

## Century Synthetic Fiber Corporation

### Headquarter

Address: B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City  
Telephone: : +84.8 3790 7565 | Fax: +84.8 3790 7566

### Branch:

Address: Street 8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province  
Telephone: +84.66 389 9537 | Fax: +84.66 389 9536

### Representative office

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

Report Sustainability 2018 | Century Synthetic Fiber Corporation

# REPORT SUSTAINABILITY

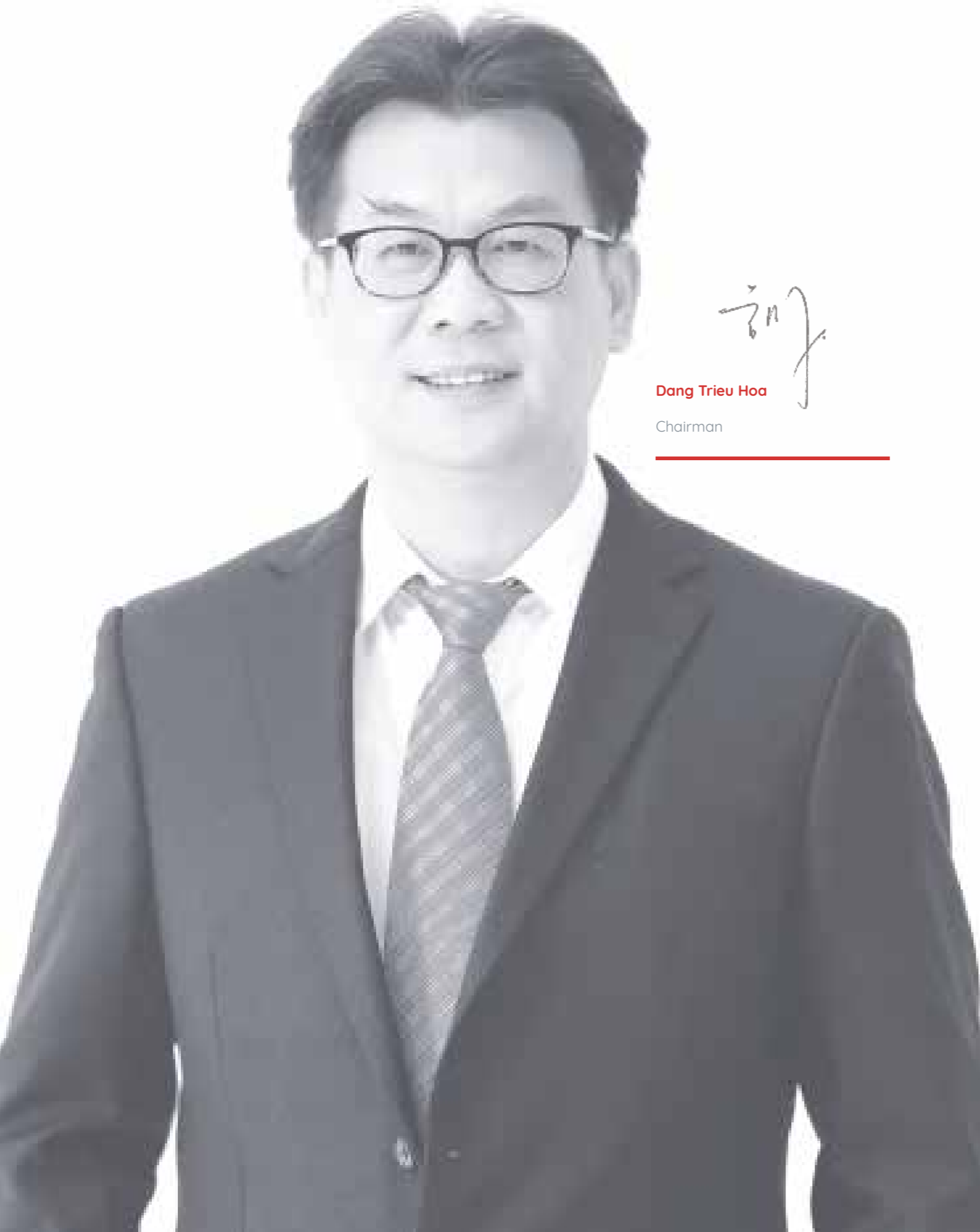
# 2018



**CÔNG TY CỔ PHẦN SỢI THỂ KỶ**  
Century Synthetic Fiber Corporation



**TIÊN PHONG**  
TRONG NGÀN SỢI DỆT



**Dang Trieu Hoa**

Chairman

---

GRI 102-14

## Sustainable Development Message

Dear esteemed shareholders and investors,

I am very pleased to share with you the STK Sustainability Report 2018. We hope this report will bring you useful information on STK's business performance in last year and the strategy and business plan in the upcoming years.

2018 is a successful year of Vietnam's apparel and textile industry in general and of STK in particular. Thanks to the recovery of the global textile industry (the average growth rate is 4-5% in 2018 ) and the continuous growth of apparel import demand during 2017-2018 in major markets such as the U.S., Japan and EU, Vietnam's apparel and industry has recorded the export turnover of USD36.2 billion (2018), increasing by 16.4% as compared to 2017 and increased the market share in most major markets.

Being consistent with the sustainable development strategy towards green fashion, STK has successfully exploited the trend of using recycle yarns of international fashion brands, raising the proportion of this product from 6% in 2017 to 16.2% in 2018 of the total revenue. Thanks for increasing the proportion of high value added products as well as the success in enhancing product quality and lower costs, STK's operation efficiency has improved significantly in 2018. In detail, consolidated net sales reached VND2,408 billion, up 21% year on year and consolidated net profit was VND178.4 billion, increasing 79% over the same period. The company has exceeded its revenue target by nearly 2% and its profit target by more than 42%.

In 2018, the Company has completed Trang Bang 5 project, officially put into operation since early-2019 one wasted yarn recycling line with the designed capacity of 3,000 tons per annum and three DTY machines, contributing to the increase in total capacity by 5% (up to 63,000 tones). In addition, STK is cooperating with the supplier Oerlikon Barmag in order to implement the digitalization project to establish the smart factory, building the foundation for the artificial intelligence's usage in production management and enhancing operational efficiency.

With the increasing business performance, the Company's financial position (indicated by the liquidity ratios, debt-to-equity ratio) has also improved considerably.

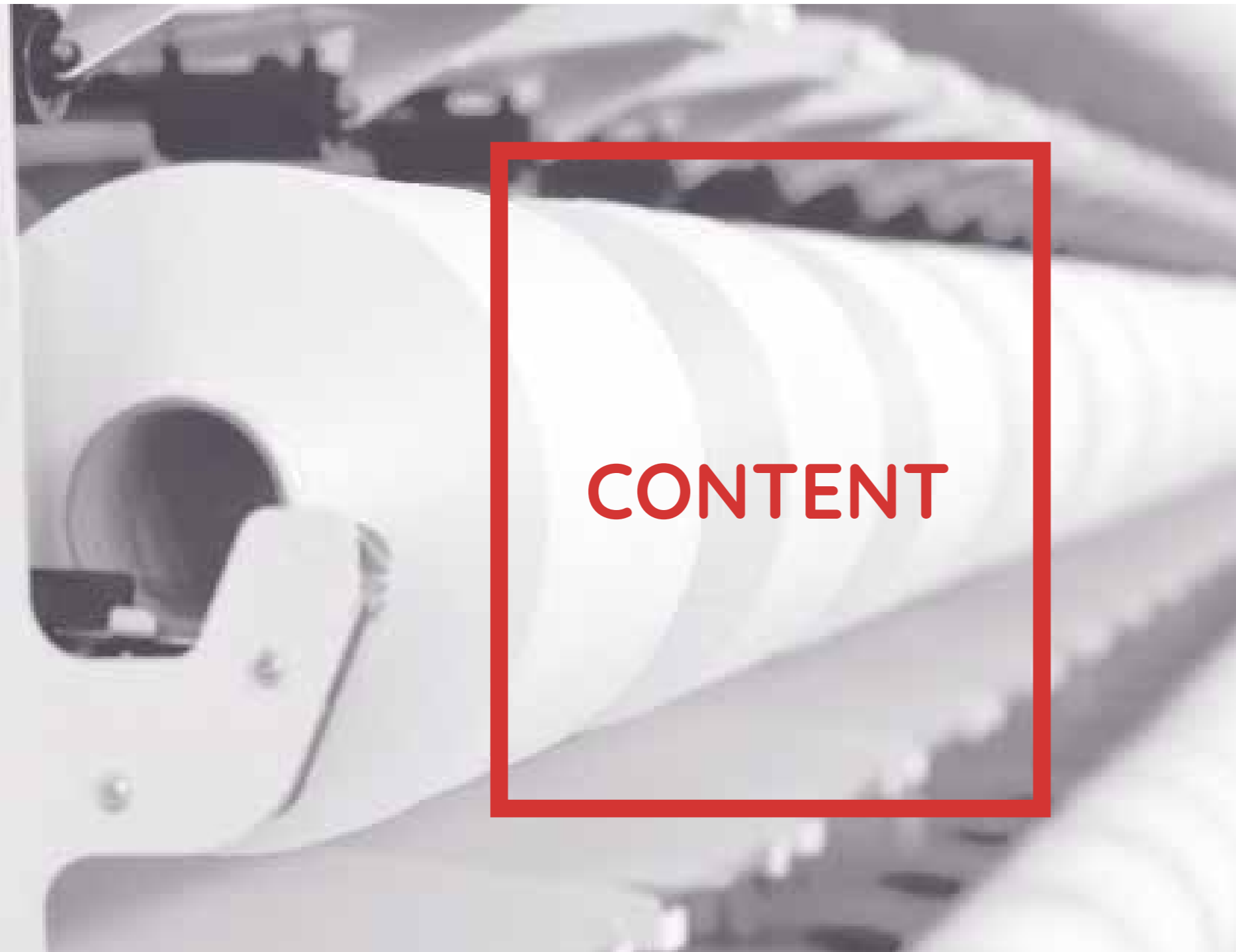
The Company's business achievements have brought many benefits to shareholders and employees. Besides, in order to enhance stakeholder's benefits, the Company has gradually improved the corporate governance.

The Company is also consistent in implementing environment protection policies, boosting the sustainable production and consumption.

Although the global economy and major textile markets (the U.S., EU, Japan) are forecasted to slow down in 2019 and the upcoming years, we firmly believe in the growth potential of Vietnam's textile industry in general and of STK in particular in the following years. The tariff advantages of Vietnam thanks to the FTAs between Japan, Korea and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") which came into effect in early-2019 and the EU-Vietnam Free Trade Agreement ("EVFTA") which will be tentatively signed between Vietnam and EU by 2019 will attract the textile orders moving to Vietnam.

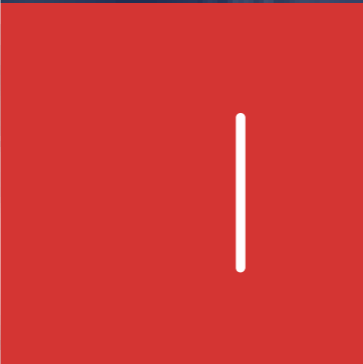
However, the short-term risks are always inherent and the Industrial Revolution 4.0 will bring many challenges to the business. In order to meet the demands of customers for more and more rigorous quality of products and services, the Company will have to continue to improve the production process in 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 employees and the strong support of shareholders, STK will achieve sustainable development in the coming years.



# CONTENT

|   |     |
|---|-----|
| I. COMPANY OVERVIEW (GRI 100, GRI 102-1 → 7 .....                             | 9   |
| II. 2018 SUSTAINABILITY REPORT .....  | 45  |
| III. REPORT CONTENT .....   | 87  |
| IV. REFERENCE TABLE OF REPORT CONTENTS<br>TO GRI STANDARDS (GRI 102-55) ..... | 133 |



# COMPANY OVERVIEW

(GRI 100, GRI 102-1 → 7)

|      |   |    |
|------|---|----|
| I.1  | About Us  | 10 |
| I.2  | Sustainable Development Report Overview 2018  | 12 |
| I.3  | Vision - Mission  | 16 |
| I.4  | Our Values  | 17 |
| I.5  | Our Commitments   | 16 |
| I.6  | Key Milestones  | 18 |
| I.7  | History of Formation - Company, Branch, Corporation & Representative Office                           | 24 |
| I.8  | STK's Awards and Ranking  | 26 |
| I.9  | Organization Chart (GRI 102-18,19)  | 28 |
| I.10 | Board of Directors Tenure 2018 - 2023 (GRI 102-22,23,24,27)   | 30 |
| I.11 | Board of Management Structure (GRI 102-22,23,24,27)   | 34 |
| I.12 | Board of Supervisors Structure (GRI 102-22,23,24,27)  | 36 |
| I.13 | Prevention of Interest Conflict and Transactions with Related Parties (GRI 102-25)                    | 38 |
| I.14 | Assessment of The Board of Management on Sustainability Development Achievements in 2018 (GRI 102-28) | 42 |

## Company Overview (GRI 100, GRI 102-1→7)

|                          |   |
|--------------------------|---|
| Company's name           | <b>Century Synthetic Fiber Corporation</b>                                  |
| Trading name             | <b>Century Corp.</b>  |
| Stock code               | STK (HSX)   |
| Business scope           | STK manufactures and trades polyester filament yarns, including DTY and FDY |
| Legal form and ownership | Joint Stock Company   |
| 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, TayNinh Province |
| Representative office    | 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City           |
| Chartered Capital        | VND599.377.980.000  |
| Telephone                | +84.028 3790 7565   +84.276 389 9537  |
| Fax                      | +84.028 3790 7566   +84.276 389 9536  |
| Email                    | <a href="mailto:csf@century.vn">csf@century.vn</a>                          |
| Website                  | <a href="http://www.theky.vn">www.theky.vn</a>                              |
| Tax Registration Number  | 0302018927  |

### GLOBAL PRESENCE

Century's global footprint spreads throughout the world, focusing mainly in Pacific-Asia areas, including domestic and export markets such as: Thailand, Korea, Japan, Taiwan, and Pakistan...



### PRODUCTION CAPACITY

- > The company has two factories located in Cu Chi and Trang Bang with a total land area of 68,000 m<sup>2</sup>. With continuous expansion and increased capacity, at 31/12/2016, the total capacity of the Company is 52,000 tons of DTY and FDY.
- > By the beginning of 2017, Trang Bang project phase 4 has officially come into operation, bringing the total capacity of the Company to 60,000 tons
- > In late-2018, Trang Bang 5 project completed the installation and trial run, raising the Company's total capacity to 63,300 tons of yarn per year. In addition, the Company also set up one production line to recycle waste yarn into PET Chip with the capacity of 1,500 tons per year.

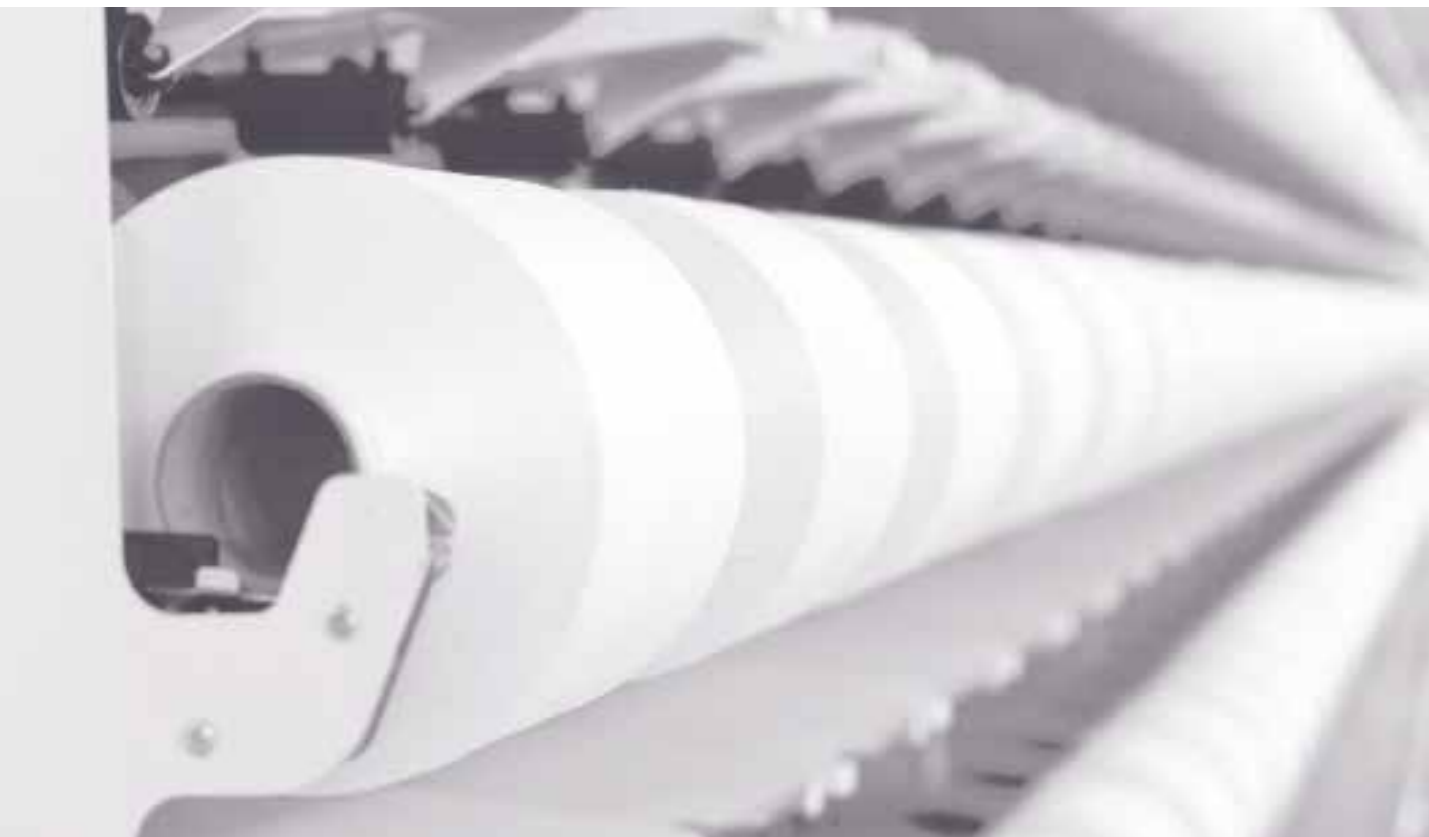
# Sustainable Development Report

## Overview 2018

I.2

2018 is the fourth year that STK has made the sustainability report on the sustainable development goals, aiming to publicize the implementation results of sustainable development goals set up in 2018 as well as to set out the objectives and responsibilities of the business towards sustainable development in 2018 in 2019 and 2023's prospect of the Company.

The 2018 sustainability development report grants an overview about the Company operation performance in the fiscal year 2018. Base on the Company's sustainable development goals such as economic development, capacity and market expansion, we have integrated them with the sustainable development goals of social development and environmental protection in order for creating the Company's long - term sustainable development strategy. By sharing the sustainable development report to related parties, we hope to receive positive contributed comments in order to continuously review and improve the related parties' concerns. In addition, this will contribute to enhance the report's quality as well as the Company operation efficiency. Furthermore, the annual Sustainability Development report is also considered as a good practice for the Company to review and re-evaluate the effectiveness of the Company's sustainable development activities in the year, as well as this report will also advise and support to the Board of Directors and Board of management members to promptly update the most appropriate orientation development strategies for the Company. As being one of the leading enterprises operating in the yarn industry, pertaining to the supply chain of the textile and garment industry, STK always pays attention to its sustainable development strategy. The Company sets out the economic growth goal in tandem with compliance objectives of society, community and the environment. Hence, the compilation of the Sustainable Development Report helps the Company to recognize and evaluate the Company's social and environmental contributions over the period, since then, it will be a momentum to help STK balance between upcoming projects with the long-term sustainable development goals of the Company.



### Scope of report and boundary:

The report is made in Vietnam regarding activities of Century Synthetic Fiber Corporation in the synthetic fiber industry.

### Reporting period:

The report is prepared for fiscal year 2018 from 01/01/2018 to 31/12/2018 (as at same period with the annual report 2018).

### Reporting cycle:

Annually performed.

### Applied standards: (GRI 102-54)

The 2018 Sustainable Development Report of the STK is improved from the GRI G4 GUIDELINES and is based on the organization's adoption of the latest GRI Sustainability Reporting Standards - Global Reporting Initiative Standards. The report structure is clearly presented with 04 main contents: GRI 101 General information; GRI 200 Economic issues; GRI 300 Social Issues; GRI 400 Environmental issues (GRI-G4 Global Reporting Initiative).

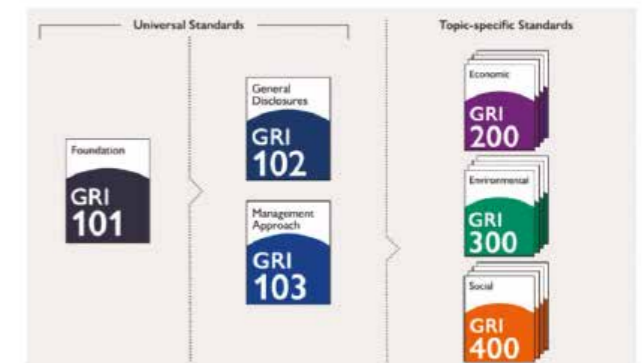
The GRI-Standards has been improved from the standard of GRI -G4 GUIDELINES guidelines with a new, specific and flexible structure that makes it easy for businesses to publish and transparent the sustainable information about the economy, environment and social aspects at the enterprise.

#### G4 Guidelines and G4 Implementation Manual



(GRI 102-50,51)

#### NEW Set of modular GRI Standards



## Quality of report:

The Company commits to provide precise, updated and trustable information and datas (refer to section II.4.6 page 44).

In 2018, the internal audit team of the Company participated in the Sustainable Development report for evaluation of the content, regarded to the Company social and environmental standards, aiming to ensure the accuracy and consonance of STK's sustainable development plans and strategies.

The evaluation criteria included:

**GRI 404-1**

Average training hours per year

**GRI 413-1**

Contributed activities to the local community

**GRI 401-2**

Average salary of employees and minimum regional wage scale

**GRI 306**

Parameters of environment measurement report

(GRI 102-50,51)

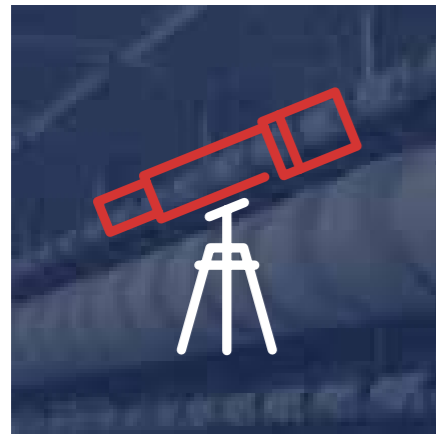
## Contact address (if any question)

### Investor Relation team - Century Synthetic Fiber Coporation

|              |  |
|--------------|--|
| Address:     | Street 8, Trang Bang Industrial Zone,<br>Trang Bang District, Tay Ninh Province. |
| Main Editor: | Ms. Nguyen Phuong Chi - Chief Strategy Office                                    |
| Editor:      | Pham Dang Khoa - IR Executive  |
| Email:       | <a href="mailto:ir@century.vn">ir@century.vn</a>                                 |
| Telephone:   | (+84.276) 388 7565 (Ext: 113)  |



1.3 **Vision - Mission**



**VISSION**

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

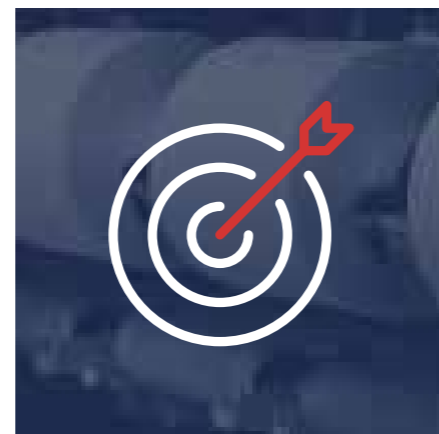
1.4

**OUR VALUES**



**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.



**Serving customers**

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

**Uniting ourselves**

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

**Improving continuously**

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

**Developing together**

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

1.5

**OUR COMMITMENTS**

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



1.6 **Key Milestones**

**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 EPR provided by SAP for the Company's entire operation.

**2000**

**Established first factory at Cu Chi District**

STK was established on the 1st 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.



1.6 **Key Milestones (cont.)**

**2014**

**Caught 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 Oerlikon Barmag, 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 Oerlikon Barmag, 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.

**2018**

**Taking advantage from markets, harvesting success**

Completed the implementation and trial run of Trang Bang 5 project, raising total capacity to 63,300 tons per year.

Achieved and exceeded the target of Recycled yarn's proportion, therefore improving the overall profit margin.

Achieved the budget of revenue and exceeded the targeted profit remarkably.

Well-managed quality control and expenses.

**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.

## Improvements in 2018 sustainable development report (GRI 102-49)

Having learned from experiences in preparation of 2017 sustainable development report, the Company made the following improvements to this year report:

Applying the GRI-Standards to create the report

1

Addition the participation of the Company internal audit team

2

Addition of more details information in the report assurance by third party

3

Addition of information on how to implement the orientation/plan of sustainable development goals

4

Addition of information about responsibility of enhancing the economic efficiency

5

6

Supplement of information about created and distributed economic value to the community

7

Supplement of information about contributed economic value to the economy 2018

8

Provision of the cultural norms description in the Company

9

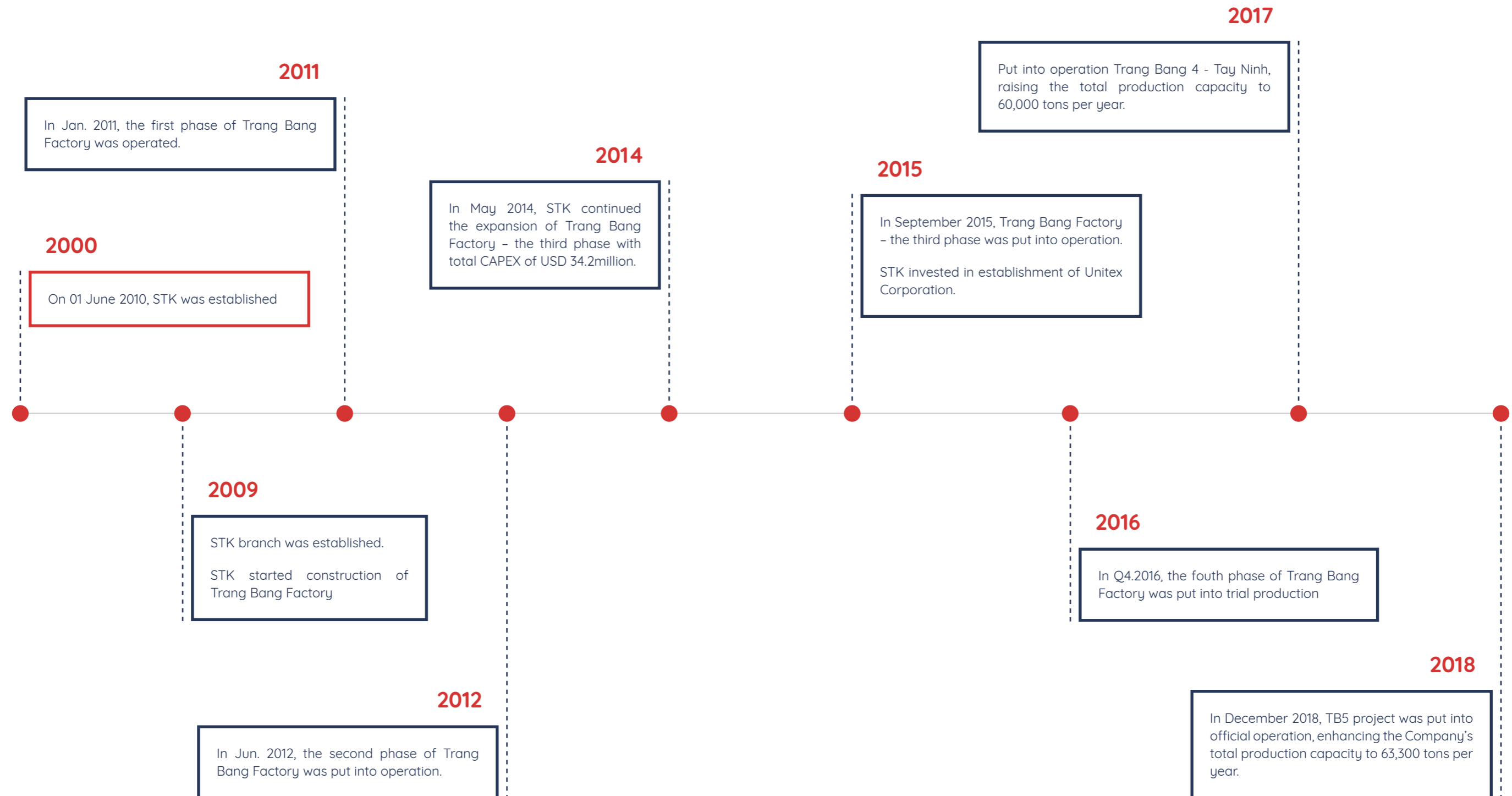
Provision of additional information on the Company's responsibilities toward employees

10

Provision of additional information on efforts to build the Board of management's subcommittees;

# History Of Formation

## 1.7 Company, Branch, Corporation & Representative Office



AWARDS AND RANKING

2018

- > Top 100 Sustainable Enterprises 2018 (CSI100) for 3 consecutive years.
- > Awarding organization: VCCI
- > Top 10 Sustainable Development Reports
- > Top 90 Annual Reports.

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.

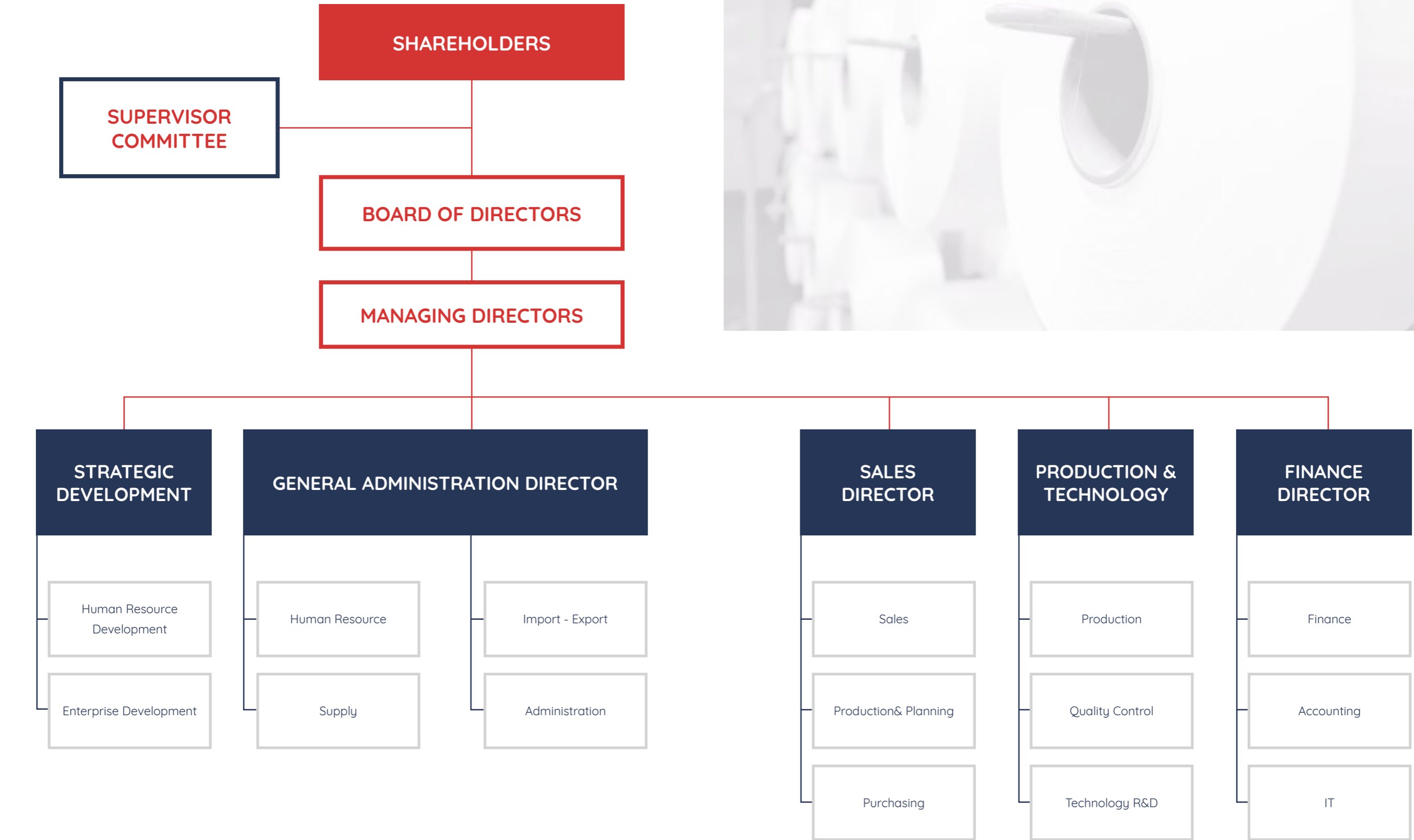
2007

- > 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".

1.9 **Organization Chart** (GRI 102-18,19)



## Board of Directors

I.10 tenure 2018 - 2023 (GRI 102-18,19)



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.**

**Mr. DANG TRIEU HOA**

Chairman cum MD - 50 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.**

**Mr. DANG HUONG CUONG**

Non-executive member - 43 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.**

**Mdm. DANG MY LINH**

Non-executive member - 47 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.

**Mdm. CAO THI QUE ANH**

Non-executive independent member - 53 years old



## Board of Directors tenure 2018 - 2023 (cont.)

I.10



He is the capital representative of major shareholder Huong Viet JSC.

Education level: Business Administration

### Mr. VO QUANG LONG

Non-executive member - 41 years old



Mr. Chen Che Jen has many years' experience in textile and yarn business.

Education: Technology

### Mr. CHEN CHE JEN

Non-executive independent member - 57 years old



Mr. Nguyen Quoc Huong has many year's experience in banking and finance management.

### Mr. NGUYEN QUOC HUONG

Non-executive independent member - 48 years old

#### I.10.1 THE ROLE AND RESPONSIBILITY OF BOARD OF DIRECTORS TO SUSTAINABLE DEVELOPMENT (GRI 102-20,32)

The Company's BOD has the role of planning the sustainable development goals. Since 2014, STK has proactively announced the sustainable development orientation through the support and commitment to ensure the implementation of sustainable development goals (economic-social-environmental) from senior members of BOD. The Company's sustainable development goals were specified into objectives of each departments. In addition, the sustainable development goals of the Company were also quantified as the indicators (KPI) to evaluate and measure the implementation result of the sustainable development goals from each Company's department, ensuring adhering to the common goals of the Company. The KPI report relating to economic-social- environmental goals will be reported directly to the Board of Directors in order for promptly adjustment and updating of sustainable development orientation in the most appropriate way to ensure the interests of shareholders and the Company

The implementation progress of sustainable development goals is usually reported quarterly in the BOD meetings. The Board of Director keeps carrying out quarterly meetings to update and timely provide guidance for STK's operation and production activities. In the meetings, each social-economic-environmental aspect will be presented directly to the Board of Directors by the Board of management and the Company's BOD members will consider on the provided results in order to make decisions on consecutive improving of the Company's performance. In addition, the BOD's members also directly supervised the process of implementing sustainable development goals at the Company through decisions, resolutions and policies issued from the Board of Directors. The BOD assigns the Board of management and responsible department to write the sustainability report, ensuring the content of the report is edited based on international practices, Vietnamese regulations and close to the actual situation of the Company.

# Board of Management Structure

I.11 (GRI 102-22,23,24,27)

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.



Mr. **DANG TRIEU HOA**  
Chairman/Managing Director

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.



Mr. **NGUYEN THAI HUNG**  
Administrative Manager

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.



Mdm. **NGUYEN PHUONG CHI**  
Chief Strategic Officer (CSO)

Year: 1970

Education: Bachelor of Economics. Major: Audit/ Accountant

Working experience:

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



Mr. **PHAN NHU BICH**  
MBA

## Board of Supervisors Structure

I.12 (GRI 102-22,23,24,27)



**Mr. NGUYEN TU LUC**

*Head of The BOS*

*Year* 1952  
*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.



**Mdm. HOANG NU MONG TUYEN** *BOS Member*

*Year* 1990  
*Education* Bachelor  
*Working experience* 2018 – present: MD assistant, STK  
 2012 – 2018: Sales admin, STK



**Mdm. DINH NGOC HOA** *BOS Member*

*Year* 1979  
*Education* Bachelor  
*Working experience* 2005 - present: Head of Planning-production department, STK  
 2002 - 2004: Accountant, Vi Hop Ltd.



## Prevention of Interest Conflict

### I.13 and Transactions with Related Parties (GRI 102-25)

#### I.13.1 PREVENTION OF INTEREST CONFLICT

Members of the BOD, BOS, BOM, and other managers (“Managers”) must comply with Article 33 of STK’s charter regarding transparency and must avoid conflict of interest as follows:

1. Managers should not take advantages of company’s opportunities for their self-interests. In addition, they should not take advantages of company’s information for their self-interests or other institutional entities or persons.
2. Managers have obligations to disclose to the BOD all benefits, which they can get from other economic institutions, transactions or other individuals and which may conflict with the Company’s interest.
3. The Company should not offer loans or guarantee to Managers and their related persons or related entities in which the Managers have financial interests, unless the loans or the guarantees were approved by the general shareholder meeting.
4. A contract or transaction between the Company and one or several Managers, their related persons or institutional entities, will be valid in the following circumstances:
  - a. For the contract, which have value of being lower than 20% of total asset in recent financial statements, the key points of that transaction, relationships, and interests, which relate to Managers or member of the BOD, were reported to the BOD or its Committees. In addition, the transaction was approved by majority of the BOD members, who have no relevant interests; or
  - b. For the contract which has value of being 20% higher than total asset in recent financial statements, the key points, relationships, and interests relating to Managers, were disclosed to and approved by shareholders who have no relevant interest.
  - c. Such a contract or transaction, which was considered by independent consultant as being fair and reasonable in all aspects in term of shareholders’ interests or it was approved by the BOD, or shareholders.

#### I.13.2 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR WERE AS FOLLOWS:

##### Significant transactions with related parties

| Related Parties                                    | Relationship       | Business Content     | This year      | Last year      |
|--|--------------------|----------------------|----------------|----------------|
| E.DYE Vietnam Joint Stock Company                  | Associated company | Capital contribution | -              | 27,050,400,000 |
|  |                    | Capital withdrawal   | 24,663,600,000 | -              |
| Lien An Trading and Investment Joint Stock Company | Related party      | Sales of good        | 12,427,881,727 | 48,958,162,296 |
| P.A.N Asia Co.,LTD.                                | Related party      | Sales of good        | 30,213,644,533 | 22,617,112,045 |
| Hung Loi investing trading service Company         | Related party      | Sales of good        | 21,005,627,131 | 44,861,718,821 |

All transactions with related parties above were in accordance with the Company’s Charter and followed market mechanism.

**I.13.3 SALARY, REMUNERATIONS AND BENEFITS OF BOD, BOS AND BOM  
(GRI 102-35,36,38,39)**

**I.13.3.1 Salary, Bonus and Remunerations of BOD**

**Salary, bonus and remunerations of BOD**

| No.          | Full name         | Titles                           | Remuneration and bonus (excluded income tax) | Salary (%) | Bonus (%) | Length of service     |
|--------------|-------------------|----------------------------------|--|------------|-----------|-----------------------|
| 1            | Dang Trieu Hoa    | BOD Chairman cum General Manager | 120.000.000                                  | -          | -         | 01/01/2018-31/12/2018 |
| 2            | Dang My Linh      | BOD member                       | 120.000.000                                  | -          | -         | 01/01/2018-31/12/2018 |
| 3            | Dang Huong Cuong  | BOD member                       | 120.000.000                                  | -          | -         | 01/01/2018-31/12/2018 |
| 4            | Cao Thi Que Anh   | BOD member                       | 180.000.000                                  | -          | -         | 01/01/2018-31/12/2018 |
| 5            | Vo Quang Long     | BOD member                       | 120.000.000                                  | -          | -         | 17/04/2018-31/12/2018 |
| 6            | Chen Che Jen      | BOD member                       | 180.000.000                                  | -          | -         | 17/04/2018-31/12/2018 |
| 7            | Nguyen Quoc Huong | BOD member                       | 180.000.000                                  | -          | -         | 17/04/2018-31/12/2018 |
| <b>Total</b> |                   |                                  | <b>1,020,000,000</b>                         |            |           |                       |

**I.13.3.2 Salary, Bonus and Remuneration of BOS**

**Salary, bonus and remunerations of the BOS**

| No.          | Full name           | Titles      | Remuneration and bonus (excluded income tax) | Salary (%) | Bonus (%) | Length of service     |
|--------------|---------------------|-------------|--|------------|-----------|-----------------------|
| 1            | Nguyen Tu Luc       | Head of BOS | 48.000.000                                   | 80,13%     | 19,87%    | 01/01/2018-31/12/2018 |
| 2            | Hoang Nu Mong Tuyen | BOS member  | 48.000.000                                   | 80,47%     | 19,53%    | 17/04/2018-31/12/2018 |
| 3            | Dinh Ngoc Hoa       | BOS member  | 48.000.000                                   | 81,97%     | 18,03%    | 17/04/2018-31/12/2018 |
| <b>Total</b> |                     |             | <b>144.000.000</b>                           |            |           |                       |

**I.13.3.3 Salary, Bonus and Remuneration of BOM**

**Salary, bonus and remunerations of BOM**

| No. | Full name         | Titles                       | Remuneration and bonus (excluded income tax) | Salary (%) | Bonus (%) | Length of service |
|-----|-------------------|------------------------------|--|------------|-----------|-------------------|
| 1   | Dang Trieu Hoa    | Managing director            | -  | 81,42%     | 18,58%    | 06/2010 - present |
| 2   | Nguyen Phuong Chi | Chief Strategic Officer      | -  | 81,17%     | 18,83%    | 01/2015 - present |
| 3   | Nguyen Thai Hung  | Chief Administration Officer | -  | 81,92%     | 18,08%    | 02/2017 - present |
| 4   | Phan Nhu Bich     | Chief Financial Officer      | -  | 80,15%     | 19,85%    | 10/2016 - present |

## Assessment of The Board of Management

### 1.14 on Sustainability Development Achievements in 2018 (GRI 102-25)

With relentless efforts in 2018, STK's management team and employees has united in improving the performance by cutting consumption of resources and energy. The end results were positive, meeting the Company's objective in sustainability development. In particular:



#### To **DEVELOP** human resources and society sustainably

- > Employees' remuneration increased by 12% year on year in 2018. Besides, welfare was also improved substantially as compared to 2017 thanks to new policies and proactive care from the Board of Management;
- > Employees are offered opportunities to enhance capacity, knowledge through training courses through the year;
- > Beside skill and grade upgrading program, promotion policies, the Company also deployed the internal rotation program;
- > In order to create safe, friendly and fair working environment, in addition to effort to maintain and continuously renovate offices and working facilities at the best standards of Vietnam, in 2018 STK started to deploy the complaint and feedback mechanism based on the Company's Codes of Conduct;
- > With capacity expansion after inauguration of Trang Bang 5 project since Quarter 4 - 2018, the Company created direct employment for 1,019 peoples and many indirect employments for those working in suppliers as the value of goods and service purchase increased;
- > STK continued the Company's good tradition in taking care of employees: such as giving gifts to employees' children on Childrens' Day (1st June), company trip, Tet gifts;
- > The Company gave 2-month salary bonus to employees in December 2018 and on the occasion of Luna New Year.

#### To **GROW** profit sustainably

- > In 2018, revenue rose by 20% as compared to 2017, surpassing target by 2.3%;
- > Profit surged by 80% year-on-year and exceeded target by 43%, creating abundant financial resources for the Company's capex plan in the coming years;
- > The STK's financial standings became healthier, setting a strong foundation for future developments, enabling the Company to set higher and more sustainable targets.

#### To **PROTECT** environment

- > To provide eco-friendly products, thanks to the efforts in develop and promote products, in 2018 the portion of recycled yarn in total revenue increased to 16.2%, exceeding the plan by 2.2%. In addition, the company continue to deploy colour yarn project (to save clean water and limit discharge of hazardous chemical into the environment) and waste yarn recycling which is a part of Trang Bang 5 project, creating foundation to catch the green consumption trend of the market in the future;
- > Action to cope with climate changes: the Company's Carbon Footprint in 2018 increased as compared to 2017 mainly due to the capacity expansion as a result of Trang Bang 5 project. However, the energy consumption per unit product was lowered than the one in 2017. Furthermore, carbon footprint regarding diesel oil consumption declined by 82% year-on-year as the Company proactively replaced diesel burn forklift trucks by electric ones;
- > The Company re-used POY bobbins many times, helping to limit the deforestation and land slide. In 2018, number of POY bobbins used was 938,590 and a bobbin is re-used by 3.75 times, saving 2,581,122 bobbins (if without the practice of bobbin reuse, the number of bobbins to be used should be 3,519,712).
- > In 2018, the Company indirectly recycled 163,935,363 PET bottles as result of production of recycled yarn, contributing to protection of eco-system and environment.
- > The Company got GRS certificate and OEKO-TEX100 certificate, which certified that the Company's product does not contain hazardous chemical and the production process does not discharge hazadous chemical.
- > During the year, the Company got a fine do to the leaking of domestic wastewater sewage and placing used barrels of oil at wrong areas. The Company proactively corrected the mistakes and paid the fine in accordance with the regulations.



# 2018 SUSTAINABILITY REPORT

|   |    |
|---|----|
| II.1 Ethical Values of the Company  | 46 |
| II.2 Code of Conduct with Stakeholders (GRI 102-16)   | 47 |
| II.3 The Advisory and Reporting Concerns Regime about the Code of Conduct at the Company (GRI 102-17)                   | 50 |
| II.4 Aligning Interest of Related Parties in order to Determine Major Topics and Scope of the Report (GRI 102-42,44,46) | 51 |

## Ethical Values of the Company

II.1

STK's member commits:

- Comply with the laws and the constitution of Viet Nam.
- 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 (GRI 102-25)

II.2

### ■ For Shareholders - Investors

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 customer's 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.





## Code of Conduct with Stakeholders (cont.)

II.2

### ■ For Employees

Base 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, and 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 Viet Nam.
- 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.

## II.3 **The Advisory and Reporting Concerns Regime about the Code of Conduct at the Company** (GRI 102-17)

Since 2016, the Company has improved the Code of Conduct framework and put it into practice. Based on the initial fundamentals, the Company provides specific guidelines to determine whether an individual violates the Company's code of conduct and at the same time establishes a compliance and enforcement mechanism to the Company's employees for improving and responding information on related issues to the Company's Code of Conduct. At STK, the HR department and Business Development department are the key incharged sections that directly monitor any reports and concerns occurred about the Code of Conduct.

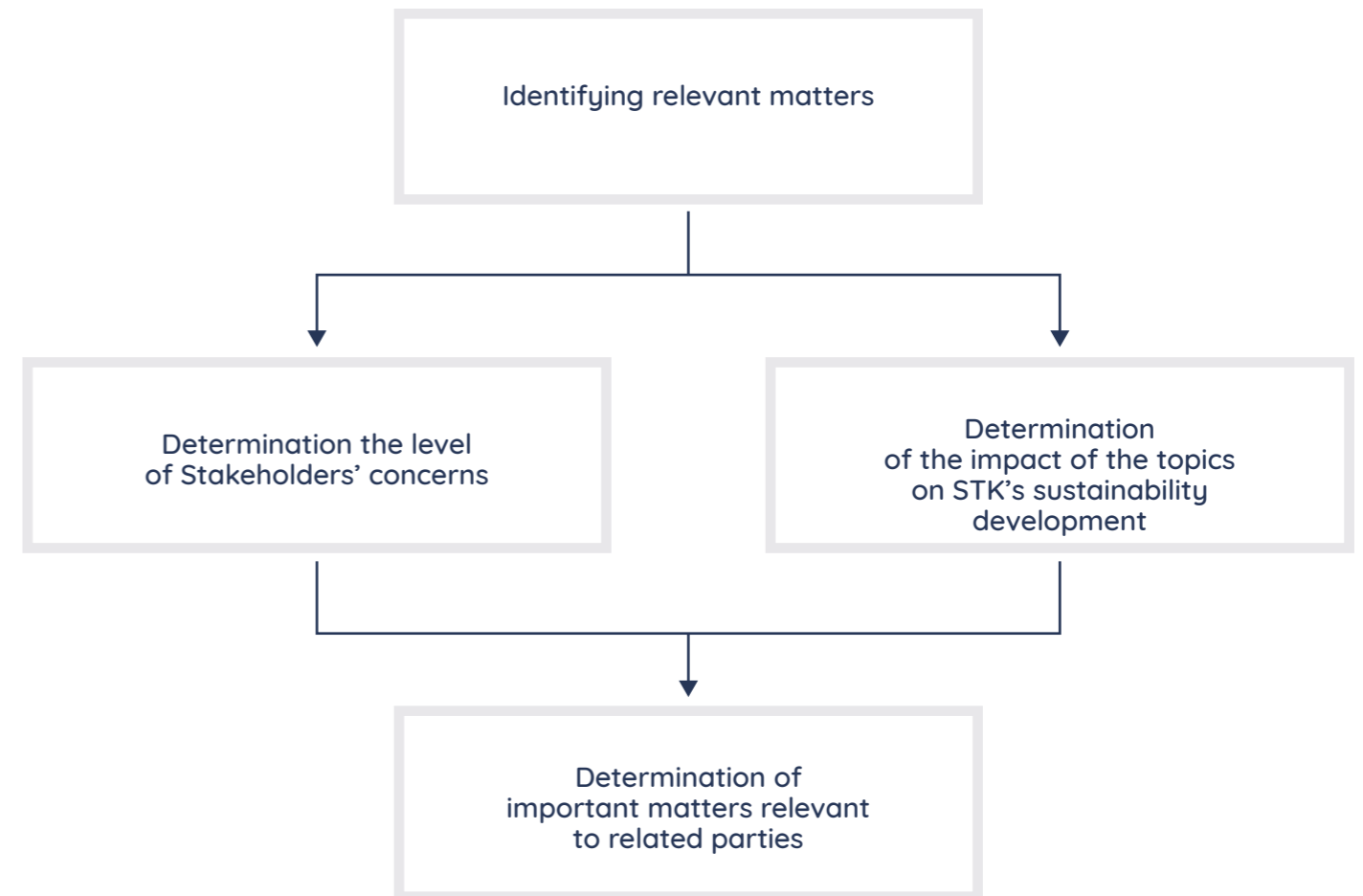
In 2018, the Company did not receive any reports related to STK's employees violating the Company's Code of Conduct. In the near future, STK will continue to improve the Code of Conduct to strengthen the role of protecting employees' interests and establish a healthy behavior culture in line with the ethical principles of the Company.



## II.4 **Aligning Interest of Related Parties in order to Determine Major Topics and Scope of the Report** (GRI 102-42,44,46)

To ensure consistency, accuracy, up-to-date and transparency of information disclosed in the sustainability development report, STK gives priority to consulting related parties regarding upgrading and updating development policies of the Company. From information collected from communication with the related parties (either direct or indirect communication with STK), the Company selects and focuses on major topics (which have significantly positive or negative impacts) to the Company and related parties. By doing that, the long-term benefit of the parties are ensured and STK's reputation is enhanced.

In particular:



II.4.1 DETERMINATION OF RELATED PARTIES' PRIORITY



II.4.2 CONSULTATION OF STAKEHOLDERS (GRI 102-21,40)

STK's key stakeholders are recognized based on the principle of determining the impact of STK's business activities on the party's concerns and the influences from the parties to STK. In which, nine key stakeholders of STK including:



### II.4.3 CONHERENCE TO REALTED STAKEHOLDERS (GRI 102-12,13,33,34, 37, 43)

STK's stakeholder engagement activities in 2018 have been continuously strengthened through the diversification of contact and interaction channels with stakeholders. Thereby, the key matters in the Company's Sustainable Development goals were approached in a deeper way to improve the efficiency of STK's operations and balance the economic-social-environmental matters with ensuring of the party's interests.

| Stakeholders        | Approaches for interaction and feedback  | Scope of consultation and expectation ofstakeholders  | STK's actions to meet the expectation from stakeholders   |
|---------------------|--|---|---|
| <b>Shareholders</b> | <ul style="list-style-type: none"> <li>&gt; 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>&gt; Shareholder survey in writing</li> <li>&gt; IR newsletter</li> <li>&gt; 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>&gt; Transparency and protection of investor interests</li> <li>&gt; Good corporate governance</li> <li>&gt; Effectiveness use of investment capital in business and financial activities.</li> <li>&gt; The Company's orientations for sustainable development, on the Company's attention to social issues, environment and community.</li> <li>&gt; Dividends payment to investors</li> <li>&gt; The value of the business</li> </ul> | <ul style="list-style-type: none"> <li>&gt; In 2018, STK recorded a remarkable development with high sales revenue and profit after tax results, exceeding the target plan by 2.3% of revenue and 43% of profit. With the trend of environmentally friendly products, the Company has exerted to expand the market with two new markets were Korea and Japan. In addition, the Company also enlarged the customer network along with new products possessing more features such as recycle yarn. The Company has continued to maintain high sales growth, since then, it will be the stepping stone to the development of the Company.</li> <li>&gt; The company always adheres strictly to information disclosure regulations. Since being listed on Ho Chi Minh Stock Exchange, STK has never been reminded of violations related to information disclosure.</li> <li>&gt; The company commits to pay a minimum dividend of 15% on par value/year to shareholders. In 2018, STK paid dividends to shareholders at the rate of 7% in cash and 8% in shares.</li> <li>&gt; In addition, the Company also issued an additional 10% for existing shareholders.</li> <li>&gt; The Company constantly improves its corporate governance system as well as closely monitors risk prevention management.</li> <li>&gt; The Company always aims toward a sustainable development model. In 2018, the Company reached the Top 100 Sustainable Development Enterprises in Vietnam, this is the third consecutive time STK has won this award.</li> </ul> |

| Stakeholders     | Approaches for interaction and feedback  | Scope of consultation and expectation ofstakeholders  | STK's actions to meet the expectation from stakeholders   |
|------------------|--|---|---|
| <b>Customers</b> | <ul style="list-style-type: none"> <li>&gt; Sales and Quality Management 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>&gt; 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>&gt; Company's website, seminar, industry association forum</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Company's operation is stable, safe and trustworthy.</li> <li>&gt; High quality of products and services.</li> <li>&gt; Competitive prices.</li> <li>&gt; Terms of contract.</li> <li>&gt; Outstanding customer services.</li> <li>&gt; Capacity of technology and operation.</li> <li>&gt; Professionalism in providing services.</li> <li>&gt; High value added products.</li> <li>&gt; Safe products which do not contain toxic substances.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; 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>&gt; 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>&gt; Enhance the prestige of STK through prestigious awards, strengthening the trust of customers.</li> <li>&gt; Strengthening the business sale team and quality management team to improve the efficiency of customer service.</li> <li>&gt; 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>&gt; 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>&gt; 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, LeoLea, Far Eastern New Century.</li> </ul> |

## II.4.3 CONHERENCE TO REALTED STAKEHOLDERS (CONT.)

| Stakeholders     | Approaches for interaction and feedback   | Scope of consultation and expectation of stakeholders   | STK's actions to meet the expectation from stakeholders  |
|------------------|---|---|--|
| <b>Employees</b> | <ul style="list-style-type: none"> <li>&gt; 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>&gt; 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>&gt; 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>&gt; 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>&gt; Safe working environment, good occupational health.</li> <li>&gt; High salary, bonus, welfare policy.</li> <li>&gt; Opportunity to be trained, to improve skills.</li> <li>&gt; Opportunity to be promoted.</li> <li>&gt; Broad vision of leaders.</li> <li>&gt; Fairness and democracy.</li> <li>&gt; No discrimination</li> </ul> | <ul style="list-style-type: none"> <li>&gt; 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>&gt; Make commitments on democratic rights, the right to have fair treatment and respect for workers.</li> <li>&gt; Ensure safe working conditions for employees, take care of their health by issuing, building and complying with strict social responsibility policies.</li> <li>&gt; Provide commitments from the Board of Directors of the Company on democratic rights, the right to fair treatment and respect for employees.</li> <li>&gt; Implementing the 5S mechanism to contribute to the hygiene, environment and health of employees of the Company.</li> <li>&gt; In 2018, the Company increased the average salary for employees by 12% depending on the job position. The number of people promoted to higher positions was 16 people.</li> </ul> |

### Stakeholders

#### Approaches for interaction and feedback

- > Based on our market surveys and reports provided by the government, domestic and international analysts, the Company makes analysis and assessment on strategy and perspective of its rivals.

#### Suppliers

- > 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.
- > 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.

#### The government

- > Company makes frequent contacts with the authorities (HEPZA, TANIZA) via meetings, response to inspection, reports, administrative documents.

#### Scope of consultation and expectation of stakeholders

- > Fair and transparent competitive environment.
- > Prestige, long-term cooperation.
- > Cooperation whereby both parties are benefited and can mutually develop.
- > To set up stable value chain.

#### STK's actions to meet the expectation from stakeholders

- > The Company competes fairly on the basis of offering exceptionally high quality products at reasonable prices.
- > The Company cooperates with suppliers to develop together, enhance the quality of products and bring benefit for both parties.
- > Periodically, the Company carries out the supplier evaluation process as a tool to investigate the effectiveness in the process of interacting with suppliers, from which the Company will negotiate and offer measures for improving the relationship between the Company and suppliers, ensuring the minimum benefits of both parties.
- > The Company always complies with government policies and regulations. The Company does not have any violations related to non-compliance
- > Periodically, the Company always executes and sends reports to HEPZA and TANIZA about the operation situation, safety-environment- health information of the Company.
- > STK always pioneered and supported and implemented the major policies of the state
- > The Company strives for sustainable development and supports local development

II.4.3 CONHERENCE TO REALTED STAKEHOLDERS (CONT.)

| Stakeholders                          | Approaches for interaction and feedback  | Scope of consultation and expectation ofstakeholders  | STK's actions to meet the expectation from stakeholders   |
|---------------------------------------|--|---|---|
| <b>Banks</b>                          | <ul style="list-style-type: none"> <li>&gt; 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>&gt; The Company is sustainable and prestigious.</li> <li>&gt; Transparency in corporate governance.</li> <li>&gt; Professional financial management system.</li> <li>&gt; Incorporation and long term co-development</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; The Company constantly improves the quality of management system</li> <li>&gt; To fully and timely fulfill the debt repayment and loan interest obligations of the credit institution.</li> <li>&gt; 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>&gt; 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>&gt; To be responsible, to share and to join hand to develop local community</li> <li>&gt; Support local community to improve the quality of life through income improvement</li> <li>&gt; Improve quality and enhance the local community infrastructure system.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; 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>&gt; 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>&gt; To become an active member, sharing information and contributing to the industry's development.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; 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>   |



II.4.4 IDENTIFYING MAJOR MATTERS (GRI 102-29,31, GRI 103-1)

In the context of the garment and textile industry in general and fiber sector in particular as well as assessing the importance in the correlation between the related parties' concerns and the impact level of matters to the Company's operation, STK identified major matters in the relationship between economy, environment, society and the Company's operation activities. In addition, based on GRI standards, STK analyzed and incorporated those major matters into GRI standards regarding economy (GRI 200), environment (GRI 300) and society (GRI 400). In particular:

|   |   |
|---|---|
| <p><b>Identifying major matters that can effect STK's operation</b></p>     | <ul style="list-style-type: none"> <li>&gt; Surveying and researching information regarding the fiber, garment and textile sectors.</li> <li>&gt; Analyzing customers through communication with customers.</li> <li>&gt; Collecting information regarding the association (VCOSA).</li> <li>&gt; Recognizing and analyzing opinions collected from meetings with investors, investor day, analyst meeting and regular dialogues with employees.</li> </ul> <p style="text-align: right; font-size: 2em; color: red;">1</p> |
| <p><b>Selecting major matters which are concerns of related parties</b></p> | <ul style="list-style-type: none"> <li>&gt; Selecting major matters of related parties and incorporating those matters into the report.</li> <li>&gt; Consulting the Board of Management and the Board of Directors on major matters to balance and ensure interest of related parties.</li> <li>&gt; Identifying major matters in accordance with the Company's development objectives and strategies.</li> </ul> <p style="text-align: right; font-size: 2em; color: red;">2</p>  |
| <p><b>Approval</b></p>  | <ul style="list-style-type: none"> <li>&gt; Constructing matrix of major matters at STK and identifying the most interested and influential matters for STK.</li> <li>&gt; Approving the major matters.</li> </ul> <p style="text-align: right; font-size: 2em; color: red;">3</p>  |
| <p><b>Review</b></p>  | <ul style="list-style-type: none"> <li>&gt; Continuing reviewing of major matters after issuance of report to recognize contribution of related parties. Thereby, improving and establishing the system of major matters more accurately to ensure the interest of the related parties and the Company.</li> </ul> <p style="text-align: right; font-size: 2em; color: red;">4</p>  |

|  |   |  |  |             |
|--|---|--|--|-------------|
| <p>The concern level of related stakeholders</p> | <p>High</p> <ul style="list-style-type: none"> <li>&gt; Infrastructure development</li> <li>&gt; Upgrading local living standards</li> <li>&gt; Justice and democracy</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Working environment is stable with high occupational health ensuring, balanced between work and life</li> <li>&gt; Employment creation to local manforce</li> <li>&gt; Industry development</li> <li>&gt; Comply with the policies and regulations on the human rights</li> <li>&gt; Female worker policy regarding pregnancy and infant-care</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Improving the business performance</li> <li>&gt; Safe products, no chemicals applying</li> <li>&gt; Local infrastructure development</li> <li>&gt; Energy efficiency</li> <li>&gt; Using environmentally-friendly materials</li> <li>&gt; Saving natural resources</li> <li>&gt; Reducing waste and waste disposal</li> <li>&gt; Company is sustainable - safety and prestige</li> <li>&gt; High-quality products</li> <li>&gt; Outstanding customer service.</li> </ul> |             |
|  | <ul style="list-style-type: none"> <li>&gt; No discrimination, freedom of association</li> <li>&gt; Anti-corruption</li> <li>&gt; Opportunity to study, train, develop, improve skills.</li> <li>&gt; Promoting chances at work</li> <li>&gt; Outstanding salary and welfare policies.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Competitive price.</li> <li>&gt; Healthy competition</li> </ul>  |  |             |
|  | <p>Low</p>  | <p>Impacts on STK</p>  |  | <p>High</p> |

II.4.5 MAJOR MATTERS IN 2018 (GRI 102-47)

Major matters are determined by referring to interest of the related parties and the Company's development objectives and strategies. The major matters are classified as follows:



**ECONOMICS**

- > Operation results, enhancing corporate efficiency in 2018;
- > Presence in the market
- > Indirect economic impact;
- > Anti-corruption;
- > Anti-unhealthy competition.



**PRODUCT RESPONSIBILITY**

- > High quality product and service;
- > Sustainable, safe and prestigious operation;
- > Competitive pricing;
- > Safe product without hazardous substances;
- > Excellent customer service.



**ENVIRONMENT**

- > Efficient energy usage;
- > Usage of eco-friendly materials;
- > Saving natural resources;
- > Reduction of waste discharge and treatment.



**HUMAN RIGHTS AT WORK**

- > Comfortable and safe working environment, occupational health, work-life balance;
- > Non-discrimination, freedom of forming trade union;
- > Compliance with policies and regulations on human rights;
- > Welfare policies for pregnant female workers and those with young children



**EMPLOYMENT - SOCIETY**

- > Competitive remuneration and welfare policies;
- > Opportunity for training and capacity enhancement;
- > Promotion opportunity;
- > Vision of the leader;
- > Fairness and democracy;
- > Facilitating the community development;
- > Creating jobs for local peoples;
- > Development of infrastructure

To ensure the effectiveness of the Company's performance in the next fiscal year 2019, STK will re-evaluate the determined key areas as well as the Company's performance in 2018 as to timely update and provide improving plans in the following year, aiming to ensure the highest interests of stakeholders.





#### II.4.6 THE APPROACH FOR IMPLEMENTATION OF SUSTAINABILITY DEVELOPMENT PLAN (GRI 102-11, 26)

In order to enhance efficiency in management and implementation of the Company's long-term sustainability development strategies, updated data on performance results, environment, and labour - society are reported directly to the Board of Management on periodical (weekly and monthly) basis in weekly meetings and monthly reports.

Beside, with the reporting system of monthly KPIs, indicators on environment, labour, society and economics are assessed and departments' fulfilment of KPIs are linked to staffs' remuneration. Therefore, the grass-root management's efficiency are improved and achieved higher results. In addition, the Company will timely have reasonable solutions for arising matters, minimizing impact on implementation of the Company's sustainability development plan.

Based on the direction for sustainability development, the Board of Management determined sustainability development objectives and transform them into action plan as follows:



## II.4.6 THE APPROACH FOR IMPLEMENTATION OF SUSTAINABILITY DEVELOPMENT PLAN (CONT.)

As for:

**Economic criteria:** Every Monday and Saturday afternoon, the sales team will have meeting directly with the CEO and Board of management to report on production results and business's selling situation of the Company. As a result, the Board of Management of the Company and the CEO will grasp the situation and propose specific measures when risks arising. In addition, the economic data is also confirmed based on quarterly audited financial statements prepared by Ernst & Young Vietnam.

**Environmental criteria:** Every Monday morning, the Administration and ISO departments of the Company will have meeting directly with the Board of management and the CEO to report on the results of environmental assessment and the compliance monitoring situation at the Company. Upon on this, the Company's Board of management and the CEO will comment and give suggestions to improve the compliance performance of the environment at the Company.

**Labor and social criteria:** Every Monday morning, Human Resources and Training departments will have meeting directly with the Company's Board of management and CEO to report on labor promotion, training and welfare policies of the Company's, contributing to improving the Company's human resources performance and labor quality.

In addition to monitoring of SOPs, every department must also collect, report and explain about changes related to their KPIs. In particular, for the production section, it is necessary to pay attention to quality criteria of raw materials, auxiliary components, energy, electricity, water and wastewater used, technical improvement initiatives and cost savings; as for HR department, should they pay attention to staff turnover rate, employment adoption rate, the number of trained employees, training budget and average incomes at all levels. These figures will be cross-checked by the internal audit section to ensure the accuracy. In addition, the data and reports about the Company's production, environment and social activities were also presented and evaluated in the BOD meetings, allowing BOD members could promptly grasp the situation and make any guidance of the next plans to ensure the Company is in compliance with the sustainable development orientation set by the Company.



In particular, the data and information are guaranteed as follows:

| Criteria  | Related departments   | KPIs  | Incharged parties  |
|---|---|---|--|
| <b>Economy</b>  | Sales team  | <ul style="list-style-type: none"> <li>&gt; Sales revenue, profit after tax</li> <li>&gt; Expanding customer network.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; General Director of the Company.</li> <li>&gt; Assistant General Manager for sales activities.</li> <li>&gt; Leaders of domestic and export sale teams.</li> </ul>   |
| <b>Product responsibility</b>                         | <ul style="list-style-type: none"> <li>Sales team</li> <li>Quality Assessment Team</li> <li>Quality Control Team</li> </ul>       | <ul style="list-style-type: none"> <li>&gt; Delivery time.</li> <li>&gt; Product quality.</li> <li>&gt; Customer feedback speed.</li> <li>&gt; Service attitude.</li> <li>&gt; Time to resolve complaints.</li> <li>&gt; Reasonable competitive price.</li> <li>&gt; Product quality criteria</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; General Director of the Company.</li> <li>&gt; Leader of QA team.</li> <li>&gt; Vice production manager in charged of QC.</li> </ul>   |
| <b>Environment</b>                                    | <ul style="list-style-type: none"> <li>Administration team</li> <li>ISO team</li> <li>Utility</li> <li>Purchasing team</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Electricity consumption.</li> <li>&gt; Water consumption.</li> <li>&gt; Selecting a qualified supplier.</li> <li>&gt; Volume of raw materials/materials used.</li> <li>&gt; Utility costs.</li> <li>&gt; Implementing electricity and water saving plans.</li> <li>&gt; The level of waste, wastewater and exhaust emissions.</li> <li>&gt; Cost of waste water and wastes treatment.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; General Director of the Company.</li> <li>&gt; General manager.</li> <li>&gt; Head of Purchasing department.</li> <li>&gt; Assistant to the General Director on purchasing.</li> <li>&gt; Head of Utility department.</li> <li>&gt; The officer in charge of labor safety and hygiene of the Company</li> <li>&gt; ISO staff.</li> </ul> |
| <b>Human rights at work, Labor and social aspects</b> | <ul style="list-style-type: none"> <li>HR team</li> <li>Training team</li> <li>ISO team</li> <li>Administration team</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Recruitment results.</li> <li>&gt; Employment adoption rate.</li> <li>&gt; Results of training implementation.</li> <li>&gt; Management of training costs.</li> <li>&gt; The rate of staff turnover.</li> <li>&gt; Proportion of employees promoted.</li> <li>&gt; Manage salary and welfare costs.</li> <li>&gt; Managing compliance with safety and hygiene policies .</li> <li>&gt; Managing compliance with labor policies.</li> <li>&gt; Manage costs of funding scholarship and welfare.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; General Director of the Company.</li> <li>&gt; General Manager.</li> <li>&gt; Head of Human Resources.</li> <li>&gt; Leader of training team.</li> <li>&gt; The officer in charge of labor safety and hygiene of the Company.</li> <li>&gt; ISO staff.</li> </ul>  |

**II.4.7 DEFINING SUSTAINABLE DEVELOPMENT OBJECTIVES ON MEDIUM AND LONG TERM PERIOD 2019-2023**

Sustainable development is becoming a concept that receives great attention from worldwide. Thus, in the United Nations summit about sustainable development in New York on 25-27 September 2015, the 193 UN member countries agreed to adopt the "Global Agenda "about development until 2030 together with 17 sustainable development goals. In Vietnam, the implementation and development of long-term sustainable development goals of businesses are receiving a lot of support from the Vietnamese government and organizations, departments and sectors that contribute to creating a new wave of sustainable development strategy that many businesses did not pay attention to the balance between economic development, environmental protection and social contributions before. The strategy of sustainable development is becoming an important core element for the long-term maintaining prosperity of the Company. STK is one of the leading companies in the textile industry in Vietnam, the Company prioritizes to focus on developing business combining with improving quality with the development of new products of high value added, associating with the economic, environmental and social sectors in the development orientation of the Company. With the vision of "becoming a global leading enterprise pioneering in the yarn/textile industry and developing multi-industries related to the core industry. STK builds a sustainable development model based on the creation of values positively affect related parties: Company, society and environment. STK is interested in developing economic performance in parallel with protecting environmental and benefiting to the social community.



**MEDIUM-TERM  
SUSTAINABLE DEVELOPMENT GOAL 2019-2023**

Continue to expand production to gain economies of scale. Develop eco-friendly products/projects. Increase the proportion of recycled yarn from 14% in 2018 to 30% in 2020. Develop a vertical production chain to optimize performance. Continuously improve policies, meliorate production and business management processes to improve product quality, reduce costs and enhance business results. Establish skilled workforce by continuing to provide professional trainings, to perfect the labor policies and to develop future successor team for the Company in order to build a healthy corporate culture. Implement ESOP issuance plan to align the Company's development with its employees.

**SHORT-TERM  
SUSTAINABLE DEVELOPMENT GOAL 2019-2022**

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 of depending on several particular clients.

As for incorporating global sustainable development goals (SDGs) into the Company's activities, STK has selected and integrated relative sustainable development objectives into the Company's sustainable development orientation for the period 2019-2023, including:



**SUSTAINABLE ECONOMIC GROWTH**

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





**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;



| Fields                          | Implementation Orientation  | UN Sustainable Development Goal  | Orientation of Vietnamsustainable development until 2030   | STK contributions towards the sustainable development goal  | Target 2019-2020  |
|---------------------------------|---|--|--|---|---|
| <b>ENVIRONMENTAL PROTECTION</b> | > Sustainable development for enterprise based on green environmental protection. | <b>Clean water and Sanitation</b><br>    | <ul style="list-style-type: none"> <li>&gt; Ensure adequate and sustainable management of water resources and sanitation for all.</li> <li>&gt; By 2030, ensure adequate and fair access to safe drinking water and safe living, in affordable housing for all.</li> <li>&gt; 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.</li> <li>&gt; 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.</li> <li>&gt; 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.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; 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.</li> <li>&gt; The toilets are provided with clean water, equipped with toilet paper and handwash, and cleaned daily by the cleaning staff.</li> <li>&gt; 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).</li> <li>&gt; 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.</li> <li>&gt; In addition, the Company regularly propagates and popularize water saving policies in the Company, and uses water properly to protect water resources.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Supervising and monitoring environmental reports to take preventive measures.</li> <li>&gt; Continue to develop color yarn project and obtain necessary permits to put it into official production.</li> <li>&gt; Increase the proportion of recycled yarn production from 14% in 2018 to 30% by 2020.</li> </ul> |
|                                 |   | <b>Affordable and clean energy</b><br> | <ul style="list-style-type: none"> <li>&gt; Ensure access to sustainable, reliable and affordable energy sources for all.</li> <li>&gt; By 2030, double the improvement rate of energy using efficiency; Reduce electricity consumption by 10% compared to base scenario.</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; In addition to investing in energy saving equipment, the Company regularly monitors energy usage and implements energy efficiency measures to improve energy using efficiency.</li> <li>&gt; Build the habit of saving energy in the employees' consciousness by turning off unnecessary electrical appliances and after use.</li> <li>&gt; 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.</li> </ul>  |   |

| Fields   | Implementation Orientation  | UN Sustainable Development Goal  | Orientation of Vietnam sustainable development until 2030  | STK contributions towards the sustainable development goal   | Target 2019-2020   |
|--|---|--|--|--|--|
| <p><b>ENVIRONMENTAL PROTECTION (cont.)</b></p>                       |   | <p>Climate action</p>              | <ul style="list-style-type: none"> <li>&gt; Respond timely and effectively to climate change and natural disasters.</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; 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 traveling to reduce the use of transport vehicles</li> </ul>   |  |
| <p><b>SUSTAINABLE DEVELOPMENT OF HUMAN RESOURCES AND SOCIETY</b></p> | <ul style="list-style-type: none"> <li>&gt; <i>Employees are the main asset of the Company; the Company always focuses on human resources development.</i></li> <li>&gt; <i>Ensure safe working environment for workers.</i></li> </ul> | <p>Good health and well-being</p>  | <ul style="list-style-type: none"> <li>&gt; Ensure healthy living and increased wellbeing for people of all ages.</li> <li>&gt; 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>&gt; Enhancing prevention and treatment of drug abuse, including drug and alcoholic addiction.</li> <li>&gt; 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>&gt; 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>&gt; 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>&gt; In addition, the Company does not use chemicals in the production process to protect the health of workers and consumers.</li> <li>&gt; The Company strictly implement regulations on prevention the use of drugs in the Company. If any case found be be strictly disciplined in accordance with Company's regulations and policies.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Maintaining the programs on worker skill improvement and job promotion, product respect awareness, labor safety compliance to the production section.</li> <li>&gt; Intensive trainings to the middle and high management level so that they can timely and comprehensively monitor every workers.</li> <li>&gt; Set high recruitment requirements (in term of quality) .</li> </ul> |
|  |   | <p>No Poverty</p>                | <ul style="list-style-type: none"> <li>&gt; Put an end to poverty at anywhere.</li> <li>&gt; By 2020, eradicate hunger and alleviate poverty for all people everywhere.</li> <li>&gt; Applying the poverty standard of income per capita less than \$ 1.25.</li> <li>&gt; Implementation of appropriate social security systems and resolutions, including social security policies.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; STK has contributed to the local income and economy through recruiting and creating jobs for more than 1,000 existing employees with competitive salary, compensation and allowances (higher than industry average). The Company also contributed to development of the local economy through signing contracts for supply of raw materials, logistics services (such as catering services, uniforms providing service, security service, transportation service).</li> <li>&gt; Sustainable HR policies including competitive salary, bonus and allowance policies, participation in health insurance, social insurance, unemployment insurance, training and promotion opportunities, fair treatment (for people with disabilities), ethnic minorities and women) and encouragement to participate in corporate decision-making, will also contribute to achieving the goal of poverty reduction.</li> </ul> |  |

| Fields  | Implementation Orientation | UN Sustainable Development Goal  | Orientation of Vietnam sustainable development until 2030   | STK contributions towards the sustainable development goal  | Target 2019-2020 |
|---|----------------------------|--|---|---|------------------|
| <b>SUSTAINABLE DEVELOPMENT OF HUMAN RESOURCES AND SOCIETY (cont.)</b> |                            | Decent work and economic growth<br>          | <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<br>  | <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>  |                  |
|   |                            | Responsible consumption and production<br> | <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 2019-2020   |
|------------------------------------|--|--|---|---|--|
| <b>SUSTAINABLE ECONOMIC GROWTH</b> | <ul style="list-style-type: none"> <li>&gt; <i>Contribute to local economic development.</i></li> <li>&gt; <i>To protect the local environment as well as sustainable production</i></li> <li>&gt; <i>Compliance to the governmental laws and regulations as well as the Industrial Park requirements</i></li> </ul> | <p>Industry, innovation and infrastructure</p>   | <ul style="list-style-type: none"> <li>&gt; Creating high strength infrastructure, speeding the sustainable industrialization and enhancing the innovation.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; 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>&gt; 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>&gt; Training and improving the quality of human resources in the locality.</li> <li>&gt; Create stable jobs for labors in Cu Chi and Trang Bang areas.</li> <li>&gt; Tracking and monitoring the environmental reports to timely solve environmental problems (if any).</li> </ul> |
|                                    |  | <p>Decent work and economic growth</p>          | <ul style="list-style-type: none"> <li>&gt; Ensuring sustainable, comprehensive and continuous economic growth; creating stable jobs and high productivity to everyone.</li> <li>&gt; 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>&gt; 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>&gt; 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>&gt; The average salary increase in STK through years was always higher than the national GDP growth rate and the inflation rate.</li> <li>&gt; 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>&gt; The Company is committed to say no on child labor and forced labor .</li> </ul>                     | <ul style="list-style-type: none"> <li>&gt; Compliance with current laws, ensuring transparency in information and business activities, strictly preventing corruption and bribery.</li> </ul>   |
|                                    |  | <p>Peace, justice and strong institutions</p>  | <ul style="list-style-type: none"> <li>&gt; 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>&gt; Enhancing the legal rights, ensuring equal access to justice for all people.</li> <li>&gt; Significant reduction in corruption and bribery.</li> <li>&gt; Developing an effective transparency system where every level can be engaged in.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; 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>&gt; Ensure transparency through commitment to transparent and accurate disclosure.</li> <li>&gt; Compliance and support to the regulations and policies issued by the state.</li> </ul>   |  |



II.4.8 ANALYSIS AND EVALUATE KEY RISKS (GRI 102-15,30,GRI 201-2, GRI 206-1)

| Type of risk                 | Explanation  | Level of risk   | Mitigation   | Identified opportunities emerging from risk   |
|------------------------------|--|---|--|---|
| <b>OPERATIONAL RISK</b>      | Staffs' failure to comply with operational procedures may affect the quality of products and services.   | High risk (20) = Happen frequently (5) x big impact (4).        | STK pays great intention to training of staffs, frequent update of standard operating procedures ("SOPs") and the quality assurance's strictly control of the production's compliance to SOPs<br><br>Increase the roles of functional division in self controlling the risks during operational process.   | Identify unreasonable things in production process, then apply technology or renovate the procedures to minimize the occurring of the risks.  |
| <b>QUALITY RISK</b>          | Being a raw material manufacturer, the Company's final products is the input material of another production stage, therefore, substandard products will have negative impacts on customers, causing customer complaints or compensations | High risk (20) = Happen frequently (5) x big impact (4).        | The Company sets up the procedures, cross-checking mechanism in each production stage.<br><br>Skillful and extensively experienced production team always strictly control the quality before shipments.   | Being aware of quality control is a challenge due to the nature of polyester filament sector, the product quality is the top priority and core competitive advantage, consistent product quality also makes the customer base stable, enhances its brand-name on markets. |
| <b>PRICE RISK</b>            | Fluctuation of prices in global market can affect STK's raw material purchasing price and selling prices of finished product.  | High risk (16) = Happen sometimes (4) x big impact (4).         | However, thanks to its policies to diversify suppliers and customers as well as the price fixing mechanism between raw material purchase and sales of finished products, STK can maintain its target price gap between selling price and polyester chip price.   | When raw material price increases, the selling prices also increase, potentially raising the Company's profit. When raw material price falls, there is opportunity to reduce production cost.   |
| <b>FOREIGN EXCHANGE RISK</b> | Polyester chip accounts for 55% - 60% of cost of goods sold and STK has to pay for this material importation in USD. In addition, STK's long-term loans are in USD denomination.   | High risk (12) = Likely to happen (3) x big impact (4).         | In order to minimize realized forex loss, the Company maintain the portion of export revenue around 60% to create USD inflow to pay for raw material importation and debt repayment. Regarding unrealized forex loss related to revaluation of USD denominated loans at the end of period.<br><br>Forecast the potential exchange rate in order to have timely solutions.            | N/A   |
| <b>MATERIAL RISK</b>         | Currently, the Company has been importing the main raw material, therefore the insufficient and disqualified supply will have negative impacts on production such as late shipments, substandard products...                             | High risk (12) = Likely to happen (3) x big impact (4).         | The Company always diversifies its suppliers and periodically evaluates them.<br><br>Depending on market conditions, a certain amount of raw materials always in storage in order to meet the production demand.   |   |
| <b>DEMAND REDUCTION RISK</b> | Global economic crisis may affect demand for garment and textile products and hence affecting the Company's sales.   | Moderate risk (9) = Likely to happen (3) x moderate impact (3). | STK has been making efforts to diversify customer base, develop new markets. In addition, the Company continuously enhance product quality and customer services, strictly control costs in orders to retain customers.<br><br>In addition, the Company also focused on R&D activities to develop product with special functionality which are preferable by sport-wear brand names. |   |

II.4.8 ANALYSIS AND EVALUATE KEY RISKS (CONT.)

| Type of risk   | Explanation   | Level of risk  | Mitigation   | Identified opportunities emerging from risk  |
|--|---|--|--|--|
| <b>RISK OF COMPETITION</b>                                     | The relocation trend of garment and textile production from China, Taiwan and Korea to Vietnam together with the investment wave to catch the opportunities brought by FTAs will lead to more competition in the yarn subsector.  | Moderate risk (9) = Likely to happen (3) x moderate impact (3).      | With the business model focusing on modern facilities, skillful and professional workforce and modern management system, STK believes that it will be able to maintain competitiveness in providing high quality products at competitive price.  | When competition in the sector rises, it's opportunity for STK to assert its position and get more market shares. Outstanding product and service quality can enhance the customers' loyalty to STK. |
| <b>RISK OF ANTI-DUMPING INVESTIGATION IN EXPORTING MARKETS</b> | In the context of free trade throughout global markets, trade safeguard measures (including anti-dumping, anti-subsidy investigations) are frequently used by the governments of importing countries in order to protect their local producers. The requests for application of those trade safeguard measures are sometime absurd and it will take times and efforts to reject those absurd requests.          | Moderate risk (8) = less likely to happen (2) x big impact (4).      | 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. In addition, 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.   |  |
| <b>ENVIRONMENTAL RISK</b>                                      | The main raw material of the Company is PET chip which is the derivative of oil while the auxiliary materials are paper tubes and paper boxes. Therefore, the global policies and regulations on environment, especially the ones regarding oil and forest resources exploration will significantly influence the supply of these materials, thereby causing a strong impact on production and business of STK. | Moderate risk (8) = It Likely to happen (2) x big impact (4).        | In order to reduce these risks, STK has researched and developed new products such as Recycled yarns (using Recycled PET chip recycled from polyester plastic bottles in order to reduce oil exploration), dope dyed yarn (reducing the water usage and not using toxic chemicals) and cooperated with suppliers in order to enhance quality of POY paper tubes. In addition, the Company has made commitments, issued environmental handbook and management guidelines and toxic chemicals policies so as to reduce the bad influence of production and business process on the surrounding environments. | Increase market share via recycled and color yarns, air covering yarn which have higher selling price, expand customer base as STK is pioneer in launching these products.                           |
| <b>INTEREST RATE RISK</b>                                      | Fluctuation of interest rates (USD and VND) can affect STK's financial expenses as the Company's loans in both VND and USD have variable interest rates.  | Moderate risk (6) = Likely to happen (3) x low impact (2).           | As STK maintains prudent borrowing policies and has abundant cash flows, it can repay loans when interest rates increase.  | Rising interest rate can help raising the Company's interest income on its deposits.   |
| <b>CASH FLOW RISK</b>  | A deficit in the Company's cash flow will be insufficient to pay loans and finance for new investment projects.   | Moderate risk (6) = Likely to happen (3) x low impact (2).           | The Company always be conservative in borrowing loans and ensure sufficient cash flow for loan principal and interest payments.  |  |
| <b>RISKS TO ASSETS</b>   | Natural disasters (earthquake, storms, and floods) or fire and explosion or intentional destruction may cause damage to the Company's assets.   | Moderate risk (6) = less Likely to happen (2) x moderate impact (3). | STK already bought insurances for all of these risks as well as business disruption insurance.   |  |
| <b>POLICY RISK</b>   | Changes in laws regarding to tax, customs, environmental protection and labor may cause increase in operating expenses.   | Moderate risk (6) = Likely to happen (3) x low impact (2).           | STK has set up a system to frequently monitor, update on the policy changes in order to have the best adaptation to these changes.   | The government policies to support development of textile sector will benefit STK, especially those on import duty, corporate income tax   |

## II.4.8 ANALYSIS AND EVALUATE KEY RISKS (CONT.)

| Type of risk                       | Explanation   | Level of risk  | Mitigation  | Identified opportunities emerging from risk |
|------------------------------------|---|--|---|---|
| <b>INFORMATION SECURITY RISK</b>   | <p>Risk of Information incident (loss of information due to transmission interruption, malware, fire) may cause disruption of operation, economic damage and negatively impact the Company's image.</p> <p>Risk of loss of confidential information (business strategies, customer list, supplier list, knowhow) may cause economic damage to the Company</p> | Moderate risk (6) = Likely to happen (3) x low impact (2). | <p>Establish and apply ISO/IEC 27001:2013 and get certification "for information security in production and trade of polyester filament".</p> <p>Apply safety measures such as investment in automatic fire fighting system, back up system, installation of anti-virus, training staffs, development and implementation of policies on information security.</p> |   |
| <b>HUMAN RESOURCE QUALITY RISK</b> | Risk of failure to meet the Company's need for human resources in term of quality: the staffs are lack of necessary qualification and experience, affecting the Company's operation.  | Low risk (4) = Less likely to happen (2) x low impact (2). | <p>Set criteria for recruitment, provide training and develop the quality of human resources to meet the job requirements.</p> <p>Provide the best salary, benefit and remuneration policies as well as working environment for the staffs.</p> <p>Provide trainings to enhance skills and knowledge for staffs, develop succession planning.</p>                 |   |

## II.4.9 KEY TOPICS OF SUSTAINABILITY REPORT

1 *Responsibility of enhancing the economic efficiency;*

2 *Product responsibility;*

3 *Environment responsibility;*

4 *Responsibility to employees;*

5 *Responsibility to community-local regions.*

## II.4.10 THE INFORMATION COLLECTION REGIME AND SUPERVISING THE IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT OBJECTIVES

### Data approaching methodology:

All provided data in the 2018 Sustainable Development Report are collected and analyzed based on Company's monthly recorded factual data and during the Company's operation in 2018 (refer to section II.4.6 page 42).

## II.4.11 REPORT ASSURANCE BY THIRD PARTY (GRI 102-45,56)

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 operational procedures, compliance with labor environment regulations, operational performance indicators (environmental compliance policies - safety - labor, labor policy, welfare, remuneration and Commitments on social responsibility, the volume of recycle chips was used, and the volume of recycle yarn was produced) are guaranteed by the GRS - Global Recycle Standard.
- > Information on non-toxic products and production processes such as raw materials origins, materials, CO2 emission factor, quantity of used raw materials in production are ensured by Oeko-tex100 and REACH.
- > Information on Waste Treatment (volume of waste water, waste and disposal costs) is verified by waste water and hazardous waste service companies.
- > Information on energy saving (electricity, water and usage costs) audited by HCMC Energy Conservation Center.
- > Information on working environment inspection results (microclimate, light, noise, dust concentration, toxic gas) are guaranteed by the 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 (sales revenue, profit, taxes, bonus and welfare fund) audited by Ernst & Young.
- > Information on labor-social standards (male/female ratio, labor education level, ages, average income, remuneration, staff turnover ratio, training courses and training cost budget, the budget for the scholarship fund, the number of individuals promoted, the budget for gift giving to employees) is assessed by the internal audit.



# REPORT CONTENT

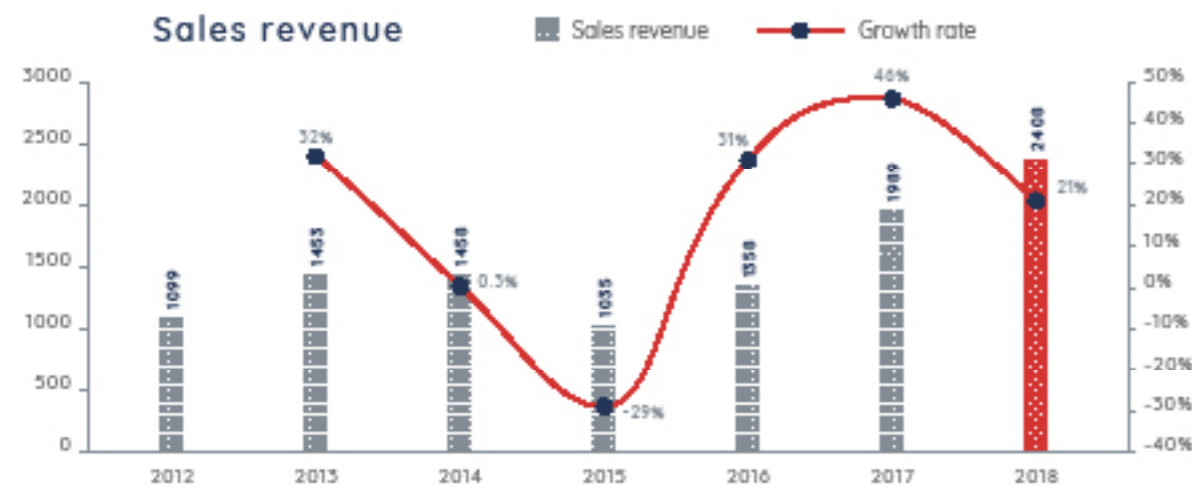
|       |  |     |
|-------|--|-----|
| III.1 | Responsibility to Enhance the Economic Results (GRI 201-1) | 88  |
| III.2 | Product Responsibility                                     | 90  |
| III.3 | Environmental Responsibility                               | 96  |
| III.4 | Responsibility to Employees                                | 119 |
| III.5 | Responsibility toward the Local Community (GRI 413-1)      | 129 |
| III.6 | Green Capital Market (GRI 203-1, GRI 205-1,2,3)            | 130 |

# Responsibility to Enhance the Economic Results (GRI 102-17)

## III.1.1 DIRECT ECONOMIC VALUE CREATED AND DISTRIBUTED

In 2018, STK has achieved the year business plan, surpassing the set budget of revenue and profit, raising the income of employees, benefits to shareholders and contributing higher to the government and society budget (creating more jobs to local people).

The growth is primarily due to the positive growth trend of the textile and garment industry also the recovery from the market, which has enhanced the using demand of fibers in textile and on the supply chain together with the changing strategy of product toward high-value added with more feature yarns. In particular, the Company achieved the set plan with VND 2,407.7 billion of net revenue, increasing by 20% as compared to 2017, exceeding the 2018 revenue and profit plan of 2.3% and 43% respectively. With the motto of continuous improvement and development, in 2018, STK has constantly improved and overcome the difficulties and challenges. At the same time, the Company proactively seized the business opportunities through expanding the domestic and international customer network with 517 customers, contributing to becoming one of the leading companies in Vietnam about Polyester Filament.



## Profit after tax, net profit margin



Economic growth also helps STK increase its contributions to society and the community through:

- > Contributing to the Government Budget through adhering to tax payment in the year;
- > Ensuring dividend and salary payment for the Company's shareholders and employees with a policy of dividend payment rate has been maintained at 15% from 2010. In 2018, the dividend rate was paid 8% of dividends by cash and 7% dividend by shares to the Company shareholders as compared to 2017 was 12% dividend by shares and 3% dividend by cash.
- > Reinvesting and expanding production capacity, contributing to creating more jobs for local people with TB 5 project was officially put into operation in early 2019 ;
- > The payment of salary and bonus for employees in 2018 was increased by 23% as compared to 2017, primarily due to the increasing wages policy of the Company (an average increase of 11% per employee) along with unexpected bonus policies in 2018 December with more than one month's salary;
- > Supporting educational programs through giving scholarships to vocational schools and colleges in local areas to improve the qualifications of local people, contributing to create a better community.

## III.1.2 STK'S DIRECT CONTRIBUTION TO THE ECONOMY IN 2018 (GRI 204-1)

| Indicator (VND billion)                                 | 2016    | 2017    | 2018    | 2018 vs. 2017 |
|---|---------|---------|---------|---------------|
| Dividend payment  | 23.0    | 16.4    | 46.3    | +183%         |
| Total remuneration (salary and bonus) paid to employees | 99.9    | 96.0    | 117.8   | +23%          |
| Revenue   | 1,358.3 | 1,990.7 | 2,407.7 | +21%          |
| Total transaction value with suppliers                  | 1,989.0 | 1,438.0 | 1,855.6 | +29%          |
| <i>With domestic suppliers</i>                          | 276.4   | 184.8   | 237.7   | + 29%         |
| Annual tax payment                                      | 231.7   | 136.1   | 125.4   | -8%           |

In 2018, the tax payment amount reduced by 8% year on year mainly due to the decline in VAT payment (as the declaration method changed as compared to 2017).

## III.2 Product Responsibility

*With efforts of production team, the product quality was improved substantially (average growth rate of 0.29%) while resource and material consumption declined, customers were satisfied more with lower complaining rate. The actual performance results met the annual targets in 2018.*

STK is constantly improving and developing the quality of products and services, aiming always bring to customers high quality products and services through investment channels and regularly checking and upgrading for the company's facilities system as well as advanced production equipment and machinery followed the modern European standards of the high quality German supplier (Oerlikon Barmag). The Company always uses high quality input materials provided by reputable manufacturers and actively changes suppliers to meet the changing quality needs of customers with strict compliance with regulations on using chemicals as well as strict production processes at the Company.



### III.2.1 MODERN PRODUCTION 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.

In 2018, the Company cooperated with Oerlikon Barmag, a strategic partner to develop more functions to incorporate into the plant operation center ("POC") platform. With the new functions (including application of artificial intelligence), the production team can control the quality more efficiently. This platform will help maximizing operational efficiency and product quality, better serving customers as well as enhancing competitive advantage in term of product quality, saving cost and ultimately transforming the existing factories into smart ones.

### III.2.2 APPLICATION OF MODERN MANAGEMENT TOOLS

- > **ISO 9001- 2008, ISO 27001s:** to ensure that the production activities are in accordance with established procedures and the sector's standards.
- > **GRS V3.0:** To control and ensure that production and trading of recycled yarn are in accordance with the standards.
- > **5S:** to establish a safe, comfortable, clean, tidy working environment and eliminate unnecessary component/ steps to enhance the results, reduce the waste time and set foundation to implement more sophisticated systems such as Kaizen and LEAN.
- > **Kaizen:** to continuously improve the process in order to enhance operational results and product quality.
- > **LEAN:** is systematic innovation and continuously elimination of waste during production, optimizing the resource usage, shorten the production circle and at the same time to improve the ability to dynamically meet the customers' constant changing and strict requirement.



All modern management tools are documented into standard operating procedures ("SOP") for every function in the Company in order to ensure that the quality control is implemented thoroughly in all functions from raw material purchasing to production of POY, DTY, FDY and storage management.

### III.2.3 HIGH QUALITY AND NON-TOXIC PRODUCT

STK's commitments to provide high quality products is demonstrated through strictly quality control of raw material input, production process, quality check of finished products to ensure meeting the order requirements.

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 182 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.

### III.2.4 THE COMPANY SETS KPIS ON PRODUCT QUALITY (GRI 417-1)

In 2018, almost all of quality KPIs of the factories were improve considerably as compared to the budget and actual 2017. Continuing the success of 2018, the Company set higher quality targets for 2019 in order to enhance the Company's prestige and to meet higher and more diversified requirements of customers.

| Product | KPI                             | 2017   | Actual 2018 | 2018 targets | 2018 Actual vs. target +/- | 2019 target |
|---------|---------------------------------|--------|-------------|--------------|----------------------------|-------------|
| POY     | Portion of full bobbin AF       | 95.07% | 97.52%      | 97.17%       | 0.35%                      | 97.63%      |
|         | Portion of substandard POY      | 1.17%  | 0.97%       | 0.95%        | 0.02%                      | 0.92%       |
| DTY     | Portion of AA grade             | 87.32% | 91.73%      | 91.50%       | 0.23%                      | 92.13%      |
|         | Portion of substandard DTY      | 0.68%  | 0.71%       | 0.68%        | 0.03%                      | 0.94%       |
| FDY     | Portion of full bobbin AA grade | 92.51% | 94.74%      | 95.50%       | -0.76%                     | 95.5%       |
|         | Portion of substandard FDY      | 3.28%  | 2.76%       | 1.50%        | 1.26%                      | 1.5%        |

- ▶ To ensure the quality of product, actual quality achievement should be reported in weekly meetings in order to timely identify abnormal problems and have solutions to avoid down-grading products (*refer to section II.4.6 page 42*).
- ▶ 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.
- ▶ Besides, the Company also got Global Recycle Standard (GRS) certificate. This is a product standard for tracking and verifying the content of recycled materials while ensuring strict production requirement. In December 2018, STK expand the GRS assessment for Cu Chi factory in order to raise the portion of recycled product in revenue in the coming months. In order to get this certificate, STK complies with strict standards on environment protection, occupational safety and commitment of non-usage of hazardous chemicals.
- ▶ At the same time, to enhance the Company's prestige regarding product safety, STK also achieved OEKO-TEX 100 certificate for DTY and FDY. This is an independent certification system - established by International Association for Research and Testing in the Field of Textile Ecology (Oeko-Tex) of Zurich (Switzerland). The test result proves that STK's product met requirements for non-usage of toxic chemical and being eco-friendly and safe for human health. STK is committed to comply with stringent standards on environmental protection, occupational and consumable safety. All the testing and certifications are conducted by independent and qualified institutions.



- ▶ "Instilling the attitude for product respect" is one of regular training programs which yield good results. Through this training program, employees are guided to carry out production steps accurately and helped identifying inappropriate behaviors which may affect product quality. This training course is very useful, helping enhancement of staffs' skills as well as awareness and hence improving product quality and the Company's prestige.

### III.2.5 CUSTOMERS' SERVICE

In 2018 number of customers' complaints fell by 16 as compared to 2017. The Company has reduced the complaints on product quality substantially by renovating equipment (using new accessories which meet European standards) and providing skill training for staffs, thereby cutting the rate of sub-standard product.

With the goals to serve customers, STK's staffs always try their best to satisfy customer's 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' premises to evaluate the results of customers' usage of the Company's products and to make the yarn properties reports.

In addition, the Company's sales team and customer service team regularly conducts surveys, interviews on customers' satisfaction, and always strives to make solutions to handle customer complaints in a flexible, fast and efficient way to ensure customer satisfaction is fully served.

| Year        | Resolving time   |                                     |                                     |                                     |                                     |                                     |  |
|-------------|------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
|             | Failure to solve | Less than 1 week                    | from 1 week to less than 15 days    | From 15 days to less than 30 days   | More than 30 days                   |                                     |  |
| <b>2017</b> | <b>2018</b>      |                                     |                                     |                                     |                                     |                                     |  |
| 0           | 0                | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |  |
| 11          | 4                | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| 38          | 32               | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| 3           | 0                | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |  |
| 0           | 0                | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| 52          | 36               | <b>TOTAL</b>                        |                                     |                                     |                                     |                                     |  |

### III.2.6 RESEARCH AND DEVELOPMENT OF NEW PRODUCTS

*The Company made relentless efforts in improving product quality and developing new products to meet customers' demand and boosting the Company's market position.*

The portion of recycled yarn in total revenue in 2018 was 16.2%, creating more value added for the Company and minimizing impact on environment. In addition, in 2018, the Company also achieved great success in actively researching and developing new environmentally friendly color yarn product through collaboration with strategic partners (reducing the amount of water used and not using the chemicals in production processes). The Company currently works with machinery and equipment suppliers to renovate an old production line at Cu Chi factory to produce color yarn and recycle color yarn. In addition, the project will also improve factory pipelines, electricity, gas and water systems. A part of this, The Company also make sample of specialty products such as quick dry yarn, high stretch yarn, cationic dyed able (CD) yarn, Dope Dyed Melange, Dope Dyed Fancy, soft package, CD soft package for both domestic and international markets (Thailand, Indonesia). At present, the Company already received order to make soft package for Thailand market. At the same time, STK is developing high filament yarn to maximize selling price.

The Company's objectives in 2019 are to raise the portion of recycled yarn in total revenue to 26.5% and increase the portion of specialty products, improve product quality and cut costs. In addition, with the TB 5 factory was officially put into operation from beginning of 2019 (production capacity increased by 5%, equivalent to 3,300 tons of DTY and 1,500 tons of recycle PET chips/ year, helping to increase the total capacity of the Company to 63,300 tons of yarn/year with a total area of 80,000 m2) will contribute significantly to increase profits and enhance the efficiency in production's saving costs through the recycling wasted yarn in production processes into raw materials, thereby improve profits and reduce the production costs of the Company.

With the direction to develop vertical integration, STK will cooperate with partners to establish a yarn-textile-garment alliance, creating more value added for the Company



Recycle yarn



Color yarn



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



### III.3 Environmental Responsibility

With the continuous efforts of the STK team, the Company's actual results on electricity and water savings met initial targets for 2018. In addition, the indicators of environmental impact assessment and labor environment inspection of the Company were also in compliance and within the allowable limits according to the prevailing regulations of the government on the environment.

Being aware of the impact of climate change and human activities on the environment as well as environmental-related factors, STK constantly improves the awareness of environmental protection for its employees. The Company always puts environmental protection to the Company's top concerning. STK constantly references and updates regulations and policies to strictly comply with the environment standards according to the prevailing laws. At the same time, in order to improve the quality of management and ensure strict compliance with environmental impacts. 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.

#### STK'S ENVIRONMENTAL PROTECTION POLICIES

- 1 The objective to create eco-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 provide training to raise staffs' awareness about environmental protection
- 4 To provide resources, technology and equipment improvement, to conduct periodical audits to save energy, water resources, raw materials.
- 5 To provide training to raise staffs' awareness about environmental protection

#### III.3.1 RAW MATERIALS (GRI 301-1,2,3)

In 2018, the volume of demanded materials increased as compared to 2017, mainly due to the Company expanded its capacity and produced high quality products that required consumption of more materials. Though, the number of carton boxes used in 2018 was decreased as compared to 2017, thanks to replacing traditional carton boxes in packing (6 bobbins/ carton) into Jambo boxes (100 bobbins/ carton).

In order to ensure the stability and high quality of products to supply to customers and to ensure quality prestige as well as comply with regulations on environmental protection from the first stages of the Company's production process, 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) is sourced from China and Vietnam. STK's main suppliers are the leading international companies who always comply with regulations on environmental protection.

| No. | Materials         | Importing regions                 | 2015            | 2016            | 2017             | 2018             | 2018 vs 2017 |
|-----|-------------------|-----------------------------------|-----------------|-----------------|------------------|------------------|--------------|
| 1   | Polyester Chip    | South Korea, Taiwan, Japan, China | 31,153 tons     | 39,891 tons     | 53,495 tons      | 54,393 tons      | +2%          |
| 2   | Oil               | Taiwan, Japan                     | 709,684 kg      | 886,664 kg      | 713,469 kg       | 1,026,607 kg     | +44%         |
| 3   | Paper tubes       | Vietnam, China, Taiwan            | 7,782,047 tubes | 6,060,144 tubes | 11,161,730 tubes | 12,734,240 tubes | +11%         |
| 4   | Carton boxes      | Vietnam                           | 1,219,811 boxes | 1,161,427 boxes | 1,770,284 boxes  | 1,580,254 boxes  | -11%         |
| 5   | Other accessories | German, Taiwan, Italy, China      |                 |                 |                  |                  |              |

(GRI 102-9,10, GRI 308-1)

Additionally, to insure the appropriate evaluation and selection of the major suppliers for the Company raw materials in accordance with the Company's quality standards 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 conduct an assessment of its suppliers. The suppliers are requested to complete questionnaires which is based on the latest standards being applied in STK such as GRS, ISO, SA 8000 ..., also criteria related to labor standards, worker health and safety, business ethics and environmental protection in accordance with prevailing laws and regulations.

At the same time, the efficiency of using materials of the Company is also showed through the continuous increasing of the recycle yarn proportion which was made of recycled PET Chip in 2018 (16.2%) and 2019's plan is 26.5%. In addition, the Company also invested machinery systems for Trang Bang project 5 ("TB5") with a line to recycle waste yarn from the production into recycled PET chips for the Company's usage with a capacity of 1,500 tons/year, contributing greatly to reduce the impact on the environment, increase the Company's profits, save the production cost as well as provide reasonable prices to customers. In addition to effectively using the main raw materials, the Company has coordinated 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.

In 2018, the number of POY paper tubes used is 938,590 tubes and an average of POY paper tubes can be reused **3.75 times**; therefore, the rate of reusing materials (paper tubes) in 2018 is:

$$\begin{aligned}
 \text{The rate of reusing material} &= \frac{\text{The number of paper tubes reused}}{\text{Total volume of materials used in year}} \\
 &= \frac{\text{The number of POY paper tubes} \times \text{reusing times}}{\text{POY paper tubes} \times (1 + \text{reusing times}) + \text{DTY paper tubes} + \text{FDY paper tubes}} \\
 &= \frac{938,590 \times 3.75}{938,590 \times (1 + 3.75) + 11,795,650} = 23\%
 \end{aligned}$$

The rate of reusing materials (POY paper tubes) in 2018 is 23%.

### III.3.2 ENERGY (GRI 302-1,3,4,5, GRI 414-1)

In 2018, the Company successfully completed the action plan to save energy. As a result, the energy consumption per kilogram of yarn has been decreased markedly as compared to the previous year.

Realizing the importance of protecting the environment and minimizing the use of natural resources to conserve the natural environment. 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-hour-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.

In order to enhance the Company's management efficiency and employee awareness on saving energy 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.

Total energy consumption in 2018

|                                | 2015    | 2016    | 2017    | 2018    | 2018/2017 |
|--------------------------------|---------|---------|---------|---------|-----------|
| Energy consumption (1,000 kwh) | 1,019.4 | 1,207.4 | 1,455.9 | 1,527.8 | +5%       |
| Cost (billion VND)             | 149.8   | 180.9   | 219.6   | 234.6   | +7%       |

Energy consumption per kilogram of yarn

| Energy consumption (kwh/kg) | 2015 | 2016 | 2017 | 2018 | 2018/2017 |
|-----------------------------|------|------|------|------|-----------|
| POY                         | 1.35 | 1.27 | 1.19 | 1.14 | -4%       |
| DTY                         | 2.08 | 1.89 | 1.84 | 1.83 | -1%       |
| FDY                         | 1.56 | 1.71 | 1.70 | 1.61 | -5%       |

In general, over the period, the total amount of electricity using has been increased to meet the demand of the expanding production capacity of the Company. Though, the amount of energy consumption for each product per unit tends to decrease significantly because the Company actively implemented the renovation and upgrading for machinery and auxiliary equipment with power saving technology, contributing to reduces the amount of energy consumed per unit of product.

In 2018, the Company continued to implement some energy saving techniques in accordance with the 5-year energy saving plan proposed early.

#### Energy saving techniques:

| 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.              | The amount of electricity consumption saving: 360 kwh/day/5 machines<br>Saving cost: VND180,000,000/year   |
| 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 equipment while ensuring ambient temperature, enhance longevity of machineries. | The amount of electricity consumption saving: 198.2 kwh/day.<br>The rate of electricity consumption saving: 33%.<br>Saving cost: VND98,000,000/year  |
| 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.       | The amount of electricity consumption saving: 1,800 kwh/day.<br>The rate of electricity consumption saving: 18%<br>Saving cost: VND 900,000,000/year |
| Operate TEG vacuum furnace during off-peak hours.   | To take advantage of lower prices during off-peak hours but not affecting production.                 | Cost saving percentage: 40%.<br>Saving cost: VND108,000 for each time.   |
| Turn off lights alternately surrounding the factories at night.   | Saving cost while ensuring brightness for the camera recording and protection of property.            | Cost saving percentage: 26%.<br>Saving cost: VND850,000/monthly  |

### III.3.2 ENERGY (CONT.)

Regarding to the solution implementation progress of electricity and energy saving in the Company in 2018, the Company recorded the total amount of electricity used at the Company was increased as compared to in 2017, mainly from the continuous production nature to create products and the expansion of TB5 factory with an additional capacity of 3,300 tons of yarn/year. In 2018, most of the machines and equipment systems produced in the Company are changed to the most advanced technology standards in the world from the Barmag machine supplier (Germany) thus the ability to save electricity is high. In 2018, the energy consumption for each product per unit was decreased as compared to the previous year: POY decreased by 0.05 kwh/kg, DTY decreased by 0.01 kwh/kg, and FDY decreased by 0.09 kwh/kg.

#### The implementation of energy saving solutions proposed in 2018

| S/N. | Solutions   | Implementation progress  | Causes  |
|------|---|--|---|
| 1    | Installation of inverters for AC blower fans 1, 2, 3 at Cu Chi factory.<br>Replace 200w high pressure light around Cu Chi factory into 70w Led light. | Saving: 20,879 kwh/year.<br>Saving cost: VND32 million/year              |   |
| 2    | Replacing 250w high pressure lamp outside TB factory area to 100w by led light.   | After replacing high-pressure lamps with LEDs, it saved 12,960 kwh/year. | After using Compact lamp, the life expectancy was not high. Thus in 2018, the Company replaced with LED lights. |
| 3    | Installation of the inverter to suction motors of waste oil in DTY machines in TB3.   | Saving: 311.04 kwh/year.<br>Saving cost in TB: VND20,304,691.            |   |

In 2019, the Company plans to implement the following measures to save electricity costs:

#### Energy-saving solutions in 2019

| S/N | Solutions  | Results   |
|-----|--|---|
| 1   | Installation of inverter for AC 1,2,3 misting system                                   | > Saving: 7kw/h.<br>> Plan to execute each motor, after installing will save 2 kw/h.  |
| 2   | Installation of the inverter to suction motors of waste oil in DTY machines in TB 1,2. | > Implement 23 DTY machines with total 46 motors.<br>> It is expected to save 92 kw/h |
| 3   | Controlling turning on-off lights of DTY machines by setting time.                     | > Expect to carry out installation over 38 machines with the result of saving 2 kw/h. |

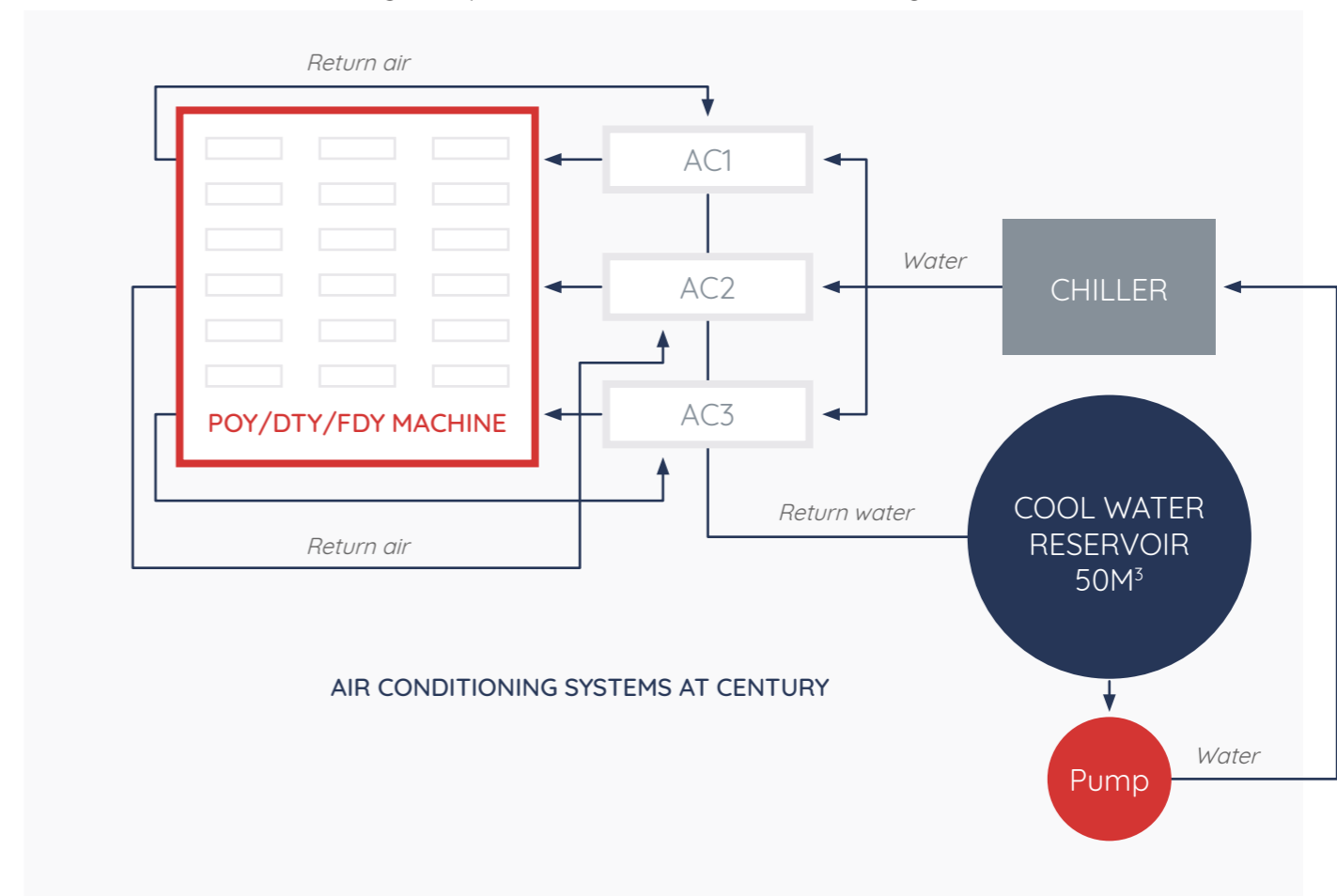
### III.3.3 WATER USAGE (GRI 303-1,2,3)

The Company has successfully completed the target of saving water consumption in 2018. The result was recorded with a saving amount of total 16,158 m<sup>3</sup> of water consumption in the year as compared with the previous year.

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.



### III.3.3 WATER USAGE (CONT.)

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          | 2018          | 2017/2018 |
|--------------------------|--------------------|---------------|---------------|---------------|---------------|---------------|-----------|
| <b>Water consumption</b> | m <sup>3</sup>     | 161.901       | 212.481       | 245.936       | 252.050       | 235.892       | -6,4%     |
| <b>Cost</b>              | VND                | 1,095,366,084 | 1,643,732,100 | 1,964,344,600 | 2,009,946,200 | 1,890,635,100 | -99,9%    |
| <b>Rate</b>              | m <sup>3</sup> /kg | 0.003         | 0.004         | 0.003         | 0.0026        | 0.0028        | +7,7%     |

The water consumption in 2018 was decreased as compared to 2017. In which, the amount of water consumption was decreased by 16,158 m<sup>3</sup> as compared to 2017, saving VND 119,311,100 through strict management on the implementation of water consumption saving plan. Though, the amount of water consumed per kilogram of yarn was increased by 7.7% as compared to 2017, mainly due to the Company increased its production capacity with the TB5 project as well as increasing of the proportion of higher quality products in production, thus the amount of water consumed per kg of yarn was increased slightly as compared to the previous year.

In 2019, the Company will continue to implement reuse and water saving measures:

| No. | Solutions   | Results                         |
|-----|---|---------------------------------|
| 1   | Re-use RO filter water of STK water system to re-grant the cooling tower system.        | Saving 2 m <sup>3</sup> /day.   |
| 2   | Filter the water from AC system and reuse to supply for POY, DTY air-conditioner pools. | Saving 1.5 m <sup>3</sup> /day. |
| 3   | Re-use the amount of waste water from the compressor, dryer system.                     | Saving 1.3 m <sup>3</sup> /day. |

### III.3.4 GREEN HOUSE GAS EMISSION (GRI305-1,5)

*Thanks to efforts to improve the result of energy consumption and energy saving policies, in 2018, the Company strictly controlled CO2 emissions with the result of clearly reducing carbon footprint per kilogram of yarn as compared to 2017.*

During the production process, the Textile and Apparel Industry often uses a lot of toxic chemicals. Therefore, the risk of water pollution is very large. Furthermore, the CO2 gas emission from textile production is not a small number. According to a data in 2016, each American citizen generated 19.8 tons of CO2, 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.

Carbon footprint of STK was measured in 2018 as follows:

|  | Consumption      | Calorific value, low value (TJ/t) | Emission factor (EF) (tCO <sub>2</sub> e/MWh) | Carbon emission 2016 (tCO <sub>2</sub> e/year) | Carbon emission 2017 (tCO <sub>2</sub> e/year) | Carbon emission 2018 (tCO <sub>2</sub> e/year) | 2018/2017 |
|--|------------------|-----------------------------------|---|--|--|--|-----------|
| <b>Electricity</b>   | 152.778 MWh/year |                                   | 0.6612 <sup>1</sup>                           | 79,836   | 96.261   | 101.017  | +5%       |
| <i>In which, carbon emission per 1 kilogram of polyester filament yarn</i> |                  |                                   |   |  |  |  |           |
| > <b>POY</b>   | 1,14 kwh/kg      |                                   | 0.6612 (tCO <sub>2</sub> e/MWh)               | 0.839724 (tCO <sub>2</sub> e/kg)               | 0.786828 (tCO <sub>2</sub> e/kg)               | 0.753768 (tCO <sub>2</sub> e/kg)               | -4%       |
| > <b>DTY</b>   | 1,83 kwh/kg      |                                   | 0.6612 (tCO <sub>2</sub> e/MWh)               | 1.249668 (tCO <sub>2</sub> e/kg)               | 1.216608 (tCO <sub>2</sub> e/kg)               | 1.209996 (tCO <sub>2</sub> e/kg)               | -1%       |
| > <b>FDY</b>   | 1,61 kwh/kg      |                                   | 0.6612 (tCO <sub>2</sub> e/MWh)               | 1.130652 (tCO <sub>2</sub> e/kg)               | 1.12404 (tCO <sub>2</sub> e/kg)                | 1.064532 (tCO <sub>2</sub> e/kg)               | -6%       |
| <b>Diesel oil consumption for running forklift</b>                         | 4,477 (t/year)   | 0,043 (TJ/t) <sup>1</sup>         | 74.1 (tCO <sub>2</sub> e/TJ) <sup>2</sup>     | 95 (tCO <sub>2</sub> e/year)                   | 79.01 (tCO <sub>2</sub> e/year)                | 14.2657 (tCO <sub>2</sub> e/year)              | -82%      |

In 2018, the Company's carbon footprint has increased as compared to 2017, mainly due to the Company increased its production capacity and expanded production scale with the official TB 5 project put into operation. Though, the carbon footprint of electricity per kilogram of yarn was decreased as compared to 2017 (DTY decreased by 4%, POY decreased by 1%, FDY decreased by 6%). In addition, the carbon footprint index for Diesel oil was also decreased by 82% as compared to 2017 mainly due to the Company proactively replaced diesel forklifts by electrical forklifts to enhance working performance and maneuverability in operation. Over the years, the carbon footprint index was varied due to the Company's expanding production capacity, and the carbon footprint on each product per unit has been decreased thanks to energy-saving technology provided from machinery and equipment supplier.

1 The formulas for calculating cacbon emission are as follows:  
 For electricity: Cacbon emission (tCO<sub>2</sub>e/year)= Total consumption(Mwh/year)\* EF(tCO<sub>2</sub>e/Mwh)  
 For Diesel oil: Cacbon emission (tCO<sub>2</sub>e/year)=Total consumption (t/year) \*EF (tCO<sub>2</sub>e/TJ)\* The lower calorific value (TJ/t)  
 The lower calorific value for Diesel oil was taken from IPPC 2006 data sources.  
 EF for Diesel oil was taken from IPPC 2006 data sources.  
 Emission factor (EF) applied for year 2014 that was announced by DNA Vietnam (under the Ministry of Natural Resources and Environment) in May 2016

### III.3.5 POLICIES AGAINST POLLUTION

The Company measures to prevent environmental pollution and 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.

#### III.3.5.1 The Parameters and Result of Air Quality Inspection

| AT THE ENTRANCE          |                 |                        |                        |                   |         |        |        |        |
|--------------------------|-----------------|------------------------|------------------------|-------------------|---------|--------|--------|--------|
| No.                      | Items           | QCVN 05:2009/<br>BTNMT | QCVN 26:2010/<br>BTNMT | Unit              | RESULTS |        |        |        |
|                          |                 |                        |                        |                   | 1Q2018  | 2Q2018 | 3Q2018 | 4Q2018 |
| <b>A CU CHI</b>          |                 |                        |                        |                   |         |        |        |        |
| 1                        | Temperature     | -                      |                        | °C                | 31.6    | 31.5   | 30.8   | 28.8   |
| 2                        | Noise           | -                      | 70(")                  | dBA               | 60.5    | 58.8   | 61.3   | 69.8   |
| 3                        | Dust            | 0.3                    |                        | mg/m <sup>3</sup> | 0.25    | 0.26   | 0.22   | 0.24   |
| 4                        | NO <sub>2</sub> | 0.2                    |                        | mg/m <sup>3</sup> | 0.062   | 0.064  | 0.068  | 0.086  |
| 5                        | SO <sub>2</sub> | 0.35                   |                        | mg/m <sup>3</sup> | 0.064   | 0.062  | 0.071  | 0.074  |
| 6                        | CO              | 30                     |                        | mg/m <sup>3</sup> | 5.34    | 3.65   | 4.6    | 4.71   |
| <b>B TRANG BANG 1, 2</b> |                 |                        |                        |                   |         |        |        |        |
| 1                        | Temperature     | -                      |                        | °C                | 32.8    | 31.5   | 30.8   | 30.4   |
| 2                        | Noise           | -                      | 70(")                  | dBA               | 61.5    | 61.3   | 64.5   | 66.7   |
| 3                        | Dust            | 0.3                    |                        | mg/m <sup>3</sup> | 0.25    | 0.22   | 0.23   | 0.21   |
| 4                        | NO <sub>2</sub> | 0.2                    |                        | mg/m <sup>3</sup> | 0.066   | 0.058  | 0.064  | 0.068  |
| 5                        | SO <sub>2</sub> | 0.35                   |                        | mg/m <sup>3</sup> | 0.059   | 0.043  | 0.052  | 0.061  |
| 6                        | CO              | 30                     |                        | mg/m <sup>3</sup> | 5.85    | 2.88   | 4.5    | 4.76   |
| <b>C TRANG BANG 3</b>    |                 |                        |                        |                   |         |        |        |        |
| 1                        | Temperature     | -                      |                        | °C                | 32.6    | 31.8   | 31.5   | 31.2   |
| 2                        | Noise           | -                      | 70(")                  | dBA               | 64.2    | 61.6   | 65.2   | 67.3   |
| 3                        | Dust            | 0.3                    |                        | mg/m <sup>3</sup> | 0.28    | 0.26   | 0.26   | 0.22   |
| 4                        | NO <sub>2</sub> | 0.2                    |                        | mg/m <sup>3</sup> | 0.078   | 0.062  | 0.094  | 0.082  |
| 5                        | SO <sub>2</sub> | 0.35                   |                        | mg/m <sup>3</sup> | 0.065   | 0.058  | 0.088  | 0.074  |
| 6                        | CO              | 30                     |                        | mg/m <sup>3</sup> | 5.77    | 3.11   | 4.62   | 4.88   |

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

| PRODUCTION SECTOR      |                 |                           |                   |             |             |             |             |             |             |             |             |
|------------------------|-----------------|---------------------------|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| No.                    | Items           | TCVS 3733/2002/<br>QĐ-BYT | Units             | Q1.2018     |             | Q2.2018     |             | Q3.2018     |             | Q4.2018     |             |
|                        |                 |                           |                   | Section POY | Section DTY | Section POY | Section DTY | Section POY | Section DTY | Section POY | Section DTY |
| <b>CU CHI</b>          |                 |                           |                   |             |             |             |             |             |             |             |             |
| 1                      | Temperature     | ≤32                       | °C                | 28.2        | 29.5        | 27.6        | 28.5        | 30.2        | 31.5        | 31.1        | 31.6        |
|                        |                 |                           |                   | 28.7        | 28.5        | 28.2        | 27.8        | 31.5        | 31.2        | 31.7        | 31.5        |
| 2                      | Noise           | ≤85                       | dBA               | 83.7        | 84.6        | 83.2        | 84.5        | 84.1        | 83.8        | 84.6        | 79.7        |
|                        |                 |                           |                   | 84.3        | 83.5        | 84.5        | 83.5        | 84.5        | 84.5        | 78.5        | 83.6        |
| 3                      | Dust            | 8                         | mg/m <sup>3</sup> | 0.32        | 0.30        | 0.30        | 0.27        | 0.24        | 0.30        | 0.26        | 0.24        |
|                        |                 |                           |                   | 0.33        | 0.35        | 0.31        | 0.32        | 0.30        | 0.30        | 0.31        | 0.30        |
| 4                      | NO <sub>2</sub> | 10                        | mg/m <sup>3</sup> | 0.125       | 0.173       | 0.128       | 0.168       | 0.112       | 0.172       | 0.174       | 0.178       |
|                        |                 |                           |                   | 0.174       | 0.169       | 0.182       | 0.171       | 0.164       | 0.168       | 0.134       | 0.161       |
| 5                      | SO <sub>2</sub> | 10                        | mg/m <sup>3</sup> | 0.125       | 0.134       | 0.125       | 1.337       | 0.118       | 0.148       | 0.128       | 0.141       |
|                        |                 |                           |                   | 0.134       | 0.143       | 0.144       | 0.146       | 0.132       | 0.125       | 0.122       | 0.132       |
| 6                      | CO              | 40                        | mg/m <sup>3</sup> | 6.69        | 6.35        | 4.21        | 4.21        | 4.6         | 4.52        | 4.88        | 4.72        |
|                        |                 |                           |                   | 7.81        | 7.24        | 4.78        | 4.50        | 4.82        | 4.55        | 4.64        | 4.42        |
| 7                      | VOC             | -                         | mg/m <sup>3</sup> |             |             |             |             |             |             |             |             |
| <b>TRANG BANG 1, 2</b> |                 |                           |                   |             |             |             |             |             |             |             |             |
| 1                      | Temperature     | ≤32                       | °C                | 27.2        | 28.3        | 27.5        | 28.5        | 30.5        | 31.2        | 31.8        | 30.6        |
| 2                      | Noise           | ≤85                       | dBA               | 83.9        | 84.1        | 83.2        | 84.2        | 84.7        | 84.5        | 84.6        | 82.4        |
| 3                      | Dust            | 8                         | mg/m <sup>3</sup> | 0.30        | 0.31        | 0.29        | 0.27        | 0.30        | 0.31        | 0.26        | 0.24        |
| 4                      | NO <sub>2</sub> | 10                        | mg/m <sup>3</sup> | 0.098       | 0.097       | 0.086       | 0.093       | 0.146       | 0.162       | 0.164       | 0.178       |
| 5                      | SO <sub>2</sub> | 10                        | mg/m <sup>3</sup> | 0.082       | 0.095       | 0.084       | 0.088       | 0.132       | 0.128       | 0.142       | 0.151       |
| 6                      | CO              | 40                        | mg/m <sup>3</sup> | 6.21        | 6.45        | 4.24        | 4.65        | 4.58        | 4.72        | 5.12        | 5.36        |
| 7                      | VOC             | -                         | mg/m <sup>3</sup> | KPH         | KPH         | KPH         | KPH         | KPH         | KPH         | KPH         | KPH         |
|                        |                 |                           |                   | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) |
| <b>TRANG BANG 3</b>    |                 |                           |                   |             |             |             |             |             |             |             |             |
| 1                      | Temperature     | ≤32                       | °C                | 28.2        | 27.6        | 28.5        | 28.2        | 30.8        | 31.2        | 30.3        | 29.5        |
| 2                      | Noise           | ≤85                       | dBA               | 83.6        | 84.2        | 83.1        | 84.5        | 83.8        | 84.5        | 82.6        | 83.7        |
| 3                      | Dust            | 8                         | mg/m <sup>3</sup> | 0.33        | 0.36        | 0.31        | 0.34        | 0.23        | 0.31        | 0.28        | 0.25        |
| 4                      | NO <sub>2</sub> | 10                        | mg/m <sup>3</sup> | 0.093       | 0.102       | 0.088       | 0.095       | 0.112       | 0.138       | 0.137       | 0.144       |
| 5                      | SO <sub>2</sub> | 10                        | mg/m <sup>3</sup> | 0.090       | 0.095       | 0.076       | 0.088       | 0.098       | 0.126       | 0.122       | 0.117       |
| 6                      | CO              | 40                        | mg/m <sup>3</sup> | 5.77        | 7.62        | 5.12        | 4.65        | 4.86        | 4.74        | 5.16        | 4.92        |
| 7                      | VOC             | -                         | mg/m <sup>3</sup> | KPH         | KPH         | KPH         | KPH         | KPH         | KPH         | KPH         | KPH         |
|                        |                 |                           |                   | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) | (LOD= 0,02) |

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

### III.3.5.2 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. In addition, the Company also conducts environmental working inspection reports of the emission every 6 months in accordance with the current law.

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.

| No.                   | Item            | QCVN<br>05:2009/<br>BTNMT | Units              | RESULTS |        |        |        |
|-----------------------|-----------------|---------------------------|--------------------|---------|--------|--------|--------|
|                       |                 |                           |                    | 1Q2018  | 2Q2018 | 3Q2018 | 4Q2018 |
| <b>TRANG BANG 1,2</b> |                 |                           |                    |         |        |        |        |
| 1                     | Temperature     | -                         | °C                 | 153     | 147    | 168    | 174    |
| 2                     | Dust            | 200                       | mg/Nm <sup>3</sup> | 71.3    | 70.5   | 74.5   | 88.2   |
| 3                     | NO <sub>x</sub> | 850                       | mg/Nm <sup>3</sup> | 183     | 176    | 188    | 176    |
| 4                     | SO <sub>2</sub> | 500                       | mg/Nm <sup>3</sup> | 122     | 125    | 162    | 165    |
| 5                     | CO              | 1000                      | mg/Nm <sup>3</sup> | 296     | 248    | 294    | 328    |
| <b>TRANG BANG 3</b>   |                 |                           |                    |         |        |        |        |
| 1                     | Temperature     | -                         | °C                 | 126     | 134    | 146    | 157    |
| 2                     | Dust            | 200                       | mg/Nm <sup>3</sup> | 71.6    | 72.6   | 74.2   | 72.7   |
| 3                     | NO <sub>x</sub> | 850                       | mg/Nm <sup>3</sup> | 123     | 128    | 146    | 151    |
| 4                     | SO <sub>2</sub> | 500                       | mg/Nm <sup>3</sup> | 134     | 137    | 142    | 138    |
| 5                     | CO              | 1000                      | mg/Nm <sup>3</sup> | 262     | 268    | 274    | 352    |

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

### Waste Water (GRI 306-1)

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

To manage the waste water source, the Company makes the following commitments:

- > To manage the waste water 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 drainage system, sewage of the Industrial zones.
- > To identify the sources of environmental pollution, frequently monitor of wastewater parameters to ensure that waste water 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 waste water discharged daily and keep full records.
- > To declare and pay environmental protection fee for waste water in full in accordance with the prevailing regulations.

However, in 2018, the Company recorded a one-time environmental violation regarded of leaking of domestic waste water which was inspected by the environmental police department of Tay Ninh province. The Company proactively paid the fines in accordance with regulations and at the same time urgently corrected the accident.

The parameters and results of monitoring of wastewater in 2018

| No.                    | Item                  | Value of<br>Column B-<br>QCVN<br>40:2011/BTNMT | Unit | RESULTS |        |        |        |
|------------------------|-----------------------|--|------|---------|--------|--------|--------|
|                        |                       |  |      | 1Q2018  | 2Q2018 | 3Q2018 | 4Q2018 |
| <b>CU CHI</b>          |                       |  |      |         |        |        |        |
| 1                      | pH                    | 5-9  | -    | 7.50    | 7.34   | 7.6    | 7.4    |
| 2                      | BOD5                  | 50   | mg/l | 18.5    | 46.7   | 40.3   | 47.8   |
| 3                      | COD                   | 150  | mg/l | 40.9    | 112    | 108    | 135.2  |
| 4                      | TSS                   | 100  | mg/l | 8.8     | 23.2   | 20.4   | 31     |
| 5                      | Copper (Cu)           | 2  |      | 0.062   | 0.054  | 0.042  | 0.048  |
| 6                      | Total Nitrogen        | 40   | mg/l | 14.4    | 14.12  | 10.7   | 16.4   |
| 7                      | Total Phosphorus      | 6  | mg/l | 2.83    | 2.64   | 0.8    | 1.74   |
| 8                      | Total Coli-form/100ml | 5000   | MPN  | 3.600   | 4.500  | 4.600  | 4.200  |
| <b>TRANG BANG 1, 2</b> |                       |  |      |         |        |        |        |
| 1                      | pH                    | 5-9  | -    | 6.83    | 6.67   | 6.77   | 7.2    |
| 2                      | BOD5                  | 50   | mg/l | 48.6    | 38.1   | 41.8   | 45.8   |
| 3                      | COD                   | 150  | mg/l | 142     | 64     | 144    | 127.3  |
| 4                      | TSS                   | 100  | mg/l | 32      | 19.2   | 44     | 48     |
| 5                      | Copper (Cu)           |  |      | 0.028   | 0.035  | 0.038  | 0.052  |
| 6                      | Total Nitrogen        | 40   | mg/l | 18.7    | 8.29   | 23.7   | 35.6   |
| 7                      | Total Phosphorus      | 6  | mg/l | 0.74    | 1.29   | 1.73   | 1.37   |
| 8                      | Total Coli-form/100ml | 5000   | MPN  | 4200    | 3800   | 4500   | 4600   |
| <b>TRANG BANG 3</b>    |                       |  |      |         |        |        |        |
| 1                      | pH                    | 5-9  | -    | 7.06    | 7.08   | 7.25   | 7.1    |
| 2                      | BOD5                  | 50   | mg/l | 32.2    | 32.2   | 43.7   | 49.2   |
| 3                      | COD                   | 150  | mg/l | 65.7    | 65.7   | 144    | 104.5  |
| 4                      | TSS                   | 100  | mg/l | 10      | 8.6    | 23.2   | 29     |
| 5                      | Copper (Cu)           |  |      | 0.042   | 0.058  | 0.036  | 0.046  |
| 6                      | Total Nitrogen        | 40   | mg/l | 18.2    | 4.54   | 11.6   | 13     |
| 7                      | Total Phosphorus      | 6  | mg/l | 1.14    | 1.05   | 0.48   | 1.04   |
| 8                      | Total Coli-form/100ml | 5000   | MPN  | 3500    | 2100   | 4200   | 4500   |

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

## Waste Water (cont.)

### Wastewater statistics

|                                |                 | Unit                 | 2015               | 2016               | 2017               | 2018               |
|--------------------------------|-----------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| Wastewater                     | Cu Chi          | m <sup>3</sup>       | 11,482             | 6,137              | 6,188              | 6,173              |
|                                | Trang Bang 1, 2 | m <sup>3</sup>       | 14,581             | 9,462              | 12,988             | 11,222             |
|                                | Trang Bang 3    | m <sup>3</sup>       | 4,431              | 17,724             | 12,786             | 9,537              |
|                                | <b>Total</b>    | <b>m<sup>3</sup></b> | <b>30,494</b>      | <b>33,323</b>      | <b>31,961</b>      | <b>26,932</b>      |
| Total cost for waste treatment | Cu Chi          | VND                  | 53,850,580         | 32,483,330         | 34,488,180         | 33,889,770         |
|                                | Trang Bang 1, 2 | VND                  | 217,946,267        | 127,973,093        | 108,612,335        | 87,206,670         |
|                                | Trang Bang 3    | VND                  | 31,681,650         | 139,964,682        | 129,958,270        | 72,521,616         |
|                                | <b>Total</b>    | <b>VND</b>           | <b>303,478,496</b> | <b>303,478,496</b> | <b>273,058,785</b> | <b>193,618,056</b> |

In 2018, the amount of generated wastewater and the cost of wastewater treatment are reduced as compared to 2017. In particular, the amount of waste water is reduced by 5,029 m<sup>3</sup> and the cost of reducing VND 79,440,729 in 2018.



## III.3.5.3 Hazardous Waste (GRI 306-2,3)

The Company has 2 types of waste, namely hazardous waste and nonhazardous 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. In particular, The Company has been applying measures to handle waste sources:

- > 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 stacked 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.

However, due to the low awareness of employees and ineffectiveness of monitoring. In 2018, the Company violated the regulations by leaving used oil tanks in the wrong places. The Company actively paid the fines in accordance with regulations of the environmental police department of Tay Ninh province, and at the same time urgently corrected the accident. In addition, the Company also learned experience and advocated to implement new improvement measures to manage and propagate to employees effectively on regulations and policies of environmental protection.

| No.          | Name of waste                             | Code of hazardous waste | Treatments    | The wastes collection Companies         |  |
|--------------|---|-------------------------|---------------|---|--|
|              | Clouts with oil stain                     | 18 02 01                | 10            | Burning                                 | Ho Chi Minh City Urban Environment Ltd         |
|              | Ink containers for printing, fax machines | 08 02 04                | 0.5           | Burning                                 | Ho Chi Minh City Urban Environment Ltd         |
|              | Waste oil                                 | 17 02 03                | 7             | Burning                                 | Ho Chi Minh City Urban Environment Ltd         |
|              | Fluorescent lamp waste                    | 16 01 06                | 1             | Disintegration, Solidification, Burying | Ho Chi Minh City Urban Environment Ltd         |
|              | Iron barrels                              | 18 01 02                | 0             | Recycling                               | Dai Phuc Mechanical Production and Service Ltd |
|              | Plastic barrels                           | 18 01 03                | 7155          | Recycling                               | Dai Phuc Mechanical Production and Service Ltd |
| <b>Total</b> |   |                         | <b>7173.5</b> |   |  |

### III.3.6 WORKING ENVIRONMENT MEASUREMENTS

In 2018, in order to prevent occupational diseases and to ensure employees' health, 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.

**Results recorded:**

#### III.3.6.1 Concentration of Dust

| CONCENTRATION OF DUST IN AIR                               |                           |                                 |                   |                     |                   |                     |                   |
|--|---------------------------|---------------------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| No.  | POSITION                  | Total dust (mg/m <sup>3</sup> ) |                   |                     |                   |                     |                   |
|  |                           | CU CHI                          |                   | TRANG BANG 1, 2     |                   | TRANG BANG 3        |                   |
|  |                           | Unqualified Samples             | Qualified Samples | Unqualified Samples | Qualified Samples | Unqualified Samples | Qualified Samples |
| <b>DTY Factory (Section 1)</b>                             |                           |                                 |                   |                     |                   |                     |                   |
| 1  | The front of the factory  | 0,9132                          |                   | 0,913               |                   | 0,913               |                   |
| 2  | The middle of the factory | 0,9118                          |                   | 0,911               |                   | 0,916               |                   |
| 3  | The back of the factory   | 0,9125                          |                   | 0,912               |                   | 0,917               |                   |
| <b>DTY Factory (Section 2)</b>                             |                           |                                 |                   |                     |                   |                     |                   |
| 5  | The front of the factory  | 0,9116                          |                   | 0,911               |                   | 0,912               |                   |
| 6  | The middle of the factory | 0,9128                          |                   | 0,912               |                   | 0,915               |                   |
| 7  | The back of the factory   | 0,9154                          |                   | 0,915               |                   | 0,926               |                   |
| 8  | <b>Winder workshop</b>    | 0,9116                          |                   | 0,911               |                   | 0,915               |                   |
| 9  | <b>Spinning workshop</b>  | 0,9127                          |                   | 0,912               |                   | 0,918               |                   |
| <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.                  |                           |                                 |                   | 4,0                 |                   |                     |                   |
| (According to the Decision No.3733/2002/QĐ-BYT 10/10/2002) |                           |                                 |                   |                     |                   |                     |                   |

#### III.3.6.2 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 27/08/2018     |                           |          | 32                |                     | 75.0              |                     | 0.1-1.0           |                     |
| <b>DTY Factory section 1</b> |                           |          |                   |                     |                   |                     |                   |                     |
| 1                            | The front of the factory  |          | 31.2              |                     | 69.8              |                     | 0.2-1.2           |                     |
| 2                            | The middle of the factory |          | 31.6              |                     | 69.1              |                     | 0.2-1.2           |                     |
|                              | The back of the factory   |          | 31.7              |                     | 69.3              |                     | 0.2-1.2           |                     |
| <b>DTY Factory section 2</b> |                           |          |                   |                     |                   |                     |                   |                     |
| 4                            | The front of the factory  |          | 32                |                     | 67.4              |                     | 0.2-1.2           |                     |
| 5                            | The middle of the factory |          | 32                |                     | 80                |                     | 0.2-1.2           |                     |
| 6                            | The back of the factory   |          | 31.9              |                     | 79.8              |                     | 0.2-1.2           |                     |
| <b>Winder workshop</b>       |                           |          |                   |                     |                   |                     |                   |                     |
| 7                            | The front of the factory  |          | 31.2              |                     | 72.4              |                     | 0.2-1.2           |                     |
| 8                            | The back of the factory   |          | 31.8              |                     | 74.2              |                     | 0.2-1.2           |                     |
| <b>Spinning workshop</b>     |                           |          |                   |                     |                   |                     |                   |                     |
| 9                            | The front of the factory  |          | 32                |                     | 66.6              |                     | 0.2-1.2           |                     |
| 10                           | The back of the factory   |          | 31.9              |                     | 68.2              |                     | 0.2-1.2           |                     |
| <b>Total</b>                 |                           |          | <b>10</b>         | <b>0</b>            | <b>10</b>         | <b>0</b>            | <b>10</b>         | <b>0</b>            |



III.3.6.2 Microclimate (cont.)

| 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<br>24/07/2018 |          | 32                |                     | 75                |                     | 0.1-1.0           |                     |
| <b>DTY Factory section 1</b> |                            |          |                   |                     |                   |                     |                   |                     |
| 1                            | The front of the factory   |          | 29.5              |                     | 80                |                     | 0.2-1.2           |                     |
| 2                            | The middle of the factory  |          | 29.2              |                     | 79.8              |                     | 0.2-1.2           |                     |
|                              | The back of the factory    |          | 30.1              |                     | 79.8              |                     | 0.2-1.2           |                     |
| <b>DTY Factory section 2</b> |                            |          |                   |                     |                   |                     |                   |                     |
| 4                            | The front of the factory   |          | 31.1              |                     | 80                |                     | 0.2-1.2           |                     |
| 5                            | The middle of the factory  |          | 31.2              |                     | 80                |                     | 0.2-1.2           |                     |
| 6                            | The back of the factory    |          | 32                |                     | 79.9              |                     | 0.2-1.2           |                     |
| <b>Winder workshop</b>       |                            |          |                   |                     |                   |                     |                   |                     |
| 7                            | The front of the factory   |          | 25.8              |                     | 76                |                     | 0.2-1.2           |                     |
| 8                            | The back of the factory    |          | 25.5              |                     | 75.8              |                     | 0.2-1.2           |                     |
| <b>Spinning workshop</b>     |                            |          |                   |                     |                   |                     |                   |                     |
| 9                            | The front of the factory   |          | 32                |                     | 54.8              |                     | 0.2-1.2           |                     |
| 10                           | The back of the factory    |          | 31.9              |                     | 56.3              |                     | 0.2-1.2           |                     |
| <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 3</b>  |                             |          |                   |                     |                   |                     |                   |                     |
|  | Outdoor dated<br>24/07/2018 |          | 32                |                     | 75                |                     | 0.1-1.0           |                     |
| <b>DTY Factory section 1</b>   |                             |          |                   |                     |                   |                     |                   |                     |
| 1  | The front of the factory    |          | 30.8              |                     | 80                |                     | 0.2-1.2           |                     |
| 2  | The middle of the factory   |          | 30.2              |                     | 79.5              |                     | 0.2-1.2           |                     |
|  | The back of the factory     |          | 30.5              |                     | 79.8              |                     | 0.2-1.2           |                     |
| <b>DTY Factory section 2</b>   |                             |          |                   |                     |                   |                     |                   |                     |
| 4  | The front of the factory    |          | 30                |                     | 80                |                     | 0.2-1.2           |                     |
| 5  | The middle of the factory   |          | 29.9              |                     | 78                |                     | 0.2-1.2           |                     |
| 6  | The back of the factory     |          | 28.7              |                     | 72                |                     | 0.2-1.2           |                     |
| <b>Winder workshop</b>   |                             |          |                   |                     |                   |                     |                   |                     |
| 7  | The front of the factory    |          | 25.7              |                     | 63.5              |                     | 0.2-1.2           |                     |
| 8  | The back of the factory     |          | 26.3              |                     | 68.7              |                     | 0.2-1.2           |                     |
| <b>Spinning workshop</b>   |                             |          |                   |                     |                   |                     |                   |                     |
| 9  | The front of the factory    |          | 32                |                     | 58.6              |                     | 0.2-1.2           |                     |
| 10   | The back of the factory     |          | 32                |                     | 59.2              |                     | 0.2-1.2           |                     |
| <b>TOTAL</b>   |                             |          | <b>10</b>         | <b>0</b>            | <b>10</b>         | <b>0</b>            | <b>10</b>         | <b>0</b>            |
| <b>TCVN 3733:2002</b>  |                             |          |                   |                     |                   |                     |                   |                     |
| Requirements about temperature, humidity, air moving speed at working place. |                             |          | ≤32               |                     | ≤80               |                     | 0.2-2.0           |                     |

III.3.6.3 Lighting

| No.                          | POSITIONS                 | LIGHT (Lux)          |                        | NOISE (dBA)          |                        | Note<br>Allowable<br>limits of<br>touching<br>(8hrs/day) |
|------------------------------|---------------------------|----------------------|------------------------|----------------------|------------------------|--|
|                              |                           | Qualified<br>Samples | Unqualified<br>Samples | Qualified<br>Samples | Unqualified<br>Samples |  |
| <b>CU CHI</b>                |                           |                      |                        |                      |                        |  |
| <b>DTY Factory section 1</b> |                           |                      |                        |                      |                        |  |
| 1                            | The front of the factory  | 300                  |                        |                      | 94.4                   |  |
| 2                            | The middle of the factory | 308                  |                        |                      | 95.8                   |  |
| 3                            | The back of the factory   | 318                  |                        |                      | 97.2                   |  |
| <b>DTY Factory section 2</b> |                           |                      |                        |                      |                        |  |
| 5                            | The front of the factory  | 301                  |                        |                      | 92.3                   |  |
| 6                            | The middle of the factory | 305                  |                        |                      | 94.7                   |  |
| 7                            | The back of the factory   | 302                  |                        |                      | 97                     |  |
| <b>Winder workshop</b>       |                           |                      |                        |                      |                        |  |
| 9                            | The front of the factory  | 305                  |                        |                      | 91.2                   |  |
| 10                           | The back of the factory   | 302                  |                        |                      | 89.6                   |  |
| <b>Spinning workshop</b>     |                           |                      |                        |                      |                        |  |
| 12                           | The front of the factory  | 678                  |                        | 81.8                 |                        |  |
| 13                           | The back of the factory   | 872                  |                        | 80.7                 |                        |  |
| <b>Total</b>                 |                           | <b>10</b>            | <b>0</b>               | <b>02</b>            | <b>08</b>              |  |
| <b>TRANG BANG 1, 2</b>       |                           |                      |                        |                      |                        |  |
| <b>DTY Factory section 1</b> |                           |                      |                        |                      |                        |  |
| 1                            | The front of the factory  | 300                  |                        |                      | 92.5                   |  |
| 2                            | The middle of the factory | 301                  |                        |                      | 95.2                   |  |
| 3                            | The back of the factory   | 305                  |                        |                      | 97.2                   |  |
| <b>DTY Factory section 2</b> |                           |                      |                        |                      |                        |  |
| 5                            | The front of the factory  | 302                  |                        | 73.7                 |                        |  |
| 6                            | The middle of the factory | 358                  |                        | 75.4                 |                        |  |
| 7                            | The back of the factory   | 391                  |                        | 76.3                 |                        |  |
| <b>Winder workshop</b>       |                           |                      |                        |                      |                        |  |
| 9                            | The front of the factory  | 300                  |                        |                      | 86.5                   |  |
| 10                           | The back of the factory   | 304                  |                        |                      | 88.2                   |  |
| <b>Spinning workshop</b>     |                           |                      |                        |                      |                        |  |
| 12                           | The front of the factory  | 484                  |                        | 77.8                 |                        |  |
| 13                           | The back of the factory   | 379                  |                        | 78.5                 |                        |  |
| <b>TOTAL</b>                 |                           | <b>10</b>            |                        | <b>5</b>             | <b>5</b>               |  |

| No.                          | POSITIONS                 | LIGHT (Lux)          |                        | NOISE (dBA)          |                        | Note<br>Allowable<br>limits of<br>touching<br>(8hrs/day) |
|------------------------------|---------------------------|----------------------|------------------------|----------------------|------------------------|--|
|                              |                           | Qualified<br>Samples | Unqualified<br>Samples | Qualified<br>Samples | Unqualified<br>Samples |  |
| <b>TRANG BANG 3</b>          |                           |                      |                        |                      |                        |  |
| <b>DTY Factory section 1</b> |                           |                      |                        |                      |                        |  |
| 1                            | The front of the factory  | 362                  |                        |                      | 108                    |  |
| 2                            | The middle of the factory | 587                  |                        |                      | 113                    |  |
| 3                            | The back of the factory   | 468                  |                        |                      | 95                     |  |
| <b>DTY Factory section 2</b> |                           |                      |                        |                      |                        |  |
| 5                            | The front of the factory  | 310                  |                        | 75.6                 |                        |  |
| 6                            | The middle of the factory | 315                  |                        | 72.7                 |                        |  |
| 7                            | The back of the factory   | 312                  |                        | 74.8                 |                        |  |
| <b>Winder workshop</b>       |                           |                      |                        |                      |                        |  |
| 9                            | The front of the factory  | 302                  |                        |                      | 87.3                   |  |
| 10                           | The back of the factory   | 301                  |                        |                      | 88.5                   |  |
| <b>Spinning workshop</b>     |                           |                      |                        |                      |                        |  |
| 12                           | The front of the factory  | 534                  |                        | 72.6                 |                        |  |
| 13                           | The back of the factory   | 635                  |                        | 75.8                 |                        |  |
| <b>Total</b>                 |                           | <b>10</b>            |                        | <b>5</b>             | <b>5</b>               |  |

OCCUPATIONAL SAFETY AND HEALTH STANDARDS

Decision No. 3733/2002/QĐ-BYT 10/10/2002

\* Noise

|  |     |     |    |
|--|-----|-----|----|
| - Working place in the workshop and in factory | 300 | ≤85 | 8h |
|--|-----|-----|----|

\* Lighting

+ Textile Industry  
+ Spinning, rolling, winder, dyeing.

### III.3.6.4 Poison Gas

| No.   | POSITION                  | Carbon dioxide (mg/m <sup>3</sup> ) | Etylen mg/m <sup>3</sup> |
|---|---------------------------|-------------------------------------|--------------------------|
| <b>CU CHI</b>                                   |                           |                                     |                          |
| <b>DTY Factory</b>                              |                           |                                     |                          |
| 1   | The front of the factory  | 405                                 |                          |
| 2   | The middle of the factory | 415                                 |                          |
| 3   | The end of the factory    | 405                                 |                          |
| 4   | Winder workshop           | 400                                 |                          |
| 5   | Spinning workshop         | 425                                 |                          |
| 6   | Laboratory                |                                     | 725                      |
| 7   | Testing dyeing workshop   |                                     | 825                      |
| <b>TOTAL</b>                                    |                           | <b>5</b>                            | <b>2</b>                 |
| <b>TRANG BANG 1, 2</b>                          |                           |                                     |                          |
| <b>DTY Factory</b>                              |                           |                                     |                          |
| 1   | The front of the factory  | 400                                 |                          |
| 2   | The middle of the factory | 435                                 |                          |
| 3   | The end of the factory    | 500                                 |                          |
| 4   | Winder workshop           | 560                                 |                          |
| 5   | Spinning workshop         | 420                                 |                          |
| 6   | Laboratory                |                                     | 762                      |
| 7   | Testing dyeing workshop   |                                     | 841                      |
| <b>TOTAL</b>                                    |                           | <b>5</b>                            | <b>2</b>                 |
| <b>TRANG BANG 3</b>                             |                           |                                     |                          |
| <b>DTY Factory</b>                              |                           |                                     |                          |
| 1   | The front of the factory  | 420                                 |                          |
| 2   | The middle of the factory | 435                                 |                          |
| 3   | The end of the factory    | 435                                 |                          |
| 4   | Winder workshop           | 502                                 |                          |
| 5   | Spinning workshop         | 537                                 |                          |
| 6   | Testing dyeing workshop 1 | 535                                 |                          |
| 7   | Testing dyeing workshop 2 |                                     | 823                      |
| <b>TOTAL</b>                                    |                           | <b>6</b>                            | <b>1</b>                 |
| <b>OCCUPATIONAL SAFETY AND HEALTH STANDARDS</b> |                           |                                     |                          |
| (Decision No. 3733/2002/QĐ-BYT)                 |                           | 900                                 | 1150                     |
| Allowable limits of chemicals in working air    |                           | 1800                                | -                        |
| - Average 8 hrs (TWA)                           |                           |                                     |                          |
| - Each maximum (STEL)                           |                           |                                     |                          |

### III.3.6.5 Noise

| No.   | POSITION          | General bass (dBA) | Bass in different band (Hz) |      |      |      |      |      |      |      |
|---|-------------------|--------------------|-----------------------------|------|------|------|------|------|------|------|
|   |                   |                    | 63                          | 125  | 250  | 500  | 1K   | 2K   | 4K   | 8K   |
| <b>CU CHI</b>                                       |                   |                    |                             |      |      |      |      |      |      |      |
| <b>DTY Factory</b>                                  |                   |                    |                             |      |      |      |      |      |      |      |
| 1   | Machine 7         | 100                | 63.5                        | 65.2 | 67.5 | 80.4 | 79.8 | 77.3 | 75.8 | 73.5 |
| 2   | Machine 8         | 105                | 62.4                        | 63.5 | 67.4 | 80.9 | 78.5 | 76.2 | 74.2 | 72.4 |
| 3   | Machine 9         | 95                 | 62.5                        | 63.9 | 67.1 | 79.2 | 77.8 | 75.2 | 73.4 | 72.6 |
| 4   | Machine 11        | 77                 | 54.8                        | 57.2 | 55.4 | 65.8 | 68.3 | 67.4 | 65.8 | 62.3 |
| 5   | Machine 12        | 67.9               | 54.1                        | 57.3 | 54.8 | 62.6 | 68.2 | 67.3 | 62.5 | 61.1 |
| 6   | Machine 13        | 70.5               | 54.4                        | 57.4 | 54.5 | 62.3 | 68.1 | 64.6 | 62.4 | 61.9 |
| 7   | Winder workshop   | 97.3               | 62.8                        | 63.8 | 67.4 | 80.9 | 78.5 | 75.8 | 74.9 | 72.9 |
| 8   | Spinning workshop | 82.5               | 54.5                        | 57.7 | 54.9 | 62.7 | 68.4 | 64.7 | 62.2 | 61.8 |
| <b>TRANG BANG 1, 2</b>                              |                   |                    |                             |      |      |      |      |      |      |      |
| <b>DTY Factory</b>                                  |                   |                    |                             |      |      |      |      |      |      |      |
| 1   | Machine 34        | 100                | 63.5                        | 65.2 | 67.5 | 80.4 | 79.8 | 77.3 | 75.8 | 73.5 |
| 2   | Machine 31        | 105                | 62.4                        | 63.5 | 67.4 | 80.9 | 78.5 | 76.2 | 74.2 | 72.4 |
| 3   | Machine 27        | 95                 | 62.5                        | 63.9 | 67.1 | 79.2 | 77.8 | 75.2 | 73.4 | 72.6 |
| 4   | Machine 28        | 77                 | 54.8                        | 57.2 | 55.4 | 65.8 | 68.3 | 67.4 | 65.8 | 62.3 |
| 5   | Machine 24        | 67.9               | 54.1                        | 57.3 | 54.8 | 62.6 | 68.2 | 64.3 | 62.5 | 61.1 |
| 6   | Machine 25        | 70.5               | 54.4                        | 57.4 | 54.5 | 62.3 | 68.1 | 64.6 | 62.4 | 61.9 |
| 7   | Winder workshop   | 97.3               | 62.8                        | 63.8 | 67.4 | 80.9 | 78.5 | 75.8 | 74.9 | 72.9 |
| 8   | Spinning workshop | 82.5               | 54.5                        | 57.7 | 54.9 | 62.7 | 68.4 | 64.7 | 62.2 | 61.8 |
| <b>TRANG BANG 3</b>                                 |                   |                    |                             |      |      |      |      |      |      |      |
| <b>DTY Factory</b>                                  |                   |                    |                             |      |      |      |      |      |      |      |
| 1   | Machine36         | 100                | 63.5                        | 65.2 | 67.5 | 80.4 | 79.8 | 77.3 | 75.8 | 73.5 |
| 2   | Machine38         | 105                | 62.4                        | 63.5 | 67.4 | 80.9 | 78.5 | 76.2 | 74.2 | 72.4 |
| 3   | Machine39         | 95                 | 62.5                        | 63.9 | 67.1 | 79.2 | 77.8 | 75.2 | 73.4 | 72.6 |
| 4   | Machine41         | 77                 | 54.8                        | 57.2 | 55.4 | 65.8 | 68.3 | 67.4 | 65.8 | 62.3 |
| 5   | Machine43         | 67.9               | 54.1                        | 57.3 | 54.8 | 62.6 | 68.2 | 64.3 | 62.5 | 61.1 |
| 6   | Machine44         | 70.5               | 54.4                        | 57.4 | 54.5 | 62.3 | 68.1 | 64.6 | 62.4 | 61.9 |
| 7   | Winder workshop   | 97.3               | 62.8                        | 63.8 | 67.4 | 80.9 | 78.5 | 75.8 | 74.9 | 72.9 |
| 8   | Spinning workshop | 82.5               | 54.5                        | 57.7 | 54.9 | 62.7 | 68.4 | 64.7 | 62.2 | 61.8 |
| <b>OCCUPATIONAL SAFETY AND HEALTH STANDARDS</b>     |                   |                    |                             |      |      |      |      |      |      |      |
| Decision No. 3733/2002/QĐ-BYT                       |                   | 85                 | 99                          | 92   | 86   | 83   | 80   | 78   | 76   | 74   |
| <b>* Noise</b>                                      |                   |                    |                             |      |      |      |      |      |      |      |
| <b>- Working place in workshops and in factory.</b> |                   |                    |                             |      |      |      |      |      |      |      |

## III.4 Responsibility to Employees

### CONSOLIDATED RESULTS OF MEASURE, TEST WORKING ENVIRONMENT

| No. | Items                   | CU CHI        |                   |                     | TRANG BANG 1, 2 |                   |                     | TRANG BANG 3  |                   |                     |
|-----|-------------------------|---------------|-------------------|---------------------|-----------------|-------------------|---------------------|---------------|-------------------|---------------------|
|     |                         | Total Samples | Qualified Samples | Unqualified Samples | Total Samples   | Qualified Samples | Unqualified Samples | Total Samples | Qualified Samples | Unqualified 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              | 5                 | 5                   | 10            | 5                 | 5                   |
| 4   | Noise spectrum analysis | 08            | 8                 | 0                   | 8               | 8                 | 0                   | 8             | 8                 | 0                   |
| 5   | Full dust               | 08            | 8                 | 0                   | 8               | 8                 | 0                   | 8             | 8                 | 0                   |
| 6   | Poisonous Gas           |               |                   |                     |                 |                   |                     |               |                   |                     |
|     | - CO <sub>2</sub>       | 05            | 5                 | 0                   | 5               | 5                 | 0                   | 6             | 6                 | 0                   |
|     | - Etylen                | 02            | 2                 | 0                   | 2               | 2                 | 0                   | 1             | 1                 | 0                   |
|     | <b>Total</b>            | <b>73</b>     | <b>65</b>         | <b>8</b>            | <b>73</b>       | <b>68</b>         | <b>5</b>            | <b>73</b>     | <b>68</b>         | <b>5</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).

**RESULTS RECORDED:** upon on the parameters of reference results in environmental monitoring reports on a quarterly basis (4 times/year) and annual working environment inspection reports, the Company recorded all environmental parameters were still within the allowed limits.

Thanks to rational labor policies and the Company's concerns, the staff turnover rate in 2018 was declined and the staffing adequacy rate was enhanced as compared to last year. In addition, remuneration and benefit policies were also improved sharply as compared to previous year, contributing to encouragement of the Company's employees, raising the worker's standard of living and creating opportunities for employees to work as well as aligning the workers' interests with the Company's ones.

#### Objectives

As one of factors contributing to the Company's success is effective use and management of human resources strategy. At the same time, human resources development is considered by the Company as the main driving force for the Company's sustainable development goal in the future. With an aim to align the benefit between the Company and its 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, bonus, benefits and training policies in order to stimulate and optimize the contributing capacity of employees to the Company.

#### STK's Solutions and Implementation

**Recruitment Policy;**

**Remuneration policy;**

**Training and promotion policy;**

**Occupational health and safety policies.**

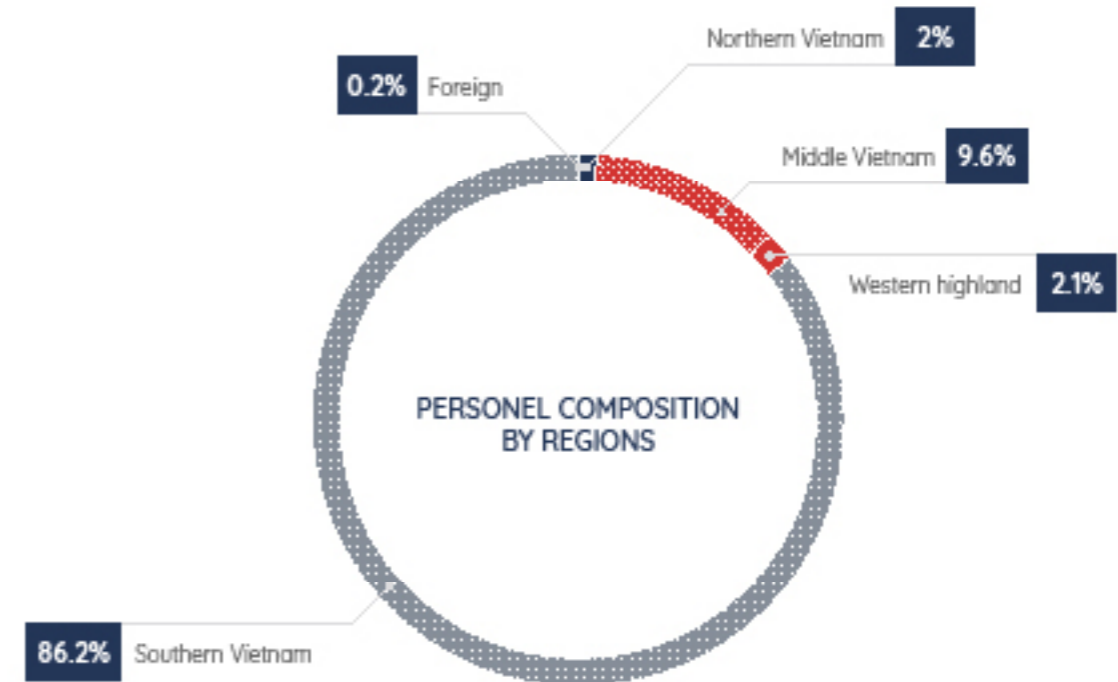
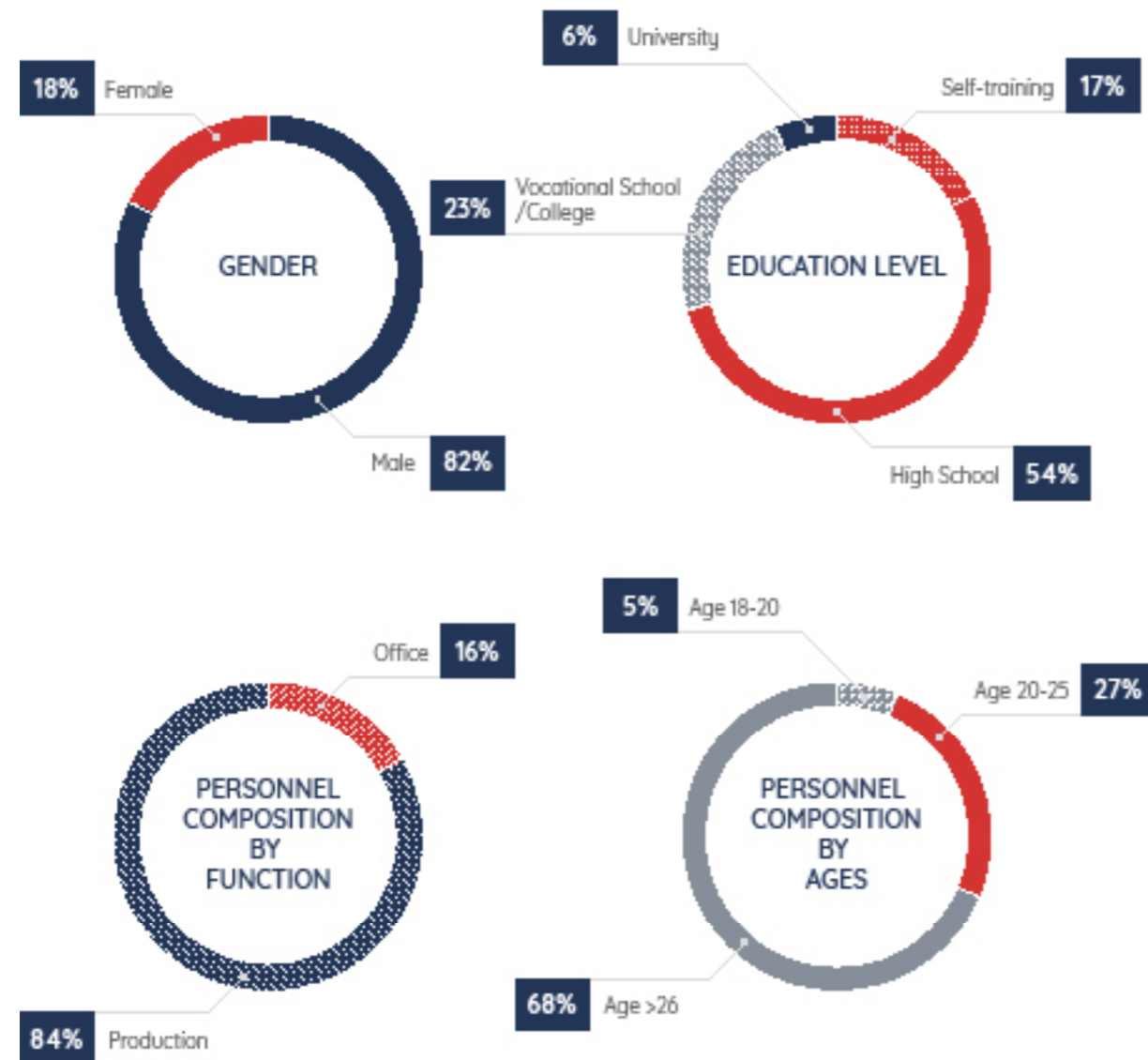


III.4.1 **RECRUITMENT POLICY: (GRI 102-8, GRI 401-1,2, GRI 405, GRI 408-1)**

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 criterions. STK commits to provide a transparent recruitment process and an impartial working environment to the candidates. In addition, the Company also commits not to use child labor (under the age of 18) or workers who had committed illegal activities before.

Number of Full Time Employees as at 31/12/2018



The Company's employment turnover in 2018 was lower than its set plan at the beginning of the year by 28%, mainly due to constantly improving wages, bonus and promotion policies for the Company's employees, which was aimed to encourage them to adhere and work in long-term with the Company. Hence, the Company's staffing adequacy was meliorated better as compared to previous year 2017 (reaching 93% in average, increased by 6% as compared to 2017).

### III.4.2 EMPLOYMENT POLICIES (GRI 102-41, GRI 201-3, GRI 202-1)

The Company commits that all of the Company's employment are adhered to Vietnamese labor law. 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 Sundays, 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

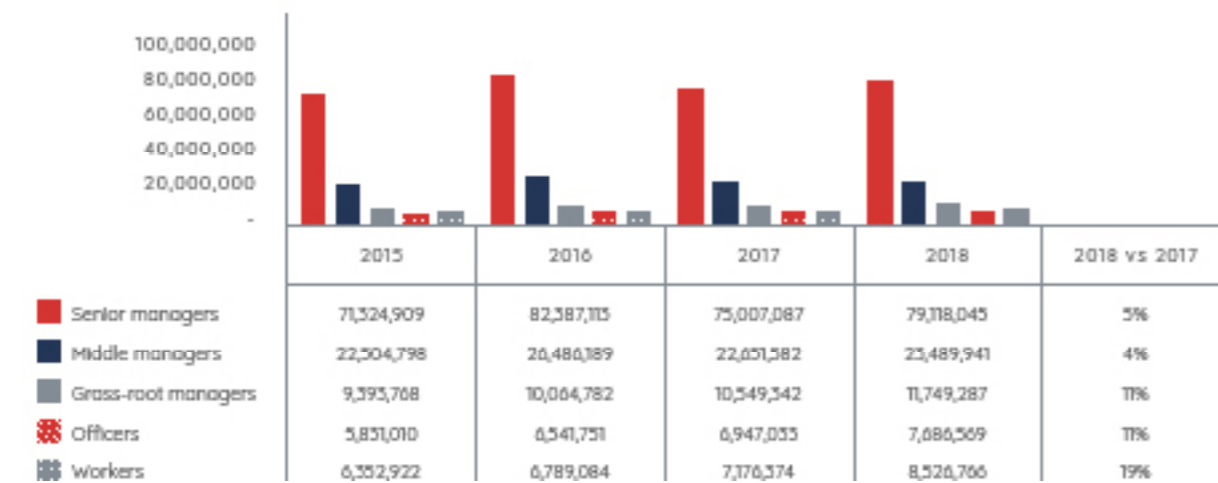
Based on the prevailing minimum salary applicable for the region, STK will adjust the salary formula and scales in accordance with the regulations, no discrimination of genders or regions. The basic salary is used for calculation of social insurance payment. In fact, the average income of particular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

| 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. |

#### ■ ACTUAL SALARY

The Company does not use salaries reduction applications 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.

AVERAGE INCOME OF STK'S EMPLOYEES (VND/PERSON)



The average income of high and middle level of management at the Company in 2018 was successively increased by 5% and 4% as compared to 2017. The increment in average income was primarily owing to personnel reshuffle (when replacing managers have different wage scales) and annual salary increase policy of the Company, resulting the increase in average income of high and middle level management in 2018. In general, over the period the average income of employees was increased around 5% mainly due to the salary increase policy of the Company to enhance the income and encourage employees to work and stay in long-term with the Company.

#### ■ 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 fulfilment of duties
- > 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 performance

*In 2018, upon on the 10 months Company's result, STK had remunerated extraordinary bonuses and annual bonuses to all employees with an average of 2 months' salary, as for encouraging and appreciating everyone's efforts to complete the Company's common budget.*

#### ■ INSURANCE

The Company pays for social insurance, medical insurance, and unemployment insurance in accordance with the State's regulations (the Company's insurance participation rate is 100%). 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 2010 and 2013 to the Company's employees. Continuing, in 2018, with approval by the General Meeting of Shareholders, STK issued 600,000 shares at the preferential price of VND10,000/share to employees as for recognition of the contribution and efforts of all employees to the Company, encouraging them to outperform the revenue and profit budget.



### III.4.3 TRAINING AND PROMOTION (GRI 404-1,2,3)

*In 2018, the Company recognized the efficiency of the programs/training courses which were organized as the employees' productivity was enhanced along with the outperformance of the targeted KPIs*

The Company always proactively updates, improves the content quality of the training program in accordance with the new standards of customers as well as the Company production needs, aiming to provide customers with good quality products and satisfactory services, contributing to improve the profession and skills of workers. In which, the Company periodically conducts training programs with a framework of basic knowledge about the Company such as the Company culture, Company's products, ISO/5S/KAIZEN/LEAN/SAP/POC, occupational safety, prevention of occupational diseases, occupational consciousness, skills improvement training, shift leaders training.



**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 2018 the Company has added some new training courses as follows: short-term training courses on "Inverter application" and "Athena Certified Security Technician", which will help improving the workmanship of Utility and IT teams in order to enhance the working efficiency and consolidate the professional knowledge of the Company's managers;

In addition, the Company also annually cooperates with external organizations to organize training programs on environmental, social and occupational safety upon on the GRS standards to all employees;

|  | 2015          | 2016        | 2017        | 2018        |
|--|---------------|-------------|-------------|-------------|
| Number of training courses                                       | 45            | 21          | 20          | 22          |
| - Internal training  | 37            | 17          | 13          | 15          |
| - External training  | 8             | 4           | 7           | 7           |
| Training budget ( VND)   | 809.733.599   | 439.804.000 | 175.000.000 | 184.879.600 |
| Actual training expense (VND)                                    | 351.246.171   | 44.037.576  | 158.422.368 | 51.391.090  |
| Ratio of actual training expense/budget                          | 1.216.345.469 | 900.505.576 | 821.013.000 |             |
| Average number of training hours per employee (hour/person/year) | 43%           | 10%         | 87%         | 28%         |
| Number of training courses                                       | 188,27        | 207,2       | 222,34      | 130,83      |

In 2018, due to low new recruitment ratio as well as the low staff turnover rate, thus the average number of hours of training for employees at the Company did not increase. Hence, the average number of hours of training (hours/person/year) in 2018 was decreased positively as compared to 2017.

**Promotion policy:** As for having the successive generation to continue the Company's success, 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 candidate's 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 2018, the number of employees promoted to higher positions was **16** people.

| Year                                  | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------------|------|------|------|------|------|
| Number of employees promoted (person) | 22   | 39   | 23   | 55   | 16   |

### III.4.4 WORK SAFETY (GRI 403-1,2,3,4)

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 labor and social responsibility to the business, the Company has created and applied health and occupational safety policies.

#### III.4.4.1 Continue to Implement:

- To comply and meet the legal requirements regarding to health, occupational safety for all the workers, suppliers and related parties during the operation of the Company.
- To ensure clean and safe working conditions.
- To identify, evaluate and have measures to prevent and control 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.

#### III.4.4.2 Actual Implementation in 2018

- The company has collaborated with the Center for Environmental Technology Consultancy and Occupational Safety and Health to measure the labor environment inspection in July 2018. The results of all the indicators in the report of labor environment test results was in accordance with the standard of the current regulations and there were no violations.
- 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 the Company on waste water and emissions in July 2018 and December 2018. As result, the Company did not have any violations.
- In order to ensure the occupational safety, the Company only uses machines and equipment which met standards and conduct periodical inspection and maintenance seriously. In 2018, the Company always seriously conducted safety inspection for machinery and equipment to ensure quality in production and safety standards for employees. 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.
- On December, 6<sup>th</sup> 2018, 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 Nan Ai Polyclinic to provide periodic health check for staffs. In 2018, the Company organized periodical health examinations for all employees on 09-10/01/2019 at the Company. For those employees who work in noisy areas, hearing care is included 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 every day 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                 | 2015  | 2016                        | 2017                        | 2018                        |
|---|-------|-----------------------------|-----------------------------|-----------------------------|
| Total trained employees                                   | 889   | 966                         | 958                         | 965                         |
| Safety & Hygiene cost (million Dong)                      | 1,604 | 2,001                       | 1,796                       | 2,518                       |
| • Safety & hygiene technical methods                      | 135   | 22                          | 17                          | 17                          |
| • Individual protective clothes                           | 100   | 270                         | 270                         | 270                         |
| • Labor healthcare  | 1,345 | 1,685                       | 1,485                       | 2,205                       |
| • Communication, training                                 | 24    | 24                          | 24                          | 26                          |
| • Others  | 0     | 0                           | 0                           | 0                           |
| Number of labor accidents                                 | 0     | 4 (light)                   | 7 (light)                   | 4 (light)                   |
| Total number of cases affected with occupational diseases | 0     | 0                           | 0                           | 0                           |
| The average number of overtime hours/day/person           | -     | 0,35 days /6 months /person | 0,35 days /6 months /person | 0,11 days /6 months /person |
| Số ngày làm thêm bình quân/6 tháng                        | -     |                             |                             |                             |
| Máy móc thiết bị có yêu cầu nghiêm ngặt về AT-VSLĐ        | -     | 38                          | 38                          | 38                          |

In general, over the years, the costs of implementing the occupational health and safety plans have been increased. In particular, the budgets of health care plans to workers and propaganda were increased, contributing to enhancing health of employees working at the Company. In addition, the Company has been concentrating more on the efficiency of training and propagating occupational health and safety information to the Company's employees with the strict supervision and management SOPs conducting in accordance with ISO and GRS standards. Thus, the number of labor accident cases and the average of overtime working hours were decreased significantly.



## Responsibility toward the Local Community (GRI 413-1)

### III.4.5 TRADITIONAL CULTURE OF THE COMPANY

The company maintains and continuously improves the format and content of the STK Presentation program which have two topics: “Vision-Mission” presentation of departments and “Book presentation”, in order for creating a continuous improving and innovating culture. Every Monday morning, the Company will organize the Mission program as this is an effective sharing channel of the vision and mission of 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

### III.4.6 CORPORATE CULTURE STANDARDS

The Company always balances between working and resting for employees, with the goal of improving the life’s quality for employees working at STK. In 2018, the Board of Management of the Company took care of the employee’s family in the Company through activities such as: gift giving and gift for worker’s children with excellent academic results on Children’s day, in the Lunar New Year, Mid-Autumn Festival and other occasions with a budget of over VND 70 million and 94 gifts.

In addition, at the end of 2018, the Company coordinated with the Company’s Trade Union to create a fund for giving meaningful gifts to employees having difficult circumstances. The Company has offered more than 54 gifts to employees working at the Company with a budget of more than VND 32 million.

*In 2018, the Company’s contribution to the local and community were well carried out, thanks to the Company’s strict commitments to adhere with the governmental policies and guidance.*

In addition, the Company’s contribution activities to the local and community were further enhanced by funding scholarships to local schools and colleges, creating more jobs for local workers from the Company’s new projects.

### III.5.1 SUPPORT FOR THE GROWTH OF LOCAL ECONOMIC DEVELOPMENT (GRI 203-2)

*With the Company’s policies of annual increase salary and improving welfare for employees, the Company has contributed to raising the income for local people living in Cu Chi District and Trang Bang District.*

In 2018, the Company expanded its production scale and put the TB5 project into official operation in the end of December 2018, creating more jobs for local people and enhancing the local people’s standard of living in this area. In addition, in 2018, STK has built up a scholarship fund for students who are studying at local educational institutions to contribute for reducing illiteracy rate in the area with a budget of more than VND 18 million and more than 18 scholarships to Cu Chi vocational college, Duc Hoa vocational college, Tay Ninh Vocational College.

### III.5.2 COMPLIANCE WITH AND SUPPORT TO 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 abuse;
- 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.

### III.5.3 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. Hence, 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.



## Green Capital Market (GRI 203-1, GRI 205-1,2,3)

Contributing the development of green capital market in line with the Company's sustainable development goals, STK invested in and implemented green projects which will help the Company to achieve green growth.

In which:

| Projects                     | Starting time   | Project activities  |
|------------------------------|---|---|
| <b>RECYCLED YARN PROJECT</b> | Since the third quarter of 2016, STK started the production of recycle yarn. In 2018, the proportion of recycle yarn on sales revenue reached 16.2%, and the Company was also granted another GRS certificate for the Cu Chi factory, contributing to increase in recycle yarn proportion in 2019 with target of 26.5 % and 2020 (30%). | Using recycled PET chips and existing production facilities to produce recycle yarn which is of high quality and environmental friendly contributing to the eco-friendly consumptions and reducing the number of bottles discharged into the environment. |
| <b>COLOUR YARN PROJECT</b>   | Using recycled PET chips and existing production facilities to produce recycle yarn which is of high quality and environmental friendly contributing to the eco-friendly consumptions and reducing the number of bottles discharged into the environment.   | Colour yarn will help replacing the traditional dyeing activities, limiting clean water and chemical consumption and hence discharge of waste water and hazardous chemical, protecting the environment.   |
| <b>TRANG BANG 5 PROJECT</b>  | The project was started in December 2017 and completed in Q4-2018   | In this project, the production capacity was increased by 5% (equivalent to 3,300 tons of DTY and 1,500 tons of recycled chip p.a.), raising the Company's profitability and cut cost of input material (through recycling waste yarn into PET chip).     |

## ABBREVIATION

|       |  |                       |   |
|-------|--|-----------------------|---|
| BOD   | The Board of Directors   | POC                   | Plant Operation Center  |
| CIT   | Corporate Income Tax   | POY                   | Partially Oriented Yarn   |
| DTY   | Draw Textured Yarn   | QC                    | Quality Control   |
| EAT   | Earnings After Tax   | REACH                 | Registration, Evaluation, Authorisation and Restriction of Chemicals  |
| ERP   | Enterprise Resource Planning   | SOP                   | Standard Operation Procedures   |
| FDY   | Fully Drawn Yarn   | STK, CENTURY, Company | Century Synthetic Fiber Corporation                                   |
| FTA   | Free Trade Agreement   | CPTPP                 | Comprehensive and Progressive Agreement for Trans-Pacific Partnership |
| GPS   | Generalized Systems of Preferences                                       | USD                   | US Dollar   |
| GRI   | Global Reporting Initiative  | VCOSA                 | Vietnam Cotton and Spinning Association                               |
| GRS   | Global Recycle Standard  | VND                   | Vietnam Dong  |
| EVFTA | <u>Europe - Vietnam Free Trade Area</u>                                  | ESOP                  | Preferred Stock   |
| HEPZA | <u>Ho Chi Minh City Export Processing and Industrial Zones Authority</u> | ROA                   | Return on assets  |
| ILO   | International Labor Organization   | ROE                   | Return on equity  |
| MSDS  | Material Safety Data Sheet   |                       |   |



# IV

## REFERENCE TABLE OF REPORT CONTENTS TO GRI STANDARDS

(GRI 102-55)

| GRI STANDARDS                      | DISCLOSURE ITEM   | PAGE |
|------------------------------------|---|------|
| <b>GRI</b>                         |   |      |
| <b>GRI 100: UNIVERSAL STANDARD</b> |   |      |
| <b>ORGANIZATIONAL PROFILE</b>      |   |      |
| 102-1                              | Name of the organization  |      |
| 102-2                              | Activities, brands, products, and services                                    |      |
| 102-3                              | Location of headquarters  |      |
| 102-4                              | Location of operations  |      |
| 102-5                              | Ownership and legal form  |      |
| 102-6                              | Markets served  |      |
| 102-7                              | Scale of the organization   |      |
| 102-8                              | Information on employees and other workers                                    |      |
| 102-9                              | Supply chain  |      |
| 102-10                             | Significant changes to the organization and its supply chain                  |      |
| 102-11                             | Precautionary Principle or approach   |      |
| 102-12                             | External initiatives  |      |
| 102-13                             | Membership of associations  |      |
| <b>STRATEGY</b>                    |   |      |
| 102-14                             | Statement from senior decision-maker  |      |
| 102-15                             | Key impacts, risks, and opportunities   |      |
| <b>ETHICS AND INTEGRITY</b>        |   |      |
| 102-16                             | Values, principles, standards, and norms of behavior                          |      |
| 102-17                             | Mechanisms for advice and concerns about ethics                               |      |
| <b>GOVERNANCE</b>                  |   |      |
| 102-18                             | Governance structure  |      |
| 102-19                             | Delegating authority  |      |
| 102-20                             | Executive-level responsibility for economic, environmental, and social topics |      |
| 102-21                             | Consulting stakeholders on economic, environmental, and social topics         |      |
| 102-22                             | Composition of the highest governance body and its committees                 |      |
| 102-23                             | Chair of the highest governance body  |      |
| 102-24                             | Nominating and selecting the highest governance body                          |      |
| 102-25                             | Conflicts of interest   |      |
| 102-26                             | Role of highest governance body in setting purpose, values, and strategy      |      |
| 102-27                             | Collective knowledge of highest governance body                               |      |

| GRI STANDARDS                       | DISCLOSURE ITEM  | PAGE |
|-------------------------------------|--|------|
| 102-28                              | Evaluating the highest governance body's performance                 |      |
| 102-29                              | Identifying and managing economic, environmental, and social impacts |      |
| 102-30                              | Effectiveness of risk management processes                           |      |
| 102-31                              | Review of economic, environmental, and social topics                 |      |
| 102-32                              | Highest governance body's role in sustainability reporting           |      |
| 102-33                              | Communicating critical concerns                                      |      |
| 102-34                              | Nature and total number of critical concerns                         |      |
| 102-35                              | Remuneration policies  |      |
| 102-36                              | Process for determining remuneration                                 |      |
| 102-37                              | Stakeholders' involvement in remuneration                            |      |
| 102-38                              | Annual total compensation ratio                                      |      |
| 102-39                              | Percentage increase in annual total compensation ratio               |      |
| <b>STAKEHOLDER ENGAGEMENT</b>       |  |      |
| 102-40                              | List of stakeholder groups   |      |
| 102-41                              | Collective bargaining agreements                                     |      |
| 102-42                              | Identifying and selecting stakeholders                               |      |
| 102-43                              | Approach to stakeholder engagement                                   |      |
| 102-44                              | Key topics and concerns raised                                       |      |
| <b>REPORTING PRACTICE</b>           |  |      |
| 102-45                              | Entities included in the consolidated financial statements           |      |
| 102-46                              | Defining report content and topic Boundaries                         |      |
| 102-47                              | List of material topics  |      |
| 102-48                              | Restatements of information  |      |
| 102-49                              | Changes in reporting   |      |
| 102-50                              | Reporting period   |      |
| 102-51                              | Date of most recent report   |      |
| 102-52                              | Reporting cycle  |      |
| 102-53                              | Contact point for questions regarding the report                     |      |
| 102-54                              | Claims of reporting in accordance with the GRI Standards             |      |
| 102-55                              | GRI content index  |      |
| 102-56                              | External assurance   |      |
| <b>GRI 103: MANAGEMENT APPROACH</b> |  |      |
| 103-1                               | Explanation of the material topic and its Boundary                   |      |
| 103-2                               | The management approach and its components                           |      |
| 103-3                               | Evaluation of the management approach                                |      |

| GRI STANDARDS                             | DISCLOSURE ITEM   | PAGE |
|---|---|------|
| <b>GRI 200: ECONOMIC STANDARDS</b>        |   |      |
| <b>GRI 201: ECONOMIC PERFORMANCE</b>      |   |      |
| 201-1                                     | Direct economic value generated and distributed                                 |      |
| 201-2                                     | Financial implications and other risks and opportunities due to climate change  |      |
| 201-3                                     | Defied benefit plan obligations and other retirement plans                      |      |
| 201-4                                     | Financial assistance received from government                                   |      |
| <b>GRI 202: MARKET PRESENCE</b>           |   |      |
| 202-1                                     | Ratios of standard entry level wage by gender compared to local minimum wage    |      |
| 202-2                                     | Proportion of senior management hired from the local community                  |      |
| <b>GRI 203: INDIRECT ECONOMIC IMPACTS</b> |   |      |
| 203-1                                     | Infrastructure investments and services supported                               |      |
| 203-2                                     | Significant indirect economic impacts   |      |
| <b>GRI 204: PROCUREMENT PRACTICES</b>     |   |      |
| 204-1                                     | Proportion of spending on local suppliers                                       |      |
| <b>GRI 205: ANTI-CORRUPTION</b>           |   |      |
| 205-1                                     | Operations assessed for risks related to corruption                             |      |
| 205-2                                     | Communication and training about anti-corruption policies and procedures        |      |
| 205-3                                     | Confirmed incidents of corruption and actions taken                             |      |
| <b>GRI 206: ANTI-COMPETITIVE BEHAVIOR</b> |   |      |
| 206-1                                     | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices |      |
| <b>GRI 300: ENVIRONMENT STANDARDS</b>     |   |      |
| <b>GRI 301: MATERIALS</b>                 |   |      |
| 301-1                                     | Materials used by weight or volume  |      |
| 301-2                                     | Recycled input materials used   |      |
| 301-3                                     | Reclaimed products and their packaging materials                                |      |
| <b>GRI 302: ENERGY</b>                    |   |      |
| 302-1                                     | Energy consumption within the organization                                      |      |
| 302-2                                     | Energy consumption outside of the organization                                  |      |
| 302-3                                     | Energy intensity  |      |
| 302-4                                     | Reduction of energy consumption   |      |
| 302-5                                     | Reductions in energy requirements of products and services                      |      |

| GRI STANDARDS                                     | DISCLOSURE ITEM   | PAGE |
|---|---|------|
| <b>GRI 303: WATER</b>                             |   |      |
| 303-1   | Water withdrawal by source  |      |
| 303-2   | Water sources significantly affected by withdrawal of water   |      |
| 303-3   | Water recycled and reused   |      |
| <b>GRI 304: BIODIVERSITY</b>                      |   |      |
| 304-1   | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas |      |
| 304-2   | Significant impacts of activities, products, and services on biodiversity   |      |
| 304-3   | Habitats protected or restored  |      |
| 304-4   | IUCN Red List species and national conservation list species with habitats in areas affected by operations                                |      |
| <b>GRI 305: EMISSIONS</b>                         |   |      |
| 305-1   | Direct (Scope 1) GHG emissions  |      |
| 305-2   | Energy indirect (Scope 2) GHG emissions   |      |
| 305-3   | Other indirect (Scope 3) GHG emissions  |      |
| 305-4   | GHG emissions intensity   |      |
| 305-5   | Reduction of GHG emissions  |      |
| 305-6   | Emissions of ozone-depleting substances (ODS)   |      |
| 305-7   | Nitrogen oxides (NOx) sulfur oxides (SOx), and others significant air emissions   |      |
| <b>GRI 306: EFFLUENTS AND WASTE</b>               |   |      |
| 306-1   | Water discharge by quality and destination  |      |
| 306-2   | Waste by type and disposal method   |      |
| 306-3   | Significant spills  |      |
| 306-4   | Transport of hazardous waste  |      |
| 306-5   | Water bodies affected by water discharges and/or runoff   |      |
| <b>GRI 307: ENVIRONMENTAL COMPLIANCE</b>          |   |      |
| 307-1   | Non-compliance with environmental laws and regulations  |      |
| <b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT</b> |   |      |
| 308-1   | New suppliers that were screened using environmental criteria   |      |
| 308-2   | Negative environmental impacts in the supply chain and actions taken  |      |

| GRI STANDARDS  | DISCLOSURE ITEM   | PAGE |
|--|---|------|
| <b>GRI 400: SOCIAL STANDARDS</b>                                 |   |      |
| <b>GRI 401: EMPLOYMENT</b>                                       |   |      |
| 401-1  | New employee hires and employee turnover  |      |
| 401-2  | Benefits provided to full-time employees that are not provided to temporary or part-time employees                            |      |
| 401-3  | Parental leave  |      |
| <b>402: LABOR/MANAGEMENT RELATIONS</b>                           |   |      |
| 402-1  | Minimum notice periods regarding operational changes  |      |
| <b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>                   |   |      |
| 403-1  | Workers representation in formal joint management-worker health and safety committees   |      |
| 403-2  | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities |      |
| 403-3  | Workers with high incidence or high risk of diseases related to their occupation  |      |
| 403-4  | Health and safety topics covered in formal agreements with trade unions   |      |
| <b>GRI 404: TRAINING AND EDUCATION</b>                           |   |      |
| 404-1  | Average hours of training per year per employee   |      |
| 404-2  | Programs for upgrading employee skills and transition assistance programs   |      |
| 404-3  | Percentage of employees receiving regular performance and career development reviews  |      |
| <b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>                  |   |      |
| 405-1  | Diversity of governance bodies and employees  |      |
| 405-2  | Ratio of basic salary and remuneration of women to men  |      |
| <b>GRI 406: NON-DISCRIMINATION</b>                               |   |      |
| 406-1  | Incidents of discrimination and corrective actions taken  |      |
| <b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b> |   |      |
| 407-1  | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk                |      |
| <b>GRI 408: CHILD LABOR</b>                                      |   |      |
| 408-1  | Operations and suppliers at significant risk for incidents of child labor   |      |
| <b>GRI 409: FORCED OR COMPLUSORY LABOR</b>                       |   |      |
| 409-1  | Operations and suppliers at significant risk for incidents of forced or compulsory labor                                      |      |
| <b>GRI 410: SECURITY PRACTICES</b>                               |   |      |
| 410-1  | Security personnel trained in human rights policies or procedures   |      |

| GRI STANDARDS                                | DISCLOSURE ITEM  | PAGE |
|--|--|------|
| <b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES</b> |  |      |
| 411-1  | Incidents of violations involving rights of indigenous peoples   |      |
| <b>GRI 412: HUMAN RIGHTS ASSESSMENT</b>      |  |      |
| 412-1  | Operations that have been subject to human rights reviews or impact assessments  |      |
| 412-2  | Employee training on human rights policies or procedures   |      |
| 412-3  | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening |      |
| <b>GRI 413: LOCAL COMMUNITIES</b>            |  |      |
| 413-1  | Operations with local community engagement, impact assessments, and development programs                                   |      |
| 413-2  | Operations with significant actual and potential negative impacts on local communities                                     |      |
| <b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b>   |  |      |
| 414-1  | New suppliers that were screened using social criteria   |      |
| 414-2  | Negative social impacts in the supply chain and actions taken  |      |
| <b>GRI 415: PUBLIC POLICY</b>                |  |      |
| 415-1  | Political contributions  |      |
| <b>GRI 416: CUSTOMER HEALTH AND SAFETY</b>   |  |      |
| 416-1  | Assessment of the health and safety impacts of product and service categories  |      |
| 416-2  | Incidents of non-compliance concerning the health and safety impacts of products and services                              |      |
| <b>GRI 417: MARKETING AND LABELING</b>       |  |      |
| GRI 417-1                                    | Requirements for product and service information and labeling  |      |
| GRI 417-2                                    | Incidents of non-compliance concerning product and service information and labeling  |      |
| GRI 417-3                                    | Incidents of non-compliance concerning marketing communications  |      |
| <b>GRI 418: CUSTOMER PRIVACY</b>             |  |      |
| GRI 418-1                                    | Substantiated complaints concerning breaches of customer privacy and losses of customer data                               |      |
| <b>GRI 419: SOCIOECONOMIC COMPLIANCE</b>     |  |      |
| GRI 419-1                                    | Non-compliance with laws regulations in the social and economic area   |      |

