



# SUSTAINABILITY REPORT 2021

*“REDUCING CARBONFOOTPRINT AGAINST CLIMATE CHANGE”*



## 2021 SUSTAINABILITY REPORT CONTENTS

<b>OVERVIEW OF SUSTAINABILITY REPORT</b>	<b>GRI 100</b>	CHAIRMAN'S MESSAGE
		THE COMPANY'S PROFILE
		THE OVERVIEW OF THE 2021 SUSTAINABILITY REPORT
		MISSION-VISION
		THE COMPANY'S VALUES
		STK'S COMMITMENT
		STK'S KEY MILESTONES
		KEY UPDATES IN THE SUSTAINABILITY REPORT
		STK'S AWARDS
		STK'S ORGANIZATION CHART
		THE BOARD OF DIRECTORS MEMBERS TENURE 2018-2023
		THE ROLE AND RESPONSIBILITY OF THE BOARD OF DIRECTORS TO SUSTAINABLE DEVELOPMENT
		THE BOD'S ACTIVITIES
		STK'S BOARD OF MANAGEMENT
		STK'S BOARD OF SUPERVISORS
		PREVENTION OF INTEREST CONFLICT AND TRANSACTIONS WITH RELATED PARTIES
		SUSTAINABLE DEVELOPMENT CONTEXT
		THE COMPANY'S ETHICAL VALUES
		CODE OF CONDUCT TO RELATED PARTIES
		THE ADVISORY AND REPORTING CONCERNS REGIME ABOUT THE CODE OF CONDUCT AT THE COMPANY
		DETERMINATION OF RELATED PARTIES' PRIORITY
		ALIGNMENT WITH RELATED PARTIES
		IDENTIFICATION OF MAJOR MATTERS
		LIST OF MAJOR MATTERS OF STK
		DEFINING SUSTAINABLE DEVELOPMENT OBJECTIVES ON MEDIUM AND LONG TERM PERIOD 2019-2025
ANALYSIS AND EVALUATION OF KEY RISKS		
THE SYSTEM OF INFORMATION COLLECTION AND SUPERVISION OF THE FULFILLMENT OF SUSTAINABLE DEVELOPMENT OBJECTIVES		
REPORT ASSURANCE BY THIRD PARTY		
<b>ECONOMIC EFFICIENCY</b>	<b>GRI 200</b>	STK'S 2021 ECONOMIC PERFORMANCE
		MARKET PRESENCE
		INDIRECT ECONOMIC IMPACT
<b>ENVIRONMENT PROTECTION AND REDUCING CARBON FOOTPRINT</b>	<b>GRI 300</b>	MATERIALS
		ENERGY
		WATER USAGE
		GREEN HOUSE GAS EMISSION
<b>SOCIAL AND LABOR DEVELOPMENT</b>	<b>GRI 400</b>	POLLUTION PREVENTION - ENVIRONMENTAL COMPLIANCE
		EMPLOYMENT
		OCCUPATIONAL HEALTH AND SAFETY
		EDUCATION AND TRAINING
		THE LOCAL COMMUNITY
		HEALTH AND SAFETY OF CUSTOMERS
		STK'S CULTURE AND TRADITIONS
THE CORPORATE CULTURE NORMS		
		GREEN CAPITAL MARKET
		REFERENCE TABLE TO GRI STANDARDS

## SUSTAINABLE ACHIEVEMENTS OF STK IN 2021



**CSI 100:** STK was ranked in Vietnam’s Top 100 Sustainable Enterprises in 2021, according to the CSI 100 Index (manufacturing sector). This is **the 6th time in 6 consecutive years** that STK has received this honorable award (2016-2021).



**ARA 2020 - 2021:** STK won **the 2<sup>nd</sup> prize of the 2021 best sustainability reports**. In 5 consecutive years from 2017-to 2021, the STK sustainability report has always been in the top 10 best quality reports in the market. In addition, the annual report also ranked in the top 10 2021 best annual reports in the Midcap group.

# I. SUSTAINABILITY DEVELOPMENT MESSAGE (GRI 102-14)

## (MD)

### General Director Message

Dear valued shareholders and investors,

The year 2021 closed with many difficulties, challenges, and damages caused by the Covid 19 pandemic, but the crisis could not make us fall. Instead, with perseverance and best efforts, the community has come together to overcome the pandemic, then gradually recover and continue to develop.

Being consistent with STK's sustainable development strategy from the very beginning, especially focusing on developing and providing high quality eco- friendly products, which helped the Company to create more added values, aligning the interests of stakeholders, thereby helping the Company to maintain stable operation during 2021 when the Covid-19 pandemic severely outbreaked and strongly affected the domestic market.

With nearly 20 years of operation in the field of polyester filament yarn production, STK has built a complete and appropriate human resources policies and practices which ,coupled with a corporate culture of solidarity and mutual support, helped ensuring employee retention and sufficient human resources for the Company operation during the difficult period; As the company always places customers at its center of focus while willing to share the benefits with related parties such as suppliers/partners, during the outbreak of the Covid-19 pandemic in 2021, the Company still maintained a stable number of orders and ensured uninterrupted supply chain.

In addition, with the core value system of continuously and proactively renovating and improving efficiency and productivity, the Company has been successfully developing environmentally friendly products with high added value, at the same time reducing the production waste, then ensuring the Company's profitability.

In the period of 2022-2025, the Company will continue to maintain a sustainable development orientation in line with the general trend of Vietnam's textile and garment industry when more and more world fashion brands are making strong commitments in combating climate change, reducing greenhouse gas emissions, protecting the environment aiming towards the United Nations' goal of zero-carbon footprint by 2050 and balancing social responsibility.

Thereby, the Company will focus on developing more environmentally friendly products with high added value such as recycled yarn with many special features; increasing the proportion of dope dyed and recycled yarn in the total sales revenue, implementing capacity expansion projects such as Unitex factory with the latest technological equipment and a high degree of automation to maximise energy saving, increasing new product development capabilities as well as the project under the yarn-textile-garment alliance in the near future in order to enable the Company to meet the customers' growing demand.

In addition, the Company will also invest more in the latest information technology systems for its production and operation activities such as POC production management system, production planning management software,



warehouse management software, automated packaging line etc. ... which can help it to optimize and improve the Company's operational efficiency while reducing consumption and limiting emissions to protect the environment. x

We hope that with the guidance of the Board of Directors and shareholders' support, the Company will reap the set objectives and bring more interest to shareholders, employees, and the community.

**GENERAL DIRECTOR**

**ĐẶNG TRIỆU HÒA**

## **II. OVERVIEW OF CENTURY SYNTHETIC FIBER CORPORATION**

Established in 2000 as a limited liability company, Century Corporation has been focusing on production of polyester filament (POY, FDY and DTY). The Company changed into a joint-stock company in 2005, creating a foundation for future capital raising to finance development. On September 30<sup>th</sup>, 2015, Company was officially listed on Hochiminh Stock Exchange with an STK ticker. STK is one of the largest yarn manufacturers in Vietnam with a capacity of over 60 thousand tons of yarn annually. The development strategy focuses on premium products, especially eco-friendly ones such as recycled and color yarn. STK balanced the proportion of exporting and in-land market in total revenue around 50%: 50%. Recycled yarn (made of the recycled polyester chip which comes from post-consumer-used plastic bottles) has been STK's key growth driver due to the growing demand for eco-friendly products. Tentatively, STK will increase the proportion of recycled yarn up to 100% in the total revenue of existing factories by 2025.

### **CENTURY SYNTHETIC FIBER CORPORATION'S EFFORTS IN THE 20 YEARS PATHWAY TO SUSTAINABLE DEVELOPMENT (2000-2021)**

- ❖ **Reducing the use of fossil energy sources through the use of renewable energy sources (Solar) with a capacity of 10.5 MWp;**
- ❖ **Reducing carbon footprint by more than 10% on average over the years;**
- ❖ **Reducing the use of clean water sources;**
- ❖ **Raising the rate of recycled and reused paper tube materials and domestic water in production;**
- ❖ **Raising the rate of recycled materials, increasing the proportion of Recycled yarn in total revenue to more than 50%;**
- ❖ **Increasing income for workers and raising the level of education of local people;**
- ❖ **Expanding the capacity and creating more jobs for local people;**
- ❖ **Developing more environmentally friendly products such as colored yarn using dope dyed technology, Recycled yarn with many functions... to protect the environment;**

## II.1 THE COMPANY'S PROFILE

**The Company's name:** Century Synthetic Fiber Corporation (GRI 102-1)

**Trading name:** Century Corp.

**Stock code:** STK (Ho Chi Minh Stock Exchange)

**Business scope:** STK manufactures and trades polyester filament yarns, including DTY and FDY. (GRI 102-2)

**Legal form and ownership:** Joint Stock Company (GRI 102-5)

**Headquarter:** B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City (GRI 102-3)

**Branch:** Street 8, Trang Bang Industrial Zone, Trang Bang District, TayNinh Province (GRI 102-4)

**Representative office:** 102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City (GRI 102-4)

**Chartered Capital:** VND707,269,440,000

**Telephone:** + 84.028 3790 7565 / +84.276 389 9537

**Fax :** 84.8 3790 7566 / +84.66 389 9536

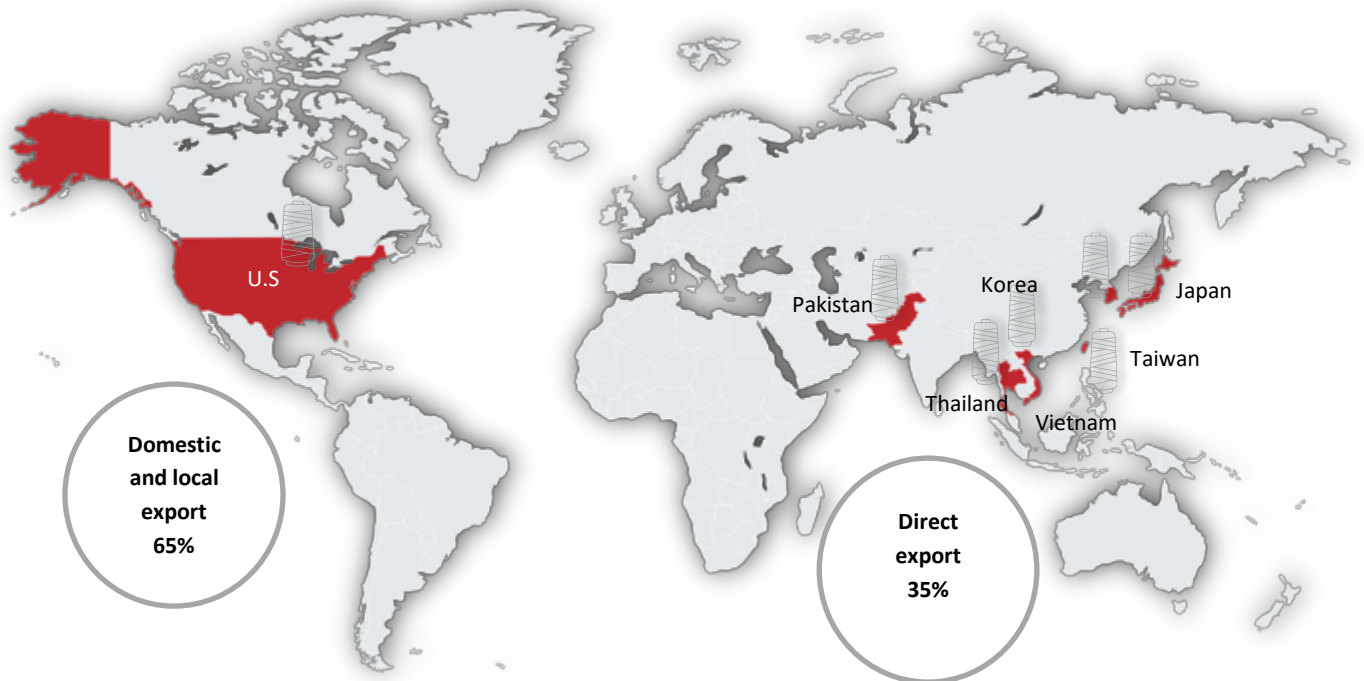
**Email:** [csf@century.vn](mailto:csf@century.vn)

**Website:** [www.theky.vn](http://www.theky.vn)

**Tax Registration Number:** 0302018927 (GRI 102-5)

**Ownership Equity (31/12/2021): VND1.258 billion**

### STK'S GLOBAL PRESENCE : (GRI 102-6)



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

### PRODUCTION CAPACITY : (GRI 102-7)

- The company has two factories located in Cu Chi and Trang Bang district with a total land area of 68,000 m<sup>2</sup> and the total number of employees is currently 927 people. The total capacity of the Company was 63,300 tons of DTY and FDY.
- One production line to recycle waste yarn into PET Chip with the capacity of 1,500 tons per year.
- It is expected that from 2023 to 2025, the factory's capacity will double with the operation of Unitex projects (located in Thanh Thanh Cong Industrial Park) focusing on producing and developing high-quality and value-

added yarns. (with a capacity of 60,000 tons of yarn/year), A project in the yarn-textile-garment cluster (Soc Trang) with a capacity of 20,000 tons of DTY/year.

## II.2 OVERVIEW OF 2021 SUSTAINABILITY DEVELOPMENT REPORT

### SUSTAINABLE VALUES THAT STK CREATED FOR RELATED PARTIES

STK RESOURCES	BUSINESS MODEL	CREATED VALUES
<ul style="list-style-type: none"> <li>➤ Owner's Equity: 1,258 billion VND</li> <li>➤ Total employees: 927 people</li> <li>➤ Training time: 248,706 hours</li> <li>➤ Training expenses: VND769 mil</li> <li>➤ Coning oil material: 1,343 tons</li> <li>➤ Energy consumption: 132,134 Mwh</li> <li>➤ Water consumption: 215,050 m3</li> </ul>	<p><u>4Ms Model:</u></p> <p><b>Machines:</b> investment in cutting edge machinery (saving energy consumption, ensuring the product quality).</p> <p><b>Man:</b> focusing on the quality of new recruitment, continuously training on the technical knowledge, perfecting the labor's policies.</p> <p><b>Materials:</b> purchasing high-quality raw materials from trusty suppliers to ensure product quality.</p> <p><b>Management:</b> applying a modern management regime, aiming to ensure product quality, customer service, and saving costs.</p>	<ul style="list-style-type: none"> <li>➤ Sales revenue: VND2,043 billion</li> <li>➤ Profit after tax: VND278.4 billion</li> <li>➤ Taxes contribution: VND116 billion</li> <li>➤ The number of post-consumer used bottles that STK indirectly recycled from 2016-2021: 3.04 billion post-consumer-used bottles</li> <li>➤ Labor accident: 0 cases.</li> <li>➤ Average wage increasing rate: 5%.</li> <li>➤ Growth rate of Carbon footprint (CO2): increasing by 9% on the total electricity consumption in 2021.</li> </ul>

- ❖ The Sustainability Development Report of STK is compiled annually, primarily aiming to publicize and provide official information about the Company's business performance as well as the assessment on fulfillment of the Company's sustainable development objectives in the reported year.
- ❖ The Company prepared the Sustainability Development Report separately from the Company's Annual Report to provide an overall picture of the Company's operating activities in 2021 as well as the Company's objectives and responsibilities towards sustainable development goals in 2022 and vision to 2025.
- ❖ By sharing the sustainable development report with related parties, we hope to receive constructive feedback to continuously review and improve in those matters of concern for the related parties
- ❖ 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 to provide advice and supports to the Board of Directors and Board of management members to promptly fine tune orientation and development strategies for the Company.

1. **Scope of report and boundary:** The report was prepared in Vietnam regarding the activities of Century Synthetic Fiber Corporation in the synthetic fiber industry
2. **The application of report GRI standard:** (GRI 102-54)

- ❖ Preparation of the Sustainability Development Report has been following the latest GRI standards since 2019.
- ❖ The GRI standards – a recognized international standard from Global Reporting Initiative Standards (GRI) under core contents. The report is also directly supported by The Competitive Trade Program (CSRCB) which is sponsored by GRI to improve the competitiveness and reporting quality of Vietnamese enterprises. The standard helps STK to strongly participate in the global value chains.
- ❖ The report content is concentrated on 4 key matters: GRI 100 General Information; GRI 200 Economic Issues; GRI 300 Environmental Issues; GRI 400 Social Issues.



3. **Reporting period:** the report is prepared based on the accounting period from 01/01/2021 to 31/12/2021 **(GRI 102-50)**
4. **Latest date of report:** 31/12/2020. **(GRI 102-51)**
5. **Report quality:** STK is committed to providing accurate, certain, reliable, and up-to-date information within the report *(refer to further information in Article III.6.7)*.
6. **The evaluation criteria that were assured by the Company's internal audit team:**
  - Average training hours per year **(GRI - 404)**;
  - Contribution activities to the local community **(GRI - 413)**;
  - Average salary of employees and minimum regional wage scale **(GRI - 401)**;
  - The energy consumption and emission level; **(GRI - 302 và 305)**
  - Water consumption; **(GRI - 303)**
7. **Reporting cycle:** annually performing
8. **Contact address (if any question):**

**Investor Relation team** – Century Synthetic Fiber Corporation - Address: Street 8, Trang Bang Industrial Zone, Trang Bang Town, Tay Ninh Province

Chief Editor: Ms. Nguyen Phuong Chi – Chief Strategy Office

Editor: Pham Dang Khoa–IR Executive

Email: [ir@century.vn](mailto:ir@century.vn)

Telephone: (+84.276) 388 7565 (Ext: 113)



## II.3 CIRCULAR ECONOMY AND STK'S VALUE CHAINS TOWARD SUSTAINABILITY DEVELOPMENT

### RECYCLING AND REUSING

- Reusing POY paper tubes in production processes.
- Reusing cooling water in production processes.
- Recycling wasted yarn into PET chip.
- Indirectly recycling post consumer used water bottles through increasingly using recycle PET chip.

### SUPPLY AND DISTRIBUTION

- Switching over to non-Diesel forklift trucks for internal transport.
- Flexible arrangement for internal trucks and shipping routes.



### R&D

- Developing recycle-plus yarn (with more functions).
- Developing dope dyed yarn which help customers to reduce consumption of dyeing chemicals and water.
- Installing solar power systems at factories.

### STK'S RESOURCES


- Using eco-friendly (e-saving) machinery and equipment imported from Germany (Oerlikon Barmag).
- Investments on capacity expansion projects.
- Using (PET chip) recycle.
- The Company's workforce is skillful and highly experienced.
- Continuously researching and developing eco-friendly products.

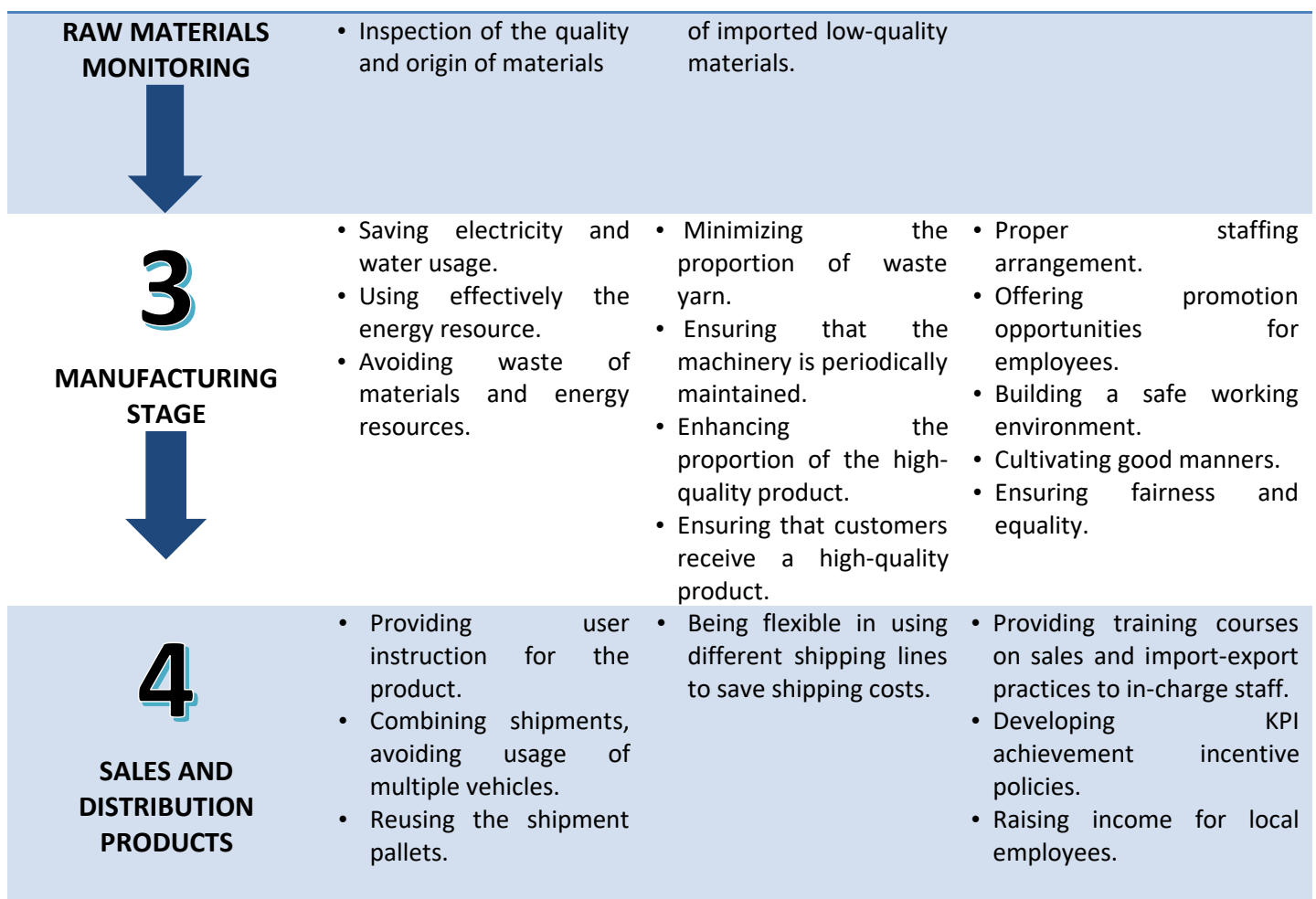
### PRODUCTION

- Effective production, reducing consumption of electricity and water.
- Reducing the proportion of wasted yarn to protect environment.
- Maximising green energy consumption in production.
- Reducing carbon footprint (CO2 emission).

### II.3.1 IMPLEMENTATION PROCESS OF THE COMPANY'S SUSTAINABLE VALUE CHAIN:

#### SUSTAINABILITY DEVELOPMENT VALUE IN COMPANY ACTIVITIES

	ENVIRONMENT PROTECTION	ECONOMIC DEVELOPMENT	DEVELOPMENT OF SOCIETY-LABORS
<b>1</b> <b>PRODUCTION PLANNING</b> 	<ul style="list-style-type: none"> <li>• Setting norms for materials and energy consumption per 1 product unit.</li> <li>• Planning to reuse the production materials.</li> <li>• Developing a saving plan for electricity, water, and fuel usage.</li> </ul>	<ul style="list-style-type: none"> <li>• Proper arrangement of equipment and machinery to ensure production efficiency.</li> <li>• Ensuring the stable operation of machines, avoiding machines idle time to save cost.</li> </ul>	<ul style="list-style-type: none"> <li>• Planning training courses for working skills and technical knowledge enhancement.</li> <li>• Staffing arrangement to ensure the stable provision of human resources for production activities.</li> <li>• Providing health and safety equipment to employees.</li> <li>• Planning to use the local raw materials supplies.</li> </ul>
<b>2</b>	<ul style="list-style-type: none"> <li>• Auditing the material suppliers according to environmental responsibility standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective price negotiation.</li> <li>• Raw material checking to minimize the portion</li> </ul>	<ul style="list-style-type: none"> <li>• Providing professional knowledge for supplying team.</li> <li>• Using local transportation service.</li> </ul>



## II.4 COMPANY'S VISION AND MISSION

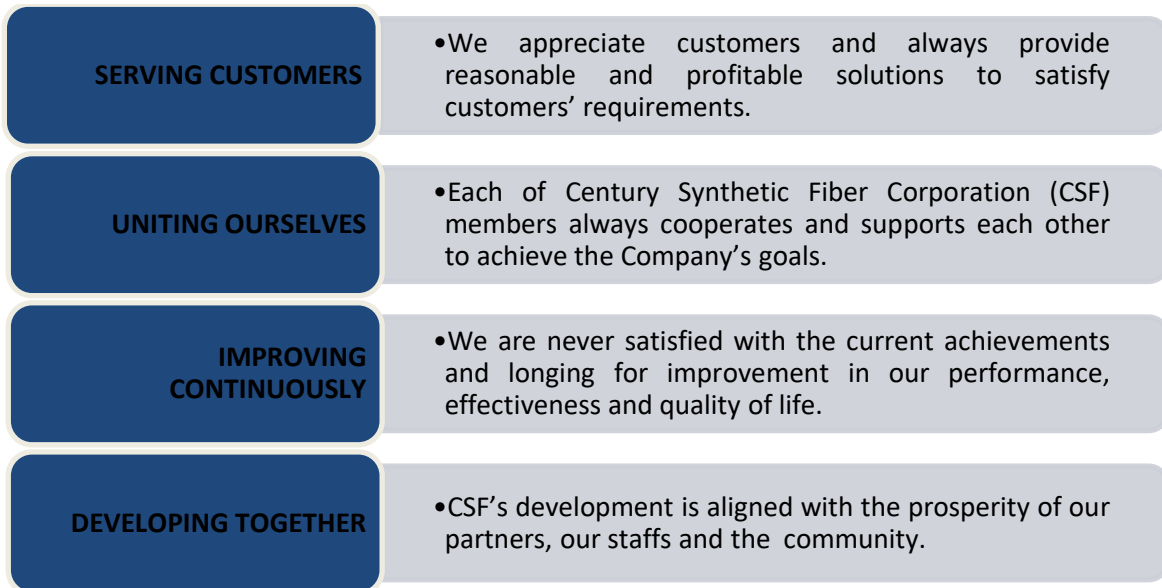
### VISSION

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

### MISSION

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

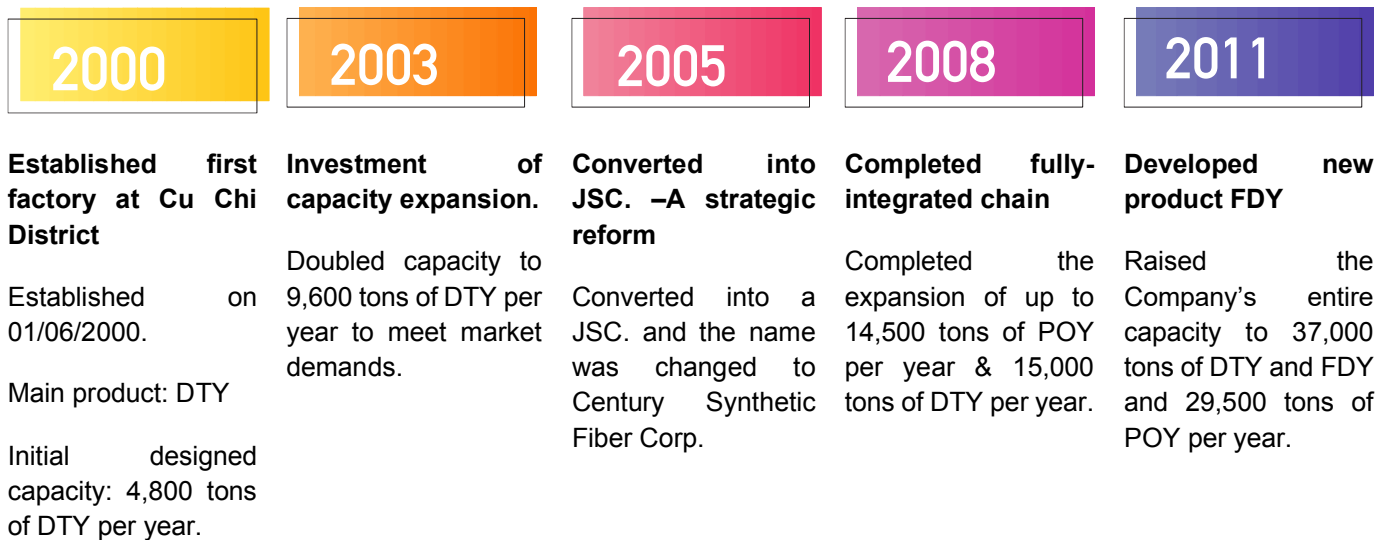
## II.5 COMPANY'S VALUES



## II.6 COMMITMENTS

"We always appreciate our customers. We take responsibilities and initiatives and cooperate in carrying out the works".

## II.7 KEY MILESTONES TOWARD SUSTAINABILITY DEVELOPMENT



2014

**Caught up the fiber world's trends & opportunities**

Expanding project for Trang Bang factory-Phase 3.

IPO by issuing 3 million shares.

2015

**Officially listed on HOSE, successfully developed "Recycled yarn".**

Raising the total capacity to 52,000 tons of DTY and FDY per year.

2016

**Began to produce Recycled yarn**

Expanding Trang Bang factory in phase 4, raising the total capacity of the company to 60,000 tons of DTY and FDY per year.

2017

**Taking advantage of markets, harvesting success**

Raising total capacity to 63,300 tons per year.

2019

**Consistently achieving targets**

Net Profit increased by 20% y-o-y.

Announcing the roadmap to raise the recycled yarn's portion.

2020

**Overcoming difficulties**

Completing 98.2% of 2020's sales revenue target.

Completing 109.9% of the 2020's profit after tax set target.

Raising the proportion of recycled yarn in total sales revenue to 44.7%.

2021

**Restoring the sustainable development momentum**

Maintaining the economic development target, completing 87% of sales revenue target and 112% of target profit in 2021.

Capacity expansion through Unitex project, Yarn-Textile-Garment

Alliance

**II.8 IMPROVEMENTS IN 2021 SUSTAINABILITY REPORT: (GRI 102-49)**

Having learned experiences from 2021 sustainable development report, the Company made the following improvements to this year report:

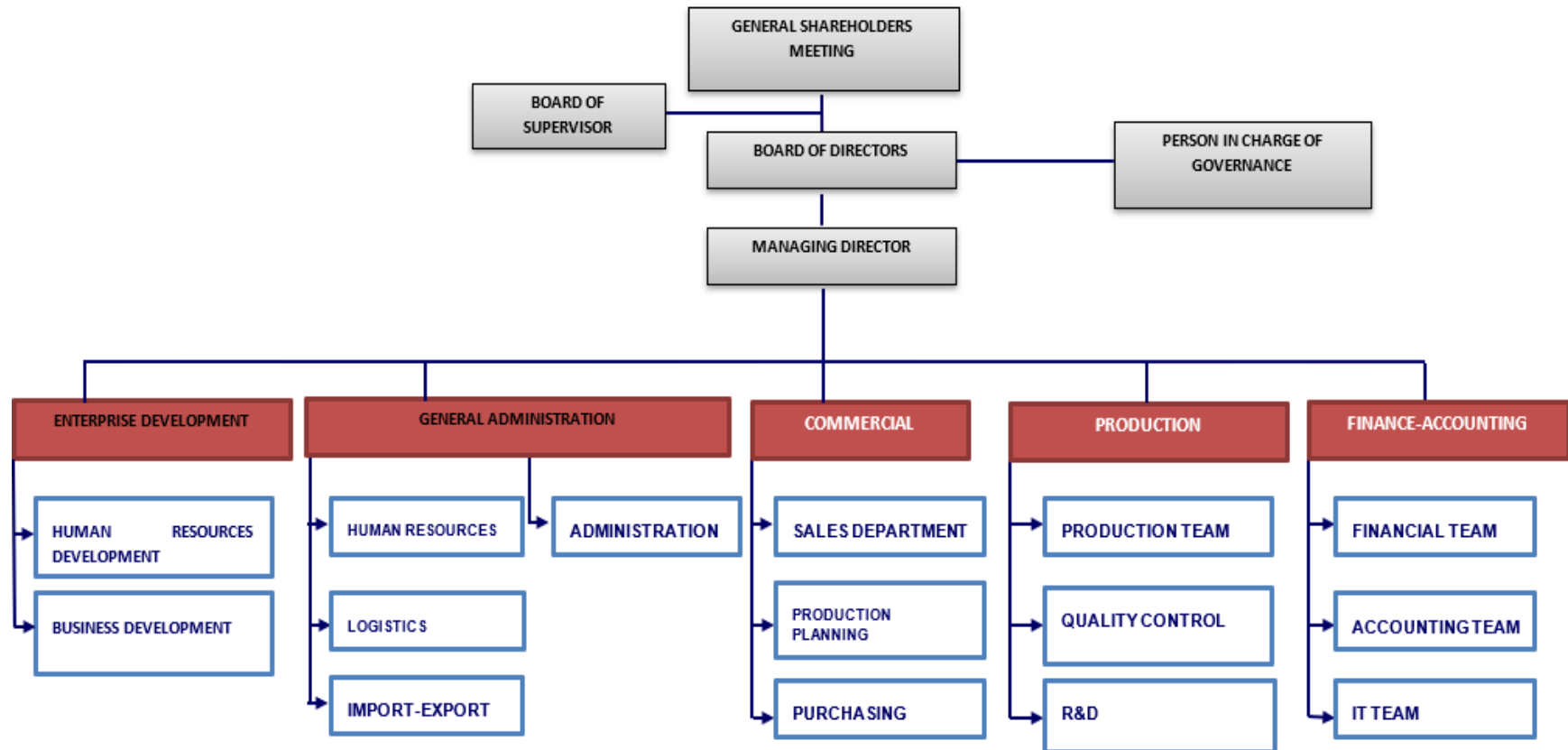
- Supplementing targets and orientations to reduce carbon footprint at the factory;
- Supplementing more information about green projects at the factory;
- Supplementing additional information in third-party assurance for Sustainable Development Goals;
- Supplementing information to develop Sustainability Development strategy with sustainable products;
- Supplementing more information about the Covid-19 pandemic concerns of stakeholders;
- Revising data on the number of plastic bottles the Company indirectly recycled;
- Setting the orientation of sustainable development to 2025;
- Updating the electricity emission factor and recalculating the 2021 Carbon footprint data;
- Improving and maintaining accountability according to GRI-Standards standards;
- Updating the context of Sustainable Development in global and Vietnam market;
- Supplementing the Sustainable Development management structure at the Company;
- Supplementing the Company's sustainable value chain;

CERTIFICATES AND AWARDS

<b>2021</b>	<ul style="list-style-type: none"> <li>• Second prize for the best sustainability report in the market of mid-cap companies group organized by the Ho Chi Minh Stock Exchange, 5 years in a row</li> <li>• Top 4 Best Annual Report 2021 in the group of Mid-cap companies organized by Ho Chi Minh Stock Exchange</li> <li>• Ranking top 100 Sustainable Development Enterprises 2021 (CSI 100) in 6 consecutive years. The award was presented by the Business Council for Sustainable Development (VBCSD).</li> </ul>
<b>2020</b>	<ul style="list-style-type: none"> <li>• Top 15 in the top 100 Sustainable Development Enterprises 2020 (CSI 100), for 5 consecutive years</li> <li>• Awarding organization: VCCI Vietnam</li> <li>• Top 3 Sustainable Development Reports -The most reliable report in the group of middle-cap companies organized by Ho Chi Minh Stock Exchange, 4 consecutive years</li> <li>• Top 5 Annual Reports -The best corporate governance reports in the group of mid-cap companies organized by the Ho Chi Minh Stock Exchange</li> </ul>
<b>2019</b>	<ul style="list-style-type: none"> <li>• Top 100 Sustainable Enterprises 2019 (CSI100) organized by VCCI for 4 consecutive years. Top 10 Sustainable Enterprise in the manufacturing sector in 2019.</li> <li>• Top 10 Best Annual Reports in Vietnam Listed Company Award (“VLCA”) 2019 organized by HOSE, HSX, VIR, and Dragon Capital.</li> <li>• Top 10 Best Sustainability Development Report in VLCA 2019.</li> </ul>
<b>2018</b>	<ul style="list-style-type: none"> <li>• Top 100 Sustainable Enterprises 2018 (CSI100) for 3 consecutive years.</li> <li>• Top 10 Sustainable Development Reports in VLCA 2018</li> <li>• Top 90 Annual Reports in VLCA 2018.</li> </ul>
<b>2017</b>	<ul style="list-style-type: none"> <li>• Top 500 largest companies in Vietnam (VNR500): ranked 361 on the list of private enterprises in Vietnam.</li> <li>• Awarding Organization: Vietnam Report and Vietnam net</li> <li>• Top 100 Sustainable Businesses 2017 (CSI100)</li> <li>• IR Award 2017 - Listed companies meet information disclosure standards</li> <li>• Awarding Organization: VAFE and Tai Viet Joint Stock Company (Viet stock e-newspaper).</li> </ul>

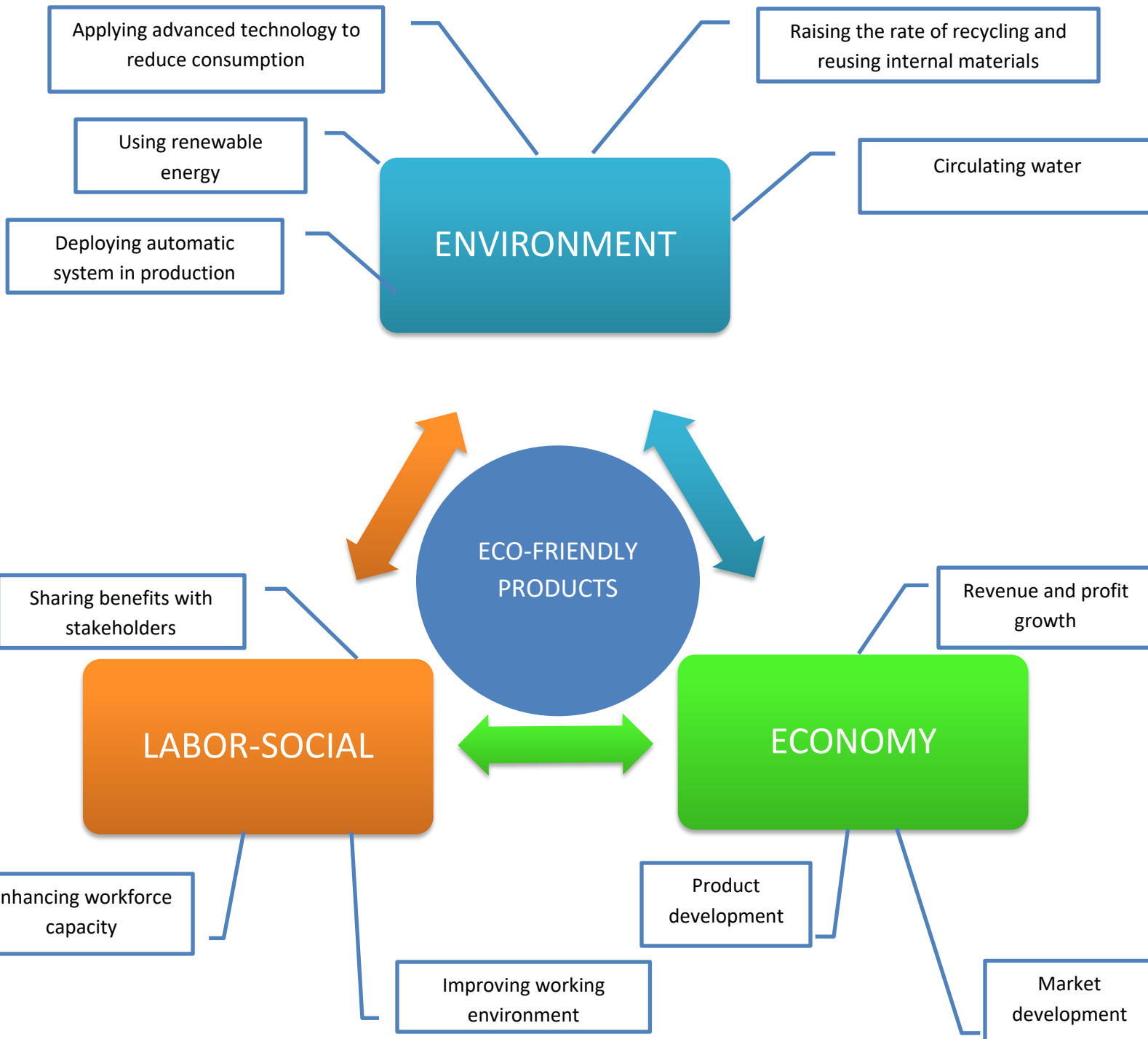
## II.10 ORGANIZATION CHART (GRI 102-18)

The Company's governance model is based on the best practices and standards, following requirements on corporate governance of a listed company.



## II.11 MECHANISM FOR STRATEGY BUILDING, PLANNING, IMPLEMENTATION, AND REPORTING SUSTAINABLE DEVELOPMENT

### BUILD SUSTAINABLE STRATEGY WITH SUSTAINABLE PRODUCTS



Towards the goal of sustainable development and ensuring the balance of interests among stakeholders as well as the balance of sustainable development, at Century Synthetic Fiber Corporation, the focus of the sustainable

development strategy is to choose eco-friendly products which are commercially and financially viable. The recycled yarn is one of the key products that help the Company to develop further on its sustainable development path with high economic value, helping to recycle plastic bottles contributing to environmental protection (helps to reduce by 30% carbon footprint as compared to virgin yarn products). The Company is also developing more colored yarn products (an alternative to the traditional dyeing process, helping customers to reduce water consumption, wastewater, and chemical emissions into the environment) and adding special features for recycled yarn products (such as hygroscopicity, high elasticity, etc.) to create added value for consumers and promote demand for recycled yarn. In addition to the list of environmentally friendly products, the Company also focuses on the strategy of investing in machinery using modern technology to reduce electrical energy consumption, reduce waste products as well as fostering technical improvement to reduce environmental pollution, consumption of raw materials, electricity, and water, reusing materials, recycling scrap and using renewable energy. In terms of labor and society, with the motto of developing together, the Company advocates sharing benefits with employees through constantly improving the remuneration regime, enhancing the capacity of employees, and creating a safe and comfortable working environment for employees.

### **PLANNING AND EXECUTING**

#### **THE HUMAN RESOURCES DEPARTMENT IS RESPONSIBLE FOR SOCIAL MATTERS.**

- Proposing the human resource planning for the Company;
- Implementing the attendance checking, payroll making, and ensuring the welfare policies to employees;
- Providing training, promotions, and fostering workmanship for the Company's employees;
- Proposing recruitments and selection of qualified candidates for the Company;
- Advising the Company's Board of Directors about the Company's salary budget and the KPIs achievement of each department;
- Updating and improving the Company's labor policies in accordance with prevailing laws and regulations.
- Handling employees' grievances and ensuring the equality practice in the Company.
- Being responsible for directly reporting to General Director and the Company's BOD regarding social and labor issues;

#### **THE ADMINISTRATION DEPARTMENT IS RESPONSIBLE FOR ENVIRONMENTAL MATTER**

- Proposing and enacting policies to ensure health-safety-environment matters at the Company;
- Regularly inspecting and reporting the Company's compliance with regulations on labor safety and environmental protection;
- Annually implementing the health-safety-environment training to the Company's employees;
- Periodically implementing the working environment inspection regarding air emission, wastewater, and solid wastes parameters;
- Updating and preparing environmental protection policies and procedures; health-safety-environment handbook for the Company's employees;
- Being responsible for directly reporting to General Director regarding health-safety-environment matters;

#### **THE SALES TEAM-SALES DEPARTMENT IS RESPONSIBLE FOR ECONOMIC MATTERS**

- Advising General Director about the Company's sales plan;
- Looking for potential customers and developing the Company's customer network and markets;
- Boosting the Company's sales activities, optimizing the Company's sales revenue and profit after tax;
- Ensuring the customer service quality and implementing the Company's marketing strategy;
- Getting updated about the market situation and advising the Company's General Director to have proper sales policies;
- Being responsible for directly reporting to General Director and BOD about the Company's sales performance;



**THE FINANCIAL DEPARTMENT IS RESPONSIBLE FOR ECONOMIC MATTERS**

- Advising General Director and sales department to have proper sales policies and maintaining price gap;
- Monitoring and tracking the Company's expenditure budget;
- Reporting to Board of Management about unexpected or overspending cases;
- Supporting and following up with sales team to embrace the Company's profit plan;
- Managing the inventory level and reporting to General Director;

**THE PRODUCTION PLANNING DEPARTMENT IS RESPONSIBLE FOR PRODUCTION SCHEDULING AND MATERIALS ALLOCATION**

- Arrangement of machinery, equipment, and labor force to execute the order production;
- Making a schedule for production as well as monitoring the material consumption throughout production processes;
- Collaborating with sales team in sales order acceptance and delivery schedule.

**PURCHASING DEPARTMENT IS RESPONSIBLE FOR RAW MATERIAL MATTERS**

- Finding qualified suppliers for materials, equipment, machines, and services;
- Ensuring reasonable prices, reducing company costs;
- Ensuring the supplier's delivery schedule on time to serve the production needs of the Company;
- Developing supplier network to minimize the risk of supply shortages;

**THE PRODUCTION DEPARTMENT IS RESPONSIBLE FOR PRODUCTION AND PRODUCT QUALITY CONTROL**

- Deploying production and assuring the quality of products;
- Ensuring economical usage of the Company's resources in the production process;
- Minimizing the rate of waste products;
- Researching and developing new solutions to improve and stabilize product quality;

**SUSTAINABILITY DEVELOPMENT ACHIEVEMENTS IN 2021 (GRI 102-28)**

**The assessment process:**

1. Upon the Company's business performance report, social-labor report, environment inspection report, and monthly KPIs achievement of each department in the Company.
2. The BOD will give comments and make evaluations on the Company's sustainable development achievements in the last period.
3. The BOD also provides new development directions for upcoming periods (**refer further to Article III.6.5**).

**The frequency of evaluation:** monitoring achievement of the Company's sustainable development goals through monthly and quarterly meetings and reports as well as making the annual evaluation of its performance.

In 2021, STK's management team and employees united and exerted to improve the Company's performance, enhance production efficiency and minimize wasteful usage of resources and energy. In details:



## **SUSTAINABLE DEVELOPMENT OF ECONOMY**

- Sales revenue in 2021 completed 87% as compared to 2021 target.
- The proportion of recycled yarn in total revenue increased sharply, accounting to 50% of total revenue;
- Net profit after tax in 2021 reached VND 278.4 billion and exceeded the 2021 target by 12%;
- Gradually developing customer network, expanding into more markets, especially the US market;
- The Company's financial standing was improved as the debt-to-equity ratio decreased to 0.26x as at December 31, 2021;
- Successfully developing yarns with high added value (Dope dyed yarn, soft package, Full dull, High CR, CD Mix, Quick Dry yarn) for domestic market and export ones such as Japan, Thailand;



## **DEVELOPMENT OF LOCAL LABOR AND COMMUNITY**

- The employees' income in 2021 increased by an average of 5% as compared to 2020;
- The employees' welfare regime was improved as compared to 2020;
- Giving Tet gifts, building funds to help employees in difficult circumstances;
- Bonusing over 2.5 months' salary for employees on the occasion of the Lunar New Year;
- Periodically implementing the policy on skill assessment for promotion and creating promotion opportunities for employees;
- The company created more jobs directly for local workers and indirectly for suppliers through: projects to expand production capacity, increase the proportion of recycled yarn...
- The Company has continued to improve the complaint and feedback mechanism based on the Company's Code of Conduct;
- Periodically inspecting and maintaining machinery and equipment;
- Ensuring labor safety for employees while working at the Company.

- Developing environmentally friendly yarn products: the proportion of recycled yarn has increased dramatically, accounting for 50% of the total sales revenue, towards 100% by 2025;
- Solar energy projects help reducing 10% annual carbon footprint and reducing 530 thousand tons of CO2 for the life of the project;
- Recycling waste yarn into input PET chips, helping to reduce emissions to the environment;
- Development and commercialization of dope dyed yarn, which helps to reduce the amount of consumed clean water, chemicals and environmental protection;
- In 2021, the number of used POY paper tubes is 736,422 tubes and on average 1 POY paper tube can be reused 3.6 times, so the number of POY paper tubes saved is 2,651,119 tubes (without reusing, the number of POY tubes required could be 3,387,541).
- The carbon footprint of electricity increased by 9% compared to 2020, mainly because that the company produced more special and fine yarn;
- The carbon footprint of Diesel oil has been completely eliminated from 2020;
- From the beginning of the production of recycled fibers to the end of 2021, the Company has indirectly reused about 3.04 billion post-consumer-used PET plastic bottles thanks to the production of Recycled yarn, minimizing the impact on the environment, especially reducing the ocean plastic pollution.

## II.12 BOARD OF DIRECTORS (GRI 102-22,23,24,27)



BRIEF INTRODUCTION OF BOD MEMBERS	POSITION AT STK	DATE OF APPOINTMENT
<p><b>1. Mdm. Dang My Linh, 50 years old</b>                      Ms. Dang My Linh is one of the co-founders of STK. Currently, she is the General Director of Lien An Trading &amp; Investment Joint Stock Company.</p> <p>Before joining STK, she had more than 10 years of working experience at Worldtex Enterprise Co., Ltd. (Taiwan).</p> <p>Qualification: Business Administration.</p>	Chairwoman	14 Feb 2020
<p><b>2. Mr. Dang Trieu Hoa, 53 years old</b>                      Mr. Dang Trieu Hoa founded STK in 2000 and has been playing the important role in the 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 &amp; Services Co., Ltd and Viet Phu Trading &amp; Services before setting up STK.</p>	Vice - Chairman  CEO	14 Feb 2020  Since 2005



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

Qualification: Business Administration.



**3. Mr. Dang Huong Cuong, 46 years old**

Mr. Dang Huong Cuong is one of the 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.

Non-executive member

Since 2005



**4. Mdm. Cao Thi Que Anh, 56 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.

Non-executive independent member

12/01/2015



**5. Mr. Vo Quang Long – 44 years old**

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

Education level: Business Administration

Non-executive member

17/04/2018



**6. Mr. Chen Che Jen - 60 years old**

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

Education: Technology

Non-  
executive  
independent  
member

17/04/2018



**7. Mr. Nguyen Quoc Huong, 51 years old**

Mr. Nguyen Quoc Huong is an expert in finance-banking and finance risk management.

Education: Finance-Banking

Non-  
executive  
independent  
member

17/04/2018

**II.12.1.1 THE ROLE AND RESPONSIBILITY OF THE BOARD OF DIRECTORS TO SUSTAINABLE DEVELOPMENT (GRI 102-20,32)**

- The Company's BOD plays important role in setting sustainable development goals for the Company. At STK, the sustainable development goals are specified into objectives of each department.
- The sustainable development goals of the Company are also quantified as the indicators (KPI) to evaluate and measure the implementation result of the sustainable development goals from each Company's department, ensuring adherence to the common goals of the Company.
- The Board of Directors keeps carrying out quarterly meetings to update and timely provide guidance for STK's operation and production activities.
- Each social-economic-environmental aspect will be presented directly to the Board of Directors by the Board of management.
- The Company's BOD members will assess the achieved results and give directions to improve the Company's performance.

The BOD assigns the Board of Management and responsible departments to prepare the sustainability report, ensuring that the content of the report is prepared in accordance with international practices, Vietnamese regulations and to reflect the actual situation of the Company.

## II.13 MANAGEMENT EXECUTIVE BOARD (GRI 102-22,23,24,27)



**Mr. DANG TRIEU HOA**  
VICE CHAIRMAN, GENERAL DIRECTOR

**Year:** 1969

**Education:** Business Administration

**Working experience:**

**06/2010 to present** Chairman/General Director, CENTURY.

**1995-2000:** Director, Hoan A Trading & Services Co., Ltd.

**1991-1995:** Director, Viet Phu Trading & Services Co., Ltd.



**MDM. NGUYEN PHUONG CHI**  
CHIEF STRATEGIC OFFICER

**Year:** 1972

**Education:** Master of Applied Finance

**Working experience:**

**01/2015 to present:** CSO, CENTURY

**03/2008 – 12/2014:** Investment Advisory Manager, Tri Tin Consulting & Investment JSC.

**04/2005 – 02/2008:** Senior Project Manager, Openasia Consulting Ltd.

**10/2004 – 02/2005:** Business Development Officer, Mekong Private Sector Facility (“MPDF”).

**10/2002 – 10/2004:** Senior Financial Analyst, PricewaterhouseCoopers (Vietnam) Ltd.

**03/1997 – 03/2000:** Legal Assistant, Deacons Graham & James, Hanoi Branch.



**MR. PHAN NHU BICH**  
DEPUTY CFO/ CHIEF ACCOUNTANT

**Year:** 1970

**Education:** MBA


**Working experience:**


**11/2010 to present** Chief Accountant, CENTURY.


**03/2004 – 03/2010:** Controller/ Accountant, Thanh Cong Textile Garment & Investment Trading JSC.

**1997 – 03/2004:** Accountant, Binh Phuoc Electricity Company.

**II.14 BOARD OF SUPERVISORS (GRI 102-22,23,24,27)**

	<b>MR. NGUYEN TU LUC</b>	
	HEAD OF THE BOS	
	Year	1952
	Education	Bachelor of Accounting
	Working experience	<p><b>1/2015 – present:</b> Chief Accountant, Mai Hoang Vu Co. Ltd.</p> <p><b>2007 - present:</b> Chief Supervision Committee, STK</p> <p><b>2006 - present:</b> Assistant to General Director, STK.</p> <p><b>2000 - 2006:</b> Chief Accountant, STK.</p> <p><b>1984 - 2000:</b> Chief Accountant, South Asia Shoes.</p> <p><b>1979 - 1984:</b> General Accountant, HCM Hotel, Chief Accountant of Saigon Hotel.</p>

	<b>MDM. HOANG NU MONG TUYEN</b>	
	BOS MEMBER	
	Year	1990
	Education	Bachelor
	Working experience	<p><b>25/02/2020 – present:</b> Sales executive at <a href="#">K Pack Co., Ltd.</a></p> <p><b>2018 – 02/2020:</b> MD assistant, STK</p> <p><b>2012 – 2018:</b> Sales admin, STK</p>

	<b>MDM. DINH NGOC HOA</b>	
	BOS MEMBER	
	Year	1979
	Education	Bachelor
	Working experience	<p><b>2005 - present:</b> Head of Planning-production department, STK</p> <p><b>2002 - 2004:</b> Accountant, Vi Hop Ltd,</p>

**II.15 PREVENTION OF INTEREST CONFLICT OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES (GRI 102-25)**

[\(Refer further to article XI. Prevention of interest conflict of interest and transactions with related parties – 2021 annual report\)](#)

### III. 2021 SUSTAINABILITY REPORT

#### III.1 GLOBAL SUSTAINABLE DEVELOPMENT CONTEXT

According to the report on progress towards the implementation of the UN Sustainable Development Goals 2021 “The Sustainable Development Goals Report 2021, under the impact of the global Covid-19 pandemic in the 2nd year, creating a large-scale crisis that negatively impacted the lives and livelihoods of mankind globally as well as efforts to realize the 2030 Agenda for Sustainable Development. The Covid-19 pandemic has disrupted progress towards the implementation of the Sustainable Development Goals, hundreds of millions of people have been infected with the disease, increasing mortality in many populous countries, causing economic stagnation, leading to social distancing, putting pressures on public health services with more serious environmental pollution, persistent poverty and food shortages, as well as negatively impacting on the gender equality structure, protection of the environment, and rights of women and children.

#### ECONOMY

- The pandemic has caused lost of the equivalent of 255 million full time jobs globally.
- The number of international tourists decreased from 1.5 billion in 2019 to 381 million in 2020.
- Economic growth is expected to return to pre-pandemic levels only by the end of 2022 or 2023.
- Global production dropped sharply, down by 6.8% in 2020.
- Direct investment abroad reduced by nearly 40%
- Remittance flows to low- and middle-income countries reached 540 billion USD in 2020, down by 1.6% as compared to 2019.

#### ENVIRONMENT

- Billions of people still do not have access to safe, sanitary and hygienic drinking water by 2020.
- The 2020 global average temperature is at 1.2°C above the pre-industrial baseline.
- 129 countries have not managed to sustainably manage water resources by 2030.
- The global “Material footprint” increased by 70% from 2000 to 2017.
- Plastic waste continues to increase, especially in the context of the covid pandemic, the use of single-use plastic packaging has increased to prevent disease.
- Fossil fuels continue to be a threat to the fulfillment of the Paris Agreement and the 2030 Agenda.

#### LABOR AND COMMUNITY

- An additional 119–124 million people would be pushed back into extreme poverty by 2020.
- The global poverty rate does not meet the target of 7% poverty eradication by 2030.
- Worldwide, an additional 70–161 million people are likely to experience hunger as a result of the pandemic by 2020.
- COVID-19 has wiped out 20 years of educational achievements.
- Violence against women remains high and is increasing due to the pandemic.
- In 2020, at least 331 human rights defenders were reportedly murdered in 32 countries.

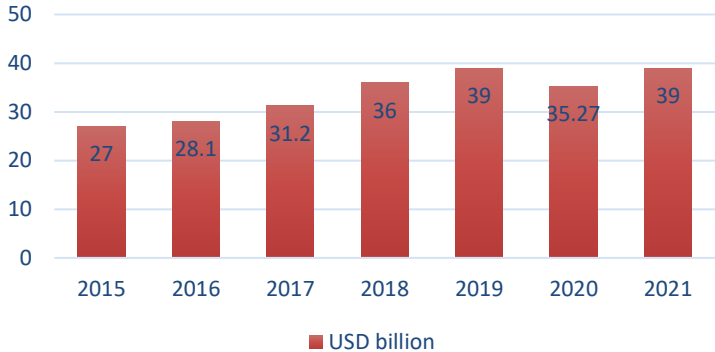
#### III.2 SUSTAINABLE DEVELOPMENT BACKGROUND OF VIETNAM TEXTILE INDUSTRY

In 2021, some key garment-consuming markets such as the US and EU have had a good recovery, so Vietnam's textile and garment export orders rebounded quite well in the first 6 months of 2021. However, the period of third and fourth quarters of -2021 were extremely difficult for Vietnam's textile and garment industry when it was



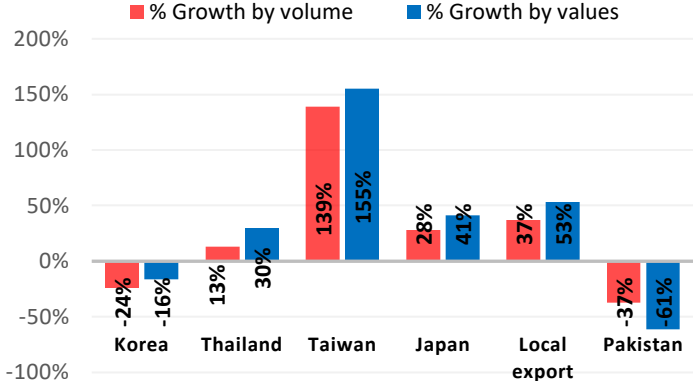
heavily affected by the COVID-19 pandemic, leading to supply disruptions, with many businesses having to close down and scale down operation. Thanks to flexibility in applying solutions to maintain production and boost export sales, textile and garment enterprises have gradually overcome difficulties and achieved their set goals. The total export turnover of Vietnam's textile and garment industry is estimated at 40.45 billion USD in 2021, inclined by 14.7% as compared to 2020 and increased by 3.7% as compared to 2019. This is considered a great effort of Vietnam's textile and garment industry, and that result is also a premise to promote the development of the industry in the coming time.

**VIETNAM'S TEXTILE&GARMENT EXPORT TURNOVER**



Source: Vietnam Cotton and Yarn Association

**VIETNAM'S POLYESTER FILAMENT EXPORT PERFORMANCE IN FY2021**



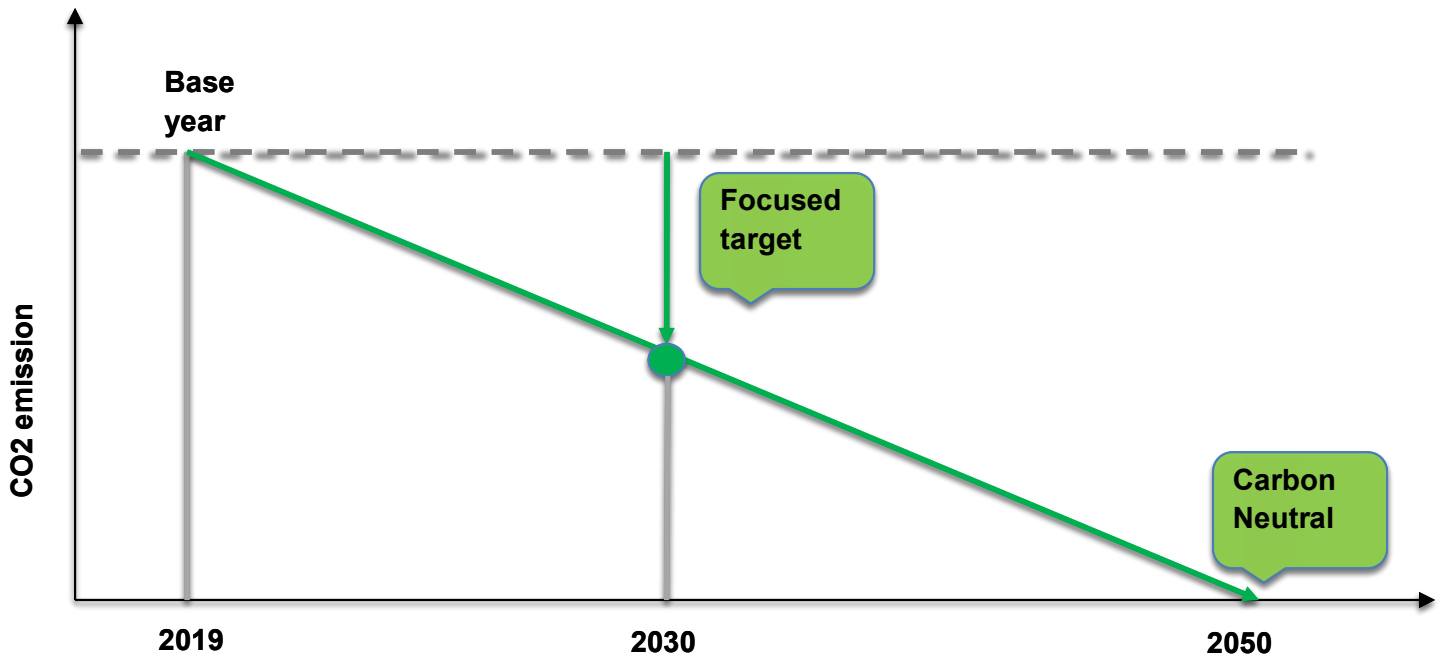
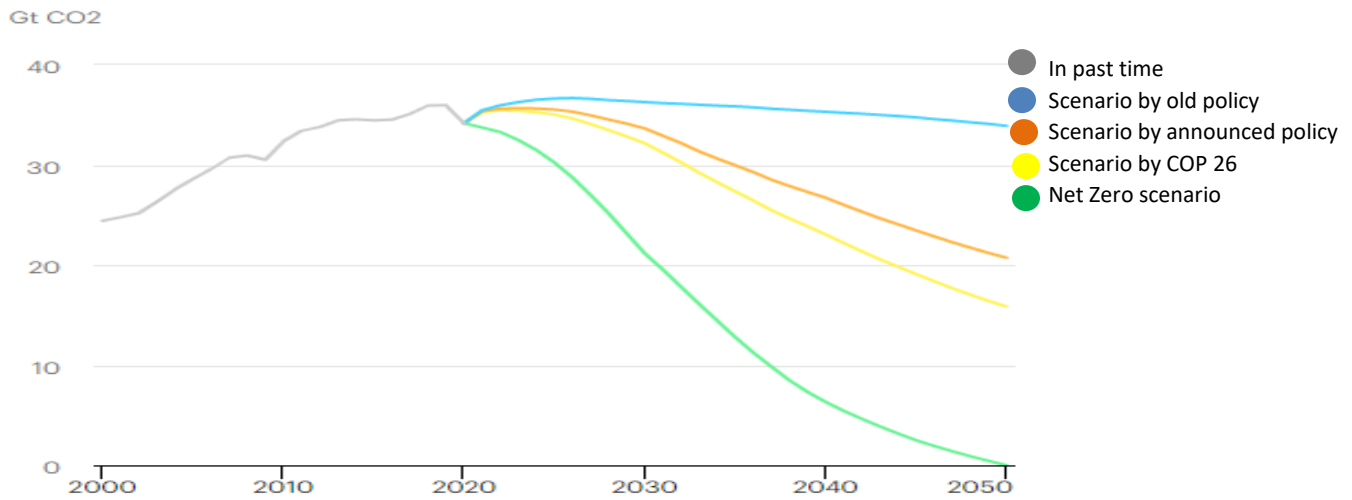
Source: Vietnam Customs Department

In 2022, the signed FTAs will be one of the positive supports for Vietnam's textile and garment export activities. Vietnam's textile and garment market share in the US and EU is continuing to expand with many new opportunities to increase Vietnam's textile and garment export turnover to these markets. Vietnam's textile and garment market share in the US and EU has been expanding with many new opportunities to increase Vietnam's textile and garment export turnover to these markets.

Commitment to environmental protection is a prominent trend of the fashion industry. In 2018, the fashion industry already joined the UN Climate Action initiative by launching the Fashion Industry Charter for Climate Action ("UNFCCC"). By 2021, there were 132 brands including Nike, Adidas, Inditex, H&M, Lululemon, VFGroup, Decathlon, Gap, Kering, Kmart already joined the charter.

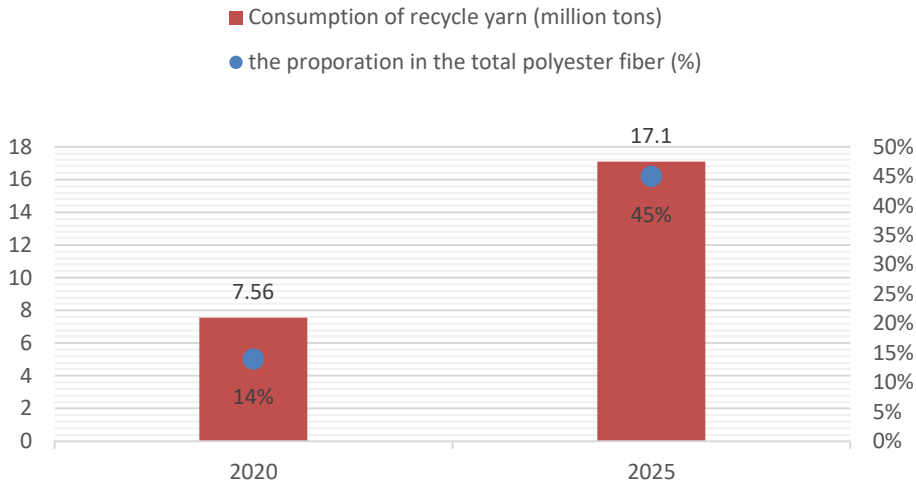
In response to the call of the UN Climate Change Conference ("COP26") which was held in Glasgow from 31<sup>st</sup> October 2021 to 12<sup>th</sup> November 2021, UNFCCC made commitments to hold the increase in the global average temperature to 1.5°C above pre-industrial levels which translate to at least 50 percent absolute aggregate GHG emission reductions by 2030 against a baseline of 2019 and achieving net-zero GHG Emissions by 2050.

**CO2 emissions in World Energy Outlook scenarios over time, 2000-2050**



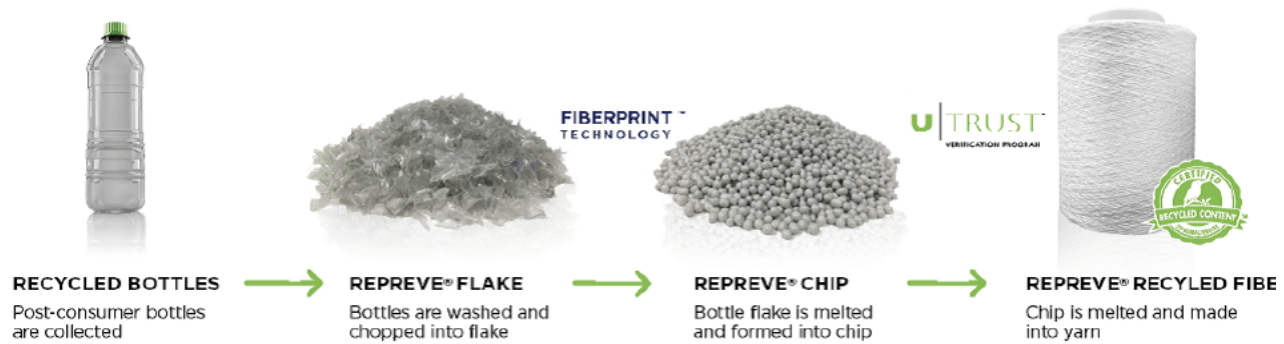
The Charter’s key action plan includes: pursue energy efficiency; Secure 100% of electricity from renewable sources; Source 100% of priority materials; Engage all suppliers to implement the targets.

To implement the above action plan, in April 2021, fashion brands have committed to increasing the proportion of recycled polyester yarn in total polyester fiber weight from 14% (in 2020) to 45% by 2025. Thus, the volume of recycled polyester yarn consumption is expected to increase from 4.5 million tons/year (2020) to 17.1 million tons/year by 2025. (source: Textile Exchange).



**COMMITMENT ROAD TO USING RECYCLED MATERIALS OF FASHION BRANDS**





Zero Discharge Hazardous Chemical Campaign (“ZDHC”) is another initiative of the industry to protect water resources. In this initiative, 34 brands committed to minimizing clean water usage and to minimize wastewater containing hazardous chemicals.

Seizing development opportunities and connecting with sustainable development trends, Century gradually increases the proportion of environmentally friendly yarns such as Recycled yarn, by 2021 the proportion of recycled yarn in total revenue has reached more than 50%, and towards the goal of 100% by 2025.

By 2021, Century has indirectly recycled 3.04 billion post-consumer-used plastic bottles into recycled yarn, contributing to reduction of the ocean plastic pollution and protecting the environment.

In addition, STK has also developed colored yarns using dope dyed technology, creating an alternative to the traditional dyeing process, helping customers to reduce clean water consumption by up to 89%, and correspondingly reduce the discharge rate, wastewater, and chemicals into the environment, contributing to achievement of the ZDHC campaign’s commitments. Although the colour yarn’s contribution to revenue was still modest (0.002% in 2021), the Company already had 18 customers buying this product and it is expected that the proportion of colored yarn products will increase in the coming years.

### III.3 ETHICAL VALUES OF THE COMPANY (GRI 102-16)

[Refer further to Article II.5 Governance model- 2021 Annual Report](#)

### III.4 CODE OF CONDUCT WITH STAKEHOLDERS (GRI 102-16)

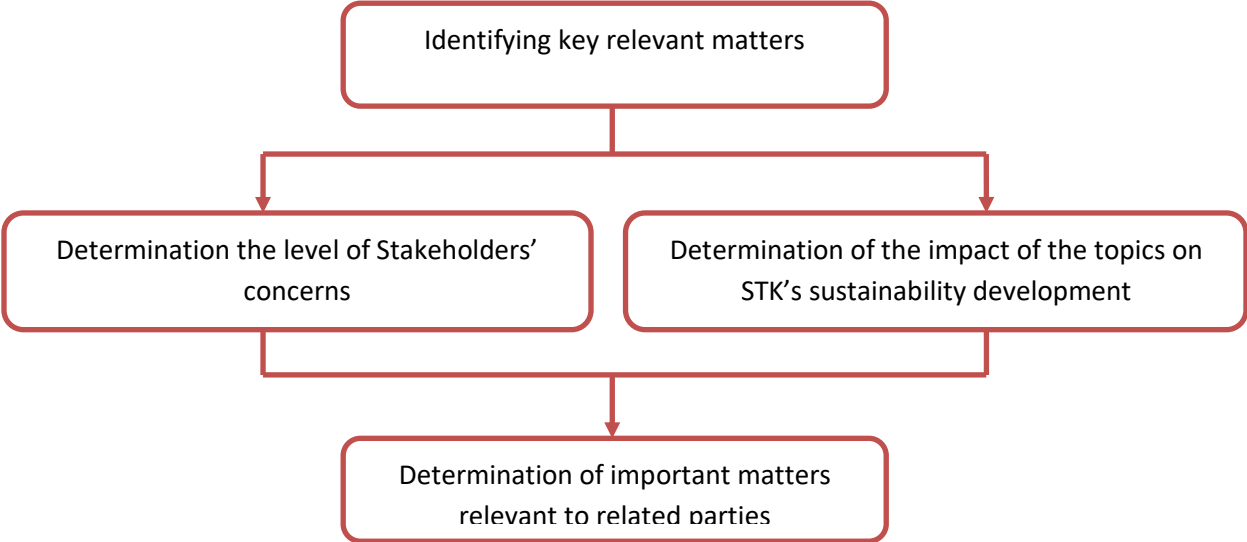
[\(Refer further to Article II.5 Governance model- 2021 Annual Report\)](#)

### III.5 THE ADVISORY AND GRIEVANCE MANAGEMENT FRAMEWORK ABOUT THE CODE OF CONDUCT AT THE COMPANY (GRI 102-17)

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 and continuously edits/updates the related matters in the Company’s Code of Conduct. At STK, the HR

department and Business Development department are the key in-charge bodies that directly monitor any reports and concerns that occurred about the Code of Conduct.

**III.6 ENGAGING RELATED PARTIES IN COMPILING SUSTAINABILITY DEVELOPMENT REPORT**

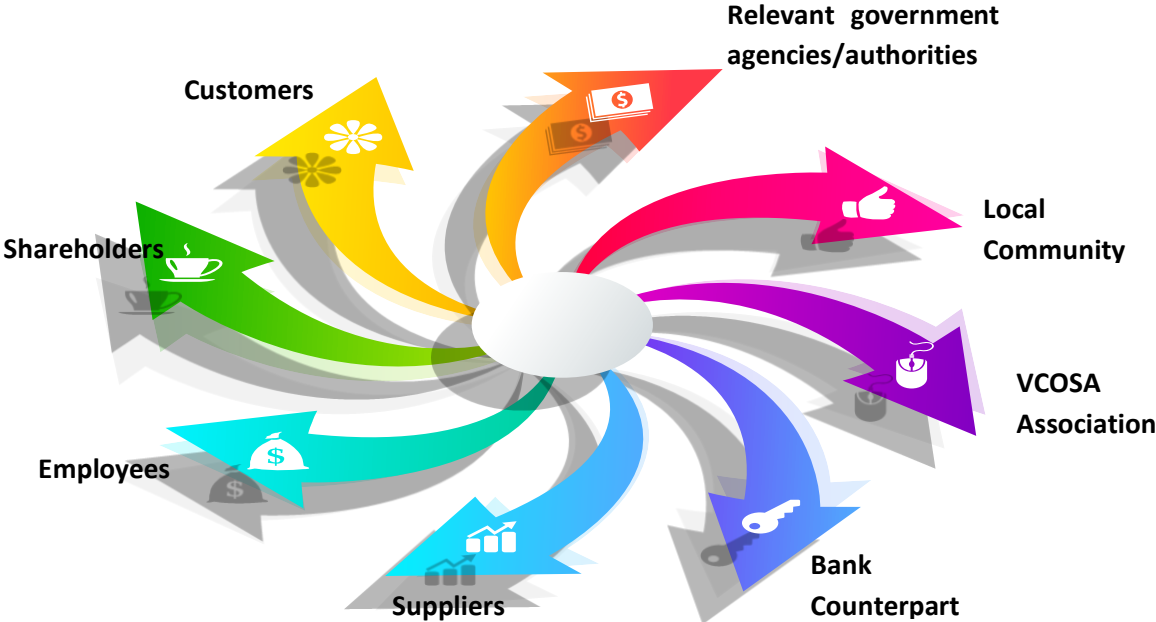


**III.6.1 IDENTIFICATION OF RELATED PARTIES (GRI 102 - 42)**

STK's key stakeholders are identified based on the impact of STK's business activities on the parties, and concerns and the influences from the parties to STK.

Therefore, eight key stakeholders of STK comprise of:

**KEY STK'S RELATED PARTIES**



### **III.6.2 RELENTLESS ENHANCEMENT OF THE STAKEHOLDERS' ENGAGEMENT (GRI 102 - 43,44)**

- Continuous diversification of contact and interaction channels with stakeholders.
- The key matters related to the Company's sustainable development objective are addressed comprehensively.
- Using suitable contact channels to reach the Company's key stakeholders in accordance with their specific characters.
- STK is committed to fully acknowledging the feedback and concerns of the Company's stakeholders.
- STK proactively reviews and evaluates the feedback from stakeholders to strengthen the Company's policies and enhance the Company's operational activities accordingly.

Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>- Via General Meetings of Shareholders.</li> <li>- Direct meetings with investors.</li> <li>- The Company's seminars and factory visits.</li> <li>- Shareholder survey in writing, phone calls, and emails.</li> <li>- IR newsletter, Investor Day, Analyst's meetings.</li> </ul>	<ul style="list-style-type: none"> <li>- Transparent information to shareholders.</li> <li>- Protection of investor interests.</li> <li>- Good corporate governance.</li> <li>- The Company's orientations for sustainable development.</li> <li>- Effective use of investment capital.</li> <li>- The Company's attention to social issues, environment, and community.</li> <li>- Dividends payment to investors.</li> <li>- The remuneration of BOD, BOS, and BOM.</li> <li>- The enterprise's value.</li> <li>- The share liquidity and investment opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>- Sales revenue reached VND 2,042, profit after tax reached VND278.4 billion, completing 112 % of the set plan.</li> <li>- Expanded into new markets: gradually developing more customers in the US market.</li> <li>- Increased the proportion of recycled yarn in total revenue to 50% by 2021.</li> <li>- Issuing new shares to existing shareholders at the rate of 20% and the price of 10,000 VND/share.</li> <li>- Developed new products with many features and eco-friendly (Recycled Plus).</li> <li>- Strictly complied with regulations on information disclosure.</li> <li>- Commitment to pay at least 15% dividend per year.</li> <li>- Paid dividends to shareholders at the rate of 15% in cash for the fiscal year 2020.</li> <li>- Diversified information disclosure channels.</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Direct exchange of information with customers.</li> <li>- Meetings, company visits by customers.</li> <li>- Customer survey and questionnaires.</li> <li>- The Company's website</li> <li>- Seminar, industry association forum.</li> <li>- Email, phone calls.</li> </ul>	<ul style="list-style-type: none"> <li>- Company's operation is stable, safe, and reliable.</li> <li>- High quality of products and services.</li> <li>- Competitive prices.</li> <li>- Attractive terms of the contract.</li> <li>- Outstanding customer service.</li> <li>- Good technical and operational capacity.</li> </ul>	<ul style="list-style-type: none"> <li>- Researching and developing premium finer yarns.</li> <li>- Ensuring the Company's product quality, building up the trust of customers.</li> <li>- Strengthening professional knowledge of the Company's sales team and quality management team.</li> <li>- Delivery on time and no shortage of goods.</li> <li>- Continuously train domestic and export sales team resources.</li> <li>- Enhancing the customer's service quality.</li> </ul>

- Professionalism in providing services.
- High value-added products.
- Safe products which do not contain toxic substances.
- The Company's product is certified by the SGS organization to be free of toxic substances (REACH 168).
- The Company's product is certified with OEKO –TEX 100 standard, proving that the Company's product does not contain toxic substances harming to customer's health.
- Obtaining GRS certificate (Global Recycle Standard).
- The Company was highly appreciated by its domestic and international customers.

**Employees**

- Weekly vision and mission program.
- Monday meetings.
- Periodical dialogue with employees.
- Dialogue at the Employee Benefits Conference.
- Direct communication with management level.
- Direct communication with the Human Resource department.
- Collective negotiation meeting.
- Safe working environment, good occupational health.
- Ensuring health safety in the working environment.
- Balancing between working and personal life.
- High salary, bonus, welfare policy.
- Opportunity to be trained, to improve skills.
- Opportunity to be promoted.
- Broad vision of leaders.
- Fairness and democracy.
- No discriminations.
- Ensuring safety against Covid-19 in the workplace.
- Improving salary policy, bonus, welfare, training, promotion, and working environment for employees.
- Average salary increased by 5% depending on the job position.
- The number of people promoted to higher positions was 11 people.
- The Executive Board is committed to democratic rights, the right to be treated fairly and respectfully of employees.
- Ensured the salary rate for employees is higher than the regional minimum wage and the industry's average salary.
- Implemented 5s mechanism, to improve the working environment.
- Ensured safe working conditions, employees' health is taken care of.
- Complied with the law on social responsibility.
- Carried out annual health check-up - December 14, 2021.
- Implemented many measures to prevent the Covid-19 pandemic to protect workers' health (5K, vaccination, 3 on-site, regular disinfection...)



<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Direct meetings and exchanging information.</li> <li>- Factory visits.</li> <li>- Communication through emails, phone calls.</li> <li>- Collecting the information through surveys.</li> </ul>	<ul style="list-style-type: none"> <li>- Prestige, long-term cooperation.</li> <li>- Cooperation whereby both parties are benefited and can mutually develop.</li> <li>- To set up a stable value chain.</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancing the quality of products and bringing benefits for both parties.</li> <li>- Ensuring equality and fair competition in selecting suppliers.</li> <li>- Frequent evaluation of suppliers to ensure effective cooperation.</li> <li>- Negotiating and offering solutions to improve the relationship between the Company and suppliers.</li> <li>- Ensuring the minimum benefits of both parties.</li> </ul>
<b>Authorities</b>	<p>The Company makes frequent contacts with the authorities (HEPZA, TANIZA) via meetings, response to inspection, reporting, and exchanges of administrative documents.</p>	<ul style="list-style-type: none"> <li>- Compliance with policies and regulations.</li> <li>- Obtaining necessary certificates and permits as prescribed.</li> <li>- Supporting community development.</li> <li>- Deploying and supporting the government's policies.</li> <li>- Comply with Covid-19 prevention measures.</li> </ul>	<ul style="list-style-type: none"> <li>- Complying with government policies and regulations.</li> <li>- Committing no breach or non-compliance violations.</li> <li>- Preparing and submitting reports to HEPZA and TANIZA regarding the Company's operation, safety-environment- health protection.</li> <li>- Supporting and implementing the government's policies.</li> <li>- Making full tax payment.</li> <li>- Supporting local development.</li> <li>- Strictly implementing the instructions for the prevention of the Covid-19 pandemic guided by the Industrial Park Management Board and local authorities.</li> </ul>
<b>Banks</b>	<ul style="list-style-type: none"> <li>- Through meetings and company visits.</li> <li>- Through phone calls and emails.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company is sustainable and prestigious.</li> <li>- Transparency in corporate governance.</li> <li>- Professional financial management system.</li> <li>- Long term alliance and co-development.</li> </ul>	<ul style="list-style-type: none"> <li>- Improving the Company's corporate governance.</li> <li>- Making full and timely repayment of loan principles and interest payments.</li> <li>- Regularly monitoring the implementation of credit contracts with banks.</li> </ul>

**Local  
Community**

- Via meetings, exchanging correspondence with the local associations, and participating in social activities, the Company can understand the concerns and expectations of the local community.
- To be responsible, to share and to join hand to develop the local community
- Support local community to improve the quality of life through income improvement
- Improve quality and enhance the local community infrastructure system
- Enabling the local community to prevent the Covid-19 pandemic
- Enhancing the annual average income of local labors.
- Raising funds to support the Company's employee's children.
- Giving scholarships to local colleges.
- Contributing to the development of the local economy.
- Facilitating urbanization.
- Implemented many measures to prevent the Covid-19 pandemic to protect workers' health (5K, vaccination, 3 on-site, regular disinfection...)

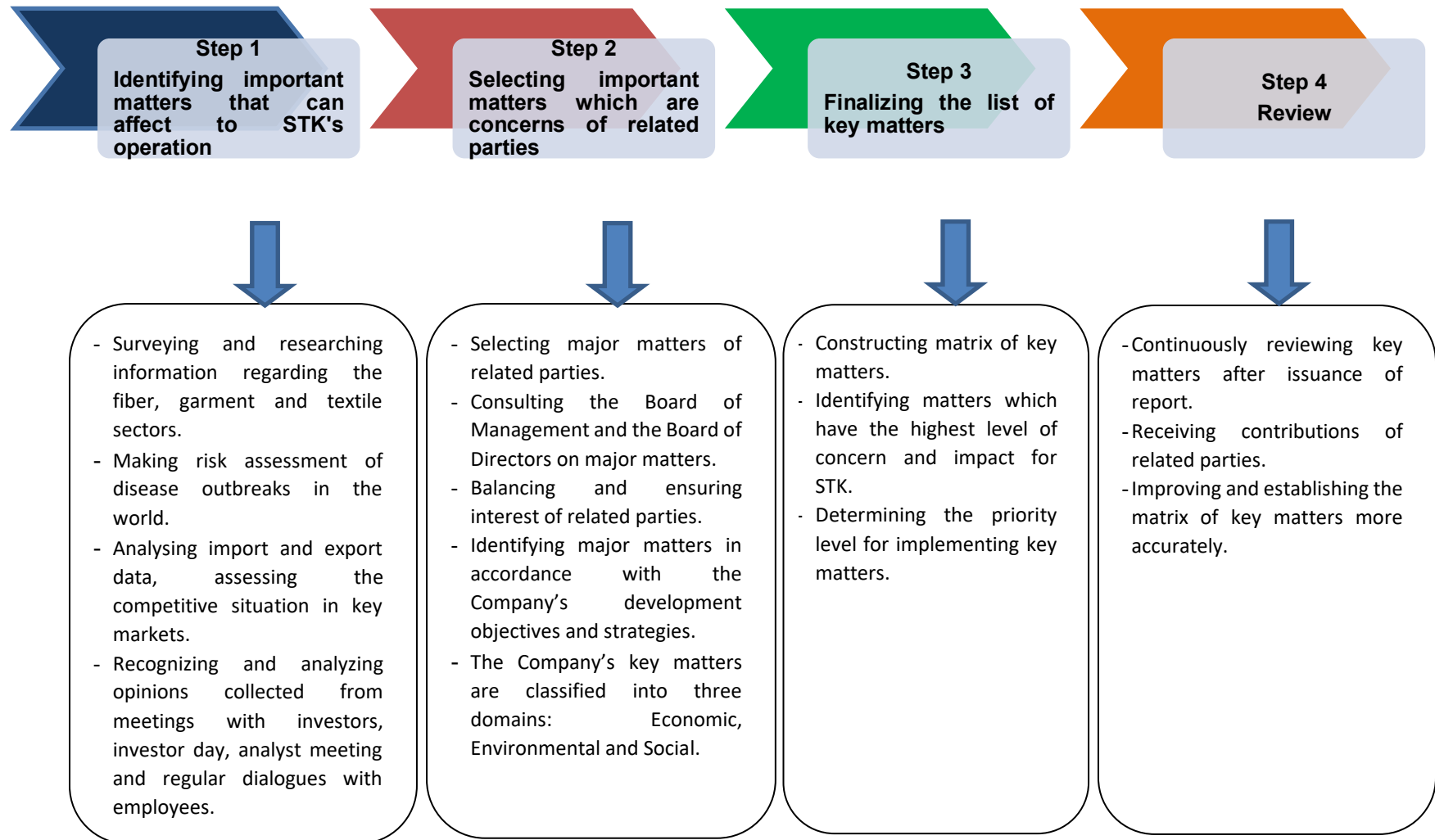
**Industrial  
Association  
(VCOSA)**

- Via forums, dialogues, exchanging correspondences and emails between the Company and the Industrial association.
- To become an active member, sharing information and contributing to the industry's development.
- Providing information support and actively cooperating with industry associations.
- Paying annual membership fee.
- Participating as a member of the Executive Committee of the Vietnam Cotton and Yarn Association (VCOSA).

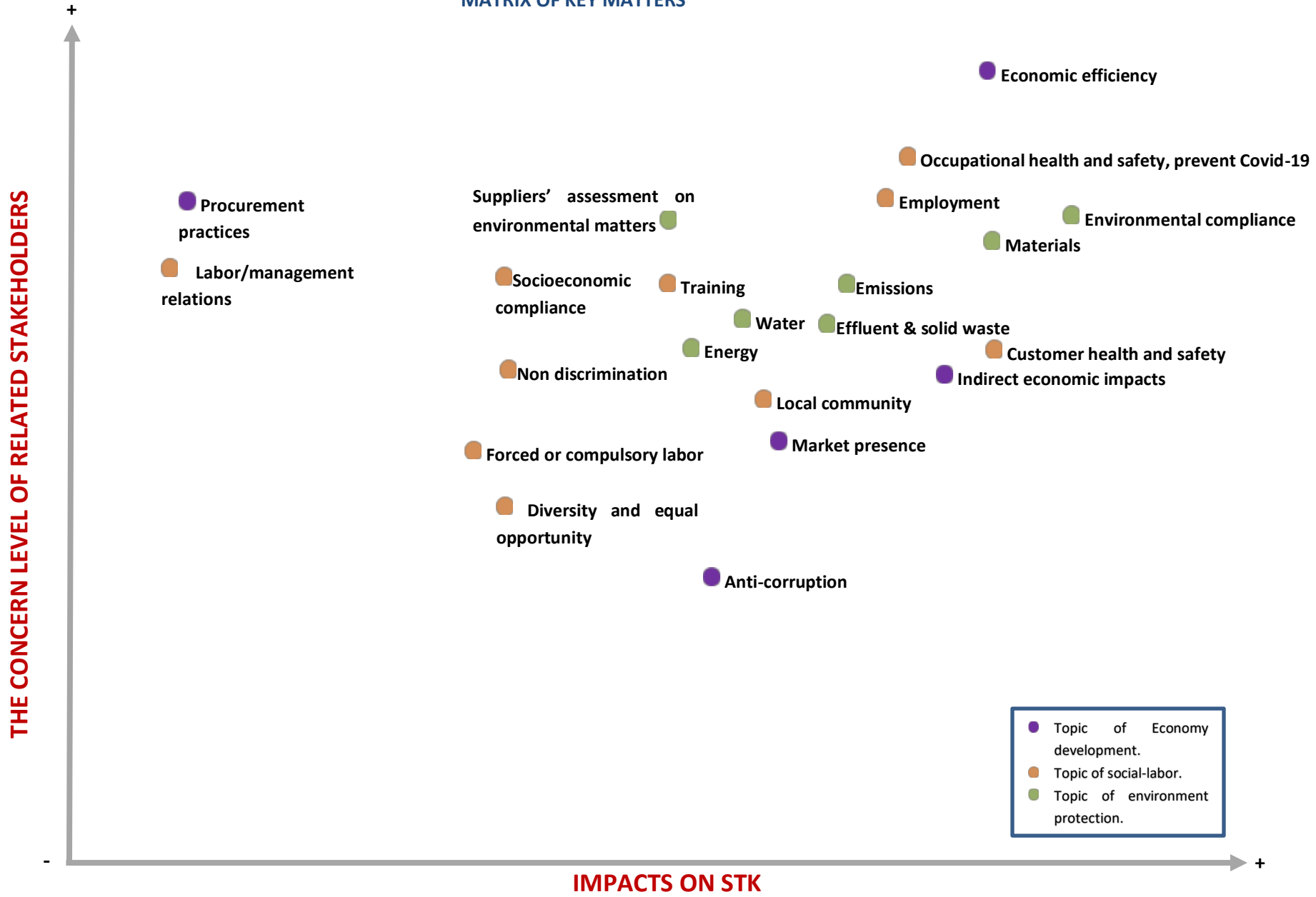
**III.6.3 IDENTIFYING KEY MATTERS OF STK (GRI 103, GRI 102-47)**

Upon assessing the correlation between the degree of the related parties' concerns in certain matters and the matters' impact level on the Company's operation, STK identified key matters about economic, environmental, social domains and the Company's operation activities:




## THE PROCESS OF IDENTIFYING KEY MATTERS



MATRIX OF KEY MATTERS



III.6.4 KEY MATTERS LIST IN 2021 (GRI 102-47)

		FOCUSING MATTERS	KEY MATTERS
<p><b>ECONOMY</b> Contribution to SDGs objectives</p> 	<ul style="list-style-type: none"> <li>- Ensuring the stable economic development of the Company.</li> <li>- Developing further markets and cooperating with related parties.</li> <li>- Enhancing selling of recycled yarn and high value-added yarns.</li> <li>- Increasing the average income of employees and supporting the local economic development.</li> </ul>	<ul style="list-style-type: none"> <li>*2021 Economic performance</li> <li>* Market presence</li> <li>*Anti-corruption</li> <li>*Indirect economic impacts</li> </ul>	
			<p><b>ENVIRONMENT</b> Contribution to SDGs objectives</p> 
<p><b>LABOR-COMMUNITY</b> Contribution to SDGs objectives</p> 	<ul style="list-style-type: none"> <li>- Ensuring employee benefits.</li> <li>- Ensuring employee welfare policies and health protection.</li> <li>- Prevention of Covid-19 in the workplace.</li> <li>- Creating a safe, transparent, and fair working environment.</li> <li>- Ushering promotion and developing opportunities for employees.</li> </ul>	<ul style="list-style-type: none"> <li>*Employment</li> <li>*Training</li> <li>*Occupational health and safety, prevent Covid-19</li> <li>*Customer health and safety</li> <li>*Local community</li> </ul>	

### III.6.5 DEFINING SUSTAINABLE DEVELOPMENT OBJECTIVES ON MEDIUM- AND LONG-TERM PERIOD 2022-2025

MEDIUM-LONG TERM SUSTAINABLE DEVELOPMENT GOALS 2022-2025	SHORT-TERM SUSTAINABLE DEVELOPMENT GOALS NGẮN HẠN 2022 -2023
<ul style="list-style-type: none"> <li>✓ The Company continues to expand its production scale with new factories (Unitex, <b>Yarn-Textile-Garment Alliance</b> project) to gain the advantage of scale.</li> <li>✓ Focusing on development of environmentally friendly yarns (Recycled, Dope dye, Recycled Plus...) to meet the needs of domestic and export customers.</li> <li>✓ Raising the proportion of environmentally friendly products in total output and sales revenue.</li> <li>✓ Raising the proportion of recycled yarn on the total sales revenue with the tentative target from 50% in 2021 to 100% in 2025.</li> <li>✓ Reducing carbon footprint through reducing consumption of electrical energy at the plant.</li> <li>✓ Adopting AI systems in production, deploying POC software - production control center in POY and DTY factories, helping to increase production efficiency and reduce waste.</li> <li>✓ Using automation technology in the packaging process.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Implementing Unitex and Yarn-Textile-Garment Alliance projects, optimizing production capacity.</li> <li>✓ Increasing the capacity utilization rate of solar energy projects for 2 factories in Trang Bang and Cu Chi.</li> <li>✓ Promoting and selling Recycled yarn products and improving product quality.</li> <li>✓ Raising the contribution of recycled yarn in the Company's 2022 total revenue to 54.3% .</li> <li>✓ Pushing for research and development of new products with outstanding features such as recycled plus yarn, quick-dry (hygroscopic), CD yarn, soft package, AAA products.</li> <li>✓ Developing new colors of dope-dyed yarn, environmentally friendly products.</li> <li>✓ Thoroughly complying with production standards of REACH 168, OEKO-TEX 100, GRS, and standards of brands to protect the health of consumers.</li> <li>✓ Diversifying more customer portfolios to reduce the risk of having to depend on a few customers.</li> </ul>

Aligning the objectives of economic development, environment protection, and society into the Company’s sustainable development orientation and consistently pursuing set targets, STK has selected and integrated the following sustainable development objectives into the Company’s sustainable development orientation for the period 2022-2025, in detail:



- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>- Creating more jobs, raising average income for employees, and contributing to local economic development.</li> <li>- Ensuring health and safety for employees.</li> <li>- Ensuring fairness and equal treatment between men and women.</li> </ul> | <ul style="list-style-type: none"> <li>- Effective use of water and disuse of hazardous chemicals; developing further dope dyed yarn to replace the traditional dyeing method, hence limiting usage of clean water and discharge of wastewater into the environment.</li> <li>- Effective use of energy and saving energy resources.</li> </ul> | <ul style="list-style-type: none"> <li>-Creating a friendly and safe working environment for employees.</li> <li>-Ensuring fair treatment and no discrimination to employees.</li> <li>-Acting in transparently, honestly, and ethical way, saying no to corruption, tax evasion, and law violations.</li> <li>-Actively cooperating with other strategic partners to promote the development of a circular economy.</li> </ul> |
|--|---|---|

- Effective use of materials and raising the proportion of recycled raw materials consumption.
- Acting in transparently, honestly, and ethical way, saying no to corruption, tax evasion, and law violations.
- Effective use of electricity and using renewable energy resources.

**The approach for implementation of sustainable development plan:** Based on the direction for sustainability development, the Board of Management determined sustainability development objectives and transformed them into an action plan as follows:



The data and reports about the Company's production, environment, and social activities are also presented and evaluated in the BOD meetings, allowing BOD members to promptly grasp the situation and give any guidance on the next plans to ensure that the Company closely follows its set sustainable development orientation.

KPIs in detail:

SD OBJECTIVES	RELATED DEPARTMENTS	KPIS	PERSONS IN CHARGE OF SUPERVISION
ECONOMY	SALES TEAM	<ul style="list-style-type: none"> <li>- Sales revenue, profit after tax</li> <li>- Expanding customer network.</li> </ul>	<ul style="list-style-type: none"> <li>- General Director of the Company.</li> <li>- Assistant General Manager for sales activities.</li> <li>- Assistant of Sales manager.</li> <li>- Leaders of domestic and export sale teams.</li> </ul>
PRODUCT RESPONSIBILITY	SALES TEAM	<ul style="list-style-type: none"> <li>- Delivery time.</li> <li>- Product quality.</li> </ul>	<ul style="list-style-type: none"> <li>- General Director of the Company.</li> <li>- Leader of QA team.</li> <li>- Vice production manager in charge of QC.</li> </ul>
	QUALITY ASSESSMENT TEAM	<ul style="list-style-type: none"> <li>- Customer feedback speed.</li> <li>- Servicing attitude.</li> </ul>	
	QUALITY CONTROL TEAM	<ul style="list-style-type: none"> <li>- Time to resolve complaints.</li> <li>- Reasonable competitive price.</li> <li>- Product quality criteria</li> </ul>	
ENVIRONMENT	ADMINISTRATION TEAM	<ul style="list-style-type: none"> <li>- Electricity consumption.</li> <li>- Water consumption.</li> <li>- Selection of a qualified supplier.</li> </ul>	<ul style="list-style-type: none"> <li>- General Director of the Company.</li> <li>- General manager.</li> <li>- Head of Purchasing department.</li> <li>- Assistant to the General Director on purchasing.</li> <li>- Head of Utility department.</li> <li>- The officer in charge of labor safety and hygiene of the Company.</li> <li>- ISO staff.</li> </ul>
	ISO TEAM	<ul style="list-style-type: none"> <li>- Volume of raw materials / materials used.</li> </ul>	
	UTILITY	<ul style="list-style-type: none"> <li>- Utility costs.</li> <li>- Fulfillment of electricity and water-saving plans.</li> </ul>	
	PURCHASING DEPARTMENT	<ul style="list-style-type: none"> <li>- The level of waste, wastewater, and exhaust emissions.</li> <li>- Cost of wastewater and wastes treatment.</li> </ul>	
HUMAN RIGHTS AT WORK, LABOR AND SOCIAL ASPECTS	HR TEAM	<ul style="list-style-type: none"> <li>- Recruitment results.</li> <li>- Staffing fill rate.</li> </ul>	<ul style="list-style-type: none"> <li>- General Director of the Company.</li> <li>- General Manager.</li> <li>- Head of Human Resources.</li> <li>- Leader of the training team.</li> <li>- The officer in charge of labor safety and hygiene of the Company.</li> <li>- ISO staff.</li> </ul>
	TRAINING TEAM	<ul style="list-style-type: none"> <li>- Results of training implementation.</li> <li>- Management of training costs.</li> </ul>	
	ISO TEAM	<ul style="list-style-type: none"> <li>- The rate of staff turnover.</li> </ul>	
	ADMINISTRATION TEAM	<ul style="list-style-type: none"> <li>- Proportion of employees promoted.</li> <li>- Managing salary and welfare costs.</li> <li>- Managing compliance with safety and hygiene policies.</li> </ul>	



- Managing compliance with labor policies.
- Managing scholarship and welfare funds.

### **III.6.6 ANALYSIS ON KEY RISKS (GRI 102-15,30)**

[\(Refer further to article IV. Risk management report – 2021 Annual report\)](#)

### **III.6.7 REPORT ASSURANCE BY THIRD PARTY: (GRI 102-56)**

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 in terms of the accuracy, reliability, and comprehensiveness of the statistics:

- Information on operational procedures, compliance with labor and environmental regulations, operational performance indicators (environmental- safety - labor compliance policies, labor policy, welfare, remuneration and commitments on social responsibility, the volume of recycled chips consumption, and the output of recycled yarn) are guaranteed by the GRS - Global Recycle Standard.
- The operation process and the management system are inspected every 2 years according to ISO 9001: 2015.
- Social responsibility indicators are periodically audited and evaluated according to the standards of some of the world's leading fashion brands.
- Information on non-toxic products and production processes such as raw materials origins, CO2 emission, the quantity of raw materials in production is assured by Oekotex100 and REACH.
- Information on Waste Treatment (volume of wastewater, solid waste, and treatment, and disposal costs) is verified by wastewater and hazardous waste service companies.
- Information on utility saving (electricity, water consumption, 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 have been certified by the Center for Environment and Technology Services.
- Financial information (sales revenue, profit, taxes, bonus, and welfare fund) audited by Ernst & Young.
- Social-labor standard information (male / female ratio, labor education level, age, average income, salary and bonus, HR turnover rate, training courses and training cost budgets, the budgeted scholarship fund, the number of individuals being promoted, the budget for giving gifts to workers) is evaluated by internal audit and guaranteed according to the labor reports sent to TANIZA and HEPZA.

## IV. CONTENT OF SUSTAINABILITY REPORT

# RESPONSIBILITY FOR ECONOMIC DEVELOPMENT – GRI 200

“By continuously creating value-added products for the recycled yarn segment, the company has attracted customers for this yarn segment and the proportion of recycled yarn in total revenue continues to grow and thus profits are guaranteed despite difficulties in the pandemic”



2021 OBJECTIVES	2021 RESULT
<ul style="list-style-type: none"> <li>- Sales Revenue: 2,357 billion VND; Profit after tax: 248.2 billion VND;</li> <li>- Ensure the Company’s starting salary is higher than the regional minimum wage;</li> <li>- Increase contributions to society and the locality;</li> <li>- Expand capacity, develop more high value-added products;</li> <li>- Improve the salary-welfare regime for employees;</li> <li>- Year-end bonus 1-month salary for employees;</li> <li>- Maintain the average salary increase at least 5%;</li> <li>- Pay a minimum dividend of 15%/par value;</li> </ul>	<ul style="list-style-type: none"> <li>- Completed 87% of the sales revenue plan, reaching VND 2,042 billion;</li> <li>- Exceeded 12% of profit target, reaching 278.4 billion VND;</li> <li>- Year-end bonus of more than 2 months' salary, the rate of employees participating in social insurance reaches 100%;</li> <li>- The lowest salary at STK was 40%-57% higher than the regional minimum wage;</li> <li>- Paid 15% cash dividend for the fiscal year 2020 – 98.7 billion dong;</li> <li>- Completed tax obligations, paid 116 billion VND of tax to the state budget;</li> <li>- Implemented the capacity expansion project of Untiex and the Yarn-Textile-Garment Alliance</li> </ul>

### 1. Management approach (GRI 103-2)

To achieve the goal of sustainable economic growth while maintaining the balance and creating conditions for the Company's sustainable development activities to be continuously carried out in the context of market difficulties due to the influence of the Covid-19 pandemic, in 2021, the Company has effectively applied business strategy and customer approach to satisfy customers' needs, gradually expanding domestic and export market share.

---

<b>POLICIES</b>	<ul style="list-style-type: none"> <li>- Annually, the Company sets up new sales plan, sales policies, and marketing plans;</li> <li>- The Company’s salary and bonus policy and commitment no. CS-06 (issuing date: 01/03/2016);</li> <li>- The Company’s latest wage scale and payroll no. 282- 18/CV –TK;</li> </ul>
-----------------	---

---

- Expansion projects of the Company (Unitex, Yarn-Textile-Garment alliance); annual training budget for the sales team;

**COMMITMENTS**

- The Company is committed to having fair competition; all operation and economic development activities adhere to prevailing laws;
- The Company commits to execute the salary and bonus policy in accordance with Decree no. 90/2019/NĐ-CP stipulating the regional minimum wages for workers working under labor contracts;
- The Company commits to ensure the stable income for the local labor and continuously organize training courses to enhance the professional knowledge of the local labor;

**GOALS AND TARGETS**

- Developing the Company's sales revenue and profit in accordance with the set target;
- Ensuring the payment to employees in accordance with the Company's wage scale and payroll;
- Creating more jobs and incomes, improving the living standard and enhancing the professional knowledge for local labors;
- Expanding the market shares in domestic and export markets;

**RESPONSIBILITIES**

- General General Director, Board of management;

**MANAGEMENT RESOURCES**

- Board of management, marketing and sales team, financial team...
- Human Resources department, Training team;

**GRIEVANCE MECHANISMS**

- Process of resolving customer complaints (form: QA-QT-01);
- Periodic customer survey;
- Employee complaint / grievance process;

## 2. Evaluation of the management approach (GRI 103-3)

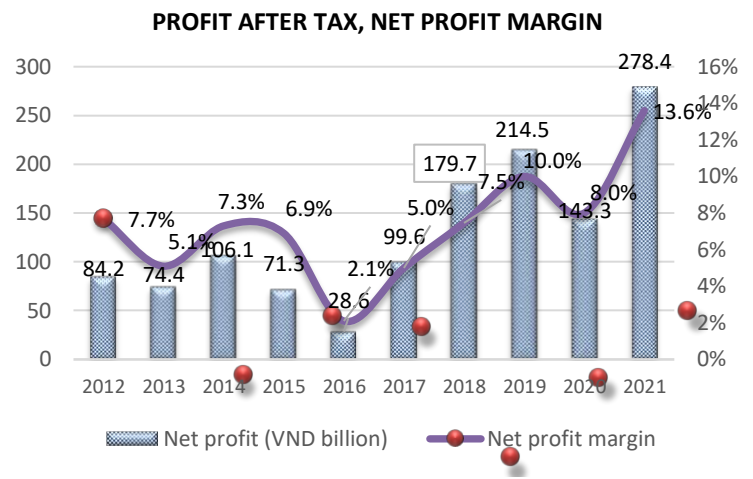
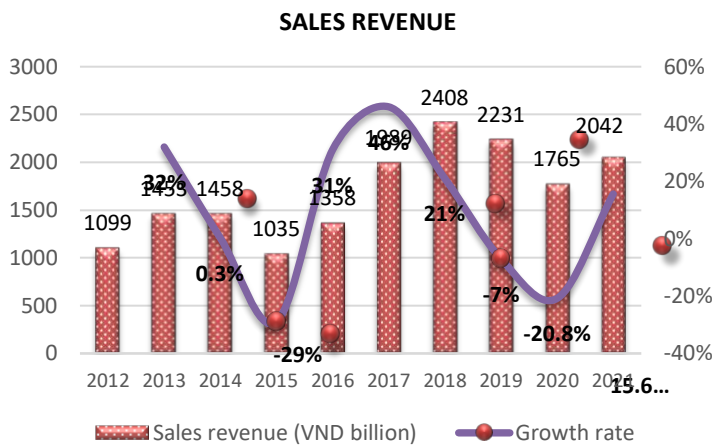
- In 2021, STK achieved very promising and positive sales revenue and profit after tax, which were highly appreciated by the Board of Directors and the Board of Management when the whole market faced many difficulties due to the Covid-19 pandemic.
- The company maintained the salary, bonus, and welfare regimes, which were paid on time and according to commitments with employees. Even though the Company had to temporarily reduce production and stop some machines in the second quarter and third quarter of 2021 due to the pandemic situation, the Company still tried to keep employee's jobs by organizing training classes for multi-tasking and various skill sets for different job positions, maintaining incomes for employees and raising the bonus for the 2022 Lunar New Year based on the Company's positive business results at the end of the year.
- Maintained and accelerated direct and indirect activities related to local community development.

### IV.1 RESPONSIBILITY TO ENHANCE THE ECONOMIC RESULTS: (GRI 201)

#### IV.1.1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED: (GRI 201-1)

Although being impacted by the Covid-19 pandemic, which severely hit the whole market in 2021, the Company made efforts to achieve VND 2,043 billion in net sales revenue, completing 87% of 2021 sales revenue target, while outperforming the annual profit after tax target by 12%, realizing VND278.4 billion.

STK successfully developed more environmentally friendly yarns with high added value such as Recycled yarn, Dope dyed, Recycled Plus yarn, gradually expanding the network of domestic and international customers, especially the US market.



#### IV.1.2 THE WAGES AND WELFARE REGIME TO ENGAGE THE COMPANY'S EMPLOYEES (GRI 201-1)

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

- Ensuring the welfare regime with social insurance participation rate of 100%;
- Dividend payment: 15% cash dividend to the Company's shareholders for the fiscal year 2020;
- Maintaining production activities during the Covid-19 epidemic period, creating jobs for local people, improving recruitment policies and remuneration for workers;
- Salary and bonus payment for employees in 2021 was 111.8 billion VND;
- Bonus with more than 2.5 months salary on Lunar New Year 2022;
- 24-hour insurance policy for all employees with a participation rate of 100%;
- The Company supported employees by providing in kind toxic allowances for workers in hazardous environment, a free bus, accommodation support, telephone allowances, Company trip, and Tet's gifts.

#### IV.2 THE MARKET PRESENCE (GRI 202)

##### IV.2.1 THE RATIO OF STANDARD ENTRY LEVEL WAGE BY GENDER AS COMPARED TO THE REGIONAL MINIMUM WAGES (GRI 202-1)

The Company compared the standard entry-level wage to the regional minimum wages in its operating areas which are Cu Chi district (HCM city) and Trang Bang town (Tay Ninh province).

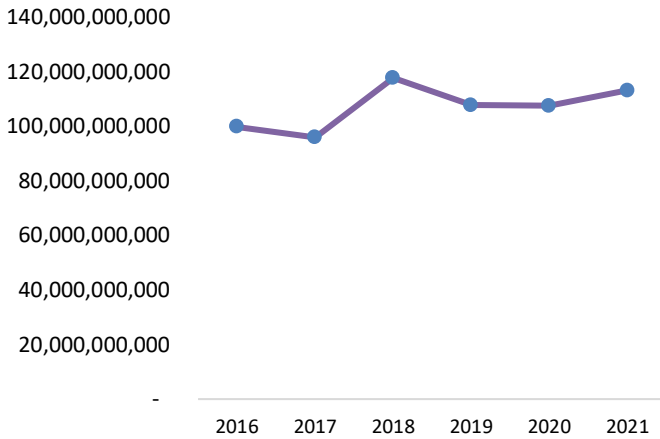
	HCM CITY (VND)	TAY NINH TOWN (VND)
<b>Regional minimum wage</b>	4,420,000 VND/month	3,920,000 VND/month
<b>The lowest salary at STK</b>	6,182,000 VND/month	6,148,000 VND/month

Location	The male ratio (%)	The female ratio (%)
HCM city	73%	27%
Tay Ninh town	83%	17%

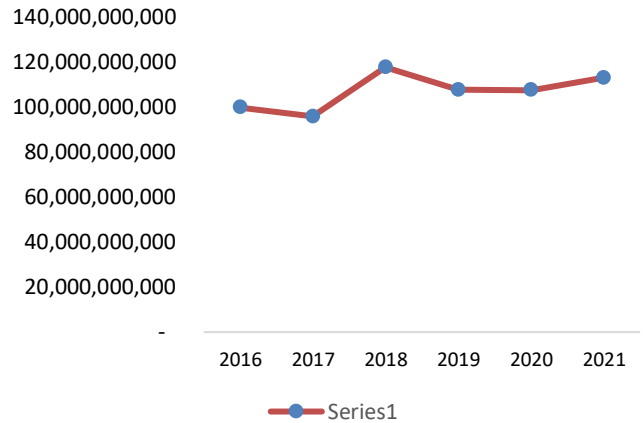
### IV.3 INDIRECT ECONOMIC IMPACTS (GRI 203)

#### STK'S INDIRECT CONTRIBUTIONS TO THE SOCIETY AND LOCAL COMMUNITY IN 2021

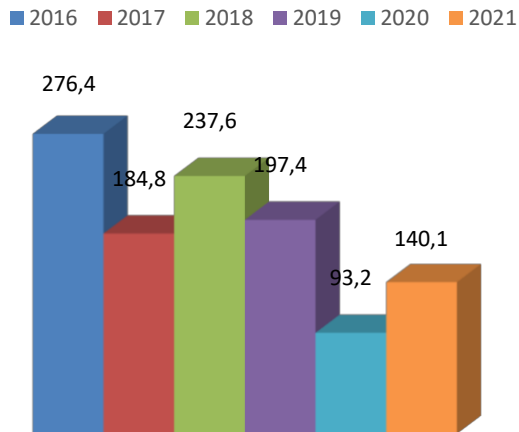
**DIVIDEND PAYMENT TO COMPANY SHAREHOLDERS (VND BILLION)**



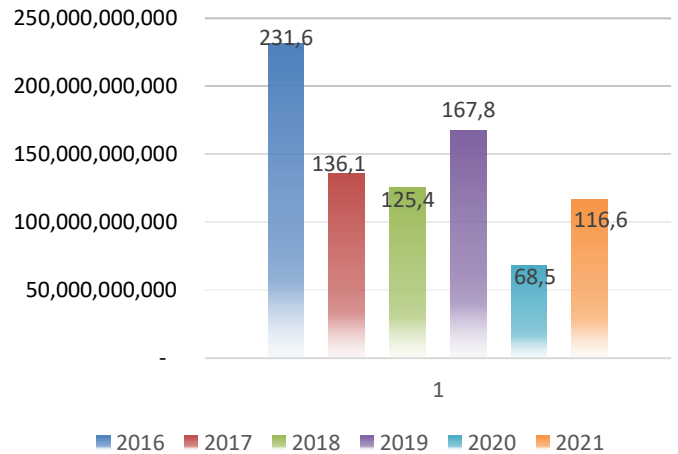
**TOTAL REMUNERATION (SALARY AND BONUS) PAID TO EMPLOYEES (VND BILLION)**



**THE TRANSACTION VALUE WITH DOMESTIC SUPPLIERS (VND BILLION)**



**TOTAL ANNUAL TAX PAYMENT (VND BILLION)**



Despite the impact of the pandemic, the Company still maintained its contribution to the local economy and society. In 2021, the Company has increased the salary for local employees by 5.18% as compared to 2020, contributing to improvement of the local people's living standards. In addition, STK's indirect contributions to the local economy and society are also reflected in the tax budget and transaction value with domestic suppliers, increasing by 70.16% and 50.16 % respectively as compared to 2020.

## ECONOMIC DEVELOPMENT TARGETS IN 2022

- Sales Revenue growth: VND 2,605 billion, increasing by 28%;
- Profit After Tax growth: 300.2 billion dongs, increasing by 8%;
- Raising average salary by more than 5% for employees;
- Lifting the percentage of yarn with high added value (recycled yarn): 54.6% of total sales revenue;
- Maintaining payment of bonuses to employees in line with year-end business results;
- Paying cash dividends of 15%/par value to Company shareholders

## RESPONSIBILITY TO PROTECT THE ENVIRONMENT – GRI 300

“Thanks to the consistent implementation of measures to reduce energy and water consumption and limit emissions and waste products, which has helped improve production efficiency, so when the Company's sales revenue decreased in the third quarter of 2021 due to Covid-19, the company was still profitable”



2021 OBJECTIVES	2021 RESULT
<ul style="list-style-type: none"> <li>- Effective material consumption;</li> <li>- Increase the proportion of recycled materials used in production;</li> <li>- Increase the proportion of reused packaging materials;</li> <li>- Effectively using water source;</li> <li>- Reusing water in production;</li> <li>- Effectively using energy source;</li> <li>- Reducing electricity costs;</li> <li>- Reducing emissions;</li> <li>- Reducing greenhouse gas emissions;</li> <li>- Not violating the environmental law regarding solid waste and wastewater;</li> <li>- Complying with applicable environmental laws and regulations;</li> <li>- Using renewable energy resources;</li> <li>- The target of unit water consumption (m3/kg of yarn): 0.0022</li> </ul>	<ul style="list-style-type: none"> <li>- The rate of reused POY paper tubes reached 22%;</li> <li>- The rate of water was recirculated and reused: 2%;</li> <li>- <b>Water consumption m3/kg yarn: 0.0025</b></li> <li>- The energy consumption increased by 9%, <b>unit electricity consumption (Kw/kg of yarn): POY: 1.2; DTY:2.14; FDY: 1.6;</b></li> <li>- Implementation of energy-saving initiatives in 2021 helped saving 1,114 Mwh/year;</li> <li>- Carbon footprint by electricity increased by 9%;</li> <li>- Total amount of generated renewable energy (solar energy) was 3,400 Mwh, accounting for more than 3% of the total energy consumption;</li> <li>- The carbon footprint by DO diesel oil using for forklift declined by 100%;</li> </ul>

<ul style="list-style-type: none"> <li>- The target of unit electricity consumption (kW/kg of yarn): 0.9 (average); 2.06 (DTY) ; 1.51 (FDY);</li> <li>- The target proportion of recycle yarn on the total sales revenue was 50%</li> <li>- The target average POY tube reusing time was 3.7 times;</li> <li>- The target proportion of circulated water was 2% in the total water consumption;</li> <li>- The target renewable energy used on the total energy consumption was 3%;</li> </ul>	<ul style="list-style-type: none"> <li>- The proportion of recycle yarn in the total sales revenue reached 50.1%;</li> <li>- No recorded any cases of violating regulations regarding solid waste and wastewater treatment;</li> <li>- The measured environmental indicators and inspection reports were in accordance with the environmental laws and regulations;</li> </ul>
--	--

**1. The management approach (GRI 103-2)**

To contribute to the sustainable development goals of Vietnam's textile and garment industry, the Company constantly improves the competitiveness of its products and reduces negative impacts on the environment. Therefore, the Company prioritizes increasing the use of recycled materials, investing in machinery and equipment, improving production technology towards green and clean manufacturing, reducing the use of fossil energy, which is considered a necessary solution for businesses to increase their competitiveness in domestic and export markets.

<b>POLICIES</b>	<ul style="list-style-type: none"> <li>- The evaluation and selection policy of raw materials suppliers of the Company (no.02-MM-QT-Supplier assessment and control procedure);</li> <li>- Supplier control and evaluation process;</li> <li>- Regulation on ensuring the quality of input water from industrial zone QCVN -02-2009 / BYT;</li> <li>- Periodical water quality monitoring reports and environmental impact assessment reports;</li> <li>- The energy-saving policy; the rules on turning off electrical devices when not in use; the policy on developing new methods to save energy consumption; the energy-saving plan for 5 years;</li> <li>- The Company's waste management policy; The regulation of water quality following the value of column C and column B – QCVN 40:2011/BTNMT;</li> <li>- The environmental protection policy following GRS 4.0; the Law on environmental protection no. 72/2020/QH14;</li> </ul>
<b>COMMITMENTS</b>	<ul style="list-style-type: none"> <li>- The Company prioritizes quality suppliers which can ensure the quality as well as comply with the environmental protection regulations;</li> <li>- The Company commits to provide qualified water for daily production and operation activities and reduce the water resources consumption via water-saving initiatives;</li> <li>- Optimizing the use of the energy resource, reducing the greenhouse gas emission, limiting global warming, protecting the environment, and optimizing costs;</li> </ul>

	<ul style="list-style-type: none"> <li>- The Company commits to effectively use and save energy resources, contributing to the reduction of greenhouse gas emissions (CO2);</li> <li>- The Company commits to strictly manage the wastewater and wastes in daily production and operation activities, ensuring of no impact on the surrounding environment;</li> </ul>
<b>GOALS AND TARGETS</b>	<ul style="list-style-type: none"> <li>- Ensuring the stability and high quality of the product;</li> <li>- Providing qualified water resources to daily production and sanitation, aiming to protect the employee's health;</li> <li>- Reducing the greenhouse gas emissions (CO2) and protecting the environment;</li> </ul>
<b>RESPONSIBILITIES</b>	- General General Director, Board of management
<b>MANAGEMENT RESOURCES</b>	- Board of management, Purchasing team, ISO team, Utility team, Administration team, Production team, financial team, the Company's employees.
<b>GRIEVANCE MECHANISMS</b>	- Purchasing team, Utility team, Administration team, Production team, Health and Safety committee.

## 2. Evaluation of the management approach (GRI 103-3)

- In 2021, the volume of recycled materials used (PET chip recycle) accounted for more than 46% of the total amount of PET chips used by the Company. The Company primarily focused on developing and pushing the sales of recycled yarn according to the needs of the market for environmentally friendly textile products.
- The total amount of water consumption at the Company increased by 6% as compared to 2020, mainly because that the Company increased production and sales of many types of premium and high value-added yarns such as Recycled yarn.
- Energy consumption level per kilogram of yarn has decreased with FDY yarn and increased with DTY yarn as compared to 2020, since the Company increased production and sales of many types of premium yarns and high added value ones such as Recycled yarn.
- Solar energy facilities gradually increased capacity and actively contributed to total energy consumption, towards 100% capacity utilization in 2022.
- Unit carbon footprint (per kilogram of yarn) has decreased as compared to 2020.
- There were no recorded sewage spills or leaks and improper disposal of garbage.
- The measured environmental indicators and inspection reports are in accordance with the environmental laws and regulations;

## IV.4 MATERIALS (GRI 301)

### IV.4.1 THE MATERIALS USED IN THE COMPANY'S PRODUCTION (GRI 301-1)

The Company's raw materials are imported from Korea, Japan, Taiwan, Germany, and Switzerland with advanced production processes, modern and environmentally friendly technologies, contributing to the reduction of greenhouse gas emissions to the environment.

Materials Category	No.	Materials	Importing regions
--------------------	-----	-----------	-------------------

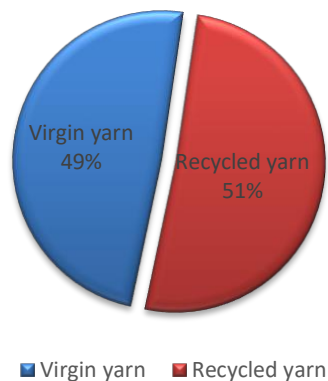


<b>Non-renewable materials used</b>	1	Polyester Chip	US, South Korea, Taiwan, Japan
	2	Oil	Taiwan, Japan, Germany
<b>Renewable materials used</b>	3	Paper tubes	Vietnam, Taiwan
	4	Carton boxes	Vietnam

#### IV.4.2 THE RECYCLED MATERIALS USED IN THE COMPANY'S PRODUCTION (GRI 301-2)

- To produce environmentally friendly recycled yarn, the Company uses recycled PET chips as input material, the proportion of recycled yarn in total revenue in 2021 was more than 50%.
- The Company also invested in a pellet making line to recycle waste yarn into recycled PET chips for the Company's usage with a capacity of 1,500 tons/year, contributing greatly to the reduction of environmental impact, increasing the Company's profits, cutting the production cost as well as providing reasonable prices to customers.

#### REVENUE STRUCTURE BY PRODUCT 2021



#### IV.4.3 RECLAIMED PRODUCTS AND THEIR PACKAGING MATERIALS (GRI 301-2)

- 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 reused more than 3.6 times, reducing environmental impact.
- In 2021, the number of used POY paper tubes was 736,422 tubes and an average of POY paper tubes can be reused 3.7 times; therefore, the rate of reused materials (paper tubes) in 2021 was:

The rate of recovery and reuse of paper tube

$$= \frac{\text{Volume of material reused}}{\text{Total volume of material in use during the year}}$$

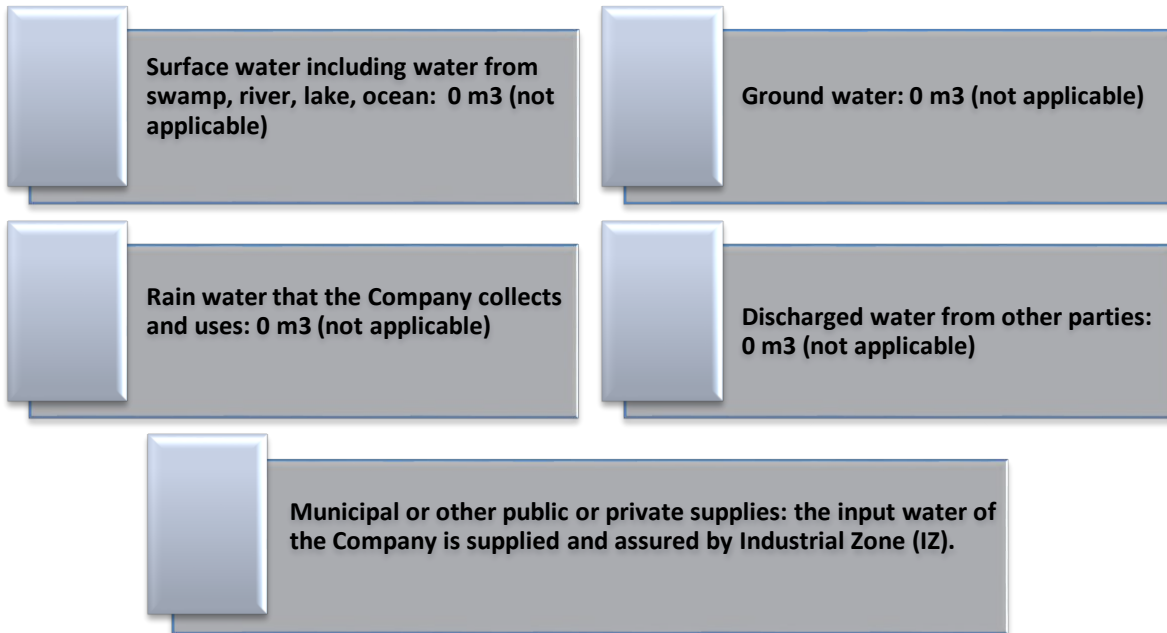
$$= \frac{\text{"The number of POY paper tubes x reusing times"}}{\text{"POY paper tubes x" ("reusing times" )+DTY paper tube+ FDY paper tubes"}}$$

$$\frac{736.422 \times 3,6}{736.422 \times 3,6 + 9.197.913} = 22\%$$

*The portion of reused materials (POY paper tubes) in 2021 was 22%*

## IV.5 WATER (GRI 303)

### IV.5.1 THE VOLUME OF INPUT WATER BY DIFFERENT RESOURCES (GRI 303-1)

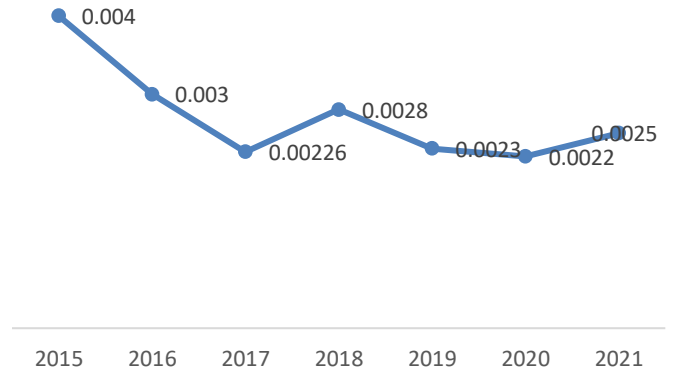


#### IV.5.2 WATER CONSUMPTION (GRI 303-1)

WATER CONSUMPTION (THOUSAND M3)



WATER CONSUMPTION LEVEL ON UNIT (m<sup>3</sup>/ kg yarn)

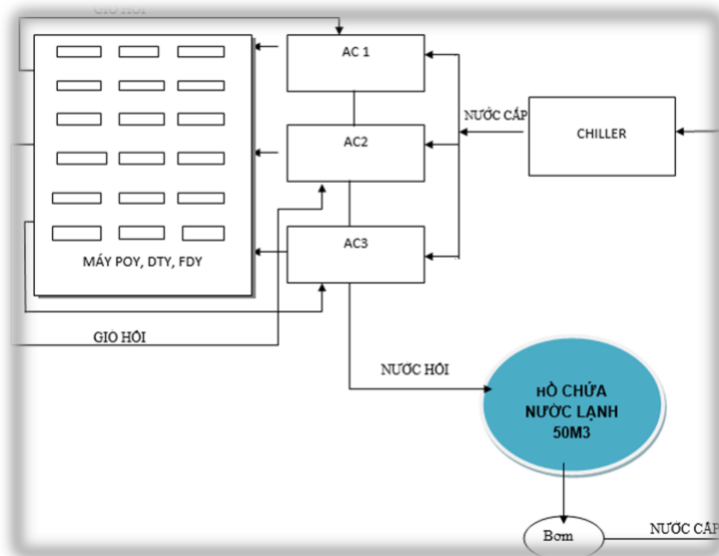


- In 2021, total water consumption increased by 6% as compared to 2020, mainly because that the Company increased production and consumption of products with high fineness and added-value such as Recycled yarn.
- The amount of water consumed per 1 kg of yarn also increased slightly as compared to 2020 (0.0022 m<sup>3</sup>/kg of yarn -2020 to 0.0025 m<sup>3</sup>/kg -2021). However, through continuous efforts to implement and improve plans to save water used in production activities such reusing evaporated water at AC cooling towers of Cu Chi and Trang Bang factories, the Company was able to save costs by more than 40 million VND/year.

#### IV.5.3 RECLAIMING AND REUSING WATER (GRI 303-3)

At STK, there is a closed-loop air-conditioning system, whereby water after going through chiller will come to AC reservoirs and cooling water pool to be reused. Thanks to this system, STK has saved 2,815 m<sup>3</sup> of water each year.

AIR-CONDITION SYSTEM AT CENTURY



THE PROPORTION OF RECLAIMED AND REUSED WATER 2021

$$\begin{aligned}
 &= \frac{\text{The volume of reclaimed and reused water}}{\text{The total volume of used water at Company}} \times 100 \\
 \text{The proportion of reclaimed and reused water} &= \frac{5.017}{215.059} \times 100 = 2.3\%
 \end{aligned}$$

In 2021, the Company continued to implement water conservation measures:

No	Solution	Results
1	At Cu Chi factory, keep reusing the filtered water from AC 1, 2,4,5. Saving water consumption since the impact Covid-19 leading to reducing production capacity;	<ul style="list-style-type: none"> <li>Saved 2,700 m3 equivalent to VND ~27,702,000 /year.</li> </ul>
2	At Trang Bang factory, keep reusing the water from AC 4,5	<ul style="list-style-type: none"> <li>Saved 2,300 m3 equivalent to VND ~16,000,00/year</li> </ul>

## IV.6 ENERGY (GRI 302)

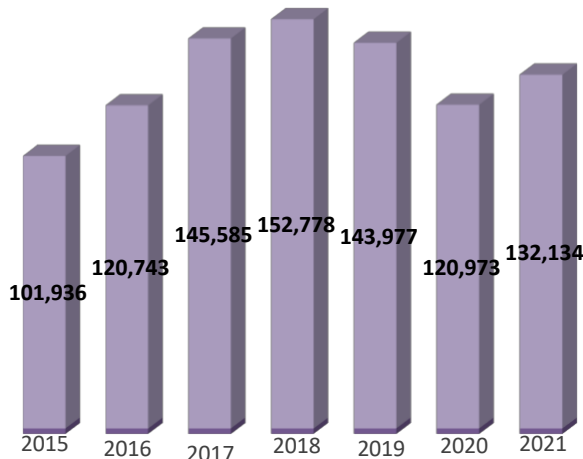
### IV.6.1 THE ENERGY CONSUMPTION AT THE COMPANY (GRI 302-1)

The Company only uses the energy resources of the electricity and Diesel oil in its daily production and operation activities. In which:

- Non-renewable energy resource: Diesel oil. The used volume of Diesel oil in 2020: **2.2** tons.
- Renewable energy resource: electricity;

#### TOTAL ENERGY CONSUMPTION AT THE COMPANY IN 2021:

AMOUNT OF ENERGY CONSUMPTION (Mwh)



THE TOTAL ENERGY CONSUMPTION AT STK



The total energy consumption at STK= Used volume of non-renewable energy resource+ Used volume of renewable energy = 475,7 billion KJun

#### Notes:

- <https://bachhops.com.vn/dac-tinh-co-ban-cua-gas/> (conversion from 1 kg of DO to kcal);

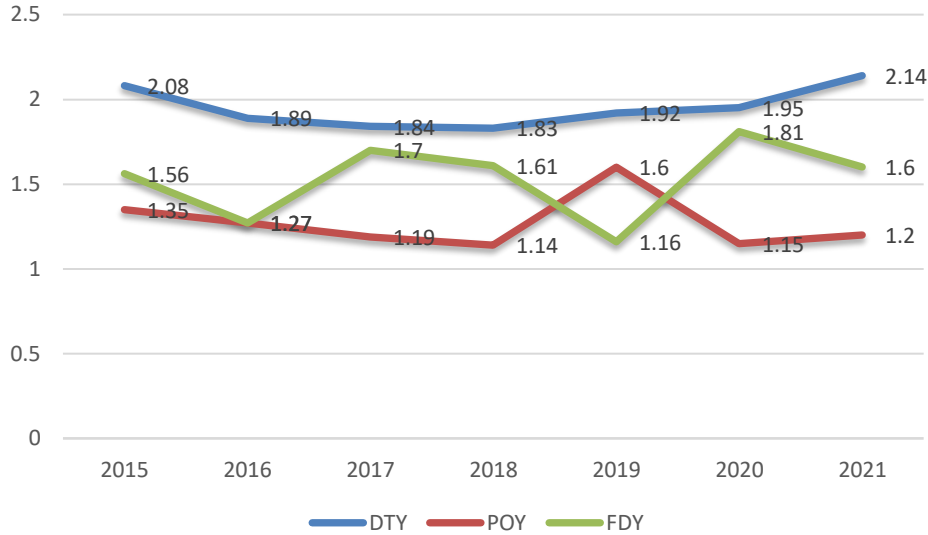
- <https://www.convertworld.com/vi/nang-luong/j.html> (conversion from 1 kcal to kJ);

- <http://www.saigonpetro.com.vn/linh-vuc-hoat-dong/95/diezen-do.html> (specific weight of DO = 820-860 kg/m3 - QCVN 01:2015/BKHCN).

#### IV.6.2 THE INTENSITY OF ENERGY CONSUMPTION AT THE COMPANY (GRI 302-3)

The Company mainly consumes the electricity to manufacture products. At present, the Company has 3 products: POY, DTY and FDY.

The Company establishes a regime to monitor and measure energy consumption (kwh) on each kilogram of yarn. **In particular, the energy consumption per kilogram of yarn is as follows:**



The electricity consumed per 1 kg of POY, DTY yarn has increased significantly as compared to 2020, mainly because that the Company producing higher quality AAA yarns and special yarns such as Recycle yarn. In addition, in Q2-Q3.2021, the Company implemented social distancing and participated in 3 on-site activities, so it closed some production lines at Cu Chi and Trang Bang factories. However, the Company still had to turn on equipment for 30-60 minutes every 2 weeks for maintenance purposes. In addition, there was still electricity consumption for lighting systems outside and inside the factory (which was turned on from time to time when staffs-maintained equipment). Therefore, the electricity consumption per 1 kg of DTY yarn and has increased as compared to 2020.

#### Energy-saving plan in 2022

In 2022, the Company is planning to implement the following energy-saving methods to reduce the electrical cost:

No	Solutions	Results
1	At Cu Chi factory: <ul style="list-style-type: none"> <li>Install an inverter for AC 1,2,3 spray pump system and York air-conditioner pump.</li> <li>Install the inverter for the AC5 blower.</li> </ul>	<ul style="list-style-type: none"> <li>Saving 38kw/h.</li> <li>Saving 6kw/h.</li> </ul>
2	At the factory in Trang Bang: <ul style="list-style-type: none"> <li>Install inverter for the AC 4,5 in TB1,2.</li> </ul>	<ul style="list-style-type: none"> <li>Saving 15kw/h</li> </ul>
3	At Trang Bang factory: Install inverter for the DTY TB1,2 air-conditioning cooling pump	<ul style="list-style-type: none"> <li>Saving 18kw/h</li> </ul>

## IV.7 EMISSIONS (GRI-305)

### IV.7.1 THE GREENHOUSE GAS EMISSION (INDIRECTLY FROM ELECTRICITY) AT THE COMPANY (GRI 305-2)

- The Company does not generate emissions since the Company does not use a steam generator. Periodically, the Company conducts measurements at outdoor areas and production areas 3 times a month to have solutions to remedy emission pollution (if any) immediately. In addition, the Company also submits to relevant authorities' environmental emission measurement reports 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 emissions.
- ❖ Reducing the usage of fuel, DO oil.
- ❖ Regularly maintaining vehicles, machines, equipment using fuel, DO oil to minimize emission pollution.

#### REDUCING GHG EMISSIONS IN THE COMPANY'S ENTIRE VALUE CHAIN

SCOPE 1 DIRECT	SCOPE 2 INDIRECT	SCOPE 3 INDIRECT
Greenhouse gas emissions from sources owned or controlled by the company	Greenhouse gas emissions from electricity purchased by the company	GHG emissions from sources not directly owned or controlled by the company but related to its operations
<ul style="list-style-type: none"> <li>•The company does not own a boiler, or use coal, petroleum, or petroleum products to generate steam and produce greenhouse gases.</li> </ul>	<ul style="list-style-type: none"> <li>•The company operates in the field of manufacturing Ployester Filament yarn from PET chips. The Company's factories only uses electrical energy as the main source of energy to operate the production machine.</li> </ul>	<ul style="list-style-type: none"> <li>•Not applicable</li> </ul>

#### STK'S CARBON FOOTPRINT INDEX IN 2021 WAS AS FOLLOWS:

	2021 consumption	Emission factor CO <sub>2</sub> (Schneider Electric)	Carbon emissions 2019	Carbon emissions 2020	Carbon emissions 2021	Increase/ Decrease % % 2021/2020
Electricity Consumption volume	132.134 MWh/year	0.000432 <sup>1</sup> (tCO <sub>2</sub> e/MWh)	62,2 (tCO <sub>2</sub> e/ year)	52,3 (tCO <sub>2</sub> e/ year)	57,1 (tCO <sub>2</sub> e/ year)	+9%
<b>In which, carbon emission per 1 kilogram of polyester filament yarn</b>						

1. Schneider Electric Carbon Footprint data center emission factor. (<https://www.se.com/ww/en/work/solutions/system/s1/data-center-and-network-systems/trade-off-tools/data-center-carbon-footprint-comparison-calculator/>)

-	<b>POY</b>	0.0012 Mwh/kg	0.000432 <sup>2</sup> (tCO <sub>2</sub> e/MWh)	0.00000070 (tCO <sub>2</sub> e/kg)	0.00000050 (tCO <sub>2</sub> e/kg)	0.00000052 (tCO <sub>2</sub> e/kg)	+4%
-	<b>DTY</b>	0.00214 Mwh/kg	0.000432 <sup>3</sup> (tCO <sub>2</sub> e/MWh)	0.0000008 (tCO <sub>2</sub> e/kg)	0.00000084 (tCO <sub>2</sub> e/kg)	0.00000092 (tCO <sub>2</sub> e/kg)	+10%
-	<b>FDY</b>	0.0016 Mwh/kg	0.000432 <sup>4</sup> (tCO <sub>2</sub> e/MWh)	0.0000005 (tCO <sub>2</sub> e/kg)	0.00000078 (tCO <sub>2</sub> e/kg)	0.00000069 (tCO <sub>2</sub> e/kg)	-12%

The carbon footprint of electricity per kg of DTY and POY yarn has increased as compared to 2020 (DTY increased by 10%, POY 4%), mainly because that Company produced higher quality AAA yarns and special yarns such as Recycle yarn. In addition, in Q2-Q3.2021, the Company practised social distancing and implemented 3 on-site activities and some production lines at Cu Chi and Trang Bang factories were closed as some workers could not participated in 3-on-site production. However, the Company still had to turn on the machines periodically for maintenance purpose, leading to a surge in unit electricity consumption per 1 kg of DTY yarn as compared to 2020.

### CARBON FOOTPRINT REDUCTION GOAL:

#### 1. THROUGH USE OF RENEWAL ENERGY - SOLAR ENERGY:

Rooftop solar project at Cu Chi and Trang Bang factories with a capacity of 10.5 Mwp. The company has cooperated with a partner to install rooftop solar power systems for both Cu Chi and Trang Bang factories since 2020. After completing the installation, the rooftop solar power systems will meet about 10% of the Company's electricity demand and help saving electricity costs by about 1-2%, reducing carbon footprint by 10.7% annually and 530 thousand tons of Co2 during the life of the project.

<b>From the beginning of the project to the end of 2021</b>	<b>TOTAL</b>
<b>AMOUNT OF CO2 (TONS) REDUCED BY THE SOLAR SYSTEM</b>	4,489
<b>ELECTRICITY GENERATED BY SOLAR SYSTEM (MWH)</b>	3,400
<b>From 2022 to the end of the project lifecycle</b>	
<b>AMOUNT OF CO2 (TONS) REDUCED BY THE SOLAR SYSTEM</b>	525,489
<b>ELECTRICITY GENERATED BY THE SOLAR SYSTEM (MWH)</b>	398,097
<b>Total CO2 reduction:</b>	
<b>AMOUNT OF CO2 (TONS) REDUCED BY THE SOLAR SYSTEM</b>	529,978
<b>ELECTRICITY GENERATED BY THE SOLAR SYSTEM (MWH)</b>	401,497



**2. THROUGH LIFTING THE TARGETED CONTRIBUTION OF RECYCLED YARN IN TOTAL SALES REVENUE BY 2025:**

The company aims to increase the contribution of environmentally friendly products "Recycled yarn" in total revenue from 54.3% in 2022 to 100% in 2025.

	2022	2025
The ratio of Recycled yarn in total sales revenue	54.3%	100%
The amount of CO2 (tons) can be reduced by using recycled materials - PET Recycle chips from post-consumer-used plastic bottles.	23,208	43,100

**Parameters and results of emission monitoring in 2021: *(See more results of air quality monitoring in Appendix 1)***

**IV.8 EFFLUENT AND SOLID WASTES (GRI 306)**

**IV.8.1 THE TOTAL VOLUME OF EFFLUENT BY LOCATIONS (GRI 306-1)**

**The table of wastewater statistics:**

	Đvt	2015	2016	2017	2018	2019	2020	2021	
Wastewater	Cu Chi	m <sup>3</sup>	11,482	6,137	6,188	6,173	8,304	5,843	8,607
	Trang Bang 1,2	m <sup>3</sup>	14,581	9,462	12,988	11,222	9,496	14,907	11,802
	Trang Bang 3	m <sup>3</sup>	4,431	17,724	12,786	9,537	8,817	13,520	8,224



Total	m <sup>3</sup>	30,494	33,323	31,961	26,932	26,617	34,269	28,633
-------	----------------	--------	--------	--------	--------	--------	--------	--------

**The parameters and result of wastewater inspection in 2021:**  
*(Refer further to the wastewater inspection result at attached Appendix 2)*

#### IV.8.2 THE TOTAL VOLUME OF SOLID WASTES BY TYPES AND TREATMENT APPLICATIONS (GRI 306-2)

Name of wastes	Code of hazardous wastes	Volume (kg)	Treatments	The wastes collection Companies		
Clouts with oil stain	18 02 01	1844	Burning	Tan Thien Environment Ltd	Nhiên	
Ink containers for printing, fax machines	08 02 04	8	Burning	Tan Thien Environment Ltd	Nhiên	
Waste oil	17 02 03	30	Burning	Tan Thien Environment Ltd	Nhiên	
Fluorescent lamp waste	16 01 06	39	Disintegration, Solidification, Burying	Tan Thien Environment Ltd	Nhiên	
Waste soft packaging	18 01 01	20	Burning	Tan Thien Environment Ltd	Nhiên	
<b>Total</b>		1,941				

At STK, solid wastes from production and operation activities are strictly collected, classified and monitored in accordance with the regulation of wastes classification of GRS 4.0 – waste management, the Company signs contracts with waste collecting Companies, in which:

- Collection, transportation and treatment of hazardous waste – Responsible Service: Tan Thien Nhiên Environment Ltd, Company.
- Collecting, transporting and treating domestic and industrial solid waste – responsible Service: Cuchi District Public Services Company Limited. and Hien Luong Garbage Collection One Member Limited Company.
- In addition, annually, the Company also makes the waste management report and submits it to the department of natural resources and environment of Ho Chi Minh city and Tay Ninh province. The Company registered the hazardous waste owner with registration no.- QLCTNH79,002938, T (3<sup>rd</sup> issuance).

#### IV.8.3 SIGNIFICANT SPILLS (GRI 306-3)

- the Company did not have any record of chemical spilling or wastewater leaking in 2021.
- The Company strictly adheres to the procedure of collecting, storing, transporting, and processing the Company’s wastes following the GRS regulations and prevailing environment law.

#### IV.8.4 TRANSPORT OF HAZARDOUS WASTE (GRI 306-4)

- For hazardous waste, the Company has separate storage with a hazardous warning sign under the regulations
- Each type of hazardous waste is stucked with a hazardous label and the Company subcontracts relevant companies to collect, transport and process this type of waste.
  - The Company signs contract with hazardous waste-collecting Companies – Tan Thien Nhien Environment Ltd, Company to collect and process the hazardous wastes – refer further to the article **THE TOTAL VOLUME OF WASTES BY TYPES AND TREATMENT APPLICATIONS (GRI 306-2).**

#### IV.9 ENVIRONMENT COMPLIANCE (GRI 307)

##### IV.9.1 NON-COMPLIANCE TO ENVIRONMENTAL REGULATIONS AND LAWS (GRI 307-1)

As shown in the environmental measurement reports which are prepared quarterly (conducted 4 times/year) and the annual environmental impact assessment of STK, measured environmental indicator are within the acceptable range under environmental laws.

The cases of violation of environmental regulations and laws: **0 cases.**

#### ENVIRONMENTAL PROTECTION TARGETS IN 2022

- **The reuse rate of POY paper tubes is 3.6 times;**
- **Circulated water accounts for 2% of the total amount of water used;**
- **Target water consumption level m3/kg yarn: 0.0023;**
- **The portion of renewable energy in the total energy used is 10%;**
- **The contribution of recycled yarn in total sales revenue is 54.6%;**
- **Target electricity consumption kW/kg yarn: POY: 1.26kw/kg yarn; DTY:1.86 kW/kg yarn; FDY: 1.41 kW/kg yarn**
- **Reduce carbon footprint by more than 40,000 tons via the production of recycled yarn and the use of renewable energy;**
- **Occurrence of violations on OSH, Fire Prevention and Environment when the inspection team of the State agency came to inspect the company: 0 cases;**
- **The Company will cooperate with Control Union to get a GRS certification assessment for the recycling process of waste yarn into rPET chips, to ensure that all recycling activities at the Company are in line with prevailing international standards.**

## LABOUR AND SOCIAL RESPONSIBILITY GRI 400

“Thanks to good and attractive labor and personnel policies, the Company still maintained enough employees in 3-at site model during the pandemic and the rate of employees returning to work reached a high level after the lockdown was lifted and the Company fully reopened”



2021 OBJECTIVES	2021 RESULTS
<ul style="list-style-type: none"> <li>• Ensured welfare policy for employees; reduced staff turnover rate;</li> <li>• Increased average training hours; developed many advanced training programs for employees;</li> <li>• Created promotion opportunities for employees; reduced the number of cases of labor accidents and occupational diseases;</li> <li>• Ensured all workers are equipped with occupational safety-sanitation-knowledge and ensured a safe working environment to employees;</li> <li>• Provided quality and safe products for customers;</li> <li>• Local community development; ensuring anti-corruption;</li> <li>• Staff turnover rate of 25%;</li> <li>• Rate of unsuccessful recruitment of 20%;</li> <li>• Meeting 95% of staffing demand;</li> <li>• Salary Budget Management by 97%;</li> </ul>	<ul style="list-style-type: none"> <li>• Increased average salary by more than 5% for employees; bonus for the Lunar New Year with more than 2.5 months' salary for employees;</li> <li>• Staff turnover rate increased by 6.2% as compared to the previous year; the average number of training hours increased by 10.9% as compared to the previous year;</li> <li>• Organized more than 40 training courses to improve employee skills; the rate of employees assessed for career development was 100%;</li> <li>• Number of accidents and occupational diseases: 0 cases; rate of employees trained in OSH: 100%;</li> <li>• The result of the working environment inspection report is in accordance with regulated standards of Government Authorities;</li> <li>• No incidents of non-compliance regarding the health and safety impacts on products and services;</li> <li>• Number of corruption cases: 0 cases;</li> <li>• Staff turnover rate was 34.19%;</li> <li>• Rate of unsuccessful recruitment was 25.8%;</li> <li>• Meeting staffing demand by 82.63%;</li> <li>• Salary Budget Management by 95%;</li> </ul>

**1. The management approach (GRI 103-2)**

The objectives are to maintain and develop the labor recruitment policy and to ensure sufficient human resources for the Company's production activities. Century is always committed to transparency in the recruitment process and ensures a fair and transparent working environment for applicants, creating opportunities for employees to develop themselves and their careers; adhering to the Government legal requirements on occupational health and safety for all employees, suppliers and related parties.

In addition, the Company always balances sustainable economic growth with activities that contribute to the benefit of the local community and society where the factories are located.

<p><b>Policies</b></p>	<ul style="list-style-type: none"> <li>- The Company's recruitment plan in 2020; the Company's recruitment procedure and policy;</li> <li>- The health and safety policies following the GRS 4.0 standard; Regulations on labor safety according to Decree 44/2016 / ND-CP;</li> <li>- Procedures and policies of ISO 9001-2015 system, Standards of GRS 4.0, 5S, Reach 168, OEKO – TEX 100;</li> </ul>
------------------------	---

	- The policy of developing local community following GRS standard 4.0;
<b>Commitments</b>	<ul style="list-style-type: none"> <li>- The Company commits to provide a transparent recruitment process and an impartial working environment to the candidates;</li> <li>- The Company commits to provide the most comfortable and safest working environment to all employees;</li> <li>- The Company commits to provide high quality and safe products to customers;</li> <li>- The Company commits to contribute to the development of the local community where the Company is operating;</li> </ul>
<b>Goals and Targets</b>	<ul style="list-style-type: none"> <li>- Ensuring stable human resources for the Company;</li> <li>- Conserving and developing stable human sources with good working skills for the Company;</li> <li>- Reducing the labor safety risks for employees working at the Company;</li> <li>- Satisfying the customer demand and enhancing the Company's prestige in the market;</li> <li>- Enhancing the average income, improving knowledge level and the living conditions of local workers;</li> </ul>
<b>Responsibilities</b>	- General General Director, Board of management
<b>Management resources</b>	- Administration team, Human resources team, Training team, Board of management, ISO team, production team, Recruitment team, Full-time in-charge person of occupational health and safety, health and safety network, Trade Union;
<b>Grievance mechanisms</b>	- Human resources team

## 2. Evaluation of the management approach (GRI 103-3)

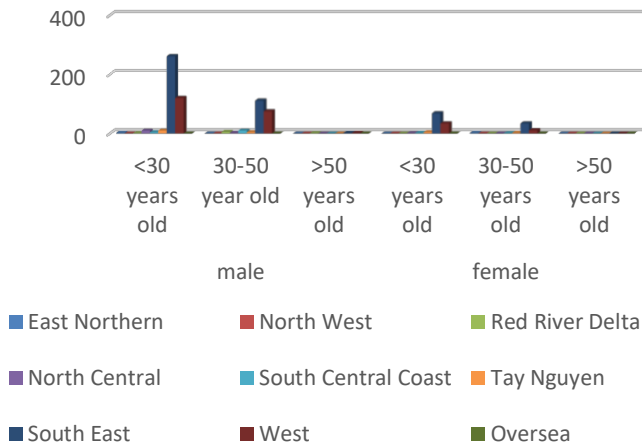
- The policy on salary, bonus, and welfare has been improved as compared to the previous year, raising the average wages by 5% for employees, contributing to the improvement of employees' standard of living, creating opportunities for employees to work as well as aligning the Company's interests with employees.
- Staff turnover rate in 2021 was 34.19%, increased by 6.2% as compared to 2020 (27.97%), mainly due to the negative impact from the Covid-19 epidemic.
- The training programs/courses organized by the Company helped enhancing employees' productivity and achieving the Company's targeted KPIs.
- The number of labor accidents recorded as well as the average overtime working hours of employees decreased significantly over the years;
- Community and local contributive activities were executed through sponsoring scholarship funds at local vocational schools and creation of more jobs for local workers by the Company's new projects.

## IV.10 EMPLOYMENT (GRI 401)

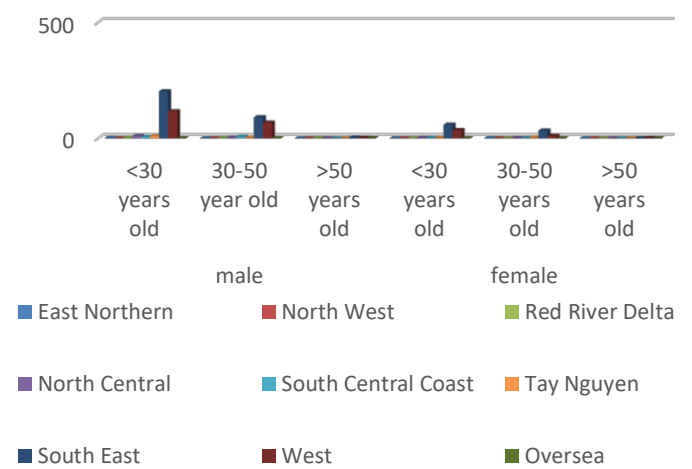
### IV.10.1 NUMBER OF NEW HIRES AND EMPLOYMENT TURNOVER RATE (GRI 401-1)

The number of full-time employees as at  
31/12/2021: **927** people

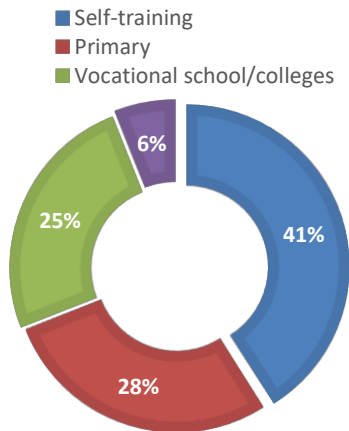
**THE TOTAL NUMBER OF NEW HIRES IN THE REPORTING PERIOD:**



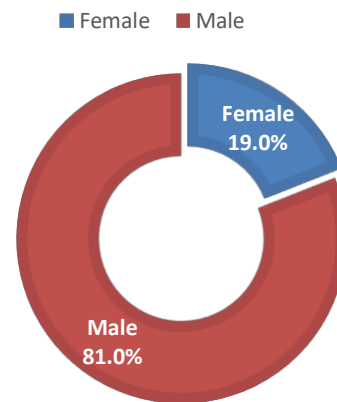
**THE NUMBER OF EMPLOYEES LEAVING IN REPORTING PERIOD:**



**EDUCATION**



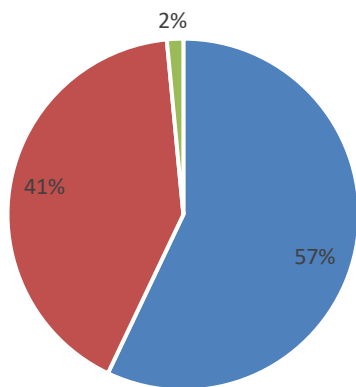
**GENDERS**



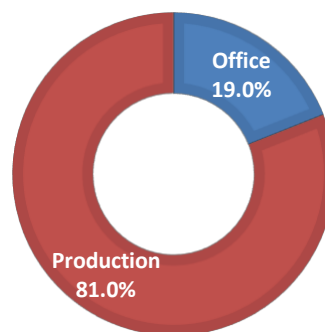
**EMPLOYMENT BY AGES**

**EMPLOYMENT BY FUNCTIONS**

■ 18-30 years old ■ 30-50 years old ■ >50 years old



■ Office ■ Production



#### IV.10.2 BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES (GRI 401-2)

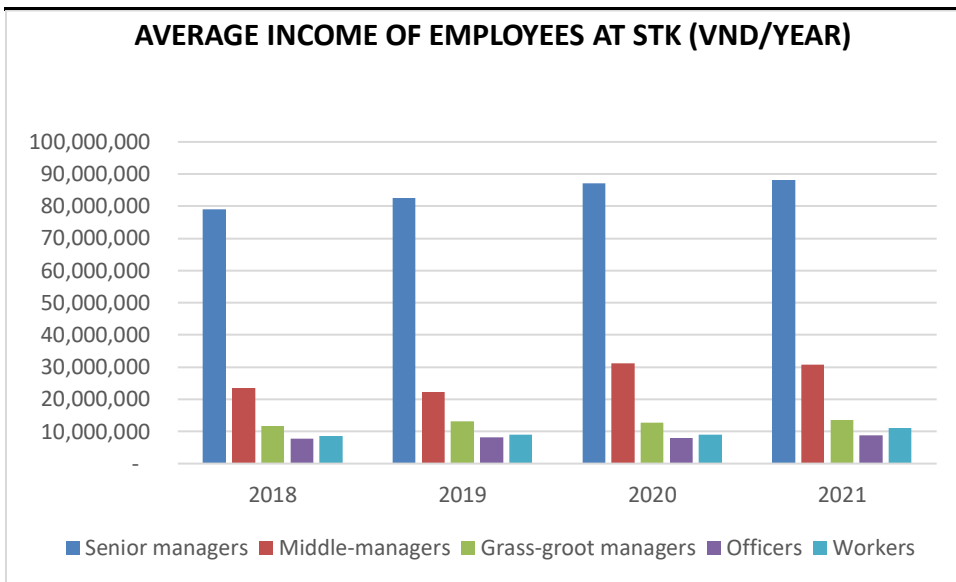
POLICY ON WORKING TIME	BASIC SALARY POLICY
<ul style="list-style-type: none"> <li>- The company does not use part-time and temporary employees.</li> <li>- The Company commits that all of the Company’s employments adhere to Vietnam’s labor law.</li> <li>- Official working time is 8 hours per day and 6 days per week. Office staffs work from 08:00 to 17:00, from Monday to Saturday.</li> <li>- Due to the nature of production (24 hours per day), the production staff will work on Sundays, holidays, and the TET festival on 03 shifts. The workers will then have compensatory leaves on other days in a week.</li> <li>- 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) Based on worker’s voluntary; (2) Not frequent and not over 12 hours per week; (3) Total number of over-times 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.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company always sets and updates salary scales based on a prevailing minimum basic salary of the region and regulations. The basic salary to calculate insurance contribution is based on the Company’s salary scales.</li> <li>- The basic salary is updated annually to be aligned with the market conditions and the government regulations.</li> <li>- Commitment not to apply the form of deduction of staff salaries for labor disciplinary measures, except for material compensation for causing damage according to the judgment of the Board of Disciplinary of Company and the Trade Union at the grassroots level.</li> </ul>
BONUS POLICY	INSURANCE POLICY
<p>According to the Company’s salary and bonus policy, a staff will receive a bonus every month if that individual achieves the business target. There are different types of bonuses as follows:</p> <ul style="list-style-type: none"> <li>- Performance bonus</li> <li>- Bonus for compliance with working rules</li> <li>- Bonus for the fulfillment of duties</li> <li>- Extra performance bonus for production workers</li> <li>- Bonus paying in kind</li> <li>- Extra performance bonus for sales staff</li> <li>- Extra performance bonus for purchasing staff</li> </ul>	<ul style="list-style-type: none"> <li>- 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 accident insurance 24/24 for all the staffs.</li> </ul>

- Extra performance bonus of stevedoring/warehouse/ forklift truck driver's positions
- Bonus on national holidays

Besides the monthly bonus as mentioned above, at the end of the year, STK will pay the following bonuses to staff:

- Tet holidays bonus
- Bonus on annual business performances

WELFARE POLICY	ACTUAL SALARY POLICY
<ul style="list-style-type: none"> <li>- Provision of free accommodation to the employee whose home is more than 30 kilometers from the workplace.</li> <li>- the Company also provides meals between work shifts, supplementary foods and drinks for heavy and/or hazardous jobs, annual leaves, periodic health examination... and all kinds of allowances: night shift, phone bill, gasoline, etc.</li> <li>- The Company signed and registered the collective labor agreement with the Labor Administration Authority in accordance with the laws.</li> <li>- At 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.</li> <li>- Vacation trip to all employees.</li> </ul>	<ul style="list-style-type: none"> <li>- OFFICE: Based on the nature of each position, STK will determine the salary scales.</li> <li>- PRODUCTION: Staff 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.</li> </ul>



The average income of the production team in 2021 was recorded with an average growth of 22.5% as compared to 2020, thank to the Company's policy of increasing salary and bonus for employees, especially in the direct production team.



**IV.10.3 MATERNITY LEAVING (GRI 401-3)**

Total number of employees that were entitled to maternity leave, by gender	Male	
	Female	10
Total number of employees that took maternity leave, by gender	Male	
	Female	10
Total number of employees that returned to work in the reporting period after maternity leave ended, by gender	Male	
	Female	10
Total number of employees that returned to work after maternity leave ended that were still employed 12 months after their return to work, by gender	Male	
	Female	10
The return-to-work rate	Male	
	Female	100%
The employee's retention rate	Male	
	Female	100%

**IV.11 TRAINING AND EDUCATION (GRI 404)**

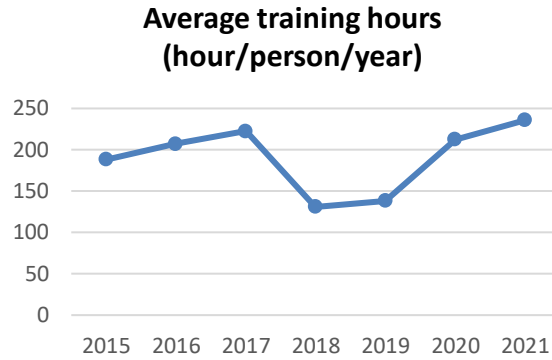
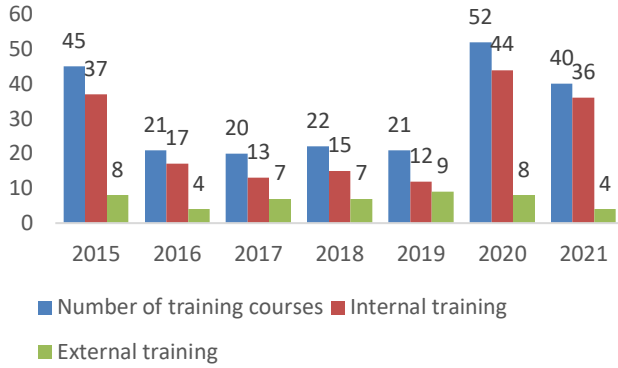
**IV.11.1 THE AVERAGE TRAINING HOURS PER YEAR PER EMPLOYEE (GRI 404-1)**

The Company organizes training courses for all employees, whereby the average training hours by employee levels and gender is equal:

**THE NUMBER OF TRAINING COURSES**

**AVERAGE TRAINING HOURS**





#### IV.11.2 PROGRAMS FOR ENHANCING EMPLOYEE SKILLS AND INTERNAL INTERNSHIP PROGRAMS (GRI 404-2)

The Company periodically conducts training programs on basic knowledge about the Company’s 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 addition to the standard training programs, in 2021 the Company offered special training courses as follows:

Training courses	Trained divisions	Training hours (hours)	Number of participants (person)						Form of training	
			Managers		Office staff		Workers		Internal	Service
			Quantity	Time	Quantity	Time	Quantity	Time		
<b>Skill training for newcomers in the production</b>	Production	332.8			720	23961	6	1		
<b>Training on occupational safety standards according to SOP - SX POY</b>	Production	0.33			107	35.7		1		
<b>Training on chemical safety standards according to SOP - SX POY</b>		0.33			107	35.7		1		
<b>Training on fire safety standards according to SOP - SX POY</b>		0.33			107	35.7		1		
<b>Training standards on 5S SX POY</b>		0.25			107	26.8		1		

<b>Training regulations on respecting production products POY</b>		0.25					107	26.8	1
<b>Training on occupational safety standards according to SOP - Production DTY</b>	Production	0.33					359	119.7	1
<b>Training on chemical safety standards according to SOP - SX DTY</b>		0.33					359	119.7	1
<b>Training on fire safety standards according to SOP - SX DTY</b>		0.33					359	119.7	1
<b>Training standards on 5S SX DTY</b>		0.25					359	89.8	1
<b>Training on regulations on respecting production products DTY</b>		0.25					359	89.8	1
<b>Training on occupational safety standards according to SOP - QLCL</b>	QC	0.33					242	80.7	1
<b>Training on chemical safety standards according to SOP - QLCL</b>		0.33					242	80.7	1
<b>Training on fire safety standards according to SOP - QLCL</b>		0.33					242	80.7	1
<b>Training standards on 5S QLQ</b>		0.25					242	60.5	1
<b>Training on Regulations on Product Respect QLCL</b>		0.25					242	60.5	1
<b>Training on occupational safety standards according to SOP - Electrical</b>	Utility	0.33					6	2.0	1
<b>Training on chemical safety standards according to SOP - Electrical</b>		0.33					6	2.0	1
<b>Training on fire safety standards according to SOP - Electrical</b>		0.33					6	2.0	1
<b>Training standards on 5S - Electricity</b>		0.25					6	1.5	1
<b>Training on Regulations on respecting products - Electricity</b>		0.25					6	1.5	1
<b>Training on occupational safety standards according to SOP - Office</b>	Office	0.33	13	4.3	112	37.3			1
<b>Training on chemical safety standards according to SOP - Office</b>		0.33	13	4.3	112	37.3			1
<b>Training on fire safety standards according to SOP - Office</b>		0.33	13	4.3	112	37.3			1
<b>Training standards on 5S Office</b>		0.25	13	3.25	112	28			1
<b>Training Regulations on respecting products-Office</b>		0.25	13	3.25	112	28			1
<b>Training company rules for newcomers</b>	All	0.5	22	11	132	66	845	422.5	1
<b>Monthly production defect training</b>	Production	0.5					483.0	241.5	1

Social policies	All	0.25	178	44.5	829	207.2 5	1
Fire protection training	All	16			90	1440	1
First Aid Training	All	4			90	360	1
	All						
Chemical Safety Training	All	16			30	480	1
Advanced training, multi-skilled team of DTY TB2	All	96			33	3168	1
Advanced training, multi-skilled-Packaging group	All	56			20	1120	1
Advanced training, multi-skilled-Weaving group	All	80			1	80	1
Advanced training, multi-skilled team DTY TB3	All	96			1	96	1
POY production process training	Sales	1.5	21	31.5		0	1
DTY production process training	Sales	1.5	21	31.5		0	1
About the organization of the Intensive Course “Rules of origin and procedures for certification of origin of goods in the ASEAN Trade in Goods Agreement (ATIGA) – Basic and Advanced Knowledge”	Sales	8	2	16			1
Accelerated Accounting Course	IT	8	2	16			1
			<b>30.5</b>	<b>373.5</b>		<b>248,3 02</b>	<b>36 4</b>

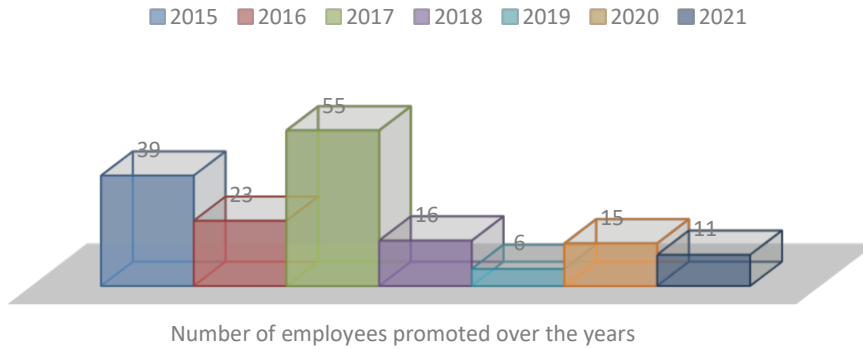
#### IV.11.3 PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (GRI 404-3)

Về chính sách đề bạt:

##### PROMOTION POLICY:

- STK always encourages and maintains a fair promotion policy for all employees.
- Qualified employees can apply for higher positions. The HR department will coordinate with the manager to monitor, orient and evaluate the candidate’s ability for a 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 2021, the number of employees promoted to higher positions was **11 people with 9 males and 2 females.**
- **The proportion of employees receiving regular performance and career development reviews: 100% (males: 100%, female: 100%)**

## THE NUMBER OF PROMOTED EMPLOYEES OVER THE PERIOD (PERSON)



### IV.12 OCCUPATIONAL HEALTH AND SAFETY AGAINST COVID-19 (GRI 403)

#### IV.12.1 ENSURING HEALTH SAFETY AND PREVENTION OF COVID-19

In 2021, to ensure the health safety for employees working in the Company as well as prevent the outbreak of Covid -19 pandemic in the community, the Company implemented strict measures at the factory:



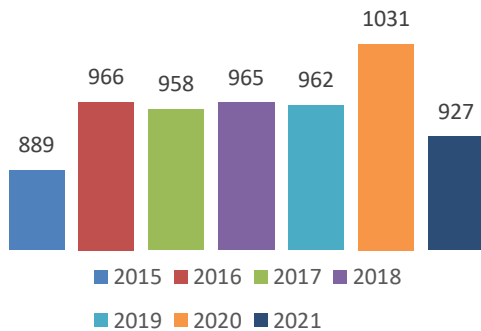
- Implementing 3-at site model during social distancing period in Cu Chi và Trang Bang plants
- Requiring 100% of workers to always wear the mask and use antiseptic hand sanitizer;
- Checking body temperature 3 times a day for all employees when entering the Company to work;
- Requiring staffs to submit medical reports and use the Blue zone application to promptly detect the transmission risk;
- Practising physical distancing and creating compartments seats at the Company canteen;
- Making different lunchtime and break time slots among departments to limit mass gathering;
- Taking alternately annual leaves to reduce the risk of epidemic outbreak;
- Making the seat partition between employees in the workplace;
- Regularly spraying the disinfectant at the Company's working area;
- Holding online meetings to reduce the risk of mass gathering;

**IV.12.2 WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY** (GRI 403-1)

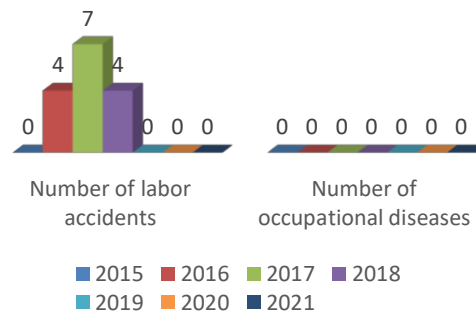
- The Company's health and safety committee consist of one full-time occupational safety officer and the occupational safety network.
  - The Company's health and safety committee are responsible to ensure that all production and operation activities at the Company comply with the health and safety regulations and policies.
  - Periodically, the occupational health and safety committee will organize training and propaganda regarding labor safety at workplaces, fire drills, first aid drills and periodic health checks for the Company's employees; preparing health and safety report of the Company to submit to the Department of Labor, War Invalids and Social Affairs of Ho Chi Minh City and Tay Ninh about labor safety activities and the number of labor accident cases of the Company
- + **Health and safety network:** 31 members (males: 28 people, females: 3 people)  
 + **The percentage of the Company's employees having representation in the official occupational health and safety committees: 100%**

**IV.12.3 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES** (GRI 403-2)

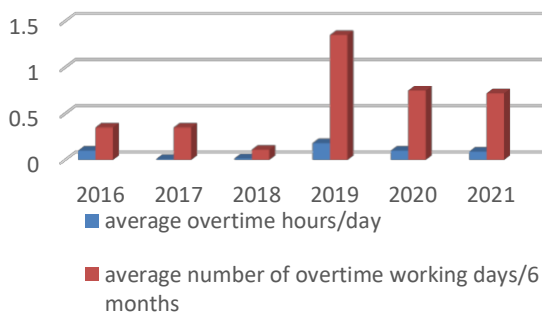
**TOTAL NUMBER OF EMPLOYEES TRAINED ABOUT HEALTH AND SAFETY**



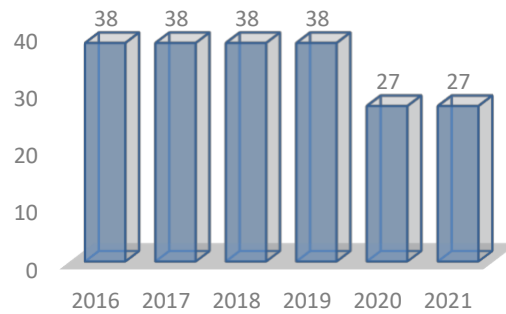
**THE NUMBER OF LABOR ACCIDENT AND OCCUPATIONAL DISEASES (CASES)**



**AVERAGE WORKING HOURS**



**THE MACHINERY AND EQUIPMENT HAVE STRICT REQUIREMENTS ABOUT HEALTH AND SAFETY**



The number of machinery and equipment having strict requirements about safety in 2021 was the same as in 2020. The Company did not have new machinery and equipment with strict requirements on OSH management in 2021.

Number of labor accident		Type of injury and rate of injury	Occupational diseases rate	Lost days rate	Absenteeism rate	Work-related fatality rate
0 cases	Male	None	0%	0%	0%	0
	Female	None	0%	0%	0%	0

(Under the Company’s report of occupational health and safety in 2021 to the Department of Labor, War Invalids and Social Affairs of Ho Chi Minh City and Tay Ninh – December 31<sup>st</sup>, 2021)

#### IV.12.4 WORKING ENVIRONMENT MEASUREMENTS:

- STK proactively implements measurement of the working environment to prevent occupational diseases and ensure health for employees.
- In 2021, the Company cooperated with the Southern Environmental Health Joint Stock Company to conduct an assessment of the working environment to identify the risks, hence proposing measures to minimize the impact of these risks in the working environment.

**Measuring method:** measure the indicators including microclimate, light, noise, dust, toxicant gas at certain technical positions in 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.
- Standard QCVN 24: 2016 / BYT

**The testing result of the working environment measurement report in 2021:**

[\(Refer further to the testing result of microclimate, light, noise, dust, toxicant gas at attached appendix 3\)](#)

#### IV.12.5 HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS (GRI 403-4)

The Company’s collective labor agreement covers health and safety matters. In the Company’s collective labor agreement, headlines related to health and safety topics account for 11% of the total number of headlines.

### IV.13 CUSTOMER HEALTH AND SAFETY (GRI 416)

#### IV.13.1 ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT AND SERVICE CATEGORIES (GRI 416-1)

STK’s commitment to providing high-quality products is demonstrated through strict quality control of raw material input, production process, a 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 eliminating defective materials before production, evaluating the quality of raw material during production to requesting the suppliers to fix the minor defects to ensure the stability of raw materials and product quality. Besides, the purchasing department has to ensure that raw materials meet requirements set out in *Material Safety Data Sheet (MSDS)*

### PRODUCTION, MECHANICAL & ELECTRICAL AND MAINTENANCE DEPARTMENTS

are responsible for controlling the quality of work and product in the production process to identify the errors and eliminate the substandard products.

### QUALITY CONTROL DEPARTMENTS (QC)

has 200 employees who will conduct 100% quality checks for the semi-finished product (POY) and finished product (DTY and FDY). Besides, QC is also responsible for controlling the technical parameters of the machines.

## VIA AUDITING SYSTEMS



**Percentage of significant product and service categories for which health and safety impacts are assessed for improvement: 100% of all products at the Company are assessed about health and safety matters.**

### IV.13.2 INCIDENTS OF NON-COMPLIANCE CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES (GRI 416-2)

In 2021, the total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period.

1. No incidents of non-compliance with regulations resulting in a fine or penalty;
2. No incidents of non-compliance with regulations resulting in a warning;
3. No incidents of non-compliance with voluntary regulations;

## IV.14 LOCAL COMMUNITY (GRI 413)

### IV.14.1 OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS (GRI 413-1)

1. **Social impact assessments, including gender impact assessments, based on participatory processes:**
  - 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.
2. **Environmental impact assessments and ongoing monitoring:**

- Periodically, the industrial zone authority will conduct inspection and assessment on the environmental impacts of the Company.
  - the Company also proactively makes the environmental inspection report, aiming to ensure that all production and operation activities do not have bad impacts on the environment and the local community.
- 3. Public disclosure of environmental and social impact assessments:**
- Reports and related information on environmental and social matters are disclosed publicly on the Company's website - Sustainable development tab.
  - Related information on environmental and social matters is also presented in the Annual report and Sustainable report, disclosing to all related parties.
- 4. Formal local community grievance processes:**
- The Company receives the contributed comments of related parties (including the local community) via emails and telephone number as posted on the Company's website.
- 5. Comply and support the government policy**
- STK is committed to and strictly adhered to the government's policies and regulations.
  - In addition, with commitments from the General Director, STK has always strictly and fully complied with the requirements regarding social policies, the Laws of Vietnamese and other business codes 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 on health and occupational safety;
    - Commitment to comply with a policy on salary-reward in accordance with the regulations;
    - Commitment to a policy on working hours and break hours.

#### **IV.14.2 ANTI-CORRUPTION AND BRIBERY**

- STK commits to doing business honestly and ethically, acting professionally, fairly and with integrity in all business dealings and relationship.
- In the entire operating system, the Company always ensures compliance with the regulations of the law as well as the basic ethical principles to create integrity in operations.
- Any staff found receiving 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

#### **IV.14.3 OPERATIONS WITH SIGNIFICANTLY ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES**

The Company commits to not having any significant actual and potential negative impacts on local communities.



#### IV.15 TRADITIONAL CULTURE OF THE COMPANY

2021's result:

- Due to the Covid-19 epidemic, the Company postponed the weekly program and book presentation;
- The Company resumed the vision & mission program and book presentations in 2022 when the epidemic was contained;

#### IV.16 CORPORATE CULTURE STANDARDS

2021's Objectives:

- Supporting employees who have difficult circumstances in the Company;
- Helping and supporting colleagues;

2021's Result:

- Giving gifts to employees who have difficult circumstances: 310;

In 2021, the Company coordinated with its Trade Union to create a fund for giving meaningful gifts to employees having difficult circumstances. The Company has offered more than 310 gifts to employees working at the Company.

#### LABOR-COMMUNITY DEVELOPMENT TARGETS IN 2022

- **Staff turnover rate of 25%;**
- **Unsuccessful recruitment rate of 20%;**
- **Meeting 95% of staffing demand;**
- **Management of Salary Budget by 97%;**
- **Increase average salary by more than 5% for employees;**

## IV.17 GREEN PROJECTS OF COMPANY

Towards green capital market, STK has strongly invested and implemented green projects, aiming to build and develop the company with green growth, contributing to economic development and protecting and reducing the impact on the environment, in particular:

RECYCLE YARN	DOPE DYED YARN	RECYCLING THE WASTE YARN FROM PRODUCTION PROCESSES	SOLAR PROJECT
<p>Since 2016 STK has started to produce Recycled Yarn. In 2021, the recycled yarn proportion in the total sales revenue reached 50%, exceeding 6.3% as compared to 2020 (44.7%). Thanks to the production of recycle yarn, the Company has indirectly helped recycling 3.04 billion post-consumer used bottles, reducing ocean plastic pollution, which has recently been one of the globe's alarming environmental problems.</p>	<p>The Company continuously developed further the dope dyed yarn with more colors such as grey, black and blue navy, provided more product samples to domestic and export customers. The Dope dyed will meet the market demand for environmentally friendly products. This is also a global trend that top leading fashion brands such as Nike, Adidas, Puma, H&amp;M, Inditex have been pursuing in order to limit disposal of hazardous chemicals to the environment</p>	<p>The Company has been utilizing a production line of 1,500 tons of recycled PET chip/ year, raising the Company's profitability and cutting the cost of input material (through recycling waste yarn into PET chip).</p>	<p>The Company cooperated with a strategic partner to install the roof-top solar power systems for both Cu Chi and Trang Bang plants since 2020. It is expected that after completing the installation, the rooftop solar power systems will meet about 10% of the Company's electricity demand and saving electricity costs by 1 – 2%, reducing carbon footprint by 10.7% annually and 530 thousand tons of CO2 over the life of the projects.</p>
 <p>The diagram illustrates the recycling process: PLASTIC BOTTLE → FLAKE → CHIPS → FIBER → YARN → FABRIC. A green t-shirt is shown on the left, representing the final product.</p>			

## ABBREVIATION LIST

BHXH:	SOCIAL INSURANCE
BHYT:	HEALTH INSURANCE
BKS:	SUPERVISOR COMMITTEE
BTNMT:	MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT
CBCNV:	EMPLOYEES
CC:	CU CHI FACTORY
TB:	TRANG BANG FACTORY
CTCP:	JOINT STOCK COMPANY
AT-VS-LĐ:	SAFETY, HYGIENE, LABOR
DTY:	DRAWN TEXTURED YARN
FDY:	FULLY DRAWN YARN
FTA:	FREE TRADE AGREEMENT
GTGT:	VALUE-ADDED
HĐQT:	BOARD OF DIRECTORS
INVERTER:	INVERTER
KCN:	INDUSTRIAL PARK
LEAN:	LEAN SYSTEM
POY:	PARTIAL ORIENTED YARN
QCVN:	VIETNAM STANDARD
QĐ-BYT:	REGULATION OF MINISTRY OF HEALTH

SPINNING:	DRAWING MACHINE
SSR:	RESISTOR
STK, CENTURY:	CENTURY SYNTHETIC FIBER CORPORATION
SXKD:	MANUFACTURING AND OPERATION
TCVS:	SANITARY STANDARDS
TCVSLĐ:	LABOR HYGIENE STANDARDS
TGD:	GENERAL DIRECTOR
BOD:	BOARD OF DIRECTOR MEMBERS
BOS:	SUPERVISOR COMMITTEE MEMBERS
TNCN:	PERSONAL INCOME
TNDN:	CORPORATE INCOME
TNHH:	LIMITED
DOPE DYE:	COLOR YARN
CARBON FOOTPRINT:	CO2 EMISSION
WINDER:	WINDING MACHINE
SGDCK:	STOCK EXCHANGE AGENCY
HOSE:	HO CHI MINH STOCK EXCHANGE
QC:	QUALITY CONTROL
SOP:	STANDARD OPERATION PROCEDURES
PDCA:	PLAN-DO-CHECK-ACT
ESOP:	PREFERRED SHARES

## I. REFERENCE TABLE OF REPORT CONTENTS TO GRI STANDARDS (GRI 102-55)

GRI STANDARDS	DISCLOSURE ITEMS	PAGE
GRI		
GRI 100: UNIVERSAL STANDARDS		
ORGANIZATIONAL PROFILE		
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	
STRATEGY	Significant changes to the organization and its supply chain	
102-14	Statement from senior decision-maker	General Director message
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	
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	
<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	
<b>GRI 202: MARKET PRESENCE</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
<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 purchase from plocal 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	
302-3	Energy intensity	
302-4	Reduction of energy consumption	
302-5	Reductions in energy requirements of products and services	
<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)	Not applicable
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	No records
306-4	Transport of hazardous waste	
306-5	Water bodies affected by water discharges and/or runoff	No records
<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	No records
<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	
<b>GRI 402: LABOR/MANAGEMENT RELATIONS</b>		
402-1	Minimum notice periods regarding operational changes	The Company commits to notice time in accordance with the labor law
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>		
403-1	Worker's 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	None
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	No records
<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	No records
<b>GRI 408: CHILD LABOR</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	The Company commits not to use employees <18 years old
<b>GRI 409: FORCED OR COMPLUSORY LABOR</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No records
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES</b>		
411-1	Incidents of violations involving rights of indigenous peoples	No records
<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 significantly actual and potential negative impacts on local communities	No records
<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	No records
<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	No records
<b>GRI 417: MARKETING AND LABELING</b>		
GRI 417-1	Requirements for product and service information and labelling	
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	No records
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	No records
<b>GRI 419: SOCIOECONOMIC COMPLIANCE</b>		
GRI 419-1	Non-compliance with laws regulations in the social and economic area	No records