does not dump prices.</li> <li>◆ The Company also keeps frequent contacts with its peers and Vietnam Cotton and Spinning Association in order to regularly update the market information as well as to protect legitimate rights of STK and its peers in exporting markets.</li> </ul>
Foreign exchange risks	<ul style="list-style-type: none"> <li>◆ Most STK's raw material are imported and paid in USD.</li> <li>◆ STK's long-term loans are in USD denomination.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Medium probability and medium impact.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Maintain the portion of revenue in USD around 60% of total revenue.</li> <li>◆ Ensurement of foreign currency in payment for importing raw materials and debts repayment</li> <li>◆ Forecast foreign exchange rate fluctuations to have a reasonable and timely debt repayment schedule.</li> </ul>
Human Resource risks	<ul style="list-style-type: none"> <li>◆ Failure to attract and retain the labor force, especially key personnel, succession ones in order to meet the strategy requirement and its operations.</li> </ul>	<ul style="list-style-type: none"> <li>◆ High probability and high impact.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Human resources planning aligned with the Company strategic direction.</li> <li>◆ Recruiting, training, developing human resources to meet the work's expectations</li> <li>◆ Ensure the compensation policies, welfare, remuneration and good working environment for employees.</li> <li>◆ Focus on training, developing skillful workforce, building succession team.</li> </ul>
Environment Risk	<ul style="list-style-type: none"> <li>◆ Risk from direct impacts from climate changes to business operation and production activities such as natural disaster, flood, drought ...</li> <li>◆ Risks to the environment of air, water and waste to the community from STK's manufacturing activities.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Low probability and high impact.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Evaluate the sustainability goals each year to identify key impacts from business operation and production activities on the environment and society, while strictly adhering to regulations related to sustainable development.</li> <li>◆ Implement the policy and procedures on responding to emergency cases as disaster or incident occurred.</li> </ul>
Sustainability Development Risk	<ul style="list-style-type: none"> <li>◆ Risks from business operation and production activities, affecting the environment, human and society</li> <li>◆ Risks from natural calamities such as storms and floods to STK's sustainable development.</li> <li>◆ Risk from governance corporate impacts such as lack of human resources, inadequate succession generations and improper development strategy to the sustainable development of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Low probability and moderate impact</li> </ul>	<ul style="list-style-type: none"> <li>◆ Creating appropriate compliance policies and periodically implement the internal compliance audits</li> <li>◆ Perfecting the human resources development strategy also consolidating the succession generations to the Company</li> <li>◆ Consulting business development strategies in accordance with the stakeholders expectations inside and outside the Company</li> </ul>

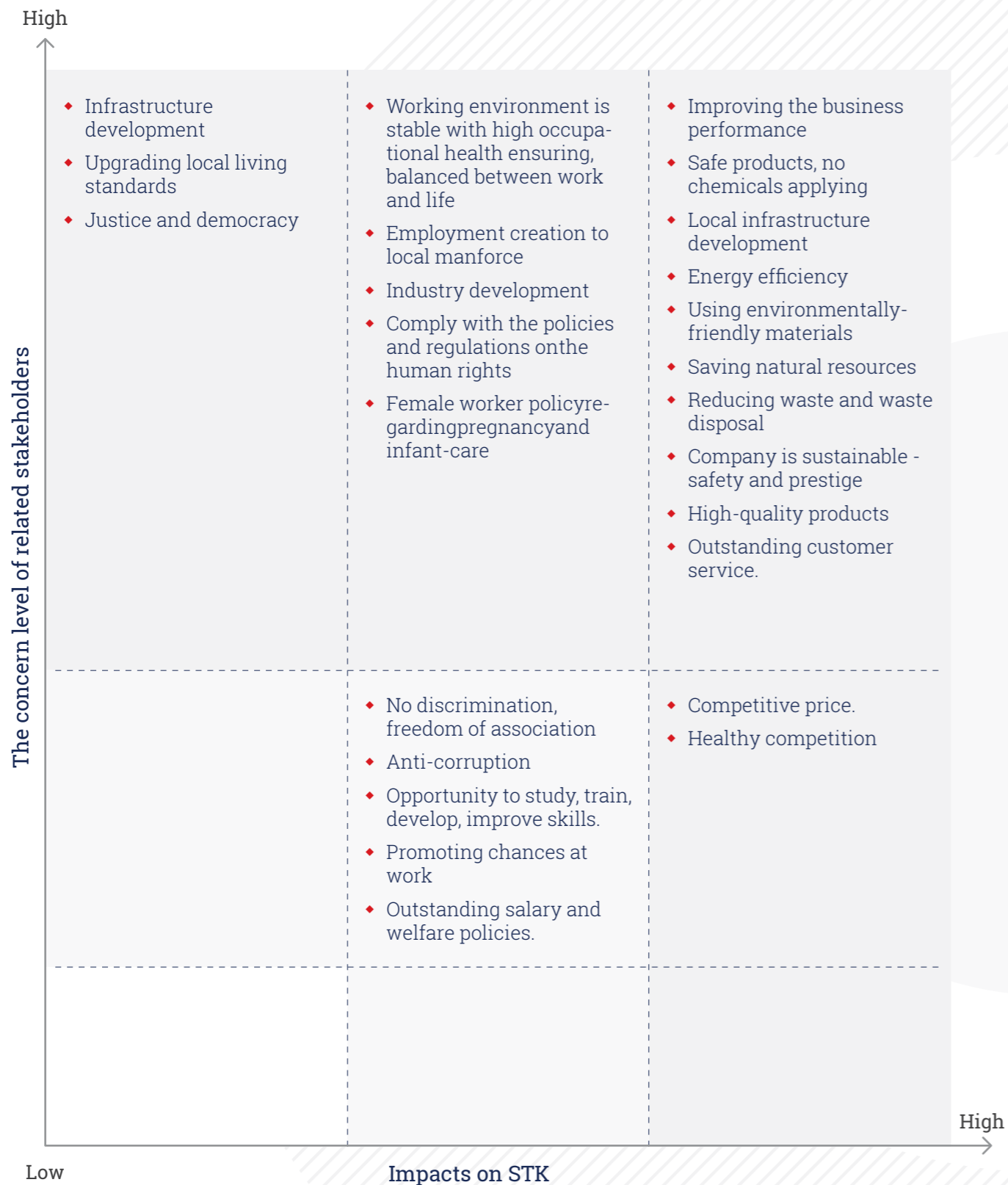
## 2. Identification of key areas



### 2.1 Key areas

Key areas are identified based on the referenced content of related stakeholder concerns that are aligned with the Company's development goals and strategies, and the key contents are identified in each of the following groups:

<b>Product Responsibility</b>	<ul style="list-style-type: none"> <li>♦ High-quality products</li> <li>♦ Company is sustainable - safety and prestige</li> <li>♦ Competitive price.</li> <li>♦ Safe products, no chemicals residual</li> <li>♦ Outstanding customer service.</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>♦ Support local development</li> <li>♦ Anti-corruption</li> <li>♦ Healthy competition</li> <li>♦ Employment creation to local manforce</li> <li>♦ Local infrastructure development</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>♦ Energy efficiency</li> <li>♦ Using environmentally-friendly materials</li> <li>♦ Saving natural resources</li> <li>♦ Reducing waste and waste disposal</li> </ul>
<b>Labor</b>	<ul style="list-style-type: none"> <li>♦ Outstanding salary and welfare policies.</li> <li>♦ Opportunity to study, get training, develop, improve skills.</li> <li>♦ Promoting chances at work</li> <li>♦ The leader vision</li> <li>♦ Justice and democracy</li> </ul>
<b>Economy</b>	<ul style="list-style-type: none"> <li>♦ Improve the business performance and enhance the Company economy development</li> <li>♦ Industry economic development</li> <li>♦ Upgrading local living standards</li> </ul>
<b>Human rights</b>	<ul style="list-style-type: none"> <li>♦ Working environment is stabe with high occupational health ensuring, balanced between work and life</li> <li>♦ No discrimination, freedom of association</li> <li>♦ Comply with the policies and regulations of the human rights law</li> <li>♦ Female worker policy regarding pregnancy and -inant care</li> </ul>



**KEY TOPICS OF THE SUSTAINABILITY REPORT:**

- 1** Product responsibilities;
- 2** Environmental responsibilities;
- 3** Responsibilities for employees;
- 4** Responsibilities for community- local region;

**REPORT ASSURANCE BY THIRD PARTY:**

STK adheres to the principles of honesty, accuracy and transparency regarding the disclosure of the data in the reports. Besides, the following data on STK's operations have been assured by the third party to ensure the accuracy, reliability and comprehensiveness of the statistics:

- Information on waste treatment what was certified by the hazardous waste disposal companies.
- Information on energy saving what was certified by HCMC Energy Conservation Center.
- Information on the working environment indicators that has been certified by Consultancy Center of Occupational Safety Health and Environmental Technology.
- Information on the environmental inspection indicators that has been certified by Center for Environment and Technology Services.
- Financial information that has been audited by Ernst & Young.

To ensure the effectiveness of the Company's operations in the next fiscal year, STK will review the key areas identified as well as performance over the past year to keep updates and having improvements in the coming years.



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## I. PRODUCT RESPONSIBILITY

STK constantly improves the quality of its products and services, aiming to bring customers high quality products and services through (1) investment in modern production facilities and usages of high quality raw materials supplied by reputable manufacturers, (3) strictly adherence to the regulations on chemical use as well as strict production processes.

### **Invested in modern facilities:**

Having a business strategy which targets high-end segment, STK always focuses on investing in machineries and technology. Machineries and equipments are manufactured by Oerlikon Barmag, a leading European corporation. With the latest production technology, these machineries and equipments will ensure stable quality for finished products, energy-saving, environment protection and improve the product's price competitiveness.

In 2011, to improve transparency and increase efficiency of management and production, the Company has applied ERP system- SAP All-In-One. This system was fully operated since September 2013 that helps the Company to control all operations including production, sales, purchasing, human, finance, all the sources and costs effectively.

In 2015, the Company started to apply Plant Operation Center ("POC") system in production. POC has several modules such as recipe management, reports and statistic, quality management... With these applications, the Company can enhance production efficiency and product quality in order to achieve the customer satisfaction and increase the labor productivity for the Company.

### **Applied modern management practices:**

- ♦ **ISO 9001- 2008:** To ensure conformity of all operations to the established procedures and industry standards.
- ♦ **5S:** Organized a work space for safety, convenience, tidy and removing unnecessary items in order to increase work productivity, reduce wasted time. 5S is the foundation for applying other modern methods such as Kaizen and LEAN.
- ♦ **Kaizen:** Constantly improve standard operating procedures to enhance the efficiency and product quality.
- ♦ **LEAN production** is a systematic method which focuses on eliminating waste, maximizing resources, shortening production cycle and increasing the ability to meet the customer's technical specification.



All modern management practices are described in the standard operating procedures ("SOPs") for all stages of the Company's operations in order to ensure that quality control is implemented throughout the production process, starting from raw material purchase to the production of POY, DTY, FDY and warehouse management.

### **High quality and non-toxic product:**

STK's commitments to provide high quality products was proven by the professional operation process from the raw material to production management and product testing to evaluate quality and ensure the quality requirement as ordered.

Quality control is carried out by the following departments:

- ♦ **Purchasing department** is responsible to check and take over raw materials, identify and eliminate defect products prior to production, evaluate the quality of raw material during production to request the suppliers to fix the minor defects in order to ensure the stability of raw materials and product quality. Besides, the purchasing department has to ensure raw materials complied with Material Safety Data Sheet (MSDS)
- ♦ **Production, Mechanical & Electrical and Maintenance departments** are responsible for controlling the quality of work and product in production process in order to identify the errors and eliminate the substandard products.
- ♦ **Quality control departments (QC)** has 215 employees who will conduct 100% quality check for semi-finished product (POY) and finished product (DTY and FDY). Besides, QC is also responsible for controlling the technical specifications of the machines.

**At the beginning of each year, the Company always set the quality performance indicators:**

Production section	KPIs	2017 Performance	2017 Target	Increase/ decrease +/-	2018 Target
POY	Premium AF category	95.07%	96.42%	-1.35%	97.17%
	POY wasted yarn	1.17%	0.95%	0.22%	0.94%
DTY	Premium AA category	87.32%	91%	-3.68%	91.50%
	DTY wasted yarn	0.68%	0.68%	0.00%	0.68%
FDY	Premium AA category	92.51%	95.50%	-2.99%	95.50%
	FDY wasted yarn	3.28%	1.50%	1.78%	1.50%

To follow up these targets, the Company will hold weekly meetings for departments to report on the quality performance. Monthly, all departments will report on their KPIs (including quality performance indicators), explain why they don't meet the target and how to solve the problems.

**High quality and non-toxic product (continued):**

In 2016, the Company received a Testing report of SGS confirming that STK 's products strictly complied with the use of hazardous substances as stipulated in REACH promulgated by the European Chemical Agency in order to protect human health and the environment from risk posed by chemical.

Besides, the Company also received a certificate of The Global Recycle Standard (GRS). This is a product standard for tracking and verifying the content of recycled materials in final product, while ensuring strict production requirement. To achieve this certificate, STK complied with strict standards of environmental protection, occupational safety, human health and committed not to use toxic chemical materials.



The "Improving staffs' awareness of their responsibility toward product quality" initiative was incorporated into the Company's training programs. During this program, the employees will be trained how to operate accurately, shown which behaviors are wrong as compared to SOP that affected to product quality. This is a practical training that helps developing employee's awareness and skills, thereby improving product quality and the prestige of the Company.

In 2017, the Company has achieved OEKO-TEX100 certification. This is a certification that is being evaluated through a worldwide standard system of testing and certification for raw materials, semi-finished products and textile products, including all levels of production process is intended to ensure that no toxic substances are presented.

**Customer services:**

With the goals to serve customers, STK's staffs always try their best to satisfy customers' requirements. In the context of difficult market, the Company has made efforts to compete with the competitors through its excellent customer services. Not only does STK commits timely, accurate and sufficient shipment but STK also gives customers advice about product specifications to suit their needs. The staffs of Customer Service and Quality Control department directly visit to customers's premises to evaluate the results of customers' usage of the Company's products and to make the yarn properties reports.

The Company usually conducts surveys, interviews about customer satisfaction. STK always tries its best to flexibly, quickly and efficiently provide the solutions for customers.

Year		Solving period	No solving	Less than 1 week	From 1 week to 1 month	From 1 month to 3 months	Over 3 months	
2016	2017							
0	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
13	11	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
28	38	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8	3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
0	0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
49	52	TOTAL						

**Research and Development of new products:**

The Company is constantly trying to improve the quality of products and launch new products to satisfy the needs of customers and increase the business competitiveness in the market. From the beginning of 2016, STK has successfully developed and officially production of recycled yarn to create added value for the Company and reduce the impact on the environment. In addition, in the year 2017 the Company has started a strategic cooperation project with e.Dye Ltd. to make new eco-friendly colour yarns (which will help reducing the amount of water used in production and toxic water discharge). The project will be put into production in Q4 2018. In addition, in 2017, the Company constantly develops and enhances the quality of new products to meet the demand of new customers and partners, such as hollow yarns, CD (cationic dyed), Dope Dyed Melange, Dope Dyed Fancy.

Objective in 2018 is to raise the volume of recycled yarn, thereby raise the Company's profit while minimizing impact to the environment.

Development of vertical production chain in cooperation with strategic partners to create a supply chain from yarn to fabric and garment, creating added value for the Company.



Recycled yarn



Color yarn



High value added: hollow yarn, high stretch yarn, Cationic Dyeable, Dope Dyed Melange, Dope Dyed Fancy,...

## II. ENVIRONMENTAL RESPONSIBILITY

Environmental protection is one of STK's primary objectives. The Company always commits to comply with the regulations on environmental protection. Thus STK's General Director has made a commitment to fully respect requirements on environmental polices under GRS – V3.0 standards regarding energy usage, water supply, water discharge, emission and management of waste. In addition, the Company is constantly researching and updating comprehensively regulations and policies on environment matters according to the prevailing Law of the Government.

### STK'S ENVIRONMENTAL PROTECTION POLICIES

1

The objective to create environmentally friendly products, satisfying customers' requirements is the focal point in each business and manufacturing action and decision of the Company.

2

To ensure that the Company's operations comply with environmental requirements of the laws and other regulations.

3

To encourage continuous improvement through effective procedures, transparent and timely approaches and measurements, measures to prevent pollution and ensure safety and healthy working conditions for employees.

4

To provide resources, technology and equipment improvement, to conduct periodical energy audit, water resources, raw materials.

5

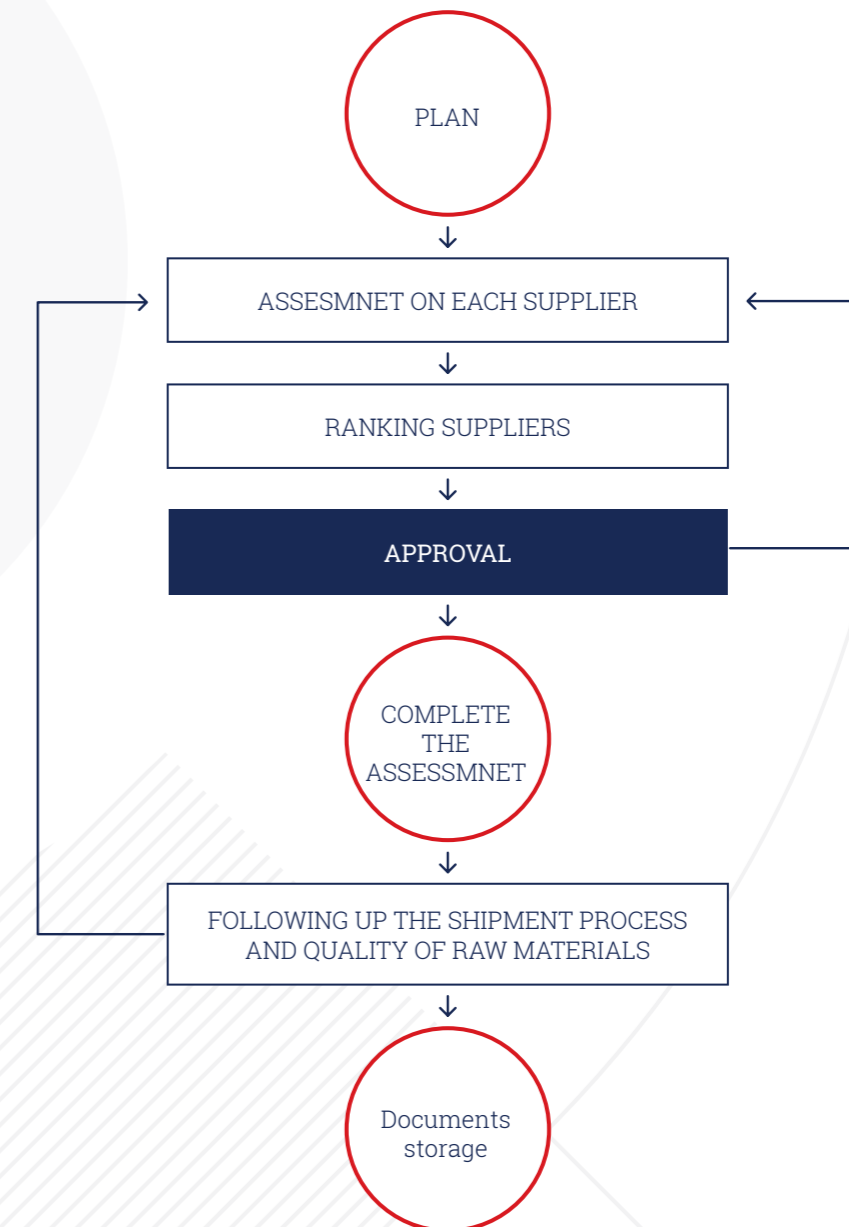
To provide training to raise staffs' awareness about environmental protection and to communicate the Company's environmental policies to all staffs and stakeholders.

### 1. Raw material

In order to ensure the stability and high quality of products, about 90% raw materials of STK (PET chip, oil) are imported from major countries such as South Korea, Taiwan, Japan and Germany. Only small remaining proportion (mainly paper tube and carton) issourced from China and Vietnam. STK's main suppliers are the leading international companies who always comply with regulations on environmental protection.

Additionally, to insure the appropriate evaluation and selection of the major suppliers for the Company raw materials in accordance with the Company's qualitystandards as well as social responsibility policies,periodically, twice a year (phase 1: January 1st and February 15th, phase 2: July 1st and August 15th ) the Company purchasing department will conducts an assessment of its suppliers . The suppliers are requested to complete questionnaireswhich is based on the latest standards being applied in STK such as GRS, ISO, SA 8000 ..., also criterias related to labor standards, worker health and safety, business ethics and environmental protection in accordance with prevailing laws and regulations.

#### SUPPLIERS ASSESSMENT AND SELECTION PROCEDURE





Implementation Steps	Incharge Department	Remarks
Step 1: Create the supplier selection plan		<ul style="list-style-type: none"> <li>The Purchasing Manager is responsible for planning, selecting and evaluating the the Company's suppliers on equipments and materials.</li> <li>Periodically, twice a year with main material suppliers for production and other suppliers once a year</li> </ul>
Step 2: Supplier Assessment process conducting		<ul style="list-style-type: none"> <li>Purchasing staff is responsible for evaluating suppliers according to the criteria established on the Company's SAP system.</li> <li>Inputting the rating for each supplier by grading each assessment criterion (scoring scale, criteria, ratios which have been approved regarded the early Supplier Assessment Plan).</li> <li>In parallel with the assessment based on the criteria specified above, the procurement staff must also take others assessments to other suppliers and service providers of transportation according to the NCC Criteria Assessment (MM-QT-02/TCĐG) and evaluation criteria on service delivery provider criteria (MM-QT-02 / TCĐGCCVC).</li> </ul>
Step 3: Ranking suppliers		<ul style="list-style-type: none"> <li>Purchasing staff input the scores and rank suppliers on the system.</li> <li>Purchasing manager extract the supplier ranking table and submit for approval.</li> <li>Rating the supplier on materials.</li> <li>Results of supplier evaluation in SAP: must achieve 70% of points.</li> <li>Results of supplier evaluation not in SAP: must achieve 30% of points.</li> <li>Total supplier evaluation scores are equal to the result of supplier evaluation in SAP+ Results of supplier evaluation not in SAP.</li> </ul>
Step 4: Approval		<ul style="list-style-type: none"> <li>Purchasing manager submit to Board of Management for approval.</li> <li>Board of management approve on the result of supplier ranking table.</li> </ul>
Step 5: Completing the assessment process		<ul style="list-style-type: none"> <li>Purchasing staff update information on supplier evaluation results into SAP.</li> <li>Update approved suppliers list after evaluations on the SAP (Tcode ME01).</li> </ul>
Step 6: Documents storage		<ul style="list-style-type: none"> <li>Collect all updated documents and records as required.</li> </ul>

No	Material	Nation	2017 material consumption
1	Polyester Chip	Korean, Taiwan, Japan, China.	46,374 tons
2	Oil	Taiwan, Japan, Germany	1,004,912.82 kg
3	Paper tube	China, Vietnam, Taiwan	11,161,730 tubes
4	Carton box	Vietnam	1,770,284 boxes
5	Other components	Germany, Taiwan, Switzerland, China.	

The Company has been producing recycled yarn from recycled PET chip (PET chip was recycled from PET bottles). Total volume of recycled PET chip used in 2017 was 2,615 tons, doubling 2016 volume and reducing the impacts on environmental factors such as: air, water and ozone layer.

Efficient usage of raw material is shown through reduction of the proportion of wasted yarn. Annually, the Company always sets a norm for using raw-materials and the proportion of wasted yarn.

Besides, to reduce the consumption of POY paper tubes, the Purchasing Department and Quality Control Department has co-ordinated with the suppliers to improve the quality of POY paper tubes to be re-used. After improvement and trial-testing, currently the POY paper tubes can be re-used for 3-5 times optimized the influences on the environment and lower the numbers of carton boxes and paper tubes used in production.

## 2. Energy

STK has set up specific targets for energy savings because environmental protection is the result of energy conservation. Due to its manufacturing nature which requires 24 hours operation, the Company made a practical commitment to minimize energy consumption:

- ♦ Managing and complying with all regulations of energy consumption that adhered to the laws.
- ♦ Conducting energy audit (in every 3 years): Energy audit is conducted by qualified institution to evaluate the Company's energy consumption including electricity, diesel oil, petrol; find out feasible solutions to save energy and to reduce impact on environment.
- ♦ Conducting energy saving plan and energy management report (annually and in every 5 years): focus on finding solutions to reduce energy consumption, to implement and evaluate the solutions' efficiency.
- ♦ Measuring and keeping records on monthly energy consumption.

As energy saving can help improving the Company's profitability, STK always reminds all employees to follow strictly on the electricity using regulation such as: using at right place and on right time, turning off when not in use, applied technology innovations to reduce energy consumption.

	Unit	2015	2016	2017
Energy consumption	kwh	101,936,337	120,743,839	145,585,920
Cost	VND	149,846,415,390	180,878,603,661	219,570,121,615

In which, the energy consumption per kilogram of yarn as follows:

Energy consumption	Unit	2015	2016	2017
POY	kwh/kg	1.35	1.27	1.19
DTY	kwh/kg	2.08	1.89	1.84
FDY	kwh/kg	1.56	1.71	1.70

In 2017, the Company continued to implement some energy saving techniques in accordance with the 5 year energy saving plan proposed early.

Improvement Solutions	Purpose	Result
Renovate 5 DTY M900 machines from DC motor to AC motor (using new generation inverter)	Improving production efficiency, using SSR to control heating and power-saving inverter.	<ul style="list-style-type: none"> <li>♦ The amount of electricity consumption saving: 360kWh/day/5 machines</li> <li>♦ The rate of electricity consumption saving: 2.14% compared with the purpose of using.</li> <li>♦ Saving cost: VND180,000,000 /year</li> </ul>
Switch off exhausters at extruder area. Open the door to get wind, there are 2 exhaust fans at the end of the room to suck the hot air out.	Switch off electrical equipments while ensuring ambient temperature, enhance longevity of machineries.	<ul style="list-style-type: none"> <li>♦ The amount of electricity consumption saving: 198.2kWh/day.</li> <li>♦ The rate of electricity consumption saving: 33%.</li> <li>♦ Saving cost: VND98,000,000/year</li> </ul>
Renovate new burner nozzles for DTY machines. New specification is 1.2mm (Old specification is 1.4 mm)	Saving compressed air in manufacturing DTY. Reducing airflow while ensuring the quality of DTY.	<ul style="list-style-type: none"> <li>♦ The amount of electricity consumption saving: 1,800kWh/day.</li> <li>♦ The rate of electricity consumption saving: 18%</li> <li>♦ Saving cost: VND 900,000,000/year</li> </ul>
Operate TEG vacuum furnace during off-peak hours.	To take advantage of lower prices during off-peak hours but not affecting production.	<ul style="list-style-type: none"> <li>♦ Cost saving percentage: 40%.</li> <li>♦ Saving cost: VND108,000 for each time.</li> </ul>
Turn off lights alternately surrounding the factories at night.	Saving cost while ensuring brightness for the camera recording and protection of property.	<ul style="list-style-type: none"> <li>♦ Cost saving percentage: 26%.</li> <li>♦ Saving cost: VND851,148 / monthly</li> </ul>

**CONCLUSION:** Majority of energy consumption is for the manufacturing activities. As the Company is using modern equipment, the ability to save electricity is high. In 2017, the energy consumption per unit of product decreased as compared to 2016 in detail: POY decreased by 0.08 kwh / kg, DTY decreased by 0.05 kwh / kg, FDY decreased by 0.01 kwh / kg. The result was attributable to the Company's implementation of the proposed energy efficiency measures and enforcement of the policies and regulations on energy saving in the Company.

## 2. Energy (continued)

Report on implementing power saving solutions in 2017:

No.	Solutions	Results	Reasons
1	Conducted the changes in temperature setting between day and night for air conditioning in Trang Bang factories	Saved 229,688 kwh/year	
2	Replaced high pressure lamps by compact lights	The Company replaced 25/50 high pressure lamps by compact lights, saving 33,945 kwh/year	After a while of using compact lights, which was noted that the duration of compact lights was shorten so the Company will stop replacing high pressure lamps by compact lights. In 2018 the Company is planning to replace compact lights by LED light.
3	Distributing use of compressed air properly	In 2017, it was successful in term of using exchanged compressed air between 2 Trang Bang factories, which shown the time saving of 12 days and no need to install another air compressor with 800 HP → Saving 172,800 kwh/year.	

### Power-saving solutions in 2018

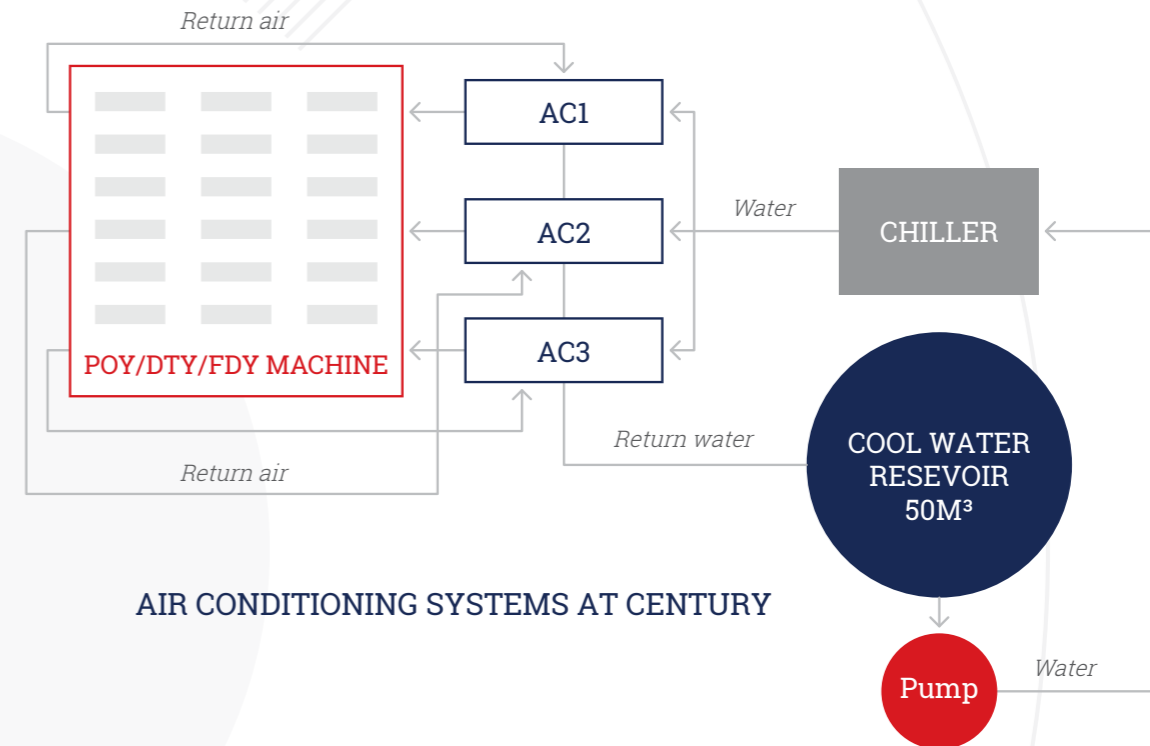
In 2018, the Company will implement some power-saving solutions as follows:

- ▶ Replacing 100% of high pressure lamps by LED lights for the area outside the Cu Chi and Trang Bang 1, 2 factories.
- ▶ Change the temperature setting between day and night for air conditioning in the production sector to reduce the amount of electricity using.

## 3. Water usage

Source of water used at STK is clean and provided by Industrial Zone for production and living usage. The Company commits not to exploit underground water. In case of having demand for using it, the Company only uses it when having permission from the relevant authorities.

- ♦ The Company always manages well and fulfills all the legal requirements regarding water usage. Annually, the Company tries to find solutions in order to save the water consumption. The Company also measures on monthly basis and keeps data to ensure that the water consumption is controlled.
- ♦ At STK, there is a closed air-conditioning system, whereby water after going through chiller will come to AC reservoirs and cooling water pool in order to be reused. Thanks to this system, STK has saved 8,640 m<sup>3</sup> water.



The Company controls the water consumption in according to established norms. These norms are set at the beginning of the year, based on the production volume, power outage (20 times/year), maintenance cycles, the procedure for water replacement in AC reservoirs and cooling towers. This KPI is reported on monthly basis to production and others departments.

	Unit	2014	2015	2016	2017
Water consumption	m <sup>3</sup>	161,901	212,481	245,936	252,050
Cost	VND	1,095,366,084	1,643,732,100	1,964,344,600	2,009,946,200
Rate	m <sup>3</sup> /kg sợi	0.003	0.004	0.003	0.0026

In 2017, the water consumption decreased as compared to 2016. The reduction was attributable to the increase in production volume and strictly control of the water consumption in each shift, minimization of wasteful water loss.

In 2018, the Company will continue to implement the existing measures such as reuse of AC reservoir water, reduction of the water usage for the compressor, and reduction of the water usage for the cooling system in order to save water.

Reuse water after passing to RO system of ultrapure water treatment system at TB12 factory day and night help saving 4 m<sup>3</sup> of water.

## 4. Greenhouse Gas Emission

According to Oecotextiles' report in 2009 about "Carbon footprint of Textile and Apparel Industry", production of 60 million tons of fabric requires 1,074 million kWh of electricity (equivalent to 132 tons of charcoal) and 6-9 million litres of water. Given the scale of the Global Textile and Apparel Industry, the level of environmental impact is quite large.

During the production process, the Industry often uses a lot of toxic chemicals. Therefore, the risk of water pollution is very large. Furthermore, the CO<sub>2</sub> gas emission from textile production is not a small number. According to a data in 2016, each American citizen generated 19.8 tons of CO<sub>2</sub>, 1 ton of which is from apparel and textile product consumption.

Being aware of this, the Company has soon paid attention to the green growth, and focused on tackling the main issues such as: reduction in energy and fuel usage in production and business activities, investment in modern machines and equipments, applying the environmental management system according to ISO14001 standard and cleaner production standard to minimize the negative impacts to the environment.

The data on Carbon footprint of Textile and Apparel Industry is estimated on the basis of energy consumption in every step of fabric production process. Regarding polyester filament yarn, which is made from fossil fuel, a lot of energy is consumed during the oil extraction process and yarn production process.

### IN 2017, STK 'S CARBON EMISSION WAS CALCULATED AS FOLLOWS:

	Consumption	Calorific value, low value (TJ/t)	Emission factor (EF)	Carbon emission <sup>1</sup> 2017	Carbon emission 2016
Electricity	145,586 MWh/year		0.6612 <sup>2</sup> (tCO <sub>2</sub> e/MWh)	63,648 (tCO <sub>2</sub> e/year)	79,836 (tCO <sub>2</sub> e/year)
In which, carbon emission per 1 kilogram of polyester filament yarn					
♦ POY	1.19 kwh/kg		0.6612 (tCO <sub>2</sub> e/MWh)	0.786828 (tCO <sub>2</sub> e/g)	0.839724 (tCO <sub>2</sub> e/kg)
♦ DTY	1.84 kwh/kg		0.6612 (tCO <sub>2</sub> e/MWh)	1.216608 (tCO <sub>2</sub> e/kg)	1.249668 (tCO <sub>2</sub> e/kg)
♦ FDY	1.70 kwh/kg		0.6612 (tCO <sub>2</sub> e/MWh)	1.12404 (tCO <sub>2</sub> e/kg)	1.130652 (tCO <sub>2</sub> e/kg)
Diesel oil consumption for running forklift	24.798 (t/year)	0.043 (TJ/t) <sup>3</sup>	74.1 (tCO <sub>2</sub> e/TJ) <sup>4</sup>	79.01 (tCO <sub>2</sub> e/year)	95 (tCO <sub>2</sub> e/year)

In summary, the Company's carbon footprint indicator in 2017 decreased as compared to 2016 figure due to 20% drop in electricity consumption in 2017. Furthermore, the carbon footprint for diesel was also down by 16.7% as compared to 2016.

<sup>1</sup> The formulas for calculating carbon emission are as follows:

- For electricity: Carbon emission (tCO<sub>2</sub>e/year) = Total consumption (Mwh/year) \* EF (tCO<sub>2</sub>e/Mwh)

- For Diesel oil: Carbon emission (tCO<sub>2</sub>e/year) = Total consumption (t/year) \* EF (tCO<sub>2</sub>e/TJ) \* The lower calorific value (TJ/t)

<sup>2</sup> Emission factor (EF) applied for year 2014 that was announced by DNA Vietnam (under the Ministry of Natural Resources and Environment) in May 2016.

<sup>3</sup> The lower calorific value for Diesel oil was taken from IPCC 2006 data sources.

<sup>4</sup> EF for Diesel oil was taken from IPCC 2006 data sources.

## 5. Policies against pollution

The Company's measures to prevent environmental pollution always comply with the prevailing regulation on environmental pollution. In particular, the Company conducts environmental monitoring 4 times a year, reports on the environmental supervision, manages ordinary waste, hazardous waste, emission in accordance with the regulations. In its Environmental Handbook, the Company has set out plans, measures to prevent and deal with environmental accidents:

### a. Air monitoring items and results:

AT THE ENTRANCE								
No.	Items	QCVN 05:2009/BTNMT	QCVN 05:2010/BTNMT	RESULTS (2016)				
				Unit	1Q2017	2Q2017	3Q2017	4Q2017
<b>A</b>								
1	Temperature	-		°C	31.9	30.2	32.6	30.2
2	Noise	-	70(")	dBA	65.1	62.4	61.5	60.9
3	Dust	0.3		mg/m <sup>3</sup>	0.26	0.25	0.28	0.27
4	NO <sub>2</sub>	0.2		mg/m <sup>3</sup>	0.072	0.06	0.066	0.07
5	SO <sub>2</sub>	0.35		mg/m <sup>3</sup>	0.065	0.061	0.064	0.061
6	CO	30		mg/m <sup>3</sup>	5.6	5.28	5.3	5.78
<b>B</b> TRANG BANG 1, 2								
1	Temperature	-		°C	31.2	31.5	32.6	29.2
2	Noise	-	70(")	dBA	63.6	61.9	62.5	63.5
3	Dust	0.3		mg/m <sup>3</sup>	0.27	0.26	0.27	0.26
4	NO <sub>2</sub>	0.2		mg/m <sup>3</sup>	0.069	0.071	0.068	0.07
5	SO <sub>2</sub>	0.35		mg/m <sup>3</sup>	0.063	0.065	0.061	0.063
6	CO	30		mg/m <sup>3</sup>	5.2	5.74	5.8	6.96
<b>C</b> TRANG BANG 3								
1	Temperature	-		°C	31.6	31.8	32.5	29.5
2	Noise	-	70(")	dBA	65.8	66.2	65.2	62.7
3	Dust	0.3		mg/m <sup>3</sup>	0.27	0.28	0.26	0.26
4	NO <sub>2</sub>	0.2		mg/m <sup>3</sup>	0.068	0.078	0.08	0.081
5	SO <sub>2</sub>	0.35		mg/m <sup>3</sup>	0.061	0.065	0.066	0.065
6	CO	30		mg/m <sup>3</sup>	5.41	5.4	5.78	6.7

→ The Air monitoring results at the entrance conformed to QCVN 05:2009/BTNMT and QCVN 26:2010/BTNMT.

**a. Air monitoring items and results (continued):**

PRODUCTION SECTOR												
No.	Items	TCVS 3733/2002/QĐ-BYT	Unit	Sam-ple	1Q2017		2Q2017		3Q2017		4Q2017	
					N/m POY	N/m DTY	N/m POY	N/m DTY	N/m POY	N/m DTY	N/m POY	N/m DTY
<b>A CU CHI</b>												
1	Tempera- ture	≤32	°C	1	29.2	29.4	28.1	29.5	28.3	29.7	28.6	28.2
				2	28.6	29.3	28.5	28.6	28.6	28.1	28.1	29.5
2	Noise	≤85	dBA	1	90.7	82.9	84.6	83.1	84.1	83.6	83.5	83.6
				2	86.8	83.1	84.1	84.9	84.5	82.5	82.4	83.2
3	Dust	8	mg/m <sup>3</sup>	1	0.29	0.28	0.35	0.27	0.39	0.3	0.42	0.32
					0.31	0.3	0.39	0.32	0.31	0.38	0.35	0.39
4	NO <sub>2</sub>	10	mg/m <sup>3</sup>	1	0.106	0.131	0.116	0.196	0.128	0.174	0.13	0.12
				2	0.11	0.125	0.16	0.13	0.18	0.169	0.178	0.174
5	SO <sub>2</sub>	10	mg/m <sup>3</sup>	1	0.091	0.124	0.104	1.3	0.127	0.147	0.109	0.15
				2	0.11	0.106	0.108	0.113	0.13	0.14	0.116	0.169
6	CO	40	mg/m <sup>3</sup>	1	6.9	5.57	6.63	5.15	6.7	5.68	6.87	5.87
				2	7.12	5.82	7.5	6.63	7.85	6.12	7.64	6.3

PRODUCTION SECTOR												
No.	Items	TCVS 3733/2002/QĐ-BYT	Unit	Sam-ple	1Q2017		2Q2017		3Q2017		4Q2017	
					N/m POY	N/m DTY	N/m POY	N/m DTY	N/m POY	N/m DTY	N/m POY	N/m DTY
<b>B TRANG BANG 1, 2</b>												
1	Tempera- ture	≤32	°C	1	28.9	28.2	28.5	28.6	28.2	27.3	28.5	28.6
2	Noise	≤85	dBA	1	90.1	88.9	87.3	86.2	84.2	83.9	87.3	86.2
3	Dust	8	mg/m <sup>3</sup>	1	0.29	0.32	0.35	0.39	0.31	0.32	0.35	0.39
4	NO <sub>2</sub>	10	mg/m <sup>3</sup>	1	0.095	0.098	0.108	0.093	0.11	0.097	0.108	0.093
5	SO <sub>2</sub>	10	mg/m <sup>3</sup>	1	0.081	0.09	0.087	0.092	0.084	0.095	0.087	0.092
6	CO	40	mg/m <sup>3</sup>	1	6.2	5.7	6.68	5.13	6.22	6.75	6.68	5.13
7	VOC	-	mg/m <sup>3</sup>	1	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)
<b>C TRANG BANG 3</b>												
1	Tempera- ture	≤32	°C	1	29.2	28.5	28.7	28.6	28.2	28.9	28.2	28.9
2	Noise	≤85	dBA	1	87.7	85.3	84.1	83.7	83.5	84.8	83.5	84.8
3	Dust	8	mg/m <sup>3</sup>	1	0.29	0.33	0.36	0.39	0.4	0.42	0.4	0.42
4	NO <sub>2</sub>	10	mg/m <sup>3</sup>	1	0.091	0.102	0.098	0.109	0.094	0.107	0.094	0.107
5	SO <sub>2</sub>	10	mg/m <sup>3</sup>	1	0.089	0.093	0.088	0.097	0.087	0.091	0.087	0.091
6	CO	40	mg/m <sup>3</sup>	1	6.16	7.5	6.24	7.95	6.68	7.3	6.68	7.3
7	VOC	-	mg/m <sup>3</sup>	1	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)	KPH (LOD =0,02)

→ The air monitoring results at the entrance conformed toTCVS 3733/2002/QĐ-BYT.



### b. Emission

STK meets all the law requirements regarding to the emission treatment. Actually, the Company does not generate emission since the Company does not use steam generator. Periodically, the Company conducts measurements at outdoor areas and production areas 3 times a month in order to have solutions to remedy emission pollution (if any) immediately.

Some measures which are conducted to minimize emission pollution:

- ◆ Controlling the operation of vehicles in the Company such as: container trucks, trucks, forklifts, cars regarding emission. The Company stops using vehicles that generate excessive emission.
- ◆ Reducing usage of fuel, DO oil.
- ◆ Regularly maintaining vehicles, machines, equipment using fuel, DO oil to minimize emission pollution. Changing all Company forklifts that are using DO oil to using electricity, which will reduce the impacts on environment.

No.	Item	QCVN 19:2009/BTNMT (Colume B) (Kq=1,0; Kf=1,0)	Unit	RESULTS			
				1Q2017	2Q2017	3Q2017	4Q2017
<b>TRANG BANG 1, 2</b>							
1	Temperature	-	°C	190	123	156	120
2	Dust	200	mg/Nm <sup>3</sup>	87.6	63.1	70.9	63.1
3	NO <sub>x</sub>	850	mg/Nm <sup>3</sup>	110	156	180	74
4	SO <sub>2</sub>	500	mg/Nm <sup>3</sup>	208	196	126	56
5	CO	1000	mg/Nm <sup>3</sup>	320	298	310	81
<b>TRANG BANG 3</b>							
1	Temperature	-	°C	130	146	123	117
2	Dust	200	mg/Nm <sup>3</sup>	90.5	70.3	72.6	70.2
3	NO <sub>x</sub>	850	mg/Nm <sup>3</sup>	97	106	128	86
4	SO <sub>2</sub>	500	mg/Nm <sup>3</sup>	165	120	137	60
5	CO	1000	mg/Nm <sup>3</sup>	221	213	250	95

→ The emission monitoring results at Trang Bang plants are consistent with the standards of the Ministry of Natural Resources and Environment.

### c. Wastewater

STK's wastewater comes from 2 sources: sanitary waste water and production waste water (from dyeing and product testing activities)

- ♦ To manage the wastewater source, the Company makes the following commitments:
- ♦ To manage the wastewater treatment in accordance with the relevant regulations
- ♦ To keep separate drainage systems for surface water runoff, sanitary waste water and industrial waste water which are connected to the with the drainage system, sewage of the Industrial zones.
- ♦ To identify the sources of environmental pollution, frequently monitor of wastewater parameters to ensure that wastewater quality meet the GRS standard.
- ♦ To make environmental monitoring reports to the relevant authorities about wastewater every 6 months in accordance with prevailing regulations.
- ♦ To measure volume of wastewater discharged daily and keep full records.
- ♦ To declare and pay environmental protection fee for wastewater in full in accordance with the prevailing regulations.

#### THE PARAMETERS AND RESULTS OF MONITORING OF WASTEWATE:

No.	Parameters	Column B - QCVN 40:2011/BTNMT	Unit	RESULTS			
				1Q2017	2Q2017	3Q2017	4Q2017
<b>CU CHI</b>							
1	pH	5-9	-	7.65	7.7	7.2	7.12
2	BOD5	50	mg/l	40	27.6	45	45.6
3	COD	150	mg/l	94	60.1	91	112.6
4	TSS	100	mg/l	30	67.2	31	57.5
5	Copper (Cu)	2		0.085	0.21	0.09	0.13
6	Total Nitrogen	40	mg/l	3.8	19.88	3.2	4.51
7	Total Phosphorus	6	mg/l	1.12	2.12	1.42	2.12
8	Total Coliform/100ml	5000	MPN	4000	4000	4400	4500
<b>TRANG BANG 1, 2</b>							
1	pH	5-9	-	7.67	8.15	7.2	7.15
2	BOD5	50	mg/l	36	47.6	37	49.1
3	COD	150	mg/l	84	118.5	81	113.5
4	TSS	100	mg/l	39.3	87.5	31.2	57.8
5	Copper (Cu)			0.009	0.37	0.01	0.09

No.	Parameters	Column B - QCVN 40:2011/BTNMT	Unit	RESULTS			
				1Q2017	2Q2017	3Q2017	4Q2017
6	Total Nitrogen	40	mg/l	3.01	15.68	4.22	6.12
7	Total Phosphorus	6	mg/l	1.55	4.75	1.6	2.67
8	Total Coliform/100ml	5000	MPN	3600	4200	4000	4100
<b>TRANG BANG 3</b>							
1	pH	5-9	-	6.85	7.23	6.9	6.86
2	BOD5	50	mg/l	43	42.1	41	45.1
3	COD	150	mg/l	105	106.2	96	109
4	TSS	100	mg/l	52.3	89.6	46.5	61.1
5	Copper (Cu)			0.11	0.26	0.058	0.071
6	Total Nitrogen	40	mg/l	2.66	11.9	2.01	6.71
7	Total Phosphorus	6	mg/l	1.07	3.12	1.68	2.61
8	Total Coliform/100ml	5000	MPN	4400	4700	4200	4300

→ The readings of treated waste water before discharged into the Industrial zone's system fully meet the prevailing standards.

#### WASTEWATER STATISTICS:

		Unit	2015	2016	2017
Wastewater	Cu Chi	m <sup>3</sup>	11,482	6,137	6,188
	Trang Bang 1, 2	m <sup>3</sup>	14,581	9,462	12,988
	Trang Bang 3	m <sup>3</sup>	4,431	17,724	12,786
	Tổng cộng	m <sup>3</sup>	30,494	33,323	31,961
Total cost for waste treatment	Cu Chi	VND	53,850,580	32,483,330	34,488,180
	Trang Bang 1, 2	VND	217,946,267	127,973,093	108,612,335
	Trang Bang 3		31,681,650	139,964,682	129,958,270
	Total	VND	303,478,496	300,421,105	273,058,785

#### d. Hazardous waste

The Company has 2 types of waste, namely hazardous waste and non-hazardous waste. The Company pays great attention on training of employees on management, classification, storage and transportation of waste to lessen the impact to environment and human health.

- ♦ For solid waste and non-hazardous industrial waste, the Company collects these wastes to its storage, then subcontracts relevant companies to collect, transport and process the waste.
- ♦ For hazardous waste, the Company has a separate storage with hazardous warning sign pursuant to the regulations. Each type of hazardous waste is stuck with hazardous label and the Company subcontracts relevant companies to collect, transport and process this type of waste.

Annually, the Company submits the hazardous waste report for the relevant authorities in accordance with prevailing regulation. The Company also pays great attention to find the solutions to minimize the amount of waste in production and increasingly reuses or recycles the waste.

No.	Name of waste	Code of hazardous waste	Unit	2017	Treatments
1	Clouts with oil stain	18 02 01	Kg	8	Burning
2	Ink containers for printing, fax machines	08 02 04	Kg	0.5	Burning
3	Waste oil	17 02 03	Kg	14	Burning
4	Fluorescent lamp waste	16 01 06	Kg	2	Disintegration, Solidification, Burying
5	Iron barrels	18 01 02	Kg	0	Recycling
6	Plastic barrels	18 01 03	Kg	5194	Recycling
	<b>Total</b>			<b>5218.5</b>	

## 6. Working environment measurement

To prevent occupational diseases, to ensure employees' health, annually, the Company coordinated with Consultancy Center of Occupational Safety Health and Environmental Technology to conduct working environment measurements in order to identify the risks, hence propose measures to minimize the impact of these risks in working environment.

- ♦ **Measuring method:** measure the indicators including microclimate, light, noise, dust, toxicant gas at certain technical positions accordance with the standard measuring procedures developed by Institute for Occupational and Environmental Health – and published by the Medical Publishers in 2002.
- ♦ **Applicable standards:**
  - Decision No.3733/2002/QĐ-BYT - Occupational Safety and Health Standards
  - Vietnam standard 5508:2009 – microclimate in working place.

#### a. Concentration of dust

No.	POSITON	Total Dust (mg/m <sup>3</sup> )					
		CU CHI		TRANG BANG 1, 2		TRANG BANG 3	
		Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples
	DTY Factory ( Section 1)						
1	The front of the factory	0.71		0.45		0.76	
2	The middle of the factory	0.75		0.46		0.75	
3	The back of the factory	0.7		0.58		0.72	
4	DTY Factory ( Section 1)						
5	The front of the factory	0.72		0.56		0.7	
6	The middle of the factory	0.74		0.64		0.75	
7	The back of the factory	0.76		0.68		0.73	
8	Winder workshop	0.7		0.59		0.72	
9	Spinning workshop	0.72		0.54		0.75	
	<b>Total</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>0</b>
	<b>ALLOWABLE LIMITS</b> Occupational Safety and Health Standards. (According to the Decision No.3733/2002/QĐ-BYT 10/10/2002)	4,0					



**b. Microclimate**

No.	POSITION	TIME (h)	TEMPERATURE (°C)		HUMIDITY (Hr %)		WIND SPEED (m/s)	
			Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples
Point of time: Rainy season								
<b>CU CHI</b>								
	Outdoor, date 22/08/2017		34		78,0		0,2-1,0	
<b>DTY Factory</b>								
1	Machine 7		31		76		0.1-0.6	
2	Machine 8		30.6		74.8		0.1-0.6	
3	Machine 9		31.2		77.2		0.1-0.6	
4	Machine 11		32		82		0.1-0.6	
5	Machine 12		31		81		0.1-0.6	
6	Machine 13		32		82		0.3-1.0	
<b>Winder workshop</b>								
7	The front of the factory		32		75		0.1-0.6	
8	The back of the factory		32		75		0.1-0.6	
<b>Spinning workshop</b>								
9	The front of the factory		33.6		62		0,2-0,5	
10	The back of the factory		32		67		0,2-0,5	
<b>TOTAL</b>			<b>10</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>0</b>

No.	POSITION	TIME (h)	TEMPERATURE (°C)		HUMIDITY (Hr %)		WIND SPEED (m/s)	
			Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples
<b>TRANG BANG 1, 2</b>								
	Outdoor, date 24/08/2017		32		78		0.02-1	
<b>DTY Factory</b>								
1	Machine 24		29.1		76.5		0.11	
2	Machine 25		30.2		73.7		0.9	
3	Machine 27		29.4		75.3		0.9	
4	Machine 28		29.8		80		0.7	
5	Machine 31		29.2		77.5		0.8	
6	Machine 34		28.9		79		0.6	
<b>Winder workshop</b>								
7	The front of the factory		29.4		77		0.05	
8	The back of the factory		28		70		0.16	
<b>Spinning workshop</b>								
9	The front of the factory		29.6		67		0.6	
10	The back of the factory		30		68.5		0.5	
<b>TOTAL</b>			<b>10</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>0</b>

**b. Microclimate (continued)**

No.	POSITION	TIME (h)	TEMPERATURE (°C)		HUMIDITY (Hr %)		WIND SPEED (m/s)	
			Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples
<b>TRANG BANG 3</b>								
	Outdoor, date 22/08/2017		34		78		0.02-1.0	
	<b>DTY Factory</b>							
1	Machine36		31		79		0.04	
2	Machine38		32		72		0.07	
3	Machine39		30		75		0.05	
4	Machine41		28		67		0.1	
5	Machine43		26		65		0.2	
6	Machine44		27		69		0.15	
	<b>Winder workshop</b>							
7	The front of the factory		27.3		68		0.11	
8	The back of the factory		28		70		0.15	
	<b>Spinning workshop</b>							
9	The front of the factory		28.6		65		0.16	
10	The back of the factory		30		67		0.2	
	<b>TOTAL</b>		10	0	10	0	10	0
TCVN 3733:2002 Requirements about temperature, humidity, air moving speed at working place.			≤32		≤80		0,2-1,5	

**c. Lighting**

No.	POSITION	LIGHT (Lux)		NOISE (dBA)		Note Allowable limits of touching (8hrs/day)
		Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples	
<b>CU CHI</b>						
	<b>DTY Factory</b>					
1	Machine7	300			100.7	
2	Machine8	305			105	
3	Machine9	302			95	
4	Machine11	301		77		
5	Machine12	406		67.9		
6	Machine13	304		70.5		
	<b>Winder workshop</b>					
7	The front of the factory	300			96.3	
8	The back of the factory	305			97.3	
	<b>Spinning workshop</b>					
9	The front of the factory	576		82.1		
10	The back of the factory	672		80.5		
	<b>TOTAL</b>	10	0	5	5	

**c. Lighting (continued)**

No.	POSITION	LIGHT (Lux)		NOISE (dBA)		Note Allowable limits of touching (8hrs/day)
		Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples	
TRANG BANG 1, 2						
	DTY Factory					
1	Machine25	300			105.2	
2	Machine25	305			96.7	
3	Machine27	338			96.8	
4	Machine28	330		83.4		
5	Machine31	472		74.5		
6	Machine34	302		73.3		
Winder workshop						
7	The front of the factory	301			87.2	
8	The back of the factory	304			91.3	
Spinning workshop						
9	The front of the factory	581		71		
10	The back of the factory	342		77.6		
TOTAL		10		5	5	

No.	POSITION	LIGHT (Lux)		NOISE (dBA)		Note Allowable limits of touching (8hrs/day)
		Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples	
TRANG BANG 3						
	DTY Factory					
1	Machine36	354			104	
2	Machine38	605			110	
3	Machine39	455			98	
4	Machine41	325		74.5		
5	Machine43	354		68.2		
6	Machine44	368		73.7		
Winder workshop						
7	The front of the factory	302			88.1	
8	The back of the factory	300			104.2	
Spinning workshop						
9	The front of the factory	315		76.2		
10	The back of the factory	365		78.5		
TOTAL		10		5	5	

OCCUPATIONAL SAFETY AND HEALTH STANDARDS  
Decision No. 3733/2002/QĐ-BYT  
10/10/2002

\* Noise

- Working place in the workshop and in factory

\* Lighting

+ Textile Industry

+ Spinning, rolling, winder, dyeing

300

≤85

8h

**d. Poison Gas**

No.	POSITION	Carbon dioxit (mg/m <sup>3</sup> )	Etylen (mg/m <sup>3</sup> )
<b>CU CHI</b>			
DTY Factory			
1	The front of the factory	400	
2	The middle of the factory	400	
3	The end of the factory	400	
4	Winder workshop	400	
5	Spinning workshop	400	
6	Laboratory		700
7	Testing dyeing workshop		840
TOTAL		5	2
<b>TRANG BANG 1, 2</b>			
DTY Factory			
1	The front of the factory	325	
2	The middle of the factory	425	
3	The end of the factory	400	
4	Winder workshop	450	
5	Spinning workshop	300	
6	Laboratory		780
7	Testing dyeing workshop		865
TOTAL		5	2

No.	POSITION	Carbon dioxit (mg/m <sup>3</sup> )	Etylen (mg/m <sup>3</sup> )
<b>TRANG BANG 3</b>			
DTY Factory			
1	The front of the factory	590	
2	The middle of the factory	425	
3	The end of the factory	410	
4	Winder workshop	500	
5	Spinning workshop	400	
6	Laboratory	400	
7	Testing dyeing workshop		840
TOTAL		6	1
OCCUPATIONAL SAFETY AND HEALTH STANDARDS (Decision No. 3733/2002/QĐ-BYT)			
Allowable limits of chemicals in working air:			
- Average 8 hrs (TWA)		900	1150
- Each maximum (STEL)		1800	-

**e. Noise**

No.	POSITION	Gener- al bass	Bass in different band (Hz)							
			(dBA)	125	250	500	1K	2K	4K	8K
<b>CU CHI</b>										
	DTY Factory									
1	Machine 7	100	63,7	64.5	66.8	81.2	78.2	77.8	75.9	73.2
2	Machine 8	105	62.8	63.9	67.5	80.4	77.6	76.2	74.3	72.9
3	Machine 9	95	62.3	63.5	67.2	79.9	77.1	75.4	73.9	72.5
4	Machine 11	77	54.5	57.3	55.2	65.3	68.3	67.5	65.2	63.8
5	Machine 12	67.9	54.2	57	54.7	64.8	67.8	67.1	64.7	63.2
6	Machine 13	70.5	56.2	56.3	54.3	65.2	68.1	67.2	65.2	63.5
7	Winder workshop	97.3	62.7	63.7	67.4	80.2	77.5	75.8	74.6	72.8
8	Spinning workshop	82.5	54.1	56.8	54.3	64.5	67.3	66.4	62.5	62.8
<b>TRANG BANG 1,2</b>										
	DTY Factory									
1	Machine34	100	63.7	64.5	66.8	81.2	78.2	77.8	75.9	73.2
2	Machine 31	105	62.8	63.9	67.5	80.4	77.6	76.2	74.3	72.9
3	Machine 27	95	62.3	63.5	67.2	79.9	77.1	75.4	73.9	72.5
4	Machine 28	77	54.5	57.3	55.2	65.3	68.3	67.5	65.2	63.8
5	Machine 24	67.9	54.2	57	54.7	64.8	67.8	67.1	64.7	63.2
6	Machine 25	70.5	56.2	56.3	54.3	65.2	68.1	67.2	65.2	63.5
7	Winder workshop	97.3	62.7	63.7	67.4	80.2	77.5	75.8	74.6	72.8
8	Spinning workshop	82.5	54.1	56.8	54.3	64.5	67.3	66.4	62.5	62.8

No.	POSITION	Gener- al bass	Bass in different band (Hz)							
			(dBA)	125	250	500	1K	2K	4K	8K
<b>TRANG BANG 3</b>										
	DTY Factory									
1	Machine36	100	63,7	64.5	66.8	81.2	78.2	77.8	75.9	73.2
2	Machine38	105	62.8	63.9	67.5	80.4	77.6	76.2	74.3	72.9
3	Machine39	95	62.3	63.5	67.2	79.9	77.1	75.4	73.9	72.5
4	Machine41	77	54.5	57.3	55.2	65.3	68.3	67.5	65.2	63.8
5	Machine43	67.9	54.2	57	54.7	64.8	67.8	67.1	64.7	63.2
6	Machine44	70.5	56.2	56.3	54.3	65.2	68.1	67.2	65.2	63.5
7	Winder workshop	97.3	62.7	63.7	67.4	80.2	77.5	75.8	74.6	72.8
8	Spinning workshop	82.5	54.1	56.8	54.3	64.5	67.3	66.4	62.5	62.8
OCCUPATIONAL SAFETY AND HEALTH STANDARDS Decision No. 3733/2002/QĐ-BYT		85	99	92	86	83	80	78	76	74
* Noise - Working place in workshops and in factory.										

**CONSOLIDATED RESULTS OF MEASURE, TEST WORKING ENVIRONMENT:**

No.	Items	CU CHI			TRANG BANG 1, 2			TRANG BANG 3		
		Total Samples	Qualified Samples	Unqualified Samples	Qualified Samples	Unqualified Samples	Excessive Samples	Qualified Samples	Unqualified Samples	Excessive Samples
1	Microclimate									
	Temperature	10	10	0	10	10	0	10	10	0
	Humidity	10	10	0	10	10	0	10	10	0
	Wind Speed	10	10	0	10	10	0	10	10	0
2	Light	10	10	0	10	10	0	10	10	0
3	Noise	10	2	8	10	2	8	10	2	8
4	Noise spectrum analysis	8	8	0	8	8	0	8	8	0
5	Full dust	5	5	0	5	5	0	5	5	0
6	Poisonous Gas									
	- CO <sub>2</sub>	5	5	0	5	5	0	5	5	0
	- Etylen	2	2	0	2	2	0	2	2	0
	<b>Total</b>	<b>70</b>	<b>62</b>	<b>8</b>	<b>70</b>	<b>62</b>	<b>8</b>	<b>70</b>	<b>62</b>	<b>8</b>



Notice: upon the specific characteristics of the operating machines, the noise level has exceeded the occupational health and safety standards. However, in order to assure for workers health, the company has fully equipped and provided to workers personal protection equipment such as masks and ear plugs and give extra bonus (in kind).

→ **CONCLUSION:** In 2017, the Company committed no violations and did not received any punishment regarding to environmental protection.

### III. RESPONSIBILITIES TO EMPLOYEES

#### Target

STK clearly defined the human resources is one of the most precious assets of the Company, plays an important role in the sustainable development strategy of the business. With the aim to harmonize the interests of the Company and employees, STK always focuses on maintaining and improving the quality of human resources, creating a competitive advantage for the Company as well as constantly improving wage policies, bonus, benefits, evaluation the effective working performance and productivity of employees, granting a professional working environment, training and development of human resources performance as well as giving the conditions for employees to contribute to the Company with full capacity.

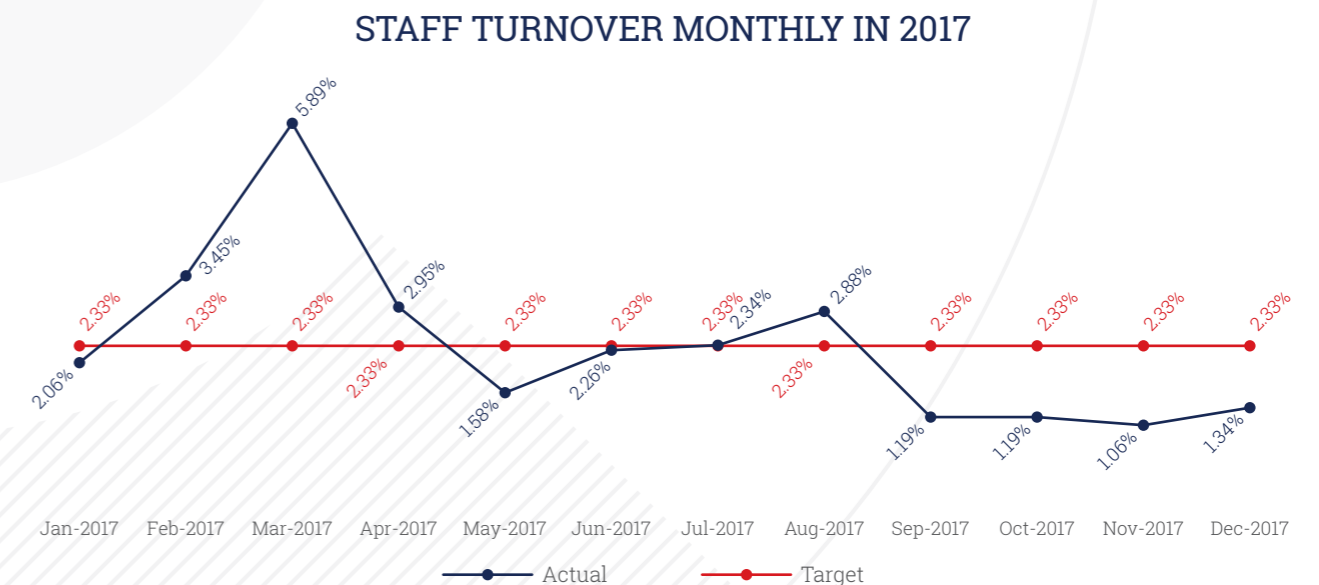
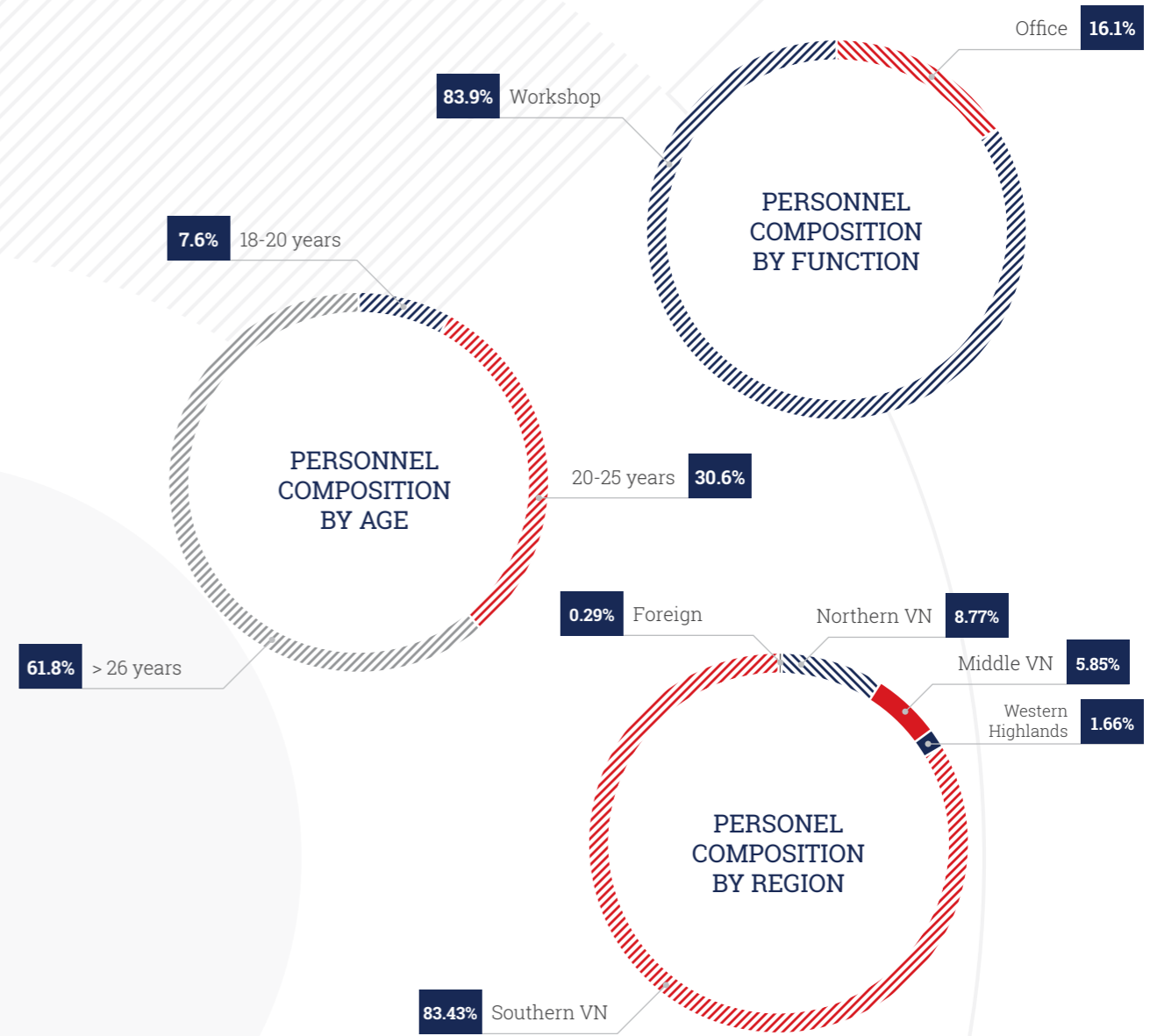
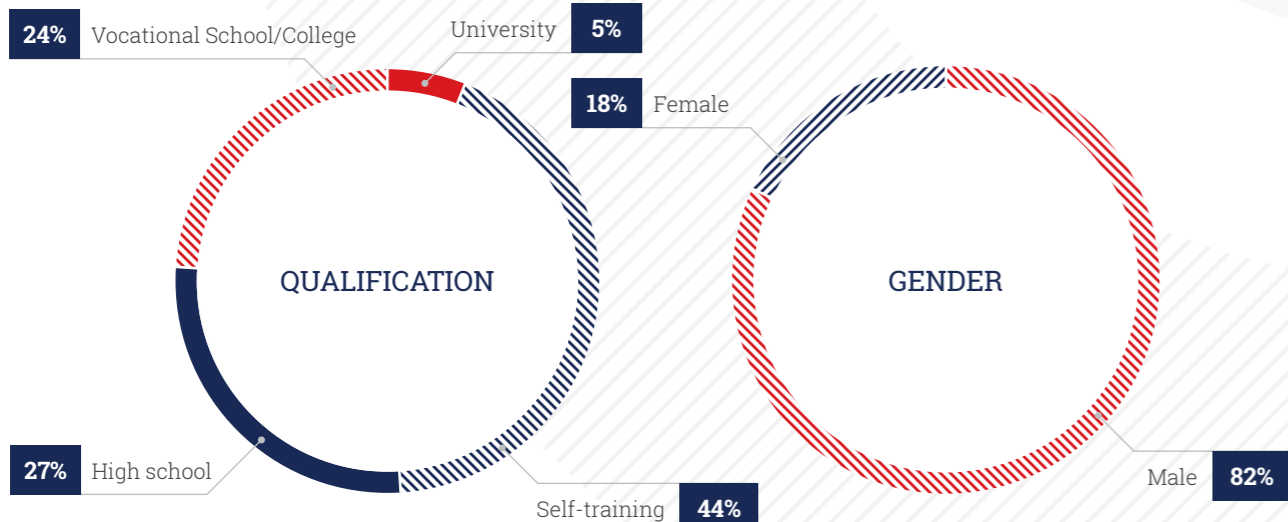
#### Solutions and Implementation

- Recruitment Policy;
- Remuneration policy;
- Training and promotion policy;
- Occupational health and safety policies.

#### 1. Recruitment policies

With an aim to create high quality products to meet the customers' demand, STK always focuses on developing the professional and skillful workforce. Therefore, education and attitude for discipline are always ones of the Company's recruitment criterion. STK conducts recruitment solely based on the demand for labor of the Company and the candidates' ability to meet the requirements for the positions, rather than any other criterion. A candidate's family relationship with a staff at all levels will not bring any advantages or incentives in the recruitment process. In addition, the Company also commits not to use child labor (under the age of 18).

Number of official employees as at 31 December 2017 **1026** persons



The Company's staff turnover rate was fluctuated sharply in 2017 mainly upon the period of ending months in the year and the after Vietnam Lunar New Year as immigrating staffs tend to get long break to go home and often quit jobs.

## 2. Employment Policies

Most of employees have employment contracts. Depending on type of jobs and profile of each employee, STK will determine whether to apply a term contract or permanent contract for the employee.

Official working time is 8 hours per day and 6 days per week. Office staffs work from 08:00 to 17:00, from Monday to Saturday. Due to nature of production (24 hours per day), the production staffs will work on Sunday, holidays, and TET festival on 03 shifts. The workers will then have compensatory leaves on other days in a week.

At some points in time, due to the need to speed up production schedule or fulfill contracted orders or other unplanned requirements, working overtime is performed in accordance with the following principles: (1) Basing on worker's voluntary; (2) Not frequent and not over 12 hours per week; (3) Total number of over-time working hours should not exceed 200 hours per year; (4) Salary paid for over-time working should be higher than the one for official working time and complies with the laws

### BASIC SALARY

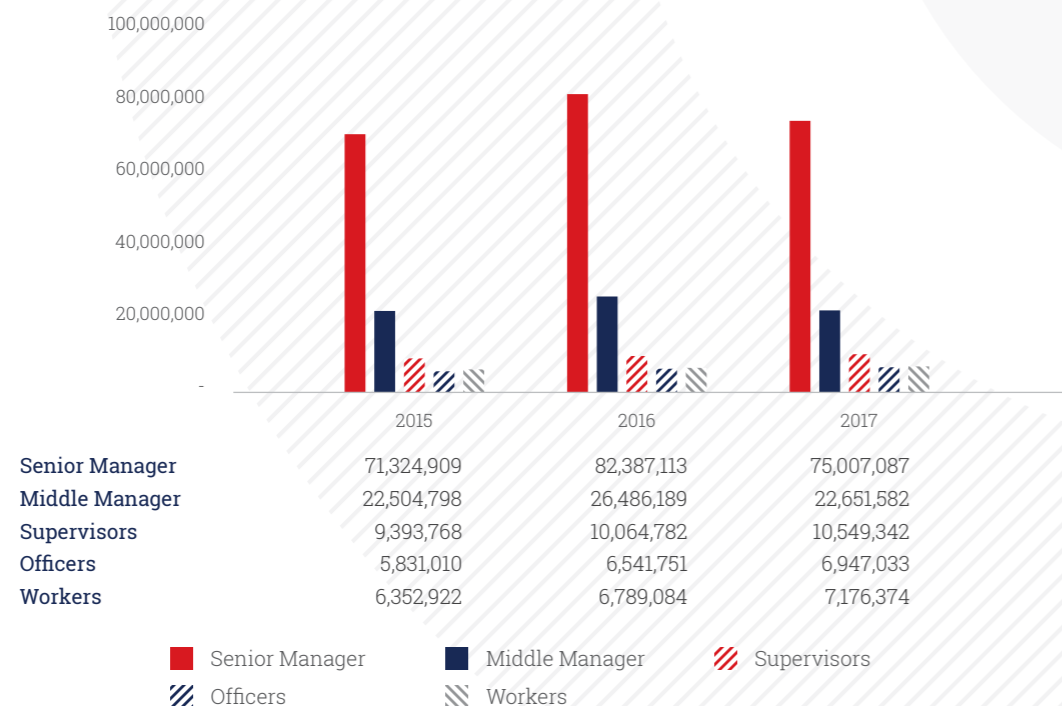
Based on the prevailing minimum salary applicable for the region, STK will adjust the salary formula and scales in accordance with the regulations, no discrimination of genders or regions. The basic salary is used for calculation of social insurance payment. In fact, the average income of particular position is always higher than the registered salary.

### ACTUAL SALARY

Office Staffs	Production Staffs
Based on nature of each position, STK will determine the salary scales.	Staffs will receive the salary, which is based on productivity. The productivity wages will be adjusted in accordance with STK's business performances from time to time.

The Company does not use salaries reduction such as a labor discipline measure, except in case the salary reduction is an enforcement measure to compensate for material damage caused in accordance with the judgment of the Company's Disciplinary Council with the participation of the Executive Committee of the Labor Unions at the Company.

### LABOR INCOME YEAR BY YEAR



Reduction in average income of middle and high level management at the Company in 2017 was mainly attributable to personnel reshuffle (when replacing managers have different wage scale) and maternity break time by some female managers (who receive maternity allowance paid by social insurance rather than salary paid by the Company during this period).

### BONUS

According to the Company's salary and bonus policy, a staff will receive bonus on monthly basis if that individual achieves business target. There are different types of bonuses as follows:

- ◆ Performance bonus
- ◆ Bonus for compliance with working rules
- ◆ Extra bonus for harmful subsidies
- ◆ Extra performance bonus for production workers
- ◆ Extra bonus paying in kind
- ◆ Extra performance bonus for sales staffs
- ◆ Extra performance bonus for purchasing staffs
- ◆ Extra performance bonus of stevedoring/ warehouse/ forklift truck driver's positions
- ◆ Bonus on national holidays

Beside the monthly bonus as mentioned above, at the end of the year, STK will pay bonus to staffs:

- ◆ Tet holidays bonus
- ◆ Bonus on annual business performances

### INSURANCE POLICIES

The Company pays for social insurance, medical insurance, and unemployment insurance in accordance with the State's regulations. In addition, STK also buys the accident insurance 24/24 for all of staffs.

### WELFARES

The Company board of management is always caring to the lives of employees through provision of free accommodation to the employee whose home is more than 30 kilometers from the workplace.

In addition, the Company also provides meals between work shifts, and supplementary foods and drinks for heavy and/or hazardous jobs, annual leaves, periodic health examination... and all kinds of allowances: night shift, mobile bill, gasoline, etc.

Company signed and registered the collective labor agreement with the Labor Administration Authority in accordance with the laws. The Company fully fulfilled its obligation to pay compulsory insurance (social insurance and health insurance) for its employees on a timely basis to the Vietnam Social Security of Ho Chi Minh city. The proportion of employees who join collective labor agreement and compulsory insurance is 100%.

In STK, all the policies on salaries, bonuses, rewards and welfares are promulgated in writing and reflected fully in the collective labor agreement, in accordance with the current regulations and announced publicly.

On the other hand, to build and strengthen the long-term cohesion of employees to STK, the company has issued shares at preferential price in 2011 and 2015 to the Company's employees. The Company plans to issue about 600,000 shares at preferential price to its employees in 2018.



### 3. Training and promotion:

The main topics in annual training programs: the basic knowledge, culture and products of the Company, ISO/5S/KAIZEN/SAP/POC, occupational safety, professional awareness, developing skill, training programs for shift leaders.



**Training form:** internal training and external training.

In order to enhance the quality of its human resources as well as the Company's operational efficiency, the Company always focuses on training, especially, on training for professional staff, workers, technicians in production sector.

In addition to the standard training programs, in 2017 the Company has added some new training courses as follows: training on GRS standards regarding social, environmental, health & safety for all employees, short-term training course of "instilling the attitude for product respect" and "mid-level management" training course, which will help improving the workmanship of employees and professional knowledge of the Company's managers;

	2015	2016	2017
Number of training courses	45	21	20
-Internal training	37	17	13
-External training	8	4	7
Training budget ( VND)	809,733,599	439,804,000	175,000,000
Actual training expense (VND) (including salaries for training staffs)	1,216,345,469	900,505,576	821,013,000
Ratio of actual training expense / budget	43%	10%	87%
Average number of training hours per employee (hour/person/year)	188.27	207.2	222.34

**Promotion policy:** STK always encourages and remains fair promotion policy for all employees. Qualified employees can apply for higher position. HR department will coordinate with the manager to monitor, orient and evaluate the candidates' ability for new position. If their skills reach 70% of the standards, they will be trained and placed on probation for 2 or 3 months before being officially appointed to higher positions. In 2017, the number of employees promoted to higher positions are 55, increasing by 32 people as compared to 2016.

Year	2014	2015	2016	2017
Number of employees promoted	22	39	23	55

### 4. Work safety

To ensure creating and providing a safe and effective working environment to workers under the labor law of Vietnam, ILO international agreements and standard GRS-V 3.0 on the strictly safety standards of labour and social responsibility to the business, the Company has created and applied health and occupational safety policies:

- ♦ To comply and meet the legal requirements regarding to health, occupational safety for all the workers, suppliers and related parties during the the operation of the Company.
- ♦ To ensure clean and safe working conditions.
- ♦ To identify, evaluate and have measures to prevent and controll the risks before starting any work. Labor protection devices are fully provided for workers.
- ♦ To ensure provision of essential medical supports for all workers.
- ♦ To provide sufficient equipment, facilities for fire and explosion prevention and fighting.
- ♦ To provide sufficient training for staffs before commencing the work. To provide frequent training on health, occupational safety, fire and explosion prevention and fighting, waste management, transportation and processing of chemicals and hazardous materials to workers and all ranks of management.
- ♦ To propagate the policy to all employees.
- ♦ To ensure the compliance of all people, all levels in the Company with this policy.
- ♦ Periodically every 6 months, the Managing Director will consider and make adjustment and modification to the policies in order to comply with the Law.
- ♦ Consultation of the policy with internal related departments in order to timely contribute and enhance the effectiveness and rationality of the policies applying in the Company's manufacturing activities

## 4. Work safety (continued)

### Actual implementation:

- ♦ The Company appoints one officer in charge of occupational safety who will be responsible for coordinating training plans, inspection and making periodically occupational safety reports to submit to the government Agency.
- ♦ To cooperate with the Environmental Technology and Hygiene and Occupational Safety Advisory Institution to conduct measurement of working environment indicators.
- ♦ In order to ensure the occupational safety, the Company only uses machines and equipment which met standards and conduct periodical inspection and maintenance seriously. Workers operating machines are equipped with protective devices such as earplugs, face masks, safety shoes, protection hats and gloves, etc. Depending on the position, workers will be equipped different protective devices. Furthermore, the Company frequently organizes training courses on occupational safety to raise staffs' awareness. The first-aid training program for workers is carried out once a year and workers attending the training program will be granted certificates.
- ♦ Recurring annually, the Company coordinated with the medical authorities to provide the first aid training course to all employees in order to enhance awareness and knowledge in handling with situations when emergency accident occurs.
- ♦ The Company has issued "Chemical substances management procedure" and "Manual for toxic chemicals usage" in order to minimize risks for users and minimize the impact of toxic chemicals on environment. In addition, the Company has also issued policies such as "Risk assessment guidance on occupational safety and product safety", "Policy on fire and explosion prevention and fighting".
- ♦ To ensure workers' health, annually, the Company coordinates with Nhan Ai Polyclinic to provide periodic health check for staffs. For those employees who work in noisy areas, hearing care is included in their health check package. In case a staff is diagnosed with abnormal hearing problems, the Company will send them to large hospitals to take specific medical check and periodic re-examinations every 6 months. The Company also implements full hygiene tests on food, drinks and staffs' food trays, to ensure Food Hygiene and Safety.
- ♦ At the two factories of STK in Cu Chi and Trang Bang, the Company has medical rooms which meet the standard with one health officer in charge.
- ♦ The Company also has 50 separate restrooms for men and women at Cu Chi and Trang Bang factory, to ensure compliance with the rule that there is one restroom for every 20 staffs per shift. The restrooms are provided with clean water, equipped with toilet paper and hand soap, and cleaned up everyday by sanitation staffs.
- ♦ In 2 factories of STK in Cu Chi and the Trang Bang locations, the Company has a medical room for workers with 1 full time medical staff in charge.



Training about Safety and Hygiene at work	2017	
	Cu Chi	Trang Bang
Total trained employees	353	605
Safety & Hygiene cost (million Dong)	512	1,284
Safety & hygiene technical methods	05	12
Individual protective clothes	90	180
Labor healthcare	405	1,080
Communication, training	12	12
Others	0	0
Number of labor accidents	3 (nhẹ)	4 (nhẹ)
Total number of cases affected with occupational diseases	0	0
The average number of overtime hours/ day / person	0.01 hour/date/person	
The average number of overtime days / 6 months	0,35 days/6 months/person	
Machineries strictly complied with safety and hygiene standards	16	22

## 5. Corporate Culture Standards

To build an united team which always strives for the development of the whole Company, periodically on every Monday the Company will organize the Mission program of STK, which comprises of 2 main contents, i.e. the vision-mission presentation of the related departments and book presentations.

The mission program of STk is an effective sharing chanel of the vision and mission of the related departments as this is the opportunity for the related departments to have better understand in each other's activities and its difficulties or challenges. This activity also foster the cooperation across departments to accomplish the common goal of the Company.

The "book presentation" activity is aimed at improving the knowledge skills as well as enriching spiritual life of employee with technical knowledge or soft skill sharing, as well as stories and situation that were extracted from books, or the actual admirable circumstance in life..

### **Corporate Culture Standards**

In order to improve the quality of life for employees at STK, every year, the Company always has practical programs to pay attention to the employee family through programs of giving gifts, scholarships for employee's children who have disadvantageous situations but always strive to study and achieve high results in studying performance on occasional cases of the children's festival, Mid-Autumn festival and other occasions ... In addition, every one or two years, the Company also organized Company trips for its employees. In 2017, the Company had arranged 3 day trip for the Company employees to Da Lat.

Every year in during holidays period, the Company always coordinate with the trade union to build up a budget to give meaningful gifts to employees who have difficult circumstances. In 2017, the company has been gifted more than 50 presents to employees with difficult circumstances.



## IV. RESPONSIBILITIES TOWAR THE LOCAL COMMUNITY

### STK'S DIRECT CONTRIBUTIONS TO THE LOCAL ECONOMY IN 2017

Items	Value
2016 cash dividend for shareholders	VND 16,361,610,278
Employees remunerations	VND 95,964,679,906
2017 sales revenue	VND 1,990,728,091,353
Total transaction value with suppliers	VND 1,437,953,748,576
In which, total transaction value with local suppliers	VND 184,814,482,255
Total taxpayment in 2017 (includingVAT, import-export tax, CIT, PIT, natural resources tax and other taxes...)	VND 136,054,578,193

### 1. Support for the growth of the local economic development

Thanks to the Company's policy to continuously raise salary and welfare (average increase in 2017 was 7.3%), employees can improve their living standards. In addition, as the Company kept expanding its capacity (Trang Bang 4 expansion project was put into operation in 2017 and Trang Bang 5 expansion project will be operated in 2018), more jobs are created to the local peoples, promoting development of local economy. The Company also helps raising the education of local people through training courses to enhance skills and knowledge for its employees. In the year 2017, the STK had granted 10 scholarship for students studying at the local educational institutions, including Cu Chi vocational college, Southern Tay Ninh vocational college, Tay Ninh Vocational College.

### 2. Compliance and support the Government policies

STK is committed to and strictly adhered to the policies and regulations of the law. During operation period, the Company has not been violating any regulations and policies of the government. STK has always been proactive in updating, supporting and following with the government policies.

With commitments from the Managing Director, STK has always strictly and fully complied with the requirements regarding to social policies, the Laws of Vietnamese and other business code of conduct:

- ♦ Commitment to comply with the policy of voluntary workers, no deposit, no bond;
- ♦ Commitment to comply with a policy of no child labor;
- ♦ Commitment to comply with a policy of freedom to establish associations and collective negotiation;
- ♦ Commitment to comply with a policy of no discrimination, sexual harassment and abusement.
- ♦ Commitment to a policy of health and occupational safety;
- ♦ Commitment to comply with a policy of salary-reward in accordance to the regulations;
- ♦ Commitment to a policy of working hours and break hours

### 3. Anti-Corruption and Bribery

STK commits to doing business in an honest and ethical manner, acting professionally, fairly and with integrity in all business dealings and relationship. The Company takes zero tolerance approach to corruption and bribery and commits to comply with laws. Any staffs found of receives bribes or improper benefits or asking for personal benefits from customers and suppliers will be strictly disciplined. Periodically, the Company requests its suppliers to sign a commitment for not making bribery to the Company's staffs.



## V. GREEN CAPITAL MARKET

Going toward the green capital markets and green investment projects, STK has been implementing several projects that produce environmentally-friendly products in high quality and creating added values for the Company.

PROJECTS	STARTING TIME	PROJECT ACTIVITIES
RECYCLED YARN	Since the third quarter of 2016, STK started the production of Recycled Yarn	Using recycled PET chips and existing production facilities to produce recycled yarn which is of high quality and environmental friendly contributing to the eco-friendly consumptions.
COLOR YARN	In February 2017, the Company has collaborated with foreign partnersto establish E.Dye Vietnam for producing color yarns.	This is a product that will replace the traditional dyeing technology and limit the use of water and chemicals, thus minimizing the discharge of hazardous wastes into the environment.
TRANG BANG 5	2018	STK will implement the project of Trang Bang 5 in 2018. In this project, a part from investing to expand capacity, the Company also invested in a recycling line of waste yarn with a capacity of 1,500 tons, which will contribute to environmental protection, reducing the use of natural resources.



## REFERENCE TABLE OF REPORT CONTENT AND GLOBAL REPORTING INITIATIVE (GRI) GUIDELINES

GRI Indicators	Report 2017	Page
<b>GENERAL STANDARDS</b>		
<b>STRATEGY AND ANALYSIS</b>		
G4-1	Statement from the most senior decision-maker of the organization, Chairman or high level positions related to the sustainable development of the organization and the organization's strategies about sustainable development.	✓ 5
G4-2	Given the description about impact, risk and main opportunity.	✓ ,56 → 57 64 → 67
<b>ORGANIZATION PROFILE</b>		
G4-3	Name of the Company	✓ 3, 40
G4-4	Primary brands, products, and/or services	✓ 26
G4-5	Headquarter	✓ 3
G4-6	Number of countries where the Company operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	✓ 3, 40
G4-7	Nature of ownership and legal form	✓ 3, 24,25,28,29,30 →33,40
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	✓ 23
G4-9	Scale of the reporting organization	✓ 22
G4-10	Report on workforces	✓ 108,109
G4-11	Percentage of total workers including in aggregate labour agreements.	✓ 111
G4-12	Description of the organization's supply chains	✓ 79,80
G4-13	Any significant changes during the reporting period regarding size, structure, ownership or supply chain	✓ 26,27
G4-14	Report the organization to have precautionary measure or principle is addressed by the organization	✓ 64→67
G4-15	List the terms, principles of economy, environment, society which are developed outside the organization or other initiatives approved and supported by the organization	✓ 58→63, 74→76, 79, 87, 118

GRI Indicators	Report 2017	Page
G4-16	List the members' right in the associations and organizations operated in local and international country.	✓ 62
<b>IDENTIFY MAJOR BOUNDARIES</b>		
G4-17	a. List the units including in the organization's consolidated financial statements or relevant documents b. Report on one unit including in the organization's consolidated financial statements or any relevant documents not mentioned in the report	✓ 40
G4-18	a. Explain the progress of identifying report content and boundary of the field. b. Explain how the organization has implemented the reporting principles for defining how the report content will be	✓ 56→67
G4-19	List all the major fields were identified while identifying report content	✓ 71
G4-20	To each major field, report the field boundary inside the organization	☒
G4-21	To each major field, report the field boundary outside the organization	☒
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	☒
G4-23	Report the significant changes of Size and Field boundaries compared to the earlier reports	☒
<b>THE CONSULTATION OF STAKEHOLDERS</b>		
G4-24	Provide list of related groups were invited by the organization	✓ 57→63
G4-25	Report the base of identifying and selecting related parties to invite	✓ 57→63
G4-26	Report the approaching methods with the consultation of related parties, including the frequency of participation by type and related groups, and point out is there any consultation has been implemented within the framework of making the report	✓ 57→63

GRI Indicators	Report 2017	Page	
G4-27	Report the topics and main concerns approved by the consultation of related parties and how the organization reacted toward these topics and main concerns, including the announced reports. Report on related parties pointed out each topic and main concern	✓	57→61
<b>CORPORATION PROFILE REPORT</b>			
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided	✓	40
G4-29	Date of most recent previous report (if any)	✓	40
G4-30	Reporting cycle (annual, biennial, etc.)	✓	40
G4-31	Contact point for questions regarding the report or its contents	✓	40
G4-32	a. Report "suitable" method selected by the organization b. Report the reference table of content GRI for selected method (refer the following tables) c. Report reference documents to the External Assurance Report, if this report was assured externally (GRI encouraged using external assurance but not a "suitable" request to the Guidelines)	✓	40, 71, 122
G4-33	a. Report current policies and general rules of the organization on using external assurance for the report b. If not included in the assurance report accompanied with the sustainable development report, size report and any external assurance provided. c. Report the relations between the organization and assurance suppliers. d. Report if top management level or high executive level participated in seeking assurance for sustainable development report of the organization	✓	71
<b>GOVERNANCE</b>			
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks	✓	30→34
G4-35	Report the authorized progress on the topics of economy, environment and society from the highest governance body to high level executive directors and other members	☒	

GRI Indicators	Report 2017	Page	
G4-36	Report if the organization has appointed the executive position or positions responsible for economic, environmental, social topics, and if the ones in charge of those position reported directly to the highest governance body	☒	
G4-37	Report on consulting progress between the related parties and highest governance body about the economic, social, environmental topics. If the consultation is authorized then who is the authorized person and what agency for the feedback progress	☒	
G4-38	Report the composition of the highest governance body and the committee of this body.	☒	
G4-39	Report to the chairman of the highest governance body if was a executive director (and, if any, functions of the chairman during the management activity and reason for this arrangement)	☒	
G4-40	Report the specified procedures and selection for the highest governance body and its committees and the criteria used for specification and selection of members in the highest governance body	☒	
G4-41	Report the processes in place for the highest governance body to ensure conflicts of interest are avoided. Whether the report of interest conflict be announced to related parties?	☒	
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	☒	
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	☒	
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	☒	



GRI Indicators	Report 2017	Page
G4-45 a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	☒	
G4-46 Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics..	☒	
G4-47 Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	☒	
G4-48 Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	✓	5
G4-49 Report the process for communicating critical concerns to the highest governance body.	☒	
G4-50 Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	☒	
G4-51 a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	☒	
G4-52 Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	☒	
G4-53 Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	☒	
G4-54 Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	☒	

GRI Indicators	Report 2017	Page
G4-55 Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country..	☒	
G4-56 Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	✓	42-43
G4-57 Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as help lines or advice lines	☒	
G4-58 Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	☒	
<b>SPECIFIC STANDARD DISCLOSURES</b>		
<b>CATEGORY: ECONOMIC</b>		
<b>ECONOMIC PERFORMANCE</b>		
G4-DMA Generic Disclosures on Management Approach	✓	58 → 63
EC1 Direct economic value generated and distributed	✓	118
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	☒	
EC3 Coverage of the organization's defined benefit plan obligations	☒	
EC4 Financial assistance received from government	☒	
<b>MARKET PRESENCE</b>		
G4-DMA Generic Disclosures on Management Approach	☒	
EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	☒	
EC6 Proportion of senior management hired from the local community at significant locations of operation	☒	

GRI Indicators		Report 2017	Page
<b>INDIRECT ECONOMIC IMPACTS</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
EC7	Development and impact of infrastructure investments and services supported	☒	
EC8	Significant indirect economic impacts, including the extent of impacts.	☒	
<b>PROCUREMENT PRACTICES</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
EC9	Proportion of spending on local suppliers at significant locations of operation	✓	118
<b>CATEGORY: ENVIRONMENTAL</b>			
<b>MATERIALS</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	78,79
EN1	Materials used by weight or volume	✓	81
EN2	Percentage of materials used that are recycled input materials	✓	81
<b>ENERGY</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	82 → 84
EN3	Energy consumption within the organization.	✓	82
EN4	Energy consumption outside of the organization.	☒	
EN5	Energy intensity.	✓	82
EN6	Reduction of energy consumption	✓	83 → 84
EN7	Reductions in energy requirements of products and services.	☒	
<b>WATER</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	85
EN8	Total water withdrawal by source	☒	
EN9	Water sources significantly affected by withdrawal of water.	☒	
EN10	Percentage and total volume of water recycled and reused	✓	85

GRI Indicators		Report 2017	Page
<b>BIODIVERSITY</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	☒	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	☒	
EN13	Habitats protected or restored	☒	
EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	☒	
<b>EMISSIONS</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	86,91,92
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	✓	91
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	✓	86
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	☒	
EN18	Greenhouse gas (GHG) emissions intensity	✓	86
EN19	Reduction of greenhouse gas (GHG) emissions	☒	
EN20	Emissions of ozone-depleting substances (ODS)	☒	
EN21	NOx, SOx, and other significant air emissions	☒	
<b>EFFLUENTS AND WASTE</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	92 → 94
EN22	Total water discharge by quality and destination.	✓	93
EN23	Total weight of waste by type and disposal method	✓	93
EN24	Total number and volume of significant spills	☒	
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	✓	93

GRI Indicators		Report 2017	Page
EN26	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	☒	
<b>PRODUCTS AND SERVICES.</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	74 → 77
EN27	Extent of impact mitigation of environmental impacts of products and services	✓	75,76
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	☒	
<b>COMPLIANCE</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	78→106, 119
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	✓	106,119
<b>TRANSPORT</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	☒	
<b>OVERALL</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN31	Total environmental protection expenditures and investments by type	✓	79,80 → 81
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN32	Percentage of new suppliers that were screened using environmental criteria.	☒	
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	☒	

GRI Indicators		Report 2017	Page
<b>ENVIRONMENTAL GRIEVANCE MECHANISMS</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	☒	
<b>CATEGORY: SOCIAL</b>			
<i>LABOR PRACTICES AND DECENT WORK</i>			
<b>EMPLOYMENT</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	42,108→111
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	✓	108 → 109
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	✓	110 → 111
LA3	Return to work and retention rates after parental leave, by gender.	☒	
<b>LABOR/MANAGEMENT RELATIONS</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	42,111
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	☒	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	42, 113→115
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	☒	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	✓	115
LA7	Workers with high incidence or high risk of diseases related to their occupation	✓	115
LA8	Health and safety topics covered in formal agreements with trade unions	✓	114

GRI Indicators		Report 2017	Page
<b>TRAINING AND EDUCATION</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	112→113
LA9	Average hours of training per year per employee by gender, and by employee category	✓	112→113
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	✓	112→113
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	☒	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	42, 60, 108, 118,119
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	☒	
<b>EQUAL REMUNERATION FOR WOMEN AND MEN</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	42, 60, 110→111, 118→119
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	☒	
<b>SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
LA14	Percentage of new suppliers that were screened using labor practices criteria	☒	
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	☒	
<b>LABOR PRACTICES GRIEVANCE MECHANISMS</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	43

GRI Indicators		Report 2017	Page
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	✓	119
<b>HUMAN RIGHTS</b>			
<b>INVESTMENT</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	☒	
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	☒	
<b>NON-DISCRIMINATION</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	42,60, 118-119
HR3	Total number of incidents of discrimination and corrective actions taken.	☒	
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	42,118-119
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	☒	
<b>CHILD LABOR</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	42, 108, 118-119
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	☒	
<b>FORCED OR COMPULSORY LABOR</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	42, 108, 118-119

GRI Indicators		Report 2017	Page
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	☒	
<b>SECURITY PRACTICES</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	☒	
<b>INDIGENOUS RIGHTS</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	☒	
<b>ASSESSMENT</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	☒	
<b>SUPPLIER HUMAN RIGHTS ASSESSMENT</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
HR10	Percentage of new suppliers that were screened using human rights criteria	☒	
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	☒	
<b>HUMAN RIGHTS GRIEVANCE MECHANISMS</b>			
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	✓	118-119
<i>SOCIETY</i>			
<b>LOCAL COMMUNITIES</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	118-119

GRI Indicators		Report 2017	Page
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	☒	
SO2	Operations with significant actual and potential negative impacts on local communities.	☒	
<b>ANTI-CORRUPTION</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	118-119
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	☒	
SO4	Communication and training on anti-corruption policies and procedures.	☒	
SO5	Confirmed incidents of corruption and actions taken	✓	118-119
<b>PUBLIC POLICY</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
SO6	Total value of political contributions by country and recipient/beneficiary	☒	
<b>ANTI-COMPETITIVE BEHAVIOR</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	62
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	☒	
<b>COMPLIANCE</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	119
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	✓	106,118-119
<b>SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	☒	
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	☒	
<b>GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY</b>			

GRI Indicators		Report 2017	Page
G4-DMA	Generic Disclosures on Management Approach	☒	
S11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	☒	
<i>PRODUCT RESPONSIBILITY</i>			
<b>CUSTOMER HEALTH AND SAFETY</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	75-76
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	☒	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	☒	
<b>PRODUCT AND SERVICE LABELING</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	☒	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	☒	
PR5	Results of surveys measuring customer satisfaction.	☒	
<b>MARKETING COMMUNICATIONS</b>			
G4-DMA	Generic Disclosures on Management Approach	☒	
PR6	Sale of banned or disputed products	☒	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	☒	
<b>CUSTOMER PRIVACY</b>			

GRI Indicators		Report 2017	Page
G4-DMA	Generic Disclosures on Management Approach	☒	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	☒	
<b>COMPLIANCE</b>			
G4-DMA	Generic Disclosures on Management Approach	✓	118-119
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	☒	