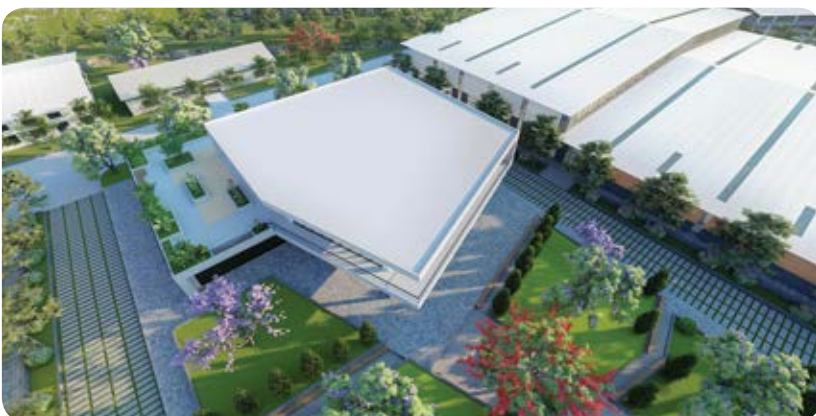




SUSTAINABLE REPORT 2018



# 40 YEARS OF COMPANION CREATING THE FUTURE





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TNG HAS ACHIEVED THE TITLE OF VIETNAM SUSTAINABLE DEVELOPMENT ENTERPRISE FOR THE THIRD CONSECUTIVE YEAR IN 2018. WITH THE SOLIDARITY, EFFORT AND CONSTANT CHANGE OF TNG, I BELIEVE THAT TNG WILL CONTINUE TO TAKE A NEW STEP IN THE PROCESS OF SUSTAINABLE DEVELOPMENT.

**Dear investors, shareholders, and stakeholders!**

With the mission of bringing "Happiness to stakeholders", TNG always strives to bring the best things to everyone. TNG has achieved the title of Vietnam Sustainable Development Enterprise for the third consecutive year in 2018. Over the past 40 years, TNG has been consistent with the goal of becoming the leading export garment enterprise in Vietnam, bringing Vietnamese textile and apparel brand to conquer and gradually reach the international market. The year 2018 is also the year that TNG has achieved many achievements in all aspects: The economic value has constantly been increasing, the green factory projects are environmentally friendly, meeting international development standards on green development which is gradually being improved and put into operation in the coming period; TNG has also been expanding production scale, bringing several job opportunities to the workers, promoting the development of local economy, etc. towards sustainable development.

Consistent with the goal of sustainable development, TNG is committed to constantly striving to bring the highest value to the stakeholders with the guideline of developing in a triangle model of "Economy - Society - Environment" and committed that TNG products is always focused on quality, safety and environmental friendliness. Factories and constructions are always attached with the message of "greenness - cleanliness". Social security activities are associated with the happiness of TNG workers as well as the development of the community. Following the flow of domestic and international

markets, TNG always innovates and improves, ready to meet the most stringent standards and requirements of our partners and customers, expands markets in the world and market shares in textile industry.

In 2019, the textile and garment industry in general and TNG in particular has taken place within the context of both difficult and favorable conditions. However, with the solidarity, effort and constant change of all staffs and employees in the Company, I believe that TNG will continue to take a new step in the process of sustainable development.

On behalf of the Board of Directors, I would like to express my sincere thanks to all the stakeholders for always accompanying TNG. I believe that with the determination and collective strength of the Board of Directors, the Board of Management and all workers, TNG will not breach your trust and expectation on us, and strive for the sustainable and rising future of the textile and garment industry in Vietnam.

Sincerely thank!

**ON BEHALF OF  
THE BOARD OF DIRECTORS  
CEO**

NGUYEN VAN THOI



## VISION - MISSION - CORE VALUES - COMMITMENT

### VISION



- ❖ A Public Company in TOP most transparent, best management and most sustainable businesses.
- ❖ A manufacturing and retailing Company in both domestic and international markets with the revenue ranked in the TOP billion-dollar businesses.

### MISSION



- ❖ Take all responsibility for all products supplied to consumers.
- ❖ Bring happiness to employees, customers and residential communities.

### CORE VALUES



- ❖ Responsibilities: Comply with the business ethics at work, ensure all regimes and benefits of employees in accordance with the provisions of laws.
- ❖ Working environment: A good place to devote and work.
- ❖ Green future development: For a green TNG, we focus on all activities related to the livelihood of the employees and local communities and follow the motto: *"Economic development coupled with environmental protection"*.
- ❖ Sustainable development: We undertake to ensure the multi-dimensional long-term benefits while working with our customers and stakeholders.



### COMMITMENT



#### CUSTOMER

- ❖ Provide qualified products to customers.
- ❖ Have good quality, competitive price and on-time delivery.
- ❖ Protect the customers' rights on product and trademark.
- ❖ Ensure prestige and respect to customers.
- ❖ Commit to production time and capacity with customers.
- ❖ Commit to delivery time.
- ❖ Commit to anti-corruption, anti-bribery in production and business.



#### SHAREHOLDER

- ❖ Have public, transparent, fair information related to business activities.
- ❖ Maximize values and benefits for shareholders.
- ❖ Ensure sustainable development, effective business and prestige in the market.
- ❖ Enhance the spirit of joint development cooperation.



#### COMMUNITY

- ❖ Harmonize business interests with social benefits.
- ❖ Participate in community activities, social security.
- ❖ Couple production with environmental protection.
- ❖ Have responsibility with the community.

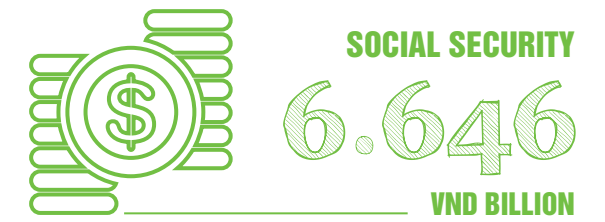


#### EMPLOYEES

- ❖ Not violate the rights as prescribed by law when working at TNG.
- ❖ Guarantee all rights of employees working at TNG under the Labour Code.



## HIGHLIGHT EVENTS IN 2018



- ❖ Applying standards according to the ASEAN Capital Markets Forum (ACMF) to assess corporation administration situation in 2018.
- ❖ Using the GRI standard in the preparation and presentation of 2018 Sustainable Development Report.
- ❖ Issuing successfully convertible bonds equivalent to VND 200 billion to the investors of Korea Investment & Securities Co., Ltd on December 12th, 2018 (a trustee of Asam Vietnam Mezzanine Focus Hedge Fund 1).
- ❖ Seamless products with fashionable design, using environmentally friendly materials, were issued Copyright registration certificate No. 2773/2018/QTG

dated June 04th, 2018 by the Ministry of Culture, Sports and Tourism (Copyright Office of Vietnam) for "The article about the production of seamless shirts with seam pressing technology".

- ❖ Total cost for charity, social security activities towards the community in 2018: VND 6.646.000.000, 4 times higher than the one for 2017 of VND 1.587.764.000.
- ❖ Revenue reached VND 3,613 billion, the growth rate was up to 57%, which is the largest level in the period 2014 - 2018.
- ❖ Profit after tax reached VND 181 billion, the growth rate was up to 45%, which is the largest level in the period of 2014 - 2018.

- ❖ The Company started constructing Green Factory project, making the total investment of up to VND 290 billion. The Company also oriented to meet Leed standard for office area, Lotus standard for the production area. The orientation of all factories built by TNG since 2018 will meet green factory standards and become a link in the entire global supply chain, not only to attract large orders from well-known brands such as Nike, Adidas, etc., but also ensure balance between environmental protection and social responsibility, thereby helping the Company develop sustainably in the long term.
- ❖ The Company bought up and established TNG Dong Hy Factory with the capacity of 06 production lines

(expected to build the project with a total investment of VND 250 billion, up capacity to 30 production lines)

### Notes:

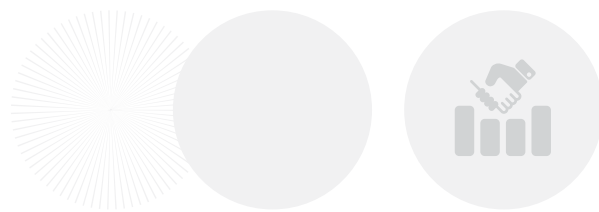
**LEED** (Leadership in Energy & Environmental Design) is a certificate for green construction projects issued by the US Green Building Council established in 1995 in the United States. This is the initial international standard about the construction of energy-saving works and the protection of human living environment.

LOTUS is a green building certification system developed by Vietnam Green Building Council (VGBC) - an international non-profit organization and a member of the World Green Building Council (World GBC).

 2018 AWARDS



January 16<sup>th</sup>, 2018: TNG was honored to receive the Emulation Flag awarded by the Prime Minister in 2017.



March 08<sup>th</sup>, 2018: TNG was honored to receive the Certificate of Merit for outstanding achievements in job creation awarded by Chairman of Thai Nguyen province People's Committee in 2017.



Date March 14<sup>th</sup>, 2018: TNG was honored to receive the Certificate of typical Vietnamese brands granted by the Ministry of Industry and Trade in 2017.



Date April 20<sup>th</sup>, 2018: TNG was honored to receive the Award of merit for outstanding achievements in Occupational Safety and Hygiene granted by the Bureau for Safe Work in 2017.



Date June 05<sup>th</sup>, 2018: TNG was honored to receive the Certificate of Merit for outstanding achievements in Occupational Safety and Hygiene and fire prevention and fighting awarded by the Ministry of Industry and Trade in 2017.



Date July 27<sup>th</sup>, 2018: TNG was honored to receive the Certificate of Merit for outstanding achievements in implementing the Resolution on agriculture, farmers and rural areas of the 7<sup>th</sup> plenum of the 10<sup>th</sup>-tenure Party Central Committee in the period of 2008 - 2018 awarded by Thai Nguyen Provincial Communist Party Committee.



October 10<sup>th</sup>, 2018: TNG was honored to receive the Certificate of "Top 50 enterprises having the largest contribution to the development of Thai Nguyen province in the period of 2016 - 2018" awarded by the Thai Nguyen province People's Committee.



November 20<sup>th</sup>, 2018: TNG was honored to receive the Sustainable enterprises for 03 consecutive years (2016, 2017 and 2018) awarded by the Vietnam Chamber of Commerce and Industry.



December 21<sup>st</sup>, 2018: TNG was honored to receive the Certificate of Typical unit in the entire population movements in performing fire fighting and protection in 2018 awarded by Thai Nguyen Province Public Security.



November 2<sup>nd</sup>, 2018: Ho Chi Minh City Stock Exchange and Investment Newspaper: TNG was honored to receive Top 5 best enterprises in the business administration and Top 5 Best Annual Reports - Small - cap companies in 2018.





## GENERAL INFORMATION



## TNG

### GENERAL INFORMATION



**Stock code** : TNG

**Company name** : CÔNG TY CỔ PHẦN ĐẦU TƯ VÀ THƯƠNG MẠI TNG

**International business name** : TNG INVESTMENT AND TRADING JOINT STOCK COMPANY

**Charter capital** : VND 493,401,800,000

**Business registration certificate and tax code** : 4600305723 Issued for the first time on January 2<sup>nd</sup>, 2003 by Thai Nguyen Authority for Planning and Investment, registered for the 26<sup>th</sup> amendment on July 27<sup>th</sup>, 2018

**Headquarters** : No 434/1 Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province

**Telephone** : 02083.856.508

**Email** : info@tng.vn

**Website** : <http://tng.vn>, <http://tngfashion.vn>

### REPRESENTATIVE OFFICE IN NEW YORK



**Address** : 79 Madison street New York, NY 10016, The United States

**Telephone** : +1.732.406.4006

**Email** : linh@tng.vn



## PRINCIPAL BUSINESS ACTIVITIES, BUSINESS AND MANUFACTURE NETWORK

WITH THE SLOGAN “TNG - MY CHOICE”, TNG AIMS AT BEAUTIFUL GARMENTS AND PRODUCT QUALITY.

### PRINCIPAL BUSINESS ACTIVITIES

- ❖ TNG is an export garment enterprise. Its key products include cotton jackets, feather jackets, seamless clothing, all types of shorts, skirts, children’s wearsuit, felt clothing, knitwear; cotton sheets, stitching cotton, industrial embroidery, carton boxes, all types of PE bags, industrial laundry.
- ❖ Domestic products under TNG trademark: TNG is in the process of penetrating the domestic market. Every year, TNG launches unique collections with various color and style that catch up with fashion trends in the world.



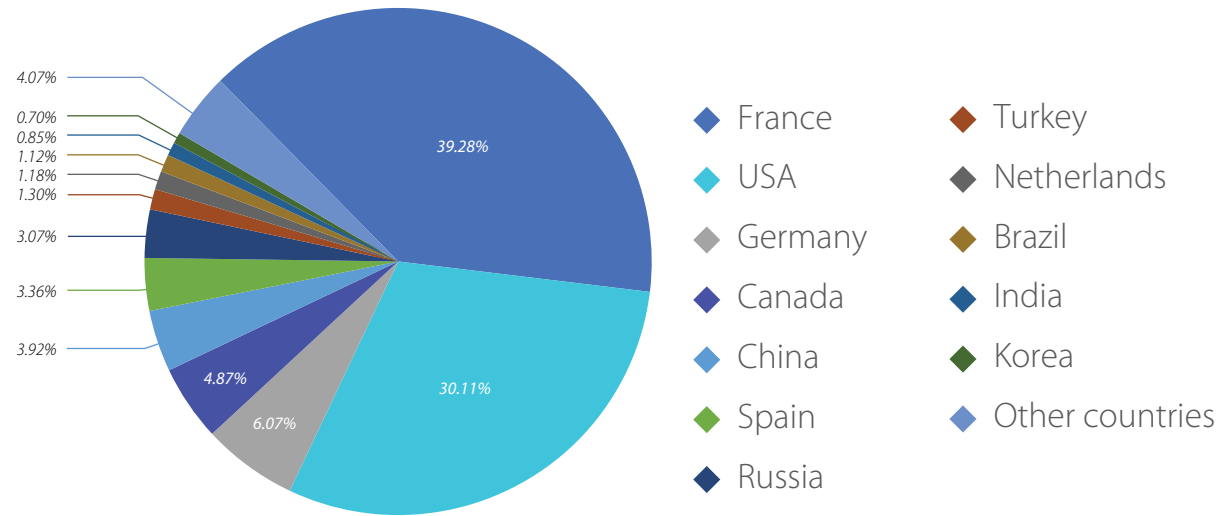
### BUSINESS AND MANUFACTURE NETWORK

- ❖ 01 Headquarter is at in Thai Nguyen City
- ❖ 01 Associated company
- ❖ 11 Export Garment Factories are at in Thai Nguyen Province area
- ❖ 01 Domestic Fashion Garment Factory
- ❖ 02 Auxiliary Factories
- ❖ 01 Representative Office in New York - the United States
- ❖ 32 fashion stores are operating across the country

**PRINCIPAL BUSINESS ACTIVITIES, BUSINESS AND MANUFACTURE NETWORK (continued)**

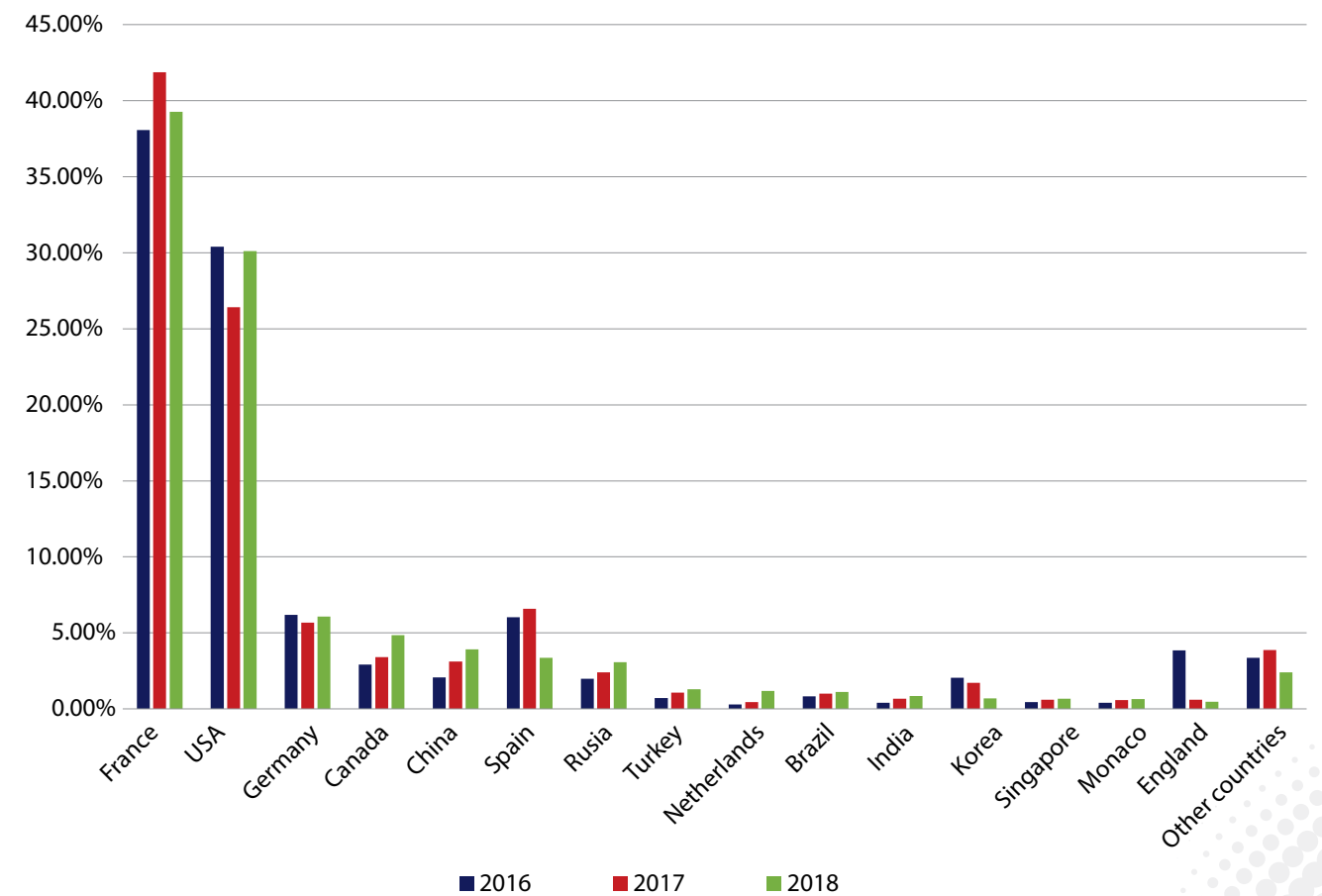


**TNG'S MAJOR EXPORT MARKETS**



**EXPORT MARKETS THROUGH THE YEARS**

Unit: (%)



**TYPICAL PRODUCTS**

After more than 40 years of development, TNG has supplied the market with a wide range of fashion products with guaranteed quality, various types which have been received positively by domestic and foreign consumers. TNG's products for industrial production also contributed a large part to the revenue structure of the enterprise, and promote the development of industry in Thai Nguyen province in particular and the country in general.



**Industrial garment for export:** Cotton jackets, feather jackets, seamless clothes, shorts, dresses, children's wears, knitwear, etc.

**Cotton sheets, stitching cotton, industrial embroidery, industrial printing, etc.**



**Carton boxes, all types of PE bags, industrial laundry, etc.**

**Making office fashion products with TNG trademark, etc.**





## JOINT VENTURES AND ASSOCIATES



TNG's Headquarters is at in No 434/1, Bac Kan Street, Thai Nguyen City; has 11 Export Garment Factories are at in Thai Nguyen Province area, 01 Domestic Fashion Garment Factory, 02 Auxiliary Factories, 01 Representative Office in New York - the United States and 32 fashion stores are operating across the country.



### ACCOUNTING FACTORIES UNDER TNG



#### VIET DUC GARMENT FACTORY

Established in 1979  
**Address:** No 166 Minh Cau Street, Thai Nguyen City, Thai Nguyen Province  
**Factory area:** 9,847 m<sup>2</sup>  
**Production line:** 25  
**Employees:** 1,350 persons  
**Production capacity:** 2.2 million jackets/year



#### VIET THAI GARMENT FACTORY

Established in 1979  
**Address:** No 221 Thong Nhat Street, Thai Nguyen City, Thai Nguyen Province  
**Factory area:** 12,691 m<sup>2</sup>  
**Production line:** 20  
**Employees:** 1,080 persons  
**Production capacity:** 1.8 million jackets/year



#### SONG CONG GARMENT FACTORY 1, 2, 3

Established in 2006  
**Address:** Song Cong Industrial Park, Song Cong City, Thai Nguyen Province  
**Factory area:** 14,000 m<sup>2</sup>  
**Production line:** 88  
**Employees:** 4,288 persons  
**Production capacity:** 7.7 million jackets/year  
**Main products:** Padding jacket, seam sealing jacket, cargo pants, bottom, leather jacket, kid items



#### PHU BINH GARMENT FACTORY 1, 2, 3, 4

Established in 2010  
**Address:** Kha Son Commune, Phu Binh District, Thai Nguyen Province  
**Factory area:** 93,131 m<sup>2</sup>  
**Production line:** 52  
**Employees:** 3,780 persons  
**Production capacity:** 4.5 million jackets/year  
**Main products:** Padding jacket, down jacket, bottom, denim pants, wool jacket, jumpsuit, dress



#### DAI TU GARMENT FACTORY

Established in 2015  
**Address:** Tien Hoi Commune, Dai Tu District, Thai Nguyen Province  
**Factory area:** 13,388 m<sup>2</sup>  
**Production line:** 35  
**Employees:** 1,890 persons  
**Production capacity:** 03 million jackets/year  
**Main products:** Padding jacket, down jacket, bottom, denim pants, wool jacket, jumpsuit, dress



#### DONG HY GARMENT FACTORY

Established in 2018  
**Address:** Ngoi Cheo Hamlet, Nam Hoa Commune, Dong Hy District, Thai Nguyen Province  
**Factory area:** 12,760 m<sup>2</sup>  
**Production line:** 9  
**Employees:** 486 persons  
**Production capacity:** 783 thousand jackets/year  
**Main products:** Padding jacket, down jacket, bottom, denim pants, wool jacket, jumpsuit, dress



## JOINT VENTURES AND ASSOCIATES (continued)



### FASHION DESIGN CENTER TNGF

Established in 2012

Address: No 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province



### AUXILIARY FACTORIES

Established in 2006

Address: Zone B, Song Cong Industrial Park, Song Cong City, Thai Nguyen Province

Packaging branch

❖ Main manufactured: Production of packaging from paper and plastic, laundry, printing, embroidery

Capacity: 16,000 m<sup>2</sup> carton/day, 600 kg PE bags/ 1 day

Cotton branch

❖ Main manufactured: Cotton production

Capacity: 20,000 yds cotton/day



## ASSOCIATED COMPANIES



### BAC THAI ELECTRICAL CONSTRUCTION JOINT STOCK COMPANY

Address: Hoang Van Thu Ward, Thai Nguyen City, Thai Nguyen Province

Value of capital contributions: VND 771,150,000

Ownership ratio: TNG contributes 49% of charter capital

Main business lines: Construction and installation of works about the grid TNG has been currently involved in the process of restructuring and improving the system and business strategy

TNG has been currently involved in the process of restructuring and improving the system and business strategy



**Mr. NGUYEN VAN THOI**  
Chairman cum General Director  
Year of birth: 1958 - Nationality: Vietnam  
Appointment time: 2003

**Qualifications**

- ❖ Mechanical and Electrical Engineering, Bachelor of Economics, Political Science
- ❖ Having more than 20 years of experience as CEO and more than 13 years of experience as Chairman of the BOD

**Working experience**

- ❖ 1982 - 1992: Leader of Materials Team of Bac Thai electric construction joint stock company
- ❖ 1993: Deputy Director of Bac Thai Garment Factory
- ❖ 1993 - 2002: Director of Thai Nguyen Garment Company
- ❖ 2003 - current: Chairman of the Board of Directors cum General Directors of TNG

**Other**

- ❖ Chairman of Thai Nguyen Business Association
- ❖ Deputy Chairman of Thai Nguyen City Business Association

**Typical achievement**

- ❖ Typical entrepreneur award
- ❖ Labor Medal Third Class 2007

**Responsibility**

- ❖ Determine business development plans and annual budgets
- ❖ Identify operational objectives based on strategic objectives approved by the General Meeting of Shareholders
- ❖ Decide the organizational structure and internal administration regulations of the Company



**Mr. NGUYEN DUC MANH**  
Deputy Chairman of BOD  
Year of birth: 1983 - Nationality: Vietnam  
Appointment time : 2017

**Qualifications**

- ❖ Bachelor of IT - USA;
- ❖ Bachelor of foreign languages: Shanghai, China
- ❖ Business management experience at TNG since 2007

**Working experience**

- ❖ 1995: He works at Thai Nguyen Garment Company
- ❖ 2010 - 2011: Head of Business department of TNG Investment and Trading Joint Stock Company
- ❖ 2011 - current: Deputy Chairman of BOD, Deputy General Director of TNG

**Other**

- ❖ General Director of TNG Fashion Branch

**Responsibility**

- ❖ Supervise TNG branded goods in the domestic market
- ❖ On behalf of TNG to work with the well-known corporations, brands of the United States, EU and Japan



**Mr. NGUYEN VAN DUC**  
Deputy Chairman of BOD  
Year of birth: 1977 - Nationality: Vietnam  
Appointment time: 2017

**Qualifications**

- ❖ Master of Business Administration, Bachelor of Accounting, Bachelor of Foreign Languages
- ❖ 20 years of experience in the management of textile and garment sector

**Working experience**

- ❖ 1999 - 2007: Officer - Thai Nguyen garment joint stock company
- ❖ 2008 - 2016: Chief of BOS of TNG
- ❖ 2017- current: Deputy Chairman of BOD

**Responsibility**

- ❖ Propose to select an independent auditing company, audit fees and all activities related to the withdrawal or dismissal of the independent auditing company.
- ❖ Check annual, six-month and quarterly financial statements before submitting to the BOD
- ❖ Review management letter of independent auditors and feedback of the Company's management board



**Ms. HA THI TUYET**  
BOD member  
Year of birth: 1984 - Nationality: Vietnam  
Appointment time: 2017

**Qualifications**

- ❖ Bachelor of Law, Lawyer
- ❖ Lawyer practising certificate
- ❖ Having management experience at the company with more than 10 years of experience at TNG

**Working experience**

- ❖ 2007 - current: Secretary of the Chairman of BOD of TNG Investment and Trading Joint Stock Company
- ❖ 2013 - 2017: Member of the Supervisory Board of TNG Investment and Trading Joint Stock Company
- ❖ 2017 - current: Member of the BOD of TNG Investment and Trading Joint Stock Company

**Responsibility**

- ❖ Legally control the records of the BOD, the Board of Management
- ❖ Closely monitor under the legal documents of TNG
- ❖ Monitor the Company's social security system



**Ms. DO THI HA**  
BOD member  
Year of birth: 1960  
Appointment time: 2017

**Qualifications**

- ❖ Bachelor of education, Bachelor of finance and accounting

**Working experience**

- ❖ 2017 - current: Member of the BOD of TNG Investment and Trading Joint Stock Company

**Responsibility**

- ❖ Negotiate, check and supervise the purchases and sales



**Mr. RUSDY PRANATA**  
Independent member of BOD  
Year of birth: 1975 - Nationality: Indonesia  
Appointment time: 2014

**Qualifications:** CFA

**Working experience**

- ❖ 2001 - 2005: Financial control officer at the Company Toys'R'Us - Indonesia
- ❖ 2005 - 2014: Corporate Finance Director, Deputy General Director of PT Great River International Tbk Garment Manufacturing and Retailers/ PT Samudra Biru/ Garment Manufacturing for Export and Local Market
- ❖ 2014 - current: General Director of PT Surya Berkas Indonesia Klaten, Central Java/PT Aseli Garmen Indonesi; TNG's independent member of BOD



**Mr. LE QUANG VINH**  
Independent member of BOD  
Year of birth: 1969  
Appointment time: 2017

**Qualifications**

- ❖ Bachelor of Law, Lawyer
- ❖ Law practice certificate

**Working experience**

- ❖ 1995 - 2010: Director of An Vinh Trading Company Limited
- ❖ 2011 - curent: Director of Tich Thien Limited Law Company, Chairman of the BOD of Hai Au Tourism Development Joint Stock Company
- ❖ 2017 - current: BOD member of TNG

**Responsibility**

- ❖ Legally control, follow the Law on Securities, the Law on Investment, the Law on Enterprise
- ❖ Monitor the issuance of TNG shares and bonds
- ❖ Analyze TNG stocks, orient the time of issuance to get the achievements



**Mr. NGUYEN VAN THOI**

General Director  
Year of birth: 1958 - Nationality: Vietnam  
Appointment time: 2003

**Qualifications**

- ❖ Mechanical and Electrical Engineering, Bachelor of Economics, Political Science
- ❖ Having more than 20 years of experience as CEO and more than 13 years of experience as Chairman of the BOD

**Working experience**

- ❖ 1982 - 1992: Leader of Materials Team of Bac Thai electric construction joint stock company
- ❖ 1993: Deputy Director of Bac Thai Garment Factory
- ❖ 1993 - 2002: Director of Thai Nguyen Garment Company
- ❖ 2003 - current: Chairman of the Board of Directors cum General Directors of TNG

**Other**

Chairman of Thai Nguyen Business Association  
Deputy Chairman of Thai Nguyen City Business Association

**Typical achievement**

- ❖ Typical entrepreneur award
- ❖ Labor Medal Third Class 2007



**Mr. TRAN MINH HIEU**

Deputy General Director of Business  
Year of birth: 1979  
Nationality: Vietnam

**Qualifications**

- ❖ MBA
- ❖ Bachelor of Economics
- ❖ Nearly 20 years of experience in management of textile and garment trading

**Working experience**

- ❖ 2009 - 2011: Head of Material Planning Department of Viet Thai Branch under TNG Investment and Trading Joint Stock Company
- ❖ 2011 - 2013: Director of Business of TNG Trading and Investment Joint Stock Company
- ❖ 2013 - 2017: Assistant to the General Director of TNG Investment and Trading Joint Stock Company
- ❖ 2017 - current: Deputy General Directors of TNG

**Responsibility**

- ❖ Supervise the trading in export and import goods
- ❖ Bring revenue and profit of TNG to higher levels



**Ms. DOAN THI THU**

Deputy General Director of Technical and Technology  
Nationality: Vietnam - Year of birth: 1972  
Appointment time: 2017

**Qualifications**

- ❖ Master of Business Administration, clothing engineer

**Working experience**

- ❖ 1994 - 1997: Former officer of Bac Thai Garment Enterprise
- ❖ 1998 - 2002: Former officer of Thai Nguyen Garment Company
- ❖ 2003 - 2007: Officer of Thai Nguyen Export Garment Joint Stock Company
- ❖ 2007 - 2011: Director of Viet Duc Garment Factory
- ❖ 2011 - 2014: Deputy General Directors of TNG
- ❖ 2015 - 2016: Director of Viet Duc Garment Factory
- ❖ 2017 - current: Deputy General Directors of TNG

**Responsibility**

- ❖ Supervise and operate technical and quality activities



**Ms. LUONG THI THUY HA**

Deputy General Director of Human Resources  
Nationality: Vietnam - Year of birth: 1969  
Appointment time: 2016

**Qualifications**

- ❖ Bachelor of accountancy

**Working experience**

- ❖ 1992 - 2012: Officials of TNG Investment and Trading Joint Stock Company
- ❖ 2013 - 4/2016: Chief accountant of TNG
- ❖ 04/2016 - 2017: Member of the Board of Directors, Chief accountant of TNG
- ❖ 2018: Deputy General Director of Human Resources

**Responsibility**

- ❖ Check and supervise emulation, reward and discipline, personnel organization, labour safety, fire protection and fighting, basic construction projects



**Ms. TRAN THU HA**

Chief accountant  
Nationality: Vietnam  
Year of birth: 1973  
Appointment time: 2018

**Qualifications**

- ❖ Bachelor of accounting
- ❖ Nearly 20 years of experience in accounting of export and manufacture enterprise

**Working experience**

- ❖ 2009 - 2016: She has worked at TNG Investment and Trading Joint Stock Company at the following positions: Deputy Head of Accounting Department, Chief Accountant of the Branch, Head of Accounting Department
- ❖ 2016 - 2017: Deputy Director of TNGF fashion branch under TNG Investment and Trading Joint Stock Company
- ❖ 2018: Chief Accountant of TNG Investment and Trading Joint Stock Company

**Responsibility**

- ❖ Set up the accounting department of the Company and its branches
- ❖ Train chief accountants of the branches
- ❖ Implement the provisions of law on financial accounting, capital and assets management
- ❖ Develop credit limits, investment plans





## INTERNAL AUDIT SUBCOMMITTEE



### Ms. HA THI TUYET

Head of Internal Audit Subcommittee  
BOD member  
Year of birth: 1984 - Nationality: Vietnam  
Appointment time: 2017

#### Qualifications

- ❖ Bachelor of Law, Lawyer
- ❖ Lawyer practising certificate
- ❖ Having management experience at the company with more than 10 years of experience at TNG

#### Working experience

- ❖ 2007 - current: Secretary of the Chairman of BOD of TNG Investment and Trading Joint Stock Company
- ❖ 2013 - 2017: Member of the Supervisory Board of TNG Investment and Trading Joint Stock Company
- ❖ 2017 - current: Member of the BOD of TNG Investment and Trading Joint Stock Company

#### Responsibility

- ❖ Monitor activities of Internal auditor in line with law, environment and social responsibilities
- ❖ Legally control the records of the BOD, the Board of Management
- ❖ Closely monitor under the legal documents of TNG
- ❖ Monitor the Company's social security system



### Mr. NGUYEN VAN DUC

Member of Internal Audit Subcommittee  
Deputy Chairman of BOD  
Year of birth: 1977 - Nationality: Vietnam  
Appointment time: 2017

#### Qualifications

- ❖ Master of Business Administration, Bachelor of Accounting, Bachelor of Foreign Languages
- ❖ 20 years of experience in the management of textile and garment sector

#### Working experience

- ❖ 1999 - 2007: Officer - Thai Nguyen Garment Joint Stock Company
- ❖ 2008 - 2016: Chief of BOS of TNG
- ❖ 2017 - current: Deputy Chairman of BOD of TNG Investment and Trading Joint Stock Company

#### Responsibility

- ❖ Propose to select an independent auditing company, audit fees and all activities related to the withdrawal or dismissal of the independent auditing company.
- ❖ Check annual, six-month and quarterly financial statements before submitting to the BOD
- ❖ Review management letter of independent auditors and feedback of the Company's management board



### Mr. TRAN MINH HIEU

Deputy General Director of Business  
Member of Internal Audit Subcommittee  
Year of birth: 1979 - Nationality: Vietnam

#### Qualifications

- ❖ MBA
- ❖ Bachelor of Economics
- ❖ Nearly 20 years of experience in management of textile and garment trading

#### Working experience

- ❖ 2009 - 2011: Head of Material Planning Department of Viet Thai Branch under TNG Investment and Trading Joint Stock Company
- ❖ 2011 - 2013: Director of Business of TNG Trading and Investment Joint Stock Company
- ❖ 2013 - 2017: Assistant to the General Director of TNG Investment and Trading Joint Stock Company
- ❖ 2017 - current: Deputy General Directors of TNG

#### Responsibility

- ❖ Supervise the trading in export and import goods
- ❖ Bring revenue and profit of TNG to higher levels

**TNG'S MILESTONES IN LAST 40 YEARS**



OVER 40 YEARS OF ESTABLISHMENT AND DEVELOPMENT, TNG HAS EXPERIENCED MANY IMPORTANT MILESTONES WITH MANY ACHIEVEMENTS IN PRODUCTION AND BUSINESS, AND ESPECIALLY IN COORDINATION WITH THE LOCALITIES TO DEVELOP TOGETHER. PROUDLY BEING ONE OF THE VIETNAM'S LEADING TEXTILE AND GARMENT ENTERPRISES, TNG WILL CONTINUOUSLY STRIVE FOR AND COMMIT ITSELF TO THE DEVELOPMENT FOR THE SAKE OF STAKEHOLDERS.

**01** HEADQUARTER IS AT IN THAI NGUYEN CITY

**01** DOMESTIC FASHION GARMENT FACTORY

**32** FASHION STORES ARE OPERATING ACROSS THE COUNTRY

**30,130,765**

**01** ASSOCIATED COMPANY

**02** AUXILIARY FACTORIES

**11** EXPORT GARMENT FACTORIES ARE AT IN THAI NGUYEN PROVINCE AREA

NUMBER OF ANNUALLY - EXPORTED PRODUCTS: 30,130,765 PRODUCTS OF ALL KINDS (JACKETS, LIFE VESTS, PANTS, SWIMSUITS, SETS FOR KIDS, OVERALLS, ETC.)

**11** EXPORT GARMENT FACTORIES ARE AT IN THAI NGUYEN PROVINCE AREA

**01** REPRESENTATIVE OFFICE IN NEW YORK - THE UNITED STATES

**14,056** EMPLOYEES

**2018 was considered as a year with many economic difficulties and fluctuations, but Vietnam's textile and garment industry still achieved many achievements. More specifically, the growth rate reached the highest level since 2011 of over 16% and export turnover increased by USD 5 billion compared to the previous year, reaching over USD 36 billion. Thanks to the advantage of highly - skilled human resources, the textile and garment industry has brought joy to enterprises as well as stakeholders.**

With the advantage of the production factories equipped with modern and regularly - invested systems, the Company has always been ready to meet the requirements on quantity and quality of products. Having large production capacity. Being more active in production by developing supply chains at first, thereby helping customers directly make orders at TNG with available supply, not via other channels. TNG also pays a special attention to product quality in order to promote the development of domestic and export markets. At the same time, providing products safe to consumers' health is an important commitment of the Company. Moreover, TNG has identified the goal of sustainable development coupled with the successful implementation of the economic growth target, coordination with the localities, implementation of social responsibility and environmental sustainability on the basis of harmonious interests between stakeholders.

#### CONTENTS OF THE REPORT

Based on consideration and review of the principles and goals on sustainable development at the TNG parent company and its subsidiaries as well as associated companies, the contents of TNG's Sustainable Development Report share TNG's approach to issues related to sustainable economic, social and environmental development.

In the development path, the textile and garment industry has been experiencing many advantages and challenges, and these advantages and challenges have also created some impacts on TNG. However, the Company has always actively evaluated and determined the key issues affecting the sustainable development path and promptly worked with stakeholders to find appropriate and effective solutions. Therefore, the content of TNG's Sustainable Development Report 2018 will direct its focus on many issues that have direct impacts on the sustainable development path of TNG, and issues most concerned by stakeholders.

#### REPORTING CYCLE

The report is prepared for the fiscal year from 01 January 2018 to 31 December 2018 on the annual basis.

#### SCOPE OF REPORTING

All information and data in TNG's Sustainable Development Report 2018 started from 01 January 2018 to 31 December 2018. The Company's operations related to economic, environmental and social issues also reflect the results of the year 2018. At the same time, the report will also outline the Company's orientation and strategy of sustainable development in the coming years.

#### SCOPE AND BOUNDARY OF THE REPORT

This report was prepared and published in Vietnam, in the textile and garment industry for all operations of TNG and its subsidiaries and associates on the sustainable development path.





## SUSTAINABLE REPORT OVERVIEW (continued)



### HOW TO DETERMINE THE CONTENT OF THE REPORT

TNG applies Documents on guiding enterprises to prepare Sustainable Development Report based on the GRI Standards, Corporate Sustainability Index (CSI) - Vietnam Business Council for Sustainable Development (VBCSD), Guidelines for making Sustainable Development Reports - by the State Securities Commission and IFC. In particular, the report will specify the issues of the Economic, Environmental and Social sections.

To achieve the long-term development goal in the harmonious relationship with the interests of stakeholders, supporting the local development, building the human community, social comprehensive development as well as maintaining sustainable environment for future generations, TNG has considered the main contents of the Report based on the review of current operations, determination of key issues, thereby reviewing and step by step improving the contents of the Sustainable Development Report for the fiscal year 2018.



### CONTACT

In order to improve information transparency in all operations, strong business development, responsibility with local communities, contributing to the common goal of social development and environmental protection for future generations, TNG is looking forward to receiving the comments and recommendations from stakeholders and readers so that TNG can further improve the contents of the Sustainable Development Report. To submit questions and recommendations, please contact us with the following information:

Mr. Nguyen Van Duc - Vice Chairman of the BOD

Tel: 0914 462 992

Email: [ducnguyen@tng.vn](mailto:ducnguyen@tng.vn)

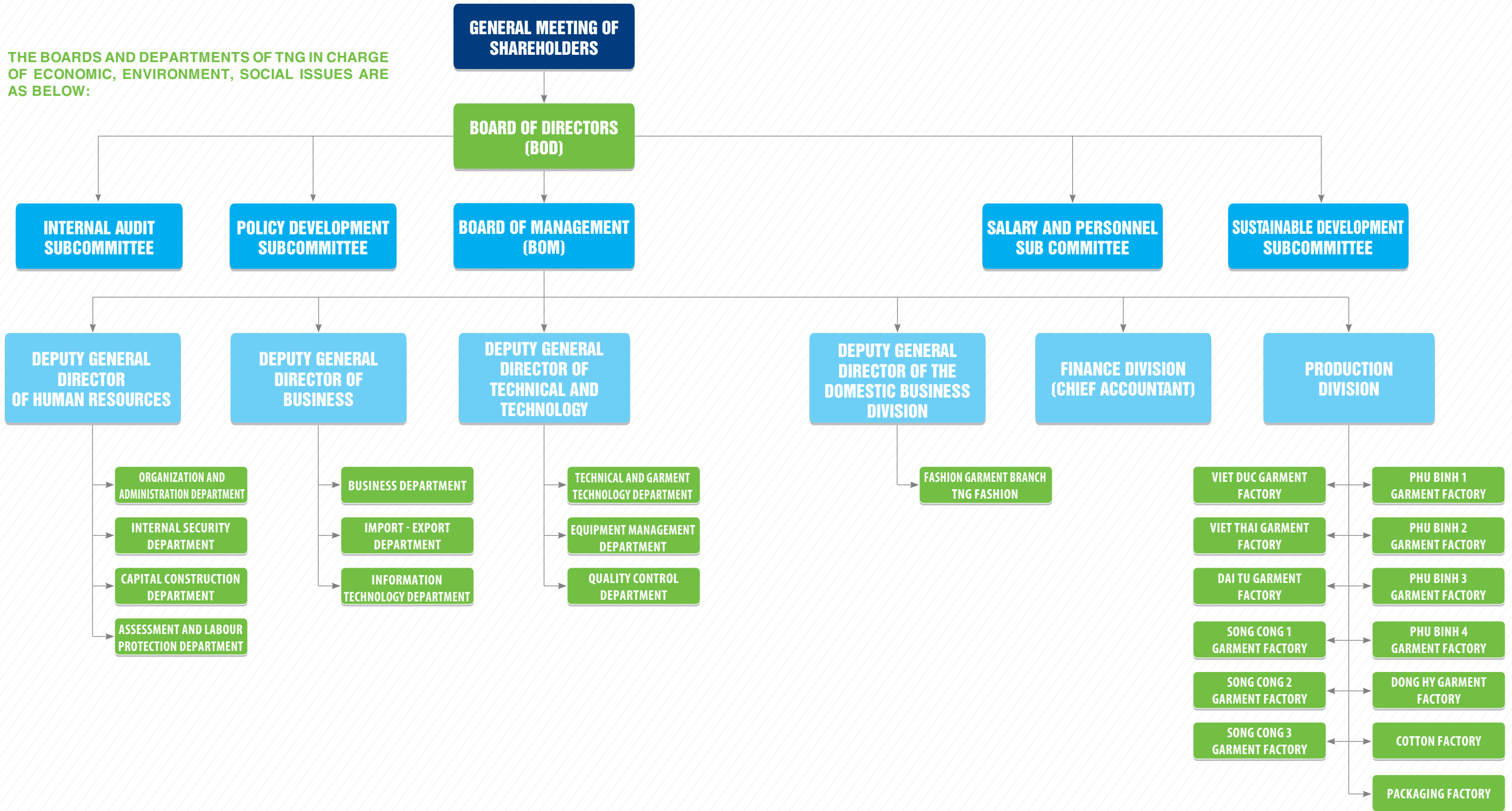
Website: [tng.vn](http://tng.vn)

Address: TNG Investment and Trading Joint Stock Company  
No. 434/1, Bac Kan Street, Hoang Van Thu Ward, Thai Nguyen City,  
Thai Nguyen Province.



**GOVERNANCE MODEL AND ORGANIZATION CHART**

THE BOARDS AND DEPARTMENTS OF TNG IN CHARGE OF ECONOMIC, ENVIRONMENT, SOCIAL ISSUES ARE AS BELOW:





### GOVERNANCE MODEL

To ensure good administration, TNG is currently applying the administration model in line with point b, clause 1, article 134 of the Law on Enterprise No. 68/2014/QH13 dated 26 November 2014 of the National Assembly of the Socialist Republic of Vietnam and G20/OECD Corporate Administration Principle in which the BOD has specialized assisting subcommittees including Internal audit subcommittee, Development policy subcommittee, Salary and personnel subcommittee.

The Company's administration model is developed on the top-down principle which assigns specific powers/responsibilities to each department/individual publicly, transparently and right person for the right job. The departments/individuals can also support each other in the process of implementation and deployment of work to achieve the fastest and highest efficiency.



### SPECIFIC RESPONSIBILITIES OF FUNCTIONAL DEPARTMENTS AND SUBCOMMITTEES

#### 1 BOARD OF DIRECTORS



##### *Supervision and control of strategies*

- ❖ Make decisions on medium-term strategies and development plans, annual business plans.
- ❖ Make decisions on plans and investment projects within competence.
- ❖ Make decisions on solutions for market expansion, marketing, and technology.
- ❖ Appoint, dismiss, fire, sign and terminate contracts with General Director and key managers of the Company.
- ❖ Supervise and direct the General Director and other managers.
- ❖ Make decisions on organizational structure of the Company.
- ❖ Establish committees under the BOD.
- ❖ Approve internal management documents and corporate governance rules.

##### *Control and publication of information and guarantee of transparency*

- ❖ Submit annual financial statements to the General Meeting of Shareholders.
- ❖ Recommend through financial statements, management reports, audit reports (and corporate governance reports) submitted to the General Meeting of Shareholders.
- ❖ Develop mechanisms for internal control and risk management.

##### *Ensure Shareholders' benefits*

- ❖ Advise the General Meeting of Shareholders on dividends, time limits and dividend payment procedures.
- ❖ Resolve conflicts within the Company.
- ❖ Organize the General Meeting of Shareholders.
- ❖ Consult shareholders for the General Meeting of Shareholders to approve decisions.

##### *Ensuring charter capital and assets*

- ❖ Propose types of shares and the total number of each share to be offered.
- ❖ Make decisions on issuance of new shares within the limit of the total number of each share to be offered.
- ❖ Make decisions on additional capital mobilization in other forms.
- ❖ Make decisions on the offering price of shares and bonds of the Company.



**2 THE BOARD OF MANAGEMENT HAS THE FOLLOWING RESPONSIBILITIES**



- ❖ Advise customer strategy and orders for the whole Company and its branches.
- ❖ Supervise and direct the implementation of customers in line with the orientation of the Chairman of the BOD.
- ❖ Look for customers and orders to ensure the annual and long-term business and production plan of the Company.
- ❖ Supervise the implementation of production and business plans of the Branches.
- ❖ Balance and coordinate orders and customers between Branches.
- ❖ Supervise the progress of contract implementation with customers.
- ❖ Supervise and manage operations of technical, technological, quality and machinery systems throughout the Company.
- ❖ Supervise and manage activities related to emulation, commendation, discipline, labor safety and fire prevention and fighting.

**3 SALARY AND PERSONNEL SUBCOMMITTEE**



- ❖ Give comments on appointment suggestions of members of the BOD or Board of Management.
- ❖ Set out criteria for the qualification and capacity of members of the BOD or Board of Management.
- ❖ Draft or evaluate the content of the drafting on procedures for appointment of members of the BOD or Board of Management.
- ❖ Periodically (at least twice a year) assess the size and composition of the BOD or Board of Management, appointment conditions and make recommendations related to necessary changes to be submitted to the General Meeting of Shareholders in the next meeting.
- ❖ Direct the preparation and draft documents on labor regulations of the Company.
- ❖ Perform other tasks related to the personnel policies of the Company and assigned by the BOD.
- ❖ Draft a proposal on remuneration policy to submit to the BOD or give comments on the remuneration policy proposed by the BOD.
- ❖ Draft a proposal on remuneration levels for members of the BOD, Board of Management and the Independent Auditor, or give comments on the content of such proposal of the BOD. That proposal will propose remuneration structure and remuneration levels.
- ❖ Periodically (at least twice a year) assess the size and remuneration structure of each member of the BOD and Board of Management as well as the Independent Auditor, and recommend necessary changes to submit to the General Meeting of Shareholders in the next meeting.
- ❖ Perform other tasks related to remuneration policies of the Company and assigned by the BOD.



**4 DEVELOPMENT POLICY SUBCOMMITTEE**



- ❖ Determine development strategies, objectives and plans, basic performance indicators of the Company.
- ❖ Determine operational priorities.
- ❖ Develop organizational policies.
- ❖ Evaluate long-term productivity in the Company's operations.

**5 INTERNAL AUDIT SUBCOMMITTEE**



- ❖ Propose or draft a proposal on the appointment, re-appointment or dismissal of internal audit members to submit to the BOD.
- ❖ Give comments on candidates for the position of Independent auditor.
- ❖ Give comments on the draft contract to be signed with the Independent auditor.
- ❖ Monitor the application of accounting standards in the preparation of financial statements.
- ❖ Evaluate the accuracy and completeness of financial information before publication.
- ❖ Evaluate the independence of the Independent auditor.
- ❖ Monitor functions of internal audit and independent audit.
- ❖ Review conditions that may result in the dismissal of the Independent auditor, and give comments in such cases.
- ❖ Perform other tasks related to audit functions in the Company and assigned by the BOD.

**6 SUSTAINABLE DEVELOPMENT SUBCOMMITTEE**



- ❖ Develop long-term development plans of the Company towards sustainable development.
- ❖ Inspect and monitor all Company's operations in terms of production, business, finance, human resources and environment, etc. to ensure the Company's comprehensively sustainable development.
- ❖ Monitor and evaluate preparation of annual sustainable development report.
- ❖ The Sustainable development subcommittee is responsible for directing and monitoring the operations of the executive board, thereby helping the Company not only develop financially but also ensure harmonization of benefits with environmental protection and compliance with social responsibility.

## INFORMATION OF SHAREHOLDERS AND SHAREHOLDER STRUCTURE



**CHARTER CAPITAL OF THE COMPANY**  
**493,401,800,000**  
VND



**NUMBER OF OUTSTANDING SHARES**  
**49,340,180**  
SHARES

### INFORMATION OF SHAREHOLDERS

Market capitalization value on November 16, 2018:	VND 937,463,420,000
Charter capital of the Company:	VND 493,401,800,000
Face value per share:	VND 10,000/share
Total number of shares:	49,340,180 shares
Number of outstanding shares:	49,340,180 shares
Number of restricted share:	2,395,946 shares
Treasury stock:	0 (zero)
Treasury stock transaction in 2018:	No
Market value of share:	VND 19,000 (closing price on November 16, 2018)
Overseas trading securities	No
Other securities	
Bond name:	Convertible bond of TNG Investment and Trading Joint Stock Company in 2018
Bond type:	Convertible bonds, no collateral
Investor:	KIS Investment & Securities Company Limited (a trustee of ASAM Vietnam Focus Investment Fund 1), a company established under Business Registration Certificate No. 116 - 81- 04504, headquartered at 88, Uisadang-daero, Yeongdeungpo - gu, Seoul, South Korea
Form:	Private issuance
Issuance time:	December 12, 2018
Total value of bonds issued:	VND 200 billion (Two hundred billion Vietnamese dong)
Bond term:	3 years from the issued date
Conversion price:	VND 13,800/share
Conversion time:	1 year from the issued date until 2 months before maturity date. The bondholder may convert all or a part of the issued bonds into shares of TNG Investment and Trading Joint Stock Company (TNG). Shares issued for conversion will be TNG common shares and additionally listed at the Stock Exchange after conversion.



### LIST OF INTERNAL SHAREHOLDERS

No.	Name of individuals/ organizations	Position at TNG	Number of owning shares	Percentage of owning shares (%)
<b>BOARD OF DIRECTOR</b>				
1	Nguyen Van Thoi	Chairman of BOD	9,539,265	19.33
2	Nguyen Duc Manh	Deputy Chairman of BOD (General Director of TNG Fashion Branch)	3,998,103	8.10
3	Nguyen Van Duc	Deputy Chairman of BOD	96,033	0.19
4	Ha Thi Tuyet	Member of BOD	12,436	0.03
5	Do Thi Ha	Member of BOD	1,244,649	2.52
6	Rusdy Pranata	Independent member of BOD	0	0
7	Le Quang Vinh	Independent member of BOD	0	0
<b>BOARD OF MANAGEMENT</b>				
1	Nguyen Van Thoi	General Director	9,539,265	19.33
2	Doan Thi Thu	Deputy General Director	118,699	0.24
3	Tran Minh Hieu	Deputy General Director	30,905	0.06
4	Luong Thi Thuy Ha	Deputy General Director	364,548	0.74
<b>CHIEF ACCOUNTANT</b>				
1	Tran Thi Thu Ha	Chief Accountant	42,214	0.08
<b>INTERNAL AUDIT SUBCOMMITTEE</b>				
1	Ha Thi Tuyet	Chief	12,436	0.03
2	Nguyen Van Duc	Member	96,033	0.19
3	Tran Minh Hieu	Member	30,905	0.06
<b>REPRESENTATIVE OFFICE IN NEW YORK</b>				
1	Nguyen Manh Linh	Chief of Representative Office	1,836,385	3.72



## INFORMATION OF SHAREHOLDERS AND SHAREHOLDER STRUCTURE (continued)



### LIST OF SHAREHOLDERS HOLDING FROM 5% OF SHARE CAPITAL AND ABOVE

No.	Major shareholders	Ownership registration number	Address	Number of holding shares	Percentage (%)
1	Nguyen Van Thoi	090117808	Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	9,539,265	19.33
2	Nguyen Duc Manh	090882528	Phan Dinh Phung Ward, Thai Nguyen City, Thai Nguyen Province	3,998,103	8.10
3	Tundra Vietnam Fund	CA7008	Birger Jarlsgatan 33, 111 45 Stockholm Sweden	2,541,210	5.20



### SHAREHOLDER STRUCTURE AND OWNERSHIP RATIO AS AT JUNE 26<sup>TH</sup> 2018

No.	Shareholders	Quantity (individual/organization)	Number of shares (share)			Percentage (%)
			Already deposited	Not yet deposited	Total	
<b>I</b>	<b>Domestic shareholders</b>	2,479	36,968,271	1,793,426	38,761,697	78.56
1	Shareholders which are organizations	29	207,498	-	207,498	0.42
2	Shareholders which are individuals	2,450	36,760,773	1,793,426	38,554,199	78.14
2.1	In which major shareholder: Nguyen Van Thoi		9,504,218	35,047	9,539,265	19.33
2.2	In which major shareholder: Nguyen Duc Manh		1,681,975	1,316,128	2,998,103	6.08
<b>II</b>	<b>Foreign shareholders</b>	65	10,578,483	-	10,578,483	21.44
1	Shareholders which are Individuals	17	9,231,546	-	9,231,546	18.71
	In which major shareholder: Tundra Vietnam Fund		2,541,210	-	2,541,210	5.15
2	Shareholders which are Individuals	48	1,346,937	-	1,346,937	2.73
	<b>Total</b>	<b>2,544</b>	<b>47,546,754</b>	<b>1,793,426</b>	<b>49,340,180</b>	<b>100</b>



### LIST OF SHARES OWNED BY RELATED PEOPLE

No.	Related person(s)	Ownership registration number	Relationship	Number of holding shares	Percentage (%)
1	Nguyen Thi Nhuan	091928825	The sister of the BOD	198,116	0.40
2	Nguyen Thi Mien	091902622	The sister of the BOD	187,264	0.38
3	Nguyen Thi Mien	090688967	The sister of the BOD	48,844	0.09
4	Nguyen Van Thoi	090784558	The brother of the BOD	3,644	0.01

## INFORMATION OF SHAREHOLDERS AND SHAREHOLDER STRUCTURE (continued)



### SHAREHOLDER STRUCTURE AND OWNERSHIP RATIO AS AT FEBRUARY 26<sup>TH</sup> 2019

No.	Shareholders	Quantity (individual/organization)	Number of shares (share)		Total	Percentage (%)
			Already deposited	Not yet deposited		
<b>I</b>	<b>Domestic shareholders</b>	3,199	38,523,937	1,471,640	39,995,577	81.06
1	Shareholders which are organizations	34	1,290,999	-	1,290,999	2.62
2	Shareholders which are individuals	3,165	37,232,938	1,471,640	38,704,578	78.44
2.1	In which major shareholder: Nguyen Van Thoi		9,504,218	35,047	9,539,265	19.33
2.2	In which major shareholder: Nguyen Duc Manh		2,681,975	1,316,128	3,998,103	8.10
<b>II</b>	<b>Foreign shareholders</b>	70	9,344,603	-	9,344,603	18.94
1	Shareholders which are Individuals	17	8,240,413	-	8,240,413	16.70
	In which major shareholder: Tundra Vietnam Fund		2,541,210	-	2,541,210	5.15
2	Shareholders which are Individuals	53	1,104,190	-	1,104,190	2.24
	<b>Total</b>	<b>3.269</b>	<b>47.868.540</b>	<b>1.471.640</b>	<b>49.340.180</b>	<b>100</b>

### CHANGE OF OWNERS' INVESTMENT CAPITAL

Treasury stock transaction: In 2018, there was no treasury stock transaction.

According to the resolution No. 781/2018/NQ-DHDCD dated April 22, 2018 by the General Meeting of Shareholders, the Board of Directors made payment for the 2017 dividends in 2018 by shares at the rate of 20%, thereby increasing the capital contribution of the owners from VND 411,172,910,000 to VND 493,401,800,000.

### OWNERSHIP LIMITATION FOR FOREIGNERS

As of February 26, 2019, Foreign investors' ownership rate at TNG is 18.94%.

Pursuant to Clause 2, Article 1 of the Decree No. 60/2015/ND-CP dated June 26, 2015 by the Government stipulating the foreign ownership rate in Vietnam's stock market, the foreign ownership rate is not limited, unless otherwise stipulated in the company's Charter or under the circumstances stipulated in the Decree 60/2015/ND - CP. Currently, the Company has a number of activities in conditional business lines applied to the foreign investors without specific regulations on foreign ownership. Thus, the maximum foreign ownership rate is still 49%.

On March 11, 2016, the Board of Directors issued the Resolution No. 03/NQ - HDQT approving the policy of raising the foreign ownership rate to 100% of charter capital and merging TNG Fashion Joint Stock Company into TNG Investment and Trading Joint Stock Company.

Approving the policy of increasing the maximum ownership rate, the foreign investors' share ownership rate is increased to 100% of charter capital.

After consulting the consulting units and the Head of the Securities Offering Management Department, TNG has a number of industry codes that coincide with 267 conditional business lines. TNG is waiting for the Ministry of Planning and Investment to revise conditional business lines for completion of increasing the maximum ownership rate.



## ORIENTATIONS AND STRATEGIES FOR SUSTAINABLE DEVELOPMENT

IN THE NEXT 4 YEARS, TNG AIMS TO ACHIEVING REVENUE OF USD 260 MILLION AND AFTER TAX PROFIT OF ABOUT USD 16 MILLION.



In the next 4 years, TNG aims to achieving revenue of USD 260 million and after tax profit of about USD 16 million.

TNG sets a comprehensive development goal on the basis of harmonizing the interests of stakeholders and the sustainable development of the environment. With vision of becoming a Public Company in the TOP of the most transparent, best management and most sustainable businesses. Manufacturing and retailing in both domestic and global markets, its revenue is in the TOP of billions of US dollars. Prioritize the implementation of sustainable

development goals: Publicity and transparency; improve and invest in the construction of advanced production plants, avoid and reduce emissions into the environment, increase revenue and profit; improve the welfare of the employees, accompany with local and community development; prioritize the implementation of green factory projects.

In order to achieve the above goals, TNG has oriented the development strategies, including:

**PRODUCT POSITIONING**

- ❖ Develop and look for new production and business sectors; garment plays the leading role. First of all, to directly serve the garments including laundry, packaging, printing, embroidery, etc.

**EXPORT MARKET**

- ❖ Strengthen and promote relationships with new customers, expand markets, avoid dependence. Determine that the export market remains the main pillar.
- ❖ As for export: Increase export opportunities to the US, Canada, France, Spain, Russia, Japan, and South Korea.

**DOMESTIC MARKET AND BRAND DEVELOPMENT**

- ❖ Currently, TNG's domestic market accounts for 5% of the total production turnover, the main products of the domestic market include: Shirts, business dresses, casual pants, vests, coats, etc., are consumed strongly throughout 23 provinces/cities around the country.
- ❖ In the upcoming time, TNG aims to gradually increasing the ratio of domestic sales to 10% -15% because of the great development of this market.
- ❖ Continue to expand TNG fashion product stores to all provinces/cities throughout the country and proceed to overseas.

**INVEST IN CONSTRUCTING THE GREEN FACTORY PROJECT MEETING LEED OR LOTUS STANDARDS**

(Note: LEED (Leadership in Energy & Environmental Design) is a certificate for green construction projects issued by the US Green Building Council established in 1995 in the United States. This is the pioneering international standard on the construction of energy-saving works and the protection of human living environment.

Lotus: a green building certification system developed by Vietnam Green Building Council (VGBC) - an international non-profit organization, a member of the World Green Building Council (World GBC).

- ❖ Continuously develop production intensively and extensively, maximize the design capacity to increase labor productivity.
- ❖ Regularly supplement and renew new machinery and technology to serve production.
- ❖ Concentrate on the production capacity of textiles and garments: Grasp the opportunities from the TTP Agreement and the VN-EU FTA in the best way.

Continue to invest and renovate all factories of TNG according to green factory standards and sustainable business development. Specifically:

**STAGE 2019 - 2020**

- ❖ In 2019, invest in the stage 1 of TNG Dong Hy Garment Factory with 16 production lines. In 2020, invest in the stage 2 with 20 specialized production lines.
- ❖ In 2019, invest in the stage 1 of TNG Vo Nhai Garment Factory with 18 production lines. In 2020, invest in the stage 2 with 18 production lines.
- ❖ Prepare to invest in moving Viet Duc Garment Factory and Viet Thai Garment Factory to Son Cam Industrial Cluster.
- ❖ Continue to invest in 17-storey TNG Village building in Phan Dinh Phung Ward, Thai Nguyen City.
- ❖ Prepare to invest in Son Cam industrial cluster of 70 ha and resettlement area and commercial houses of 20 ha in Son Cam Commune, Thai Nguyen City.

**STAGE 2021 - 2024**

- ❖ Continue to invest in 17-storey TNG Village building in Phan Dinh Phung Ward, Thai Nguyen City.
- ❖ Continue to invest and put into operation Son Cam industrial cluster of 70 ha and resettlement area and commercial houses of 20 ha in Son Cam Commune, Thai Nguyen City.
- ❖ Complete investment in TNG Viet Duc and Viet Thai Garment Factories in Son Cam industrial zone.

# ORIENTATIONS AND STRATEGIES FOR SUSTAINABLE DEVELOPMENT (continued)

**INVESTMENT IN TECHNOLOGY DEVELOPMENT, CORPORATE ADMINISTRATION AND PRODUCTS**

- ❖ Improve corporate administration by ERP technology.
- ❖ Invest in and apply new technologies into production and business to improve investment efficiency.
- ❖ Continue to research and apply new technologies to: Smart warehouse management, using ERP software to manage production line productivity, managing the performance of all machinery and equipment, using the most modern machines in production such as: Automatic fabric cutting machine, programming machine, cotton stitching, sewing zipper, automatic cutting, etc.

**OTHER INVESTMENTS**

- ❖ Invest in real estate business in two areas of Viet Duc and Viet Thai.

## 04 KEY AREAS IN TNG'S SUSTAINABLE DEVELOPMENT GOALS

On the basis of considering and assessing the related issues in many aspects and from in-depth analysis. We provide 04 key areas in the goals and solutions of long-term sustainable development of TNG as follows:

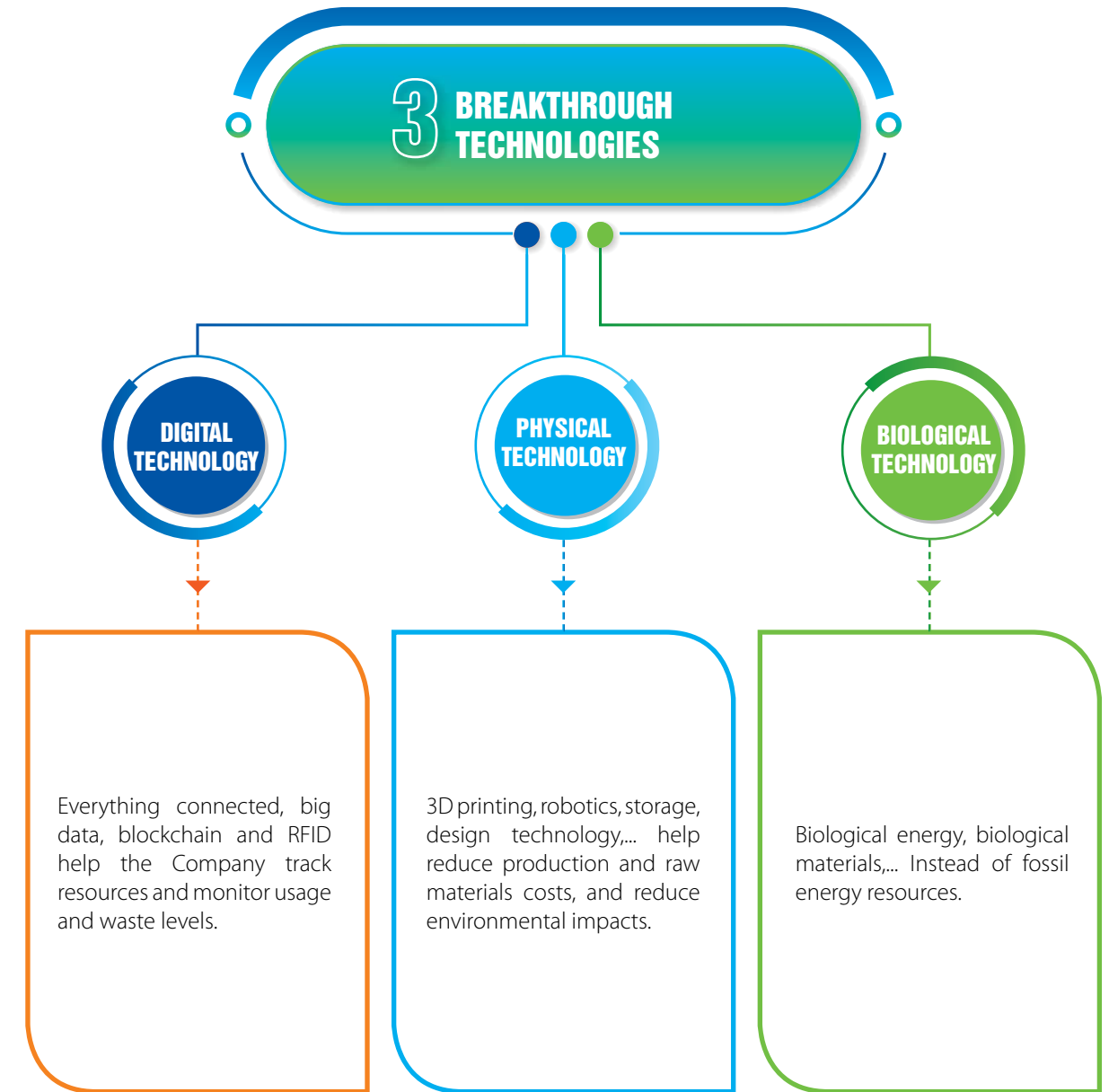
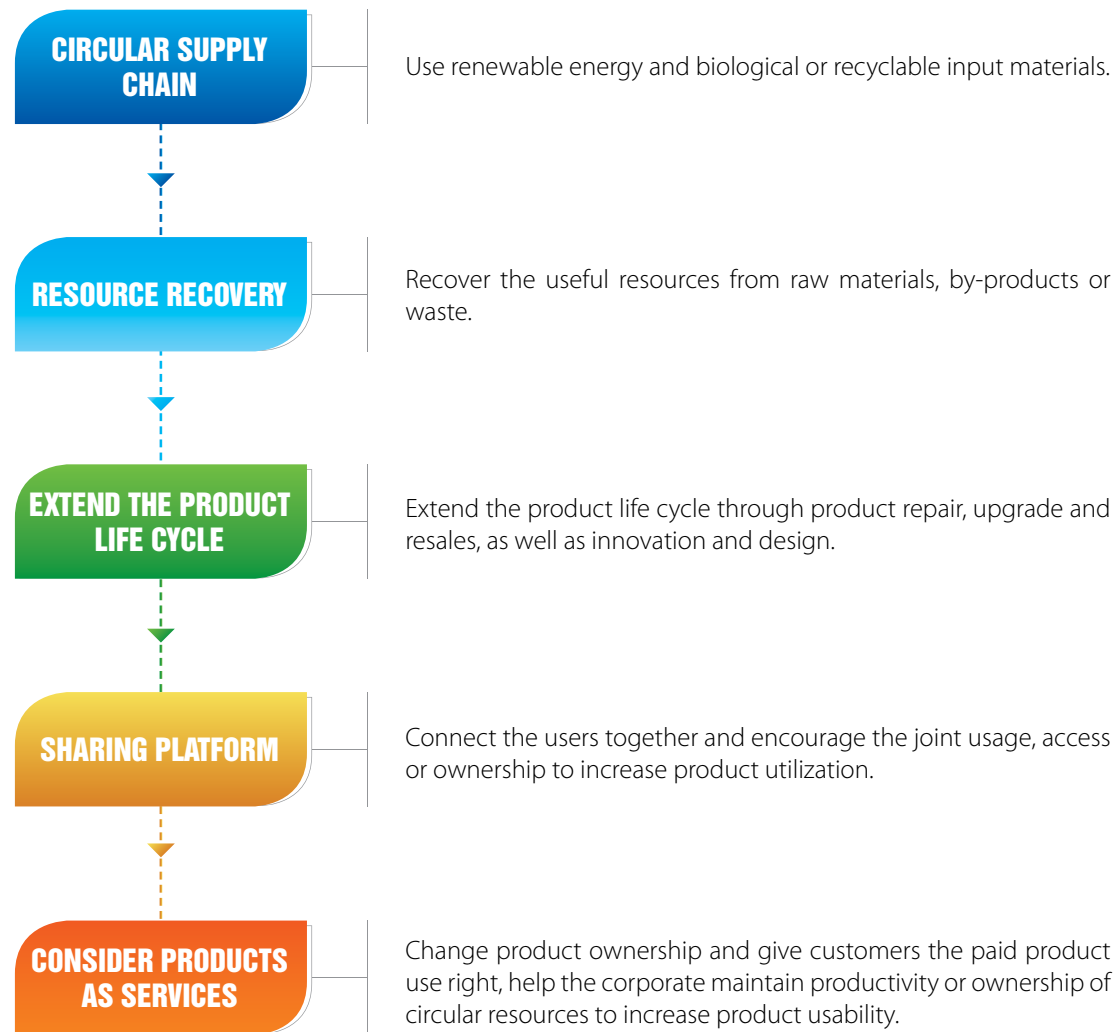
Field	Goal	Solution
<b>Sustainable economic growth</b>	<ul style="list-style-type: none"> <li>❖ Grow 20% in revenue and 10% in profit</li> <li>❖ Expand production scale out of Thai Nguyen province</li> <li>❖ Maintain dividend rate of 20%</li> <li>❖ Maintain the position as one of the leading garment enterprises in Vietnam</li> <li>❖ Receive customer opinions, improve product quality, and affirm TNG brand</li> <li>❖ Save 5% of electric energy, 5% of water, 5% of coal energy</li> </ul>	<ul style="list-style-type: none"> <li>❖ Diversify garment products, research in-depth the passion of customers and consumers</li> <li>❖ Focus on promoting sales, exports and international trade</li> <li>❖ Expand the business market in developed countries</li> <li>❖ Focus on core business area: Garment</li> </ul>

Field	Goal	Solution
<b>Sustainable social development</b>	<ul style="list-style-type: none"> <li>❖ Create quality products meeting the needs of domestic customers</li> <li>❖ Spend over VND 10 billion on community activities to improve the life quality of local people</li> <li>❖ Ensure the benefits and working environment for employees to create long-term relationship with the Company</li> <li>❖ Accompany to develop economy with local areas</li> <li>❖ TNG has charity and humanitarian programs with families and individuals in difficult circumstances</li> <li>❖ Commit to environmental protection in the production process</li> <li>❖ TNG participates in cultural and social activities in the localities to develop the local spiritual life</li> </ul>	<ul style="list-style-type: none"> <li>❖ Improve product quality to ensure the principles of the suppliers' quality</li> <li>❖ Support households and individuals in financial and spiritual difficult circumstances</li> <li>❖ Constantly improve workers' welfare in terms of labor regime and salary</li> <li>❖ TNG ensures the maintenance of health activities for employees</li> <li>❖ TNG always organizes or permits employees to attend training courses to improve their qualifications</li> <li>❖ TNG takes care of workers' lives with the goal of: "Firm employees, firm corporate"</li> <li>❖ TNG has built a healthy and clean working environment for employees</li> <li>❖ Develop policies on labor safety and occupational health</li> <li>❖ Invest in safe and modern machinery and equipment to ensure the health of employees</li> <li>❖ Conduct a periodic assessment to ensure a clean working environment</li> </ul>
<b>Maintain a sustainable green environment</b>	<ul style="list-style-type: none"> <li>❖ Save 5% of electric energy, 5% of water, 5% of coal energy</li> <li>❖ Construct an advanced wastewater treatment system for all auxiliary plants and branches</li> <li>❖ Perform environmental tests regularly to ensure the requirements of suppliers</li> <li>❖ Develop research projects on the use of renewable energy and clean energy into production</li> <li>❖ TNG aims at the image of an environment-friendly company</li> </ul>	<ul style="list-style-type: none"> <li>❖ Manage well the usage of water, electricity and coal in production and business</li> <li>❖ Carry out activities of planting forest trees and planting green trees in the Company.</li> <li>❖ Organize propaganda about green planet, preserve environmental protection for all officers and employees</li> <li>❖ Save stationery, reduce the office and production trash</li> <li>❖ Invest in the best wastewater treatment system in TNG's factories</li> <li>❖ Continue to implement measures to minimize the negative impacts on the environment, reduce air pollution in urban and industrial areas. In the long term, we plan to relocate some factories to industrial parks planned for industry sector, without affecting the surrounding residential area</li> </ul>
<b>Publicity and transparency</b>	<ul style="list-style-type: none"> <li>❖ TNG builds the trust with customers and investors through public and transparent aspects</li> </ul>	<ul style="list-style-type: none"> <li>❖ Implement information disclosure on many media, clear and transparent information, implementing the anti-bribery policies in the production and business process</li> </ul>

**TNG WITH CIRCULAR ECONOMY AND SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS**

Unlike the traditional linear economy, the circular economy is a place without the "waste". There, the goods used today - instead of being discarded, wasted and polluting the environment - will be "resurrected" as various resources and once again engage in the production and consumption process in the future. When pursuing "circular economic thinking", the Company can gain significant benefits including: Risk reduction; higher growth; more creative and bring more competitive advantages, cost reduction; reduce energy consumption and CO<sub>2</sub> emissions; strengthen the supply chain and conserve resource; create jobs. TNG's Board of Directors and Board of Management receive "circular economic thinking" by integrating this content into the Company's development orientation towards to business and technology models to help the Company implement the circular economy:

**FIVE BUSINESS MODELS**



Towards a comprehensively sustainable development in the fields of economy, society and environment, TNG has continuously invested and improved to make it more accessible to the standards of the United Nations and Vietnam. To achieve that, we have our specific development goals associated with the 17 sustainable development goals of the United Nations by 2030. Regarding the detailed content of the achievements in 2018 associated with these 17 goals, please see the "Annual Report 2018", pages 100 - 103.

**ORIENTATIONS AND STRATEGIES FOR SUSTAINABLE DEVELOPMENT (continued)**

No.	17 Sustainable development goals	TNG's goals
The first goal	Eliminate the poverty	Create stable jobs, improve income for employees.
The second goal	Eliminate the hungry	Increase investment in rural infrastructure.
The third goal	Healthy life	Constantly improve the material and spiritual life, improve the physical life of employees.
The fourth goal	Educational quality	Develop humane resources with complete skills and capacity, and enough cultural principles.
The fifth goal	Gender equality	Equality, no discrimination.
The sixth goal	Clean water and sanitation	Comply with laws' regulations. Use water resources efficiently and responsibly. 100% of hazardous waste water is treated; enhance safe water reuse.
The seventh goal	Clean and sustainable energy	Prioritize the usage of renewable energy and natural light. Save electricity, water and coal.
The eighth goal	Stable jobs and economic growth	Enhance labor capacity and products' quality. Develop the local economy. Implement waste reduce, recycle and reuse. Improve process of managing, applying and transferring the clean technologies. Enhance the usage of renewable materials and energy, environmental friendly products. Protect labor rights; ensure the safety working environment.
The ninth goal	Industry and infrastructure innovation	Lead the way in applying modern technologies to make breakthrough technology in production. Apply information technology in management and practice.
The tenth goal	Reduce the non-equality	Equality, no discrimination in all fields.
The eleventh goal	Sustainable urban and community	Manage the waste and trash effectively, comply with laws.
The twelfth goal	Consume and produce responsibly	Promote the development and usage of new energy, renewable energy, new materials, fuels instead of the traditional resources, especially fossil resources. Manage the waste effectively. Comply with laws' regulations. Put the sustainable development into strategies. The Sustainable development report is released annually.
The thirteenth goal	Implement acts to respond to climate changes	Plan methods for recovery ability and response to disasters from the climate and natural disasters.
The fourteenth goal	Water resources	

No.	17 Sustainable development goals	TNG's goals
The fifteenth goal	Land resources	Use the Freshwater ecosystem on land effectively.
The sixteenth goal	Be peace, equal and strong institution	<ul style="list-style-type: none"> <li>❖ Never let violence occur in offices and production factories.</li> <li>❖ Strictly prohibit the corruption and bribery.</li> <li>❖ Build the effect, transparent and responsible at all levels.</li> </ul>
The seventeenth goal	Coordinate to realize the goals	<ul style="list-style-type: none"> <li>❖ Promote to receive the financial investment from the foreign corporates.</li> <li>❖ Enhance the export to the developed markets.</li> </ul>



**T**O ACHIEVE SUCCESS IN PRODUCTION, BUSINESS AND BRANDING OPERATIONS OF THE ENTERPRISE, ETHICS AND INTEGRITY IS ONE OF THE FACTORS PLAYING THE DECISIVE ROLE. AT TNG, THE ISSUES OF ETHICS AND INTEGRITY ARE DEVELOPED AND STEP BY STEP IMPROVED ON THE BASIS OF SELECTIVELY RECEIVING FEEDBACK AND COMMENTS FROM OFFICERS AND EMPLOYEES, CUSTOMERS, PARTNERS, SUPPLIERS, SHAREHOLDERS AND LOCAL COMMUNITIES; ESPECIALLY THE DIRECTION FROM THE GOVERNMENT, THE PEOPLE'S COMMITTEE OF THAI NGUYEN PROVINCE AND OTHER AGENCIES AND SECTORS.

**DEVELOPMENT OF TNG CULTURE**

TNG people are always proud of the Company's cultural aspect with typical movements such as the culture of mutual affection, the movement of TNG youth joining hands to develop the community, the movement of Living - studying and following Ho Chi Minh's moral example, etc.

Keeping the mission of "Bringing beauty to people will lead to prosperity" in mind, TNG Investment and Trading Joint Stock Company has set out the goal of becoming a global fashion retailing company by 2025 and developing a professional and modern culture at the workplace. Therefore, corporate culture development becomes one of the important tasks that always get much attention.

Being aware of the role and responsibility in keeping and developing TNG's brand and image, each officer and employee in the Company has always attached special importance to the development and implementation of corporate culture, ensuring not only in compliance with Vietnamese culture, but also bring distinct identities of TNG. Each officer and employee always makes the best effort to express professionalism, prestige, responsibility, as well as cooperation and sharing through culture of costumes and styles, culture of greeting and behavior, working culture, culture of foreign affairs and business culture.

Particularly, to create conditions for each individual to bring into full play their capabilities and strengths, simultaneously create high cohesion and unity in both awareness and action throughout the unit, towards sustainable development of the enterprise, TNG Trade Union has actively taken care of the legitimate rights and benefits of the employees, as well as paid attention to beneficiaries of social welfare with difficult circumstances in the province, through social security activities such as Annually supporting warm clothes for flood victims and ethnic minorities with difficult circumstances; supporting to light up village roads; building houses of gratitude for families of employees with difficult circumstances, etc. Thereby, contributing to improving the local people's lives and promoting the tradition of mutual affection of the nation.

Besides, with the majority of employees being youth, TNG Youth Union always heighten the spirit of the Ho Chi Minh Communist Youth Union. Acting by the watchwords "Wherever needed and difficult, young people are present", the Youth Union members of the Company have always affirmed their role of



pioneer and volunteer in all fields of work as well as social life. They actively study and follow Ho Chi Minh's moral example, participate in many practical activities and programs at the Company. Thereby, it has created a positive change from awareness to action, behavior and working style of TNG Youth Union members. Therefore, there have been more and more advanced youth collectives and individuals, helping to prevent and repel the degradation of morality, lifestyle and social evils in officers and employees, building a better image of the Company. Affirming the role of youth in all aspects of life, contributing to the development of TNG youth in particular and Vietnamese youth in general towards rich in patriotism, having a "both red and expert" lifestyle following Ho Chi Minh's ideology.

It can be said that over 40 years of establishment and development, TNG's position and brand are becoming more and more popular, a roof that fosters the people with both talent and virtue to become TNG's pride.

**RESPECTING MORAL VALUES OF OFFICERS AND EMPLOYEES**

TNG respects the valuable moral qualities of employees:

- ❖ Sense of responsibility
- ❖ Professionalism and diligence at work
- ❖ Creativity, cohesiveness
- ❖ Being open to learn new things and dedicated to career
- ❖ Setting personal interests in relation to the interests of the Company and the community
- ❖ Solidarity, sharing, mutual affection
- ❖ Respect, politeness, gratefulness

**TNG'S REGULATIONS**

TNG has specific regulations on related issues to ensure that ethical and integrity standards in all production, business and sustainable development activities are clear, transparent, public, and fair to all parties.

**TNG HAS ITS OWN CODE OF CONDUCT FOR TNG OFFICERS AND EMPLOYEES**

Specifically as follows:

**1 WITH COMPANY** 

- ❖ Work for the sustainable development of the Company
- ❖ Maintain and preserve the Company's assets and equipment
- ❖ Do not pay or receive commissions from suppliers, contractors and customers
- ❖ Do not misuse position, power and relationships to seek profit from trading with the Company
- ❖ Do not act as a recruitment intermediary to seek profit
- ❖ Do not disclose Company's business know-how
- ❖ Do not disclose Company's information to outside without authorization
- ❖ Do not comment on the work of other departments
- ❖ Do not use social networks to discuss on the Company and colleagues

**2 WITH COLLEAGUES** 

- ❖ Behave friendly with colleagues
- ❖ Cooperate and support, do not obstruct the work of colleagues
- ❖ Do not misuse position and power to seek profit in assigning tasks to subordinates
- ❖ Married people should not contact too intimately with the person of the opposite sex
- ❖ Do not question or give comments on the private life of colleagues
- ❖ Do not harass colleagues in any form
- ❖ Do not participate in activities of factions, criticizing colleagues
- ❖ Do not create a partition between the working area of the managers and the employees
- ❖ Managers and employees are not allowed to give or receive gifts from each other

**3 FOR YOURSELF AND FAMILY** 

- ❖ Walk lightly, speak softly, smile friendly when seeing customers
- ❖ Show an optimistic, happy and positive attitude at work
- ❖ Practice the diligent, economical, modest and honest lifestyle
- ❖ Do not show off salary or bonus
- ❖ Be social, enthusiastically participate in social and mass activities
- ❖ Spend time taking care of the family after working hours
- ❖ Keep credibility: Tell the truth, do the truth, take responsibility for your actions

**4 WITH SOCIETY** 

- ❖ Comply with traffic laws, do not gather in front of the Company gate, causing traffic jams
- ❖ Only meet partners at the Company, do not meet at outside meals
- ❖ Keep the Company environment green, clean and beautiful
- ❖ Do not organize, participate in gambling, borrowing or lending money illegally
- ❖ Do not commit social evils
- ❖ Do not consume alcoholic drinks during working hours





**MODEL OF RISK MANAGEMENT FRAMEWORK AT TNG**

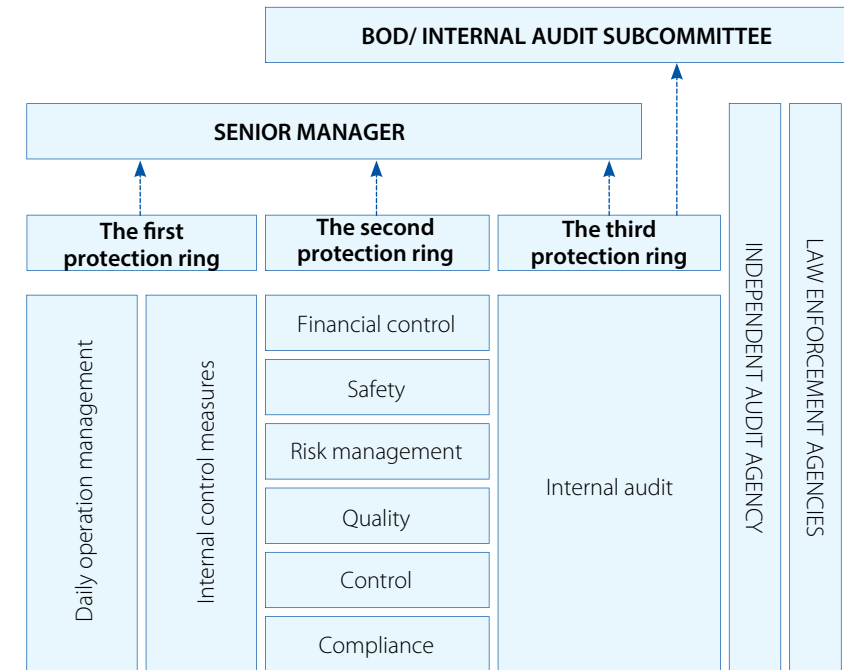
The risk management framework at TNG consists of 5 main components:

- ❖ Risk management strategy is built in accordance with the objectives of the business, oriented to build other components of the risk management framework.
- ❖ Risk management structure is the foundation of risk management activities in enterprises.
- ❖ Policies, procedures and reports include policies, procedures and documents and reporting channels in the enterprise.
- ❖ Risk management tools are used to detect, aggregate, assess and mitigate risks.
- ❖ Information technology system is used to support and automate risk management activities.



Risk management framework model

The roles and responsibilities in risk management are reflected in the principle of “three protection rings” for TNG, clearly separating the role of 3 target groups related to effective risk management. This is to ensure success continuity of risk management initiatives and adapt to corporate unit sizes, helping to enhance the effectiveness of risk management systems.



**THE PRINCIPLE OF “THREE PROTECTION RINGS” WAS BUILT TO SUPPORT THE BOARD OF DIRECTORS AND THE GENERAL MANAGEMENT IN RISK MANAGEMENT AND CONTROL ACTIVITIES.**



The first protection ring includes business functions and support functions (human resources, information technology, financial accounting...).

The first protection ring is responsible for maintaining and implementing risk management and risk management procedures. Depending on the decentralization within the enterprise, the heads of the first protection ring division are responsible for developing and implementing detailed processes, controlling and monitoring the implementation of the employee’s processes.

The second protection ring is responsible for general risk management for the whole enterprise and compliance. This protection ring is set up to consolidate, build and monitor the first protection ring and ensure that the first protection ring has been appropriately designed in terms of process and control measures and works properly as directed. The second protection ring can participate in the revision and construction of risk management system, internal control and participation in supporting the operation of the first protection ring.

The third protection ring includes the units that perform internal audit activities and is responsible for making reports to the Board of Directors on the effectiveness of risk management and control activities.

**RISK MANAGEMENT STRUCTURE**

- ❖ **Board of Directors:** Supervising overall risk management activities; giving direction on risk “taste”.
- ❖ **Executive Board:** Responsible for implementing risk management; managing and monitoring risk records; playing a pioneering role in promoting risk culture, increasing awareness and sharing; carrying out the risk analysis before making important decisions.
- ❖ **Business unit:** Complying with risk management policies; ensuring that the risks in the unit are identified and minimized; responsible for controlling risks in the activities of the unit.
- ❖ **Staff units:** Responsible for managing risks in professional activities.
- ❖ **Internal Audit Subcommittee:** Monitoring the construction and implementation of the model and risk management policies; monitor the Company’s risk records; carrying out the independent monitoring of selected risks and risk management systems and processes.
- ❖ **Risk management department:** Giving support on risk management approach; maintaining the model and risk management policy; providing risk management tools, training, guidance and support units.
- ❖ **Focal risk management unit:** Coordinating risk management activities and risk management culture at the unit.

**RISK MANAGEMENT PROCESS**

- ❖ **Step 1:** Setting up the context, building the context of the business environment in realizing the goals and strategies of the business so as to determine the limits of handling risks, the level of risk management and association activities with the main job steps in risk management.
  - + Accepting risks (for example, the enterprise accepts risks of interest rate fluctuations, mobilizes business capital mainly from bank loans);
  - + Avoiding risks is the decision on not continuing the investment or on choosing an investment plan with an acceptable risk to achieve the objectives of the business strategy (for example, the enterprise decides not to develop business in the business sector without advantages);
  - + Reducing the likelihood of risks and/or reducing the level of risk impact (for example, using safety equipment and training on fire safety in operating environments at high risk of fire and explosion);
  - + Transferring part or all of the risks through contracts (for example, insurance contracts are the most commonly used form of risk transfer; joint venture contracts; etc.).
- ❖ **Step 2:** Risk identification
  - » Detecting events that may affect the implementation of strategic objectives of businesses, production and business, projects, etc.; sorting and classifying risks for management, including enterprise-level risks and unit-level risks.
- ❖ **Step 3:** Risk assessment
  - » Evaluating the likelihood and extent of the risks, considering risk control measures; ranking risks to determine management priority based on the set of quantified criteria associated with specific values for the likelihood of risk and the extent of the risk, thereby determining the level of corporate risk tolerance for each type of risk.
- ❖ **Step 4:** Risk response
  - » Identifying measures, developing specific actions and monitoring plans to reduce risks to acceptable levels; making risk response plans corresponding to the level of risk and cost of each response plan:
    - » Selection of flexible risk response options, in some cases, can be used in combination with multiple risk response options to achieve the highest efficiency.

- ❖ **Step 5:** Risk control
  - » Implementing processes and measures to control and respond to risks:
    - + Prevention control: Handling measures to prevent unwanted errors, incidents or actions/ transactions;
    - + Detection control: Monitoring activities/ processes to identify preventive control measures that are inadequate and error, incident or action/transaction, from which appropriate response measures are taken;
    - + Remedial control: Remedies to restore to the original state or reduce the consequences and damages of errors, incidents or actions/ transactions.
- ❖ **Step 6:** Monitoring and reporting of risk management activities and changes that may affect the enterprise risk management system.
  - + The monitoring and reporting process is conducted to assess the effectiveness and relevance of the corporate risk management framework. By regularly monitoring risks and assessing the effectiveness of risk management, the enterprise can adjust risk management programs for specific situations. The enterprise monitors current and new risks appear through the Key Risk Indicator (KRI), a predictor of current or future risks that can be observed or measured). The enterprise reporting to stakeholders about risk management process, including:
    - + Evaluating the effectiveness of control activities (whether done correctly);
    - + Evaluating the effectiveness of corporate risk management framework;
    - + Evaluating the remaining risks after applying solutions.



Risk management model

**CONTROL OF RISKS AT A HIGH LEVEL AT TNG**

No.	NAME OF RISK	DESCRIPTION OF RISK	CONTROL MEASURES
1	Risks of strategic plans	Lack of appropriate strategic plans to meet the long-term strategic objectives	The strategic plan has been set up, communicated to stakeholders and assigned to the Development Policy Subcommittee for monitoring and implementation. The list of strategic projects is also approved, implemented and monitored.
2	Risks of competitive advantages	The risk of losing competitive advantage, when the industry's growth rate declines and many competitors increasingly improve their differences.	TNG conducts product diversification, reduces costs to give the most competitive price in the market. In addition, TNG has constantly invested in machinery and equipment to improve production and product quality.
3	Risks of global economic environment	Failure to quickly adapt to global economic and social changes leads to unexpected impacts on the Company in the implementation of business plans.	TNG regularly updates changes in the economic environment, evaluates and analyzes the impacts on the Company. Since then, TNG makes timely action plans.
4	Risks of unfavorable changes in the political environment	Risks of unfavorable changes in the political environment in countries - where the operations of the main customers interfere with business and business decisions.	TNG conducts an assessment before signing contracts with customers and monitors the contract implementation. TNG regularly updates information and has appropriate reviews.
5	Communication risks	Loss of reputation or financial loss due to failure to timely and appropriately handle adverse information disseminated on the mass media.	TNG monitors and promptly reflects negative communication information through automated tools and appropriate crisis management teams.
6	Inheritance personnel risks	Important position is blank because it is not possible to find the right person for a required period of time.	TNG continues to deploy the inheritance personnel to the lower levels, ensuring staffing for all levels. TNG makes appropriate training plans for personnel replacement and ensures stress test tests.
7	Risks of loss of important customers	Loss of important customer relationships, resulting in loss of revenue.	TNG tracks relationships with customers, regularly evaluates sales, and has corresponding policies for important customers. TNG constantly expands and develops business with new customers.
8	Risks of exchange rate fluctuations	The fluctuations in exchange rates significantly affect the operation and profitability of enterprises.	TNG sets up foreign currency demand, prepares reserve currency, and gives forecasts to monitor and analyze exchange rate fluctuations in order to balance needs and adjust corresponding plans.

No.	NAME OF RISK	DESCRIPTION OF RISK	CONTROL MEASURES
9	Environmental risks	Solid waste has not been classified as required. Impact of climate change causes many natural disasters and storms to affect production. Employees are not aware of economical use of electricity and water resources.	TNG has a waste water treatment system at all branches. The Company performs environmental tests periodically and complies with laws on environmental resources protection. In addition, The Company takes measures to plant forest trees, limit greenhouse waste to minimize pressure on the environment.
10	Human resource risks	Lack of labor due to competition with enterprises with manufacturing plants in the same area.	The Company improves income for employees, improves welfare policies to attract workers about TNG. The Company supports travel expenses from the houses of employees to factories. The Company arranges vehicles to pick up employees from the workplaces.
11	Risks of materials	The price of raw materials increases or does not guarantee quality to serve production.	The Company is proactive in the process of purchasing materials and having appropriate sales policies for customers.
12	Risks of failure to import input materials in time	Risk of interruption or insufficient raw materials for production process.	The Company controls inventory security, evaluates and manages suppliers, and makes plans to purchase goods reasonably. The Company implements a smart warehouse management project.
13	Risks of substandard products	The hazards from unusable or damaged products that are required to be recalled to avoid causing harm to consumers.	The Company establishes and regularly checks the controls required by the standards. The Company establishes separate evaluation criteria for the control system to ensure that it is always effective and optimal. The warning system is established to timely identify events and to handle them.
14	Information security risks	Risk of system disruption, information security and attack from information technology crimes.	The Company initially builds the Information Security system according to ISO 27000, computer and user protection systems. The Company regularly assesses the information security risks from inside and outside.

**RISK MANAGEMENT IN 2019**

The Company implements effectively and continues to apply the Coso - ERM risk management framework integrated with the ERP business management system under ISO 9001: 2015 quality management system. Assessments, measures, and action plans of risks are always considered by the owners on many factors, especially from stakeholders to control risks. Risk management activities at factories will also be further promoted and more intensive. The risk reporting system from factories will be unified, with identifying methods for integrating risks of the whole company




in a reasonable manner. Monitoring of risk warning indicators is carried out continuously and more closely to promptly detect any changes or unusual factors.




In order to sign a contract for each customer, TNG must ensure to meet special standards related to environmental assessment as well as social responsibility. Therefore, the risks related to the environment and social responsibility are always controlled during the implementation of the development strategies of the company throughout the process of formation and development.



## CONNECT STAKEHOLDERS

OVER THE YEARS, WE HAVE MAINTAINED MANY EXCHANGING AND COMMUNICATING METHODS WITH STAKEHOLDERS TO HELP TNG ADJUST ITS POLICIES IN A TIMELY MANNER TO BRING THE BEST VALUE. THE FORMS OF EXCHANGING, COMMUNICATING AND CONNECTING STAKEHOLDERS HAVE BEEN INCREASINGLY IMPROVED; TO HELP ENSURE THE COLLECTION OF INFORMATION ON STAKEHOLDERS' FEEDBACK AND EXPECTATIONS IN ORDER TO MEET THE INCREASING DEMAND FROM THE STAKEHOLDERS.

STAKEHOLDERS	VALUES	CONCERNS	APPROACHES
<b>SHAREHOLDERS AND INVESTORS</b> 	TNG is committed to securing the rights and interests of shareholders and investors through providing honest, timely and transparent information about the economic efficiency while making periodical contact with investors.	<ul style="list-style-type: none"> <li>Effective use of investment</li> <li>Transparent information</li> <li>Ensure the interests of investors</li> <li>Market value of stocks and the value of business</li> <li>Corporate management capacity</li> </ul>	<ul style="list-style-type: none"> <li>Meet and consult directly through the General Meeting of Shareholders</li> <li>Collect shareholders' opinions in writing</li> <li>Directly communicate with major shareholders through investment projects</li> <li>Risk management system within the operational scope and enhance corporate management</li> </ul>
<b>CUSTOMERS</b> 	TNG is always consistent with our guideline - "Customers are the ones who pay our salaries". TNG is committed to providing customers with products of appropriate quality standards as well as meeting the requirements of social policy assessment, quality and security assessment according to the evaluation criteria of our customers.	<ul style="list-style-type: none"> <li>Commitment on product quality</li> <li>Policies that meet specific requirements of customers</li> <li>Responsible and sustainable supply</li> </ul>	<ul style="list-style-type: none"> <li>Control quality through quality management systems</li> <li>Evaluate suppliers according to sustainable practice criteria</li> </ul>
<b>CONTRACTORS, SUPPLIERS</b> 	TNG always provides updated information on policies and evaluation criteria to select suppliers in a timely manner, to build effective partnerships.	<ul style="list-style-type: none"> <li>Cooperate for development</li> <li>Protect the environment and comply with social responsibility of the entire production chain</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate and supervise suppliers</li> <li>Regularly contact with partners</li> </ul>

STAKEHOLDERS	VALUES	CONCERNS	APPROACHES
<b>EMPLOYEES</b> 	TNG applies many technologies and policies in human resource management in order to maintain and develop professional staff resource with high capability such as KPIs, policies on remuneration, welfare, training and development of corporate culture.	<ul style="list-style-type: none"> <li>Safe, free and nondiscriminating working environment</li> <li>Training and promotion opportunities</li> <li>Recognized achievements and contributions</li> </ul>	<ul style="list-style-type: none"> <li>Internal notifications</li> <li>Workers conference</li> <li>Annual training program, occupational health safety program</li> <li>Survey all employees about the working environment: Salary, bonus and welfare, colleagues, opportunities for training and development</li> <li>Continuously improve income and welfare regime for employees, build a standard working</li> </ul>
<b>COMMUNITY</b> 	TNG identifies the responsibility of contributing to its community development. Therefore, TNG's community activities not only stop at community support, but TNG also contribute to raising awareness and developing community capacity through social security activities, caring for people with difficult circumstances, joining hands to build infrastructure such as rural roads.	<ul style="list-style-type: none"> <li>Contribute to the community</li> <li>Build local facilities</li> <li>Perform production and business activities with responsibility to protect the environment</li> <li>Contribute to improving the quality of life of locals</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate with local authorities</li> <li>Increase investment in infrastructure construction in areas around the factory</li> <li>Cooperate and build human resources capacity for local communities</li> </ul>
<b>AUTHORITIES</b> 	TNG always cooperates actively with government authorities in order to ensure acknowledgement and application of new policies in a timely manner, as well as improve the effectiveness of cooperation and the ability for further contribution to the economic development of the country.	<ul style="list-style-type: none"> <li>Comply with law regulations</li> <li>Contribute to the State budget</li> <li>Deploy and support guidelines of the State</li> </ul>	<ul style="list-style-type: none"> <li>Actively participate and contribute ideas at conferences and seminars organized by the State</li> <li>Proactively propose, make suggestions on legal documents, actively interact with the Government to improve the legal system</li> <li>Periodically consult with community and local authorities on impacts</li> </ul>

## PRINCIPLES TO DETERMINE KEY AREAS

On the basis of current situation of the world textile and garment market and Vietnam's textile and garment industry, feedback and concerns of stakeholders, TNG has determined key areas in the correlation between economy, society and environment in all production and business operations of the Company.

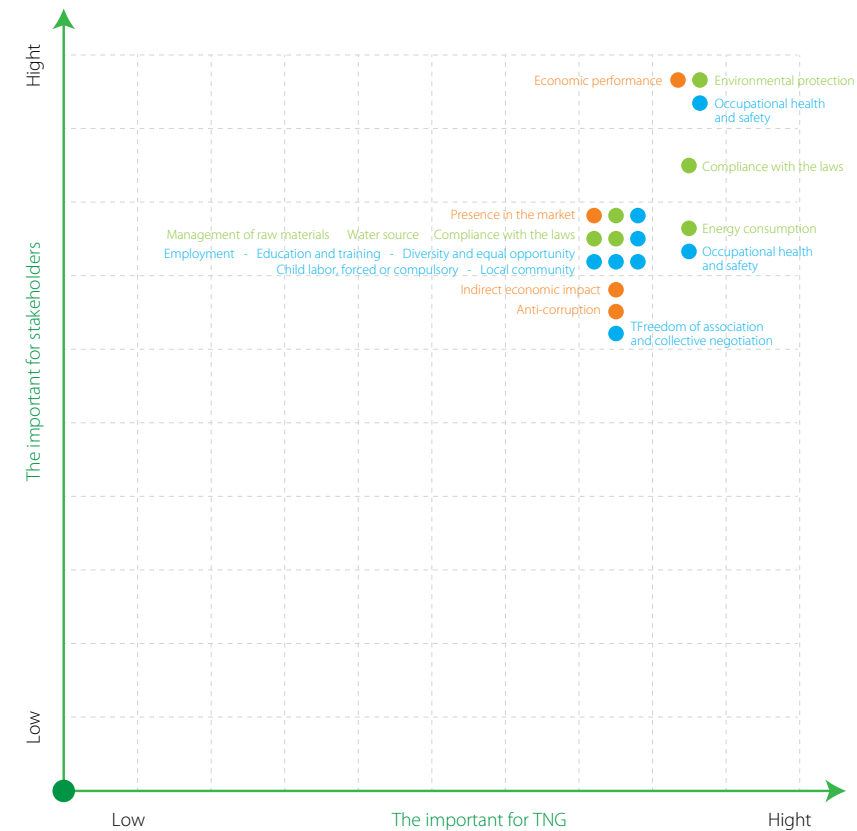
## PROCESS TO DETERMINE KEY AREAS

The process to determine key areas of TNG includes the following steps:

<b>STEP 01</b> <b>SURVEY AREAS THAT HAVE A GREAT INFLUENCE ON PRODUCTION AND BUSINESS ACTIVITIES OF THE COMPANY AND STAKEHOLDERS</b>	<ul style="list-style-type: none"> <li>❖ Survey and study market information of the areas that may affect the production and business situation of the textile and garment industry.</li> <li>❖ Read and analyze assessment reports, survey customer opinions.</li> <li>❖ Consult with stakeholders and rely on feedback, especially comments from the Government, Shareholders, investors, customers and local communities.</li> </ul>
<b>STEP 02</b> <b>ANALYZE AND EVALUATE KEY AREAS CONCERNED BY STAKEHOLDERS</b>	<ul style="list-style-type: none"> <li>❖ Select key areas</li> <li>❖ Evaluation of officers and employees, Board of Management on the selected key areas.</li> <li>❖ Redetermine the key areas based on the principle of harmonizing the stakeholders' interests with the sustainable environmental development.</li> </ul>
<b>STEP 03</b> <b>EVALUATE KEY AREAS IN A SUSTAINABLE RELATIONSHIP WITH STAKEHOLDERS</b>	<ul style="list-style-type: none"> <li>❖ Develop matrix of key areas.</li> </ul>
<b>STEP 04</b> <b>REVIEW, EVALUATE AND LEARN EXPERIENCE</b>	<ul style="list-style-type: none"> <li>❖ Review key areas after issuing the report; collecting comments and suggestions from stakeholders to further improve next reports.</li> </ul>

## MATRIX OF KEY AREAS

### KEY AREAS



### ECONOMIC CATEGORY

- ❖ Economic performance
- ❖ Presence in the market
- ❖ Indirect economic impact
- ❖ Anti-corruption

### ENVIRONMENTAL CATEGORY

- ❖ Environmental protection
- ❖ Management of raw materials
- ❖ Energy consumption
- ❖ Water source
- ❖ Waste, emissions and wastewater
- ❖ Compliance with the laws

### SOCIAL CATEGORY

- ❖ Employment
- ❖ Occupational health and safety
- ❖ Education and training
- ❖ Diversity and equal opportunity
- ❖ Freedom of association and collective negotiation
- ❖ Child labor, forced or compulsory
- ❖ Local community
- ❖ Safety and health of customers

## REVIEW AND EVALUATION

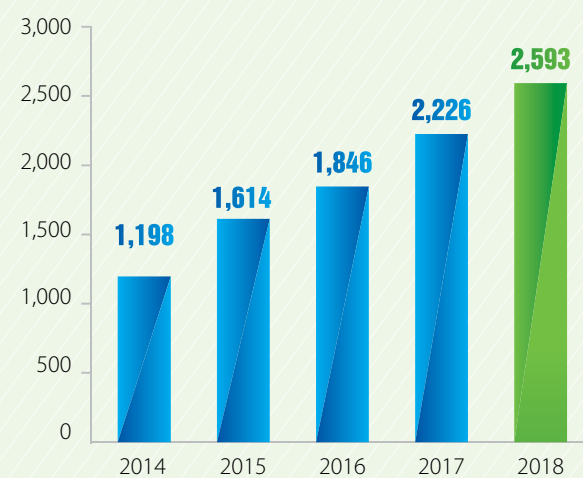
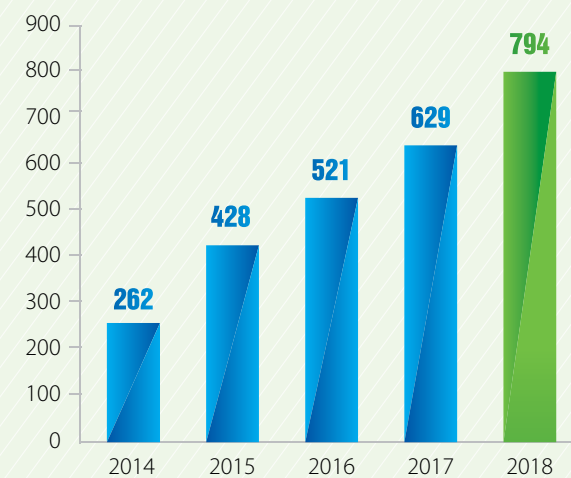
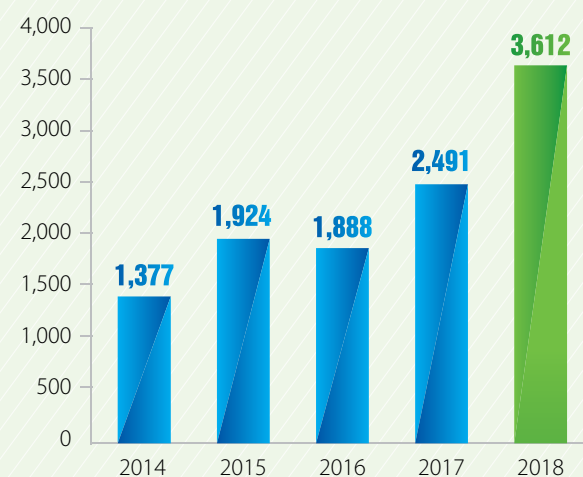
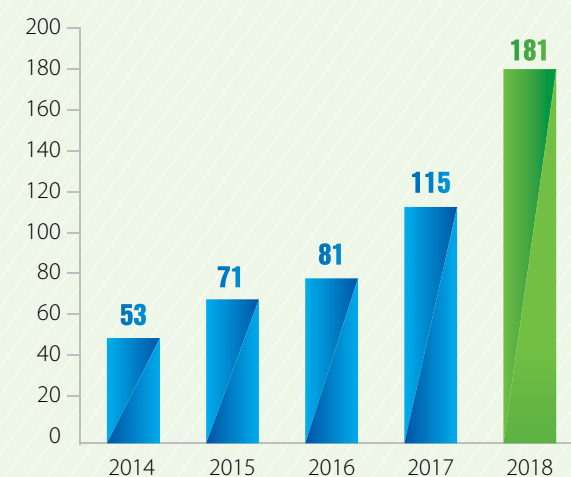
After finalizing and issuing the Report, TNG will conduct a review of all contents, paying a special attention to the review of feedback and comments from stakeholders. Proposing and directing the departments, officers and employees to read and give comments to assess objectively and subjectively the issues of sustainable development that the Company has reported. In that way, TNG can outline the overall picture and promptly supplement and adjust the sustainable development strategy in a more comprehensive way.

We are looking forward to receiving feedback from stakeholders and readers for the TNG Sustainable Development Report 2018. If there is any questions and comments, please contact us via the contact section on TNG official website at [www.tng.vn](http://www.tng.vn) or send an email to Mr. Nguyen Van Duc - Vice Chairman of TNG's BOD at [ducnguyen@tng.vn](mailto:ducnguyen@tng.vn).

TNG would like to thank you for your comments and commit to seriously consider the comments with an open, public attitude and make the best efforts in solving issues to gradually improve the content of the report and strengthen sustainable development in the coming years.



**COMPANION WITH  
LOCAL DEVELOPMENT**

**BASIC FINANCIAL INFORMATION FOR THE PERIOD OF 2014 - 2019**
**TOTAL ASSETS**  
UNIT: VND BILLION

**OWNER'S EQUITY**  
UNIT: VND BILLION

**NET REVENUE**  
UNIT: VND BILLION

**PROFIT AFTER TAX**  
UNIT: VND BILLION

**KEY FINANCIAL INDICATORS**

UNIT: VND BILLION

ITEM	2014	2015	2016	2017	2018
<b>Business performance</b>					
Revenue	1,377	1,924	1,888	2,491	3,612
Expenses price	1,115	1,575	1,555	2,052	2,972
Financial expenses	68	98	88	90	136
Selling expenses	27	37	29	67	102
Administration expenses	107	147	140	150	211
Profit before tax	64	88	95	137	214
Profit after tax	53	71	81	115	181
<b>Balance sheet</b>					
Total asset	1,198	1,614	1,846	2,226	2,593
Short - term asset	538	701	771	1,111	1,372
Long - term asset	660	913	1,075	1,115	1,221
Account payables	936	1,186	1,325	1,596	1,799
Owner's equity	262	428	521	629	794
Charter capital	162	294	342	411	493
<b>Cash flow statement</b>					
Net cash flows from operating activities	(0.48)	49	(0.06)	(66)	115
Net cash flows from investing activities	(146)	(241)	(246)	(138)	(208)
Net cash flows from financing activities	148	234	201	203	94
Net cash flows during the fiscal year	2	42	(44)	(1.49)	1.86
<b>Stock information</b>					
Total number of shares	16,287,946	29,481,848	34,264,978	41,117,291	49,340,180
Treasury stock	-	-	-	-	-
Number of outstanding shares	16,287,946	29,481,848	34,264,978	41,117,291	49,340,180
Primary earning per share	2,945	2,986	1,952	2,797	3,653
Dividend	10% in stock 10% in cash	10% in stock 6% in cash	10% in stock	20% in stock	20% in stock

**CONTRIBUTE TO THE GENERAL DEVELOPMENT OF THE SOCIETY**

**BRING ECONOMIC EFFICIENCY FOR THE STAKEHOLDERS**

STAKEHOLDERS	CONTENT	2016	2017	2018
Shareholders	Dividends	10% of charter capital in stock	20% of charter capital in stock	20% of charter capital in stock
State	State budget	15,487 VND million	16,398 VND million	47,382 VND million
Employee	Employee's income	6,504,358 VND/ 01 employee/ 01 month	7,788,449 VND/ 01 employee/ 01 month	9,257,305 VND/ 01 employee/ 01 month
Supplier	Total value of transactions within the year	1,292 VND billion	1,666 VND billion	2,539 VND billion
Customer	Net revenue	1,887 VND billion	2,491 VND billion	3,612 VND billion
Community	Contribute to the community and society	712 VND billion	1.5 VND billion	6.6 VND billion

**CHARTER CAPITAL AFTER ISSUANCE** : VND 493,401,800,000

In 2018, the Company had paid dividends in stocks in the ratio of 5:1, the results of issuance are as follows:

- ❖ Number of issued stocks : 8,222,889 shares
- ❖ Number of shareholders receiving dividends in stock : 2,544 shareholders
- ❖ Total number of shares after issuance : 49,340,180 shares
- ❖ Charter capital after issuance : VND 493,201,800,00
- ❖ Additional deposit date : 23/07/2018
- ❖ Effective date of listing changes : 30/07/2018
- ❖ Official transaction date : 15/08/2018

**INTERESTS FOR SHAREHOLDERS OVER THE YEARS**

In three consecutive years 2016, 2017, 2018, TNG had paid dividends with the ratio of 10%, 20%, 20% respectively, the Board of Directors always considers and proposes plans in order to bring maximum interests to our shareholders.



The diagram shows the stock price of TNG fluctuating in the last 3 years (2016, 2017, 2018).

TNG INVESTMENT AND TRADING JSC (TNG) HAS BEEN RANKED IN THE TOP 500 LARGEST ENTERPRISES IN VIETNAM AND TOP 10 LARGEST ENTERPRISES OF VIETNAM GARMENT AND TEXTILE INDUSTRY. TNG HAS ALSO AFFIRMED ITS BRAND TO THE DOMESTIC MARKET AS WELL AS THE WORLD. TNG FORBIDS AND PROHIBITS ANY ALL ILLEGAL AND UNETHICAL BUSINESS PRACTICES TO GIVE OR RECEIVE BRIBES. A BRIBE IS THE PAYMENT (MONEY, GIFTS OR SERVICES) TO INFLUENCE A BUSINESS DECISION OF TNG.



- ❖ Partners commit not to loan money and property for TNG staffs for any reason.
- ❖ Partners commit to cooperate with TNG not to add more money on price, not to transfer to individual account. It must be paid to TNG's account.
- ❖ Partners commit not to pay the discount or commission to individual's account. If any, it must be public and notified directly to TNG's leaders.



- ❖ Forbid TNG staffs receive commission/discount and not to transfer to TNG's account, forbid TNG staffs add more money on price of the price of customers and suppliers.
- ❖ Any information given in business must be treated as confidential.
- ❖ Bribery, corruption or unethical practice are neither tolerated nor permitted in any given circumstances such as Sourcing, developing, marketing, buying, selling goods.

If customers, suppliers fail to comply and It affects anti-corruption policies of TNG. TNG finds out that employees have committed corrupt acts. It will be disciplined with its staff and stopped cooperating with suppliers and customers. If the there is any doubt about any employee, business partner, supplier or contractor. Pls give the information via email address:

Email: [thoiha@tng.vn](mailto:thoiha@tng.vn)  
 Tel: 0913.286.014  
 Your information will be absolutely secured





GREEN ENVIRONMENT  
FOR FUTURE GENERATIONS

  
**THERMA**  
NIKE THERMA fabrics help manage your body's natural heat to keep you warm—and performance high when temperatures are low.  
With **DRI-FIT** Technology

  
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With **DRI-FIT** Technology

As one of Vietnam's TOP textile and garment enterprises, TNG has realized that the development of enterprises is coupled with the social development and common prosperity; the development of enterprises is to satisfy the present demand of human but not harm the demand and benefits of future generations.

In addition to accompanying with the authorities and communities in environmental protection, offering solutions to improve production and business efficiency, TNG also gives attention to environmental protection, towards building green factories and environmentally-friendly enterprises.

**TNG PURCHASES MATERIALS FROM DOMESTIC AND FOREIGN SUPPLIERS. THESE MATERIALS ARE MANUFACTURED USING THE WORLD'S LEADING TECHNOLOGIES, ENSURING SAFETY FOR THE ENVIRONMENT AND USERS. TNG SELECTS SUPPLIERS BASED ON THE FOLLOWING FACTORS: COMPETITIVE PRICE, SUPPLIERS' SOCIAL RESPONSIBILITY COMPLIANCE, ABILITY TO MEET ENVIRONMENTAL PROTECTION CRITERIA AS RECOMMENDED, TNG'S EVALUATION.**

### THE SUPPLIER EVALUATION PROCESS IS CARRIED OUT BY TNG AS FOLLOWS:

- ❖ **Step 1:** After consideration and evaluation of production capacity, financial capacity and competitive prices, a list of suppliers will be made to implement a social/environmental responsibility compliance evaluation.
- ❖ **Step 2:** Inform the evaluation date, time and contents to the suppliers and ask for a confirmation of compliance approval to perform the evaluation.
- ❖ **Step 3:**
  - » Evaluate suppliers.
  - » Visit workshops, facilities, environmental protection works.
  - » Check legal documents in the field of environment and water resources.
  - » Interview employees on environmental protection activities of the unit.
  - » Summarize the evaluation, record compliance actions, classify compliance levels (A, B, C, D) and inform the suppliers of the evaluation results.

- ❖ **Step 4:** Make a list of qualified suppliers, submit to the Board of Management for approval.
- ❖ **Step 5:** Archive the evaluation records and conduct periodic evaluations based on the following criteria:
  - » Suppliers rated A: 2 years.
  - » Suppliers rated B: 2 years.
  - » Suppliers rated C: Produce all uncompleted orders.
  - » Suppliers rated D: not cooperating (stop immediately even uncompleted orders).

Details of supplier evaluation are included in the GRI 308.

Saving material is also saving resources and costs. Therefore, TNG has directed to use imported materials at the maximum level, at the same time materials that cannot be reused will be collected as materials for other products (cotton waste, unfinished fabric products are used as input materials for stuffed animals; waste paper, carton boxes are collected and recycled to create other paper products; plastic bags, plastic thread rolls are collected to recycle plastic types, etc.), creating new product life.

### DETAILS OF SCRAP AND WASTE PRODUCTS COLLECTED AND RECYCLED TO BE USED AS MATERIALS FOR OTHER PRODUCTS ARE AS FOLLOWS:

No.	Material name	UNIT	2018	2017	2016
1	Waste paper	Kg	92,465	75,653	56,619
2	Cotton waste	Kg	19,451	15,914	6,641
3	Excess fabric	Kg	20,467	16,746	5,214
4	Nylon	Kg	2,203	1,803	406
5	Excess thread	Kg	2,333	1,909	859
6	Unfinished fabric products	Kg	1,617	1,323	2,589

### THE TABLE OF MATERIAL VOLUME USED IN 2016, 2017 AND 2018 IS AS FOLLOWS:

No.	Material name	Unit	Quantity					
			2018	%/ quantity	2017	%/ quantity	2016	%/ quantity
1.	Assorted fabrics	yard	21,323,656	71%	14,246,777	54%	8,477,127	45%
2.	Cotton	yard	5,524,426	18%	3,825,371	14%	3,741,310	20%
3.	Thread	roll	1,370,881	5%	1,203,359	5%	3,637,604	19%
4.	Button	pcs	34,574,493	115%	23,472,715	89%	18,359,850	98%
5.	Zipper	pcs	26,048,506	87%	30,154,630	114%	17,621,328	94%
6.	Nylon bags	pcs	9,710,062	32%	6,741,655	25%	4,806,708	26%
7.	Carton boxes	pcs	1,021,190	3%	661,703	2%	468,635	3%
8.	Assorted printing inks	kg	24,582.66	0.08%	13,358.30	0.05%	5,343.20	0.03%
9.	Number of products produced	pcs	30,044,797		26,471,700		18,703,654	

It can be seen from the table above that in 2018 the proportion of main materials that compose products has significantly increased: Fabrics increased from 54% to 71% and cotton increased from 14% to 18% compared to 2017.



**E**NVIRONMENTAL PROTECTION IS FIRST ENERGY SAVING, THEN RENEWABLE ACTIVITIES AND SUSTAINABLE ENERGY USE. THANKS TO ENERGY SAVING, THE COMPANY CAN REDUCE THE COST OF CONSUMPTION, LEADING TO THE REDUCTION OF PRODUCTION COSTS AND THE IMPROVEMENT OF PRODUCTION AND BUSINESS EFFICIENCY FOR TNG.



### MEASURES TO MINIMIZE ENERGY CONSUMPTION

- ❖ Promoting propaganda on using electricity economically to officers and employees via the radio system of the Company, panels and posters for propagation.
- ❖ Using air conditioners on hot days with limit on temperature and specified on-off time (60 minutes before leaving the Company).
- ❖ Using energy-saving light bulbs (Led in place of old fluorescent lamps).
- ❖ Energy consumption in TNG over the years is listed in the following tables:

### USING NON-RENEWABLE ENERGY SOURCES

Chi tiết các loại phế liệu, phế phẩm được thu gom xử lý tái chế làm nguyên liệu cho các sản phẩm khác:

NO.	UNIT	CONSUMPTION LEVEL/YEAR			NOTE
		2018	2017	2016	
Gas for production	Kg	195,620	164,660	168,670	10,856,910 MJ
DO oil for delivery	Liter	29,420	38,000	67,181	1,080,773 MJ
Coal	Ton	2,510	2,223	2,826	50,200,000 MJ

(Convert sources: [https://vi.wikipedia.org/wiki/Head\\_output](https://vi.wikipedia.org/wiki/Head_output))

It can be seen from the table above that the amount of gas increased. However, according to the amount of cotton produced in 2016, 2017 and 2018 of respectively 3,741,310, 3,825,371 and 5,524,426 yard, each kilogram of gas will generate respectively 22.18 - 23.23 and 28.24 yard of cotton.

Similarly, with the number of products TNG produced in 2016, 2017 and 2018 of respectively 18,703,654, 26,471,700 and 30,044,797, we can see that the Company has saved a lot of DO oil and coal. For example, the amount of coal used on products in 2016, 2017 and 2018 will be: 0.0082, 0.0090 and 0.0079 kg/product.

### USE OF RENEWABLE ENERGY

NO.	UNIT	CONSUMPTION LEVEL/YEAR			NOTE
		2018	2017	2016	
1. Total power consumption	1,000 kWh	10,000	9,500	7,814	Heat generated in 2018 36,000,000 MJ
2. Total products	psc	30,044,797	26,471,700	18,703,654	
3. Product rate	kW/sp	0,33	0,36	0,42	

Thus it can be deduced that, in comparison with 2016, in 2017 TNG saved 14% of electricity per product. Similarly, in 2018 TNG saved 7% of electricity on the same product compared to 2017.

Total energy consumption in the organization in 2018 (MJ) = Renewable energy + Non-renewable energy = 10,856,910 + 1,080,773 + 50,200,000 + 36,000,000 = 98,137,683 MJ.

(Convert sources: <https://www.convertworld.com/vi/nang-luong/kwh.html>)





TNG USES CLEAN WATER SUPPLIED BY THAI NGUYEN WATER SUPPLY COMPANY AND WATER FROM DRILLED WELLS FOR EXPLOITATION IN THE FACTORY (EACH WELL IS INSTALLED A FLOW METER).

For the use of water resources, the Company has complied with the application for permits of drilled wells.

The Company also saves water by installing water saving devices for personal hygiene needs such as 2 different levels of toilet water discharge when officers and employees discharge water, training them how to implement and voluntarily observe when using.

For collective kitchens, TNG has applied a one - way process, but in order to save water, the chefs must follow the process of washing rice in the third vegetable washing water to save water, etc.

For factories in the construction preparation phase, the Company has calculated to build wastewater treatment systems meeting standard A for reuse for toilet flushing, watering plants and washing roads, thereby creating a water circulation and saving water resources as much as possible.

**TOTAL AMOUNT OF WATER USED BY THE COMPANY IN YEARS IS AS FOLLOWS**

NAME	UNIT	CONSUMPTION LEVEL/YEAR		
		2018	2017	2016
Total water consumption	m <sup>3</sup>	322,105	318,287	271,680
Clean water	m <sup>3</sup>	318,706	315,470	269,513
Groundwater	m <sup>3</sup>	3,399	2,817	2,167
Total products	pcs	30,044,797	26,471,700	18,703,654
Ratio	m <sup>3</sup> /sp	0.011	0.012	0.015

We can see from the table above that in 2017 TNG saved 17% of water consumption per product unit and in 2018 TNG saved 11% of water consumption compared to 2017 on the same product unit.



FOR EACH FACTORY PROJECT, THE COMPANY ALWAYS CONDUCTS GEOLOGICAL, GEOGRAPHICAL AND ENVIRONMENTAL SURVEYS TO ASSESS THE IMPACT OF PRODUCTION ACTIVITIES ON SURROUNDING COMMUNITIES.

Biodiversity is the product of the interaction between natural systems and social systems. With a deep awareness that TNG's interests are associated with the interests of communities, especially the communities around the Company's facilities, for each factory project, the Company always conducts geological, geographical and environmental surveys to assess the impact of production activities on surrounding communities. All factories of the Company ensure distance to

adjacent residential areas according to the law; before construction, the projects were approved reports on environmental impact assessment. In addition, after coming into operation, these factories have been monitored periodically (4 times/year) for microclimate factors, concentration of dust, exhaust gas and wastewater, thereby taking measures to maintain and control pollution indicators within the allowable limits of the law.

## THE MONITORING RESULTS OF THE COMPANY IN 2018 WERE AS FOLLOWS

### AIR QUALITY RESULTS IN PRODUCTION AREAS

Location	Results			
	Noise (dBA)	Total dust TSP (mg/m <sup>3</sup> )	NO <sub>2</sub> (mg/m <sup>3</sup> )	SO <sub>2</sub> (mg/m <sup>3</sup> )
KK-11.18-16	64	0.18	<0.08	<0.026
KK-11.18-17	61.8	0.1	<0.08	<0.026
KK-11.18-18	59.7	0.36	<0.08	<0.026
KK-11.18-19	62.6	0.1	<0.08	<0.026
KK-11.18-20	64.3	0.16	<0.08	<0.026
KK-11.18-21	63.2	0.29	<0.08	<0.026
Allowable limits according to: 3733/2002/QĐBYT QCVN 24:2016/BYT	85	4	10	10

Thus, it can be seen that the air quality in TNG lies within the allowable limits of Vietnam's standards and regulations on air quality.

### RESULTS OF ANALYSIS OF EXHAUST FROM CHIMNEYS:

Location	Average results						
	Temperature (°C)	Flow (m <sup>3</sup> /p)	Total dust (mg/Nm <sup>3</sup> )	Speed (m/s)	NO <sub>x</sub> (mg/Nm <sup>3</sup> )	SO <sub>2</sub> (mg/Nm <sup>3</sup> )	CO (mg/Nm <sup>3</sup> )
K TOK-11.18-1.1 K TOK-11.18-1.2	112	56	36.83	4.7	62.19	36.23	134.50
K TOK-11.18-2.1 K TOK-11.18-2.2	108.10	20.00	39.67	4.8	70.13	51.27	366.33
K TOK-11.18-3.1 K TOK-11.18-3.2	111.1	142	44.23	4.7	95.30	35.47	205.73
Allowable limits according to: QCVN 19:2009/BTNMT (column B)	-	-	200	-	850	500	1000

We can see that the exhaust quality of TNG is within the allowable limits of Vietnam's standards.



**RESULTS OF MEASUREMENT AND ANALYSIS OF DOMESTIC WASTEWATER QUALITY:**

Indicators	Unit	Results	
		NTSH-11.18-1	Allowable limits: QCVN 14:2008/BTNMT(B)
pH	-	6.8	5.0 - 9.0
DO	mg/l	3	-
BOD <sub>5</sub>	mg/l	26.4	50
COD	mg/l	79	-
TSS	mg/l	36.1	100
TDS	mg/l	262.5	1,000
As	mg/l	0.0019	-
Cd	mg/l	Kph	-
Pb	mg/l	0.0007	-
Hg	mg/l	Kph	-
* S <sup>2-</sup>	mg/l	<0.1	4
NO <sub>3</sub> <sup>-</sup> -N	mg/l	0.71	50
* NH <sub>4</sub> <sup>+</sup> -N	mg/l	4.6	10
PO <sub>4</sub> <sup>3-</sup> -P	mg/l	1.12	10
* Mineral oil	mg/l	<0.3	20
* Coliform	MPN/100ml	2,500	5,000

The pollution indicators in domestic wastewater are within the allowable limits of Vietnam's regulation for domestic wastewater quality.

**RESULTS OF MEASUREMENT AND ANALYSIS OF PRODUCTION WASTEWATER QUALITY:**

Indicators	Unit	Results	
		NTSH-11.18-1	Allowable limits: QCVN 40:2011/BTNMT (B)
pH	-	6.4	5.5-9.0
*Flow	m <sup>3</sup> /day and night	-	-
DO	mg/l	3.1	-
* Color temperature	Pt/Co	20.5	150
* Temperature	°C	24.4	40
BOD <sub>5</sub>	mg/l	26.1	50
COD	mg/l	65.5	150
TSS	mg/l	41.6	100
As	mg/l	0.0018	0.1
Cd	mg/l	Kph	0.1
Pb	mg/l	0.0006	0.5
Total Cr	mg/l	0.0111	-
* Co	mg/l	0.0015	-
Cu	mg/l	0.0127	2
Hg	mg/l	Kph	0.01
Ni	mg/l	0.0016	0.5
* Sb	mg/l	0.0025	-
Zn	mg/l	0.109	3

The pollution indicators in production wastewater of the Company are always within the allowable limits of current Vietnam's regulation.

**RESULTS OF MEASUREMENT AND ANALYSIS OF PRODUCTION WASTEWATER QUALITY**

Indicators	Unit	Results		Allowable limits: QCVN 40:2011/BTNMT (B)
		NTSH-11.18-1		
Fe	mg/l	<0.3		5
* S <sub>2</sub> <sup>-</sup>	mg/l	<0.1		0.5
* CN <sup>-</sup>	mg/l	<0.01		0.1
* NH <sub>4</sub> <sup>+</sup> -N	mg/l	2.1		10
Total P	mg/l	1.1		6
* Chlorine residual	mg/l	<0.15		2
* Mineral oil	mg/l	<0.3		10

The pollution indicators in production wastewater of the Company are always within the allowable limits of current Vietnam's regulation.



**FUEL USED**

No.	Name	UNIT	Usage/year			Note
			2018	2017	2016	
1.	Gas for production	Kg	195,620	164,660	168,670	10,856,910 MJ
2.	Diesel DO for generator (coal)	Liter	29,420	38,000	67,181	1,080,773MJ
3.	Coal	Ton	2,510	2,223	2,826	50,200,000MJ

Source: [https://vi.wikipedia.org/wiki/Heat\\_output](https://vi.wikipedia.org/wiki/Heat_output).

Thus, with CO<sub>2</sub> emission factor of each fuel, we have CO<sub>2</sub> emissions in 2018 as follows:

Volume of CO<sub>2</sub> = Fuel energy consumption \* CO<sub>2</sub> emission factor

According to Table of CO<sub>2</sub> emission factor by IPCC (<http://itvc-global.com/tin-tuc-kiem-toan-nang-luong/bang-he-so-phat-thai-co2-n62.htm>)

Gas: = 10.8569 \* 56,100 = 609,702 kg CO<sub>2</sub>

Diesel DO = 1.081 \* 74,100 = 80,102 kg CO<sub>2</sub>

Coal = 50.2 \* 98.300 = 4.934.660 kg CO<sub>2</sub>

Table of TNG's electricity consumption is as follows:

No.	Name	UNIT	Usage/year			Note
			2018	2017	2016	
1.	Total electricity consumption	1000, kWh	10,000	9,500	7,814	36,000,000MJ
2.	Total products	Unit	30,044,797	26,471,700	18,703,654	
3.	Rate/product	kW/sp	0,33	0,36	0,42	

CO<sub>2</sub> emissions from electricity generator is calculated as follows:

CO<sub>2</sub> emissions = Electricity volume \* CO<sub>2</sub> emission factor.

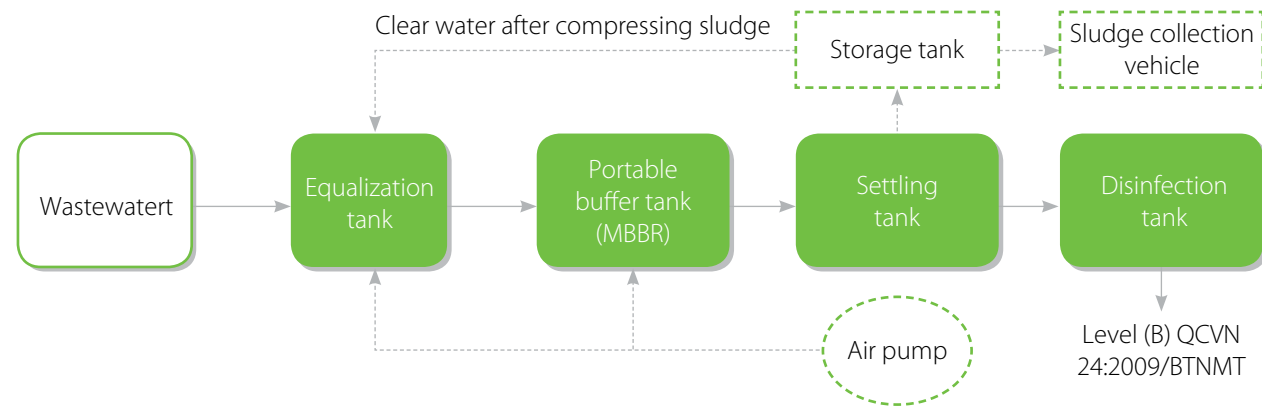
CO<sub>2</sub> emission factor from electricity generator is 0.6612 kg CO<sub>2</sub>/kWh (according to announcement of the Ministry of Natural Resources and Environment).

CO<sub>2</sub> emissions in 2018 = 10.000.000 \* 0,6612 = 6.612.000 kg CO<sub>2</sub>

**WASTEWATER AND WASTE**

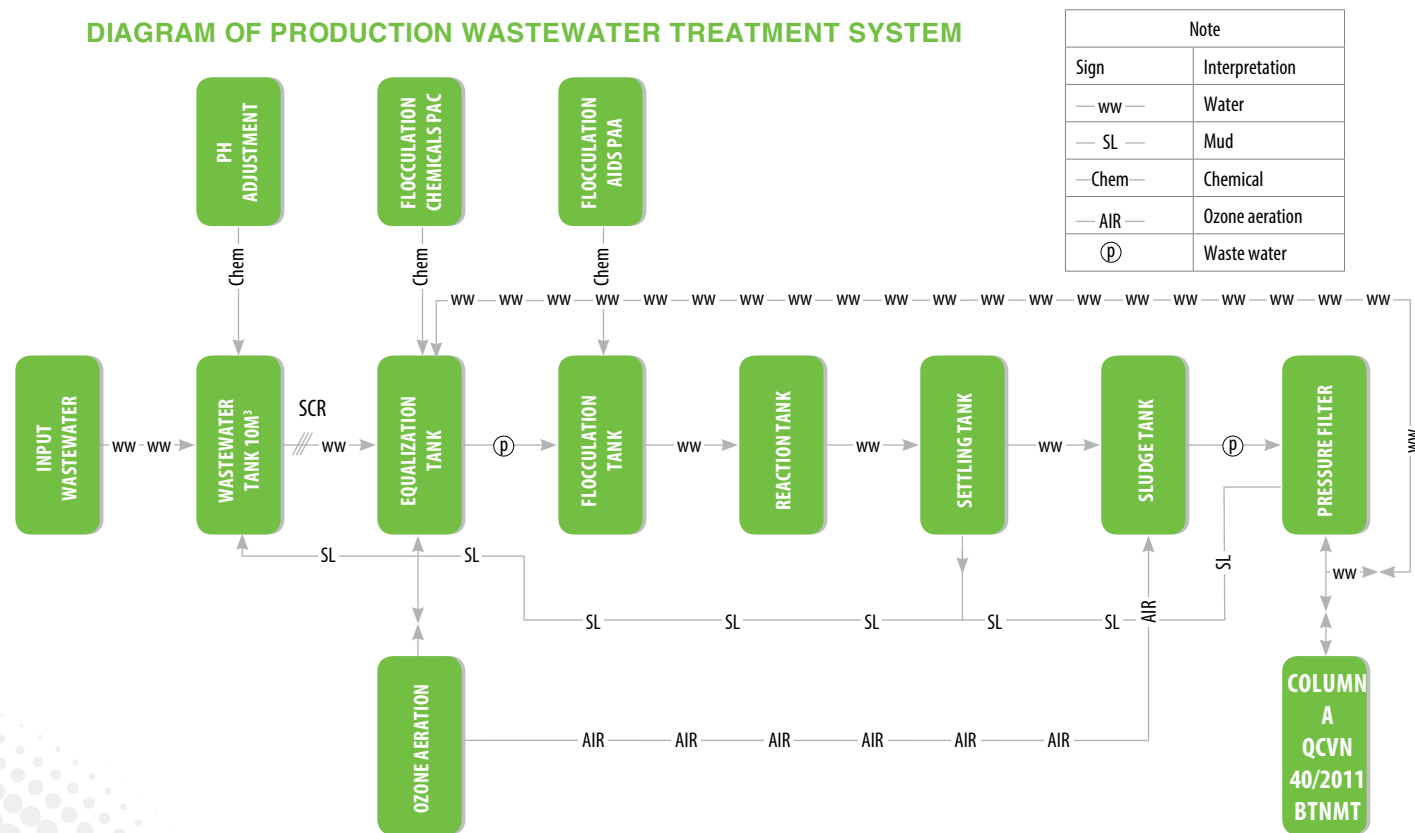
TNG's wastewater is generated from living activities at the factories (for shift meals and personal hygiene of officers and employees) and the process of washing products, printing semi-finished products. For each type of wastewater mentioned above, the Company has built centralized treatment systems before discharging into the environment, which ensures that the pollution indicators when running into receiving sources are always within the allowable limits prescribed by law.

**DIAGRAM OF DOMESTIC WASTEWATER TREATMENT SYSTEM**



For each treatment system, TNG will arrange operating personnel in accordance with the technology transfer of the contractor to achieve the quality of output water in compliance with the current law.

**DIAGRAM OF PRODUCTION WASTEWATER TREATMENT SYSTEM**



**RESULTS OF MONITORING WASTEWATER QUALITY AFTER TREATMENT SYSTEM**

Indicators	Unit	QCVN 14:2008/ BTNMT(B)	Monitoring results		
			2016	2017	2018
pH	-	5.0-9.0	7.1	6.9	6.8
DO	mg/l	-	5	4.5	3
BOD <sub>5</sub>	mg/l	50	45	40	26.4
COD	mg/l	-	84	81	79
TSS	mg/l	100	55	48	36.1
As	mg/l	-	0.002	0.0019	0.0019
Cd	mg/l	-	Kph	Kph	Kph
Pb	mg/l	-	0.007	0.007	0.0007
Hg	mg/l	-	Kph	Kph	Kph
* S <sup>2-</sup>	mg/l	4	<0.1	<0.1	<0.1
NO <sub>3</sub> <sup>-</sup> -N	mg/l	50	0.8	0.72	0.71
* NH <sub>4</sub> <sup>+</sup> -N	mg/l	10	8.4	7.1	4.6
PO <sub>4</sub> <sup>3-</sup> -P	mg/l	10	4.2	2.9	1.12
* Mineral oil	mg/l	20	<0.3	<0.3	<0.3
* Coliform	MPN/100ml	5,000	4,800	4,000	2,500







## EMISSIONS, WASTEWATER AND WASTE (continued)

### RESULTS OF WASTEWATER QUALITY MONITORING AFTER THE TREATMENT SYSTEM FOR YEARS

Indicator	Unit	QCVN 40:2011/ BTNMT (B)	Monitoring results for years		
			2016	2017	2018
pH	-	5.5-9.0	6.8	6.6	6.4
* Flow	m <sup>3</sup> /day and night	-	-	-	-
DO	mg/l	-	3.2	3.1	3.1
* Color	Pt/Co	150	80	40	20.5
* Temperature	°C	40	28	25	24.4
BOD <sub>5</sub>	mg/l	50	45	35	26.1
COD	mg/l	150	101	82	65.5
TSS	mg/l	100	89	56	41.6
As	mg/l	0.1	0.002	0.0019	0.0018
Cd	mg/l	0.1	Kph	Kph	Kph
Pb	mg/l	0.5	0.0007	0.006	0.0006
Total Cr	mg/l	-	0.00112	0.00111	0.0111
* Co	mg/l	-	0.0016	0.0015	0.0015
Cu	mg/l	2	0.013	0.00129	0.0127
Hg	mg/l	0.01	Kph	Kph	Kph
Ni	mg/l	0.5	0.002	0.0018	0.0016
* Sb	mg/l	-	0.003	0.0026	0.0025
Zn	mg/l	3	0.2	0.15	0.109
Fe	mg/l	5	<0.3	<0.3	<0.3
* S <sup>2-</sup>	mg/l	0.5	<0.1	<0.1	<0.1
* CN <sup>-</sup>	mg/l	0.1	<0.01	<0.01	<0.01
* NH <sub>4</sub> <sup>+</sup> -N	mg/l	10	3.5	3.1	2.1
Total P	mg/l	6	1.4	1.2	1.1
* Chlorine residual	mg/l	2	<0.2	<0.15	<0.15
* Mineral oil	mg/l	10	<0.3	<0.3	<0.3

The value after the mark "<" indicates the detection limit of the measurement

- The mark (-) is not specified

- The mark \* are indicators not recognized in accordance with ISO 17025:2005

- ND: Not detected

The above results show that the wastewater treatment systems and the system operation methods always meeting requirements, ensuring that the pollution indicators are within the allowable limits.

Waste generated in TNG includes domestic waste (generated from shift meals). For this type of waste, the Company has signed a contract on waste collection and treatment with a qualified unit for daily collection and treatment - Environmental sanitation branch - Thai Nguyen Urban Construction and Environmental Joint Stock Company.

For production waste (fabric waste, cotton waste, waste paper, etc.), the Company has signed contracts with units specializing in treatment and units with needs to reuse these waste for making stuffed animals and other items such as Hong Ngoc Green Environment Company.

For hazardous waste, the Company has been issued waste source owner book by the Department of Natural Resources and Environment with book no. QLCTNH 19.000024.T, issued for the fourth time on 01 December 2016. TNG is responsible for temporarily collecting and storing these waste as prescribed and then they are transported and processed periodically by functional units - Anh Dang Environmental Services Company Limited.

### TABLE OF TOTAL INDUSTRIAL WASTE OF TNG IN 2018 IS AS FOLLOWS

Content	Unit	Volume/ year
Waste water	m <sup>3</sup>	658,173

In 2018, the total cost of secondary wastewater treatment of TNG was: VND 2,613,984,415.

### TABLE OF TOTAL HAZARDOUS WASTE OF TNG IN 2018 IS AS FOLLOWS

Waste name	States exist	Quantity (kg)	Hazardous waste code
Oil of engine, gearbox and waste synthetic lubricant	Liquid	197	17 02 03
Sorbents, filter materials (including oil-refining materials not mentioned in other codes), mops, protective cloths contaminated with hazardous components	Solids	27	18 02 01
Fluorescent lamps and other types of waste active glass	Solids	597	16 01 06
Ink cartridges	Solids	660	08 02 04
Waste hard plastic packaging	Solids	131	08 02 04
Waste printing ink mixed with hazardous components	Solids	21,345	08 03 12
Sludge from wastewater treatment process	Liquid	17,090	06 05 02

These wastes are transported and treated by Anh Dang Environmental Services Company Limited in accordance with the laws of Vietnam.

The Company has established a process for responding to environmental incidents and a process for informing local authorities of environmental incidents. Specifically as follows:

**PROCESS FOR RESPONDING TO ENVIRONMENTAL INCIDENTS**

Working steps	Flowchart	Implementation/ responsibility	Notes form
Step 1	ENVIRONMENTAL INCIDENTS	Employees	
Step 2	NOTICE OF INCIDENTS	Detector	Report to management Call to labor protection department
Step 3	RESPONDING TO INCIDENTS	Response director/team leader	
Step 4	CAUSE INVESTIGATION	Director/officer in charge of environment at branches	
Step 5	ARCHIVING RECORDS	Environmental officer	Facilities Company

**PROCESS FOR NOTICE OF ENVIRONMENTAL INCIDENTS TO LOCAL AGENCIES**

Working steps	Flowchart	Implementation/ responsibility	Notes form
Step 1	ENVIRONMENTAL INCIDENTS	Employees	
Step 2	NOTICE INCIDENTS	Management at levels	
Step 3	RESPONDING TO INCIDENTS	Branch Manager/Head of Labor Protection Department	
Step 4	CAUSE INVESTIGATION	Response team Branch, district	
Step 5	NOTICE OF LOCAL AGENCIES	Branch leaders Head of labor protection department	
Step 6	CAUSE INVESTIGATION	Branch leaders Head of labor protection department	
Step 7	ARCHIVING RECORDS	Labor protection department	

It hereby aims to identify environmental aspects and evaluate meaningful environmental aspects to take measures to control and manage, thereby training employees on how to minimize adverse impacts on the environment and respond when incidents occur. TNG has not had any environmental incidents.

The discharge gates of the Company flow into the sewers of the city and industrial zones (with secondary treatment system); therefore, wastewater from TNG causes insignificant impacts on the surrounding environment.

THE COMPANY HAS ESTABLISHED A SPECIALIZED DEPARTMENT AND ARRANGED SPECIALIZED STAFFS IN CHARGE OF ENVIRONMENT AND WATER RESOURCES TO ENSURE COMPLIANCE WITH THE PROVISIONS OF LAW APPLICABLE TO ENTERPRISES. AT THE SAME TIME, THE SPECIALIZED STAFFS WILL MONTHLY CHECK EMPLOYEES OF EACH FACTORY TO ENSURE COMPLIANCE WITH REGULATION OF THE LAW AND THE COMPANY ON THE ENVIRONMENT AND WATER RESOURCES, THEREBY RAISING AWARENESS AND COMPLIANCE OF EACH TNG'S OFFICER AND EMPLOYEE.

For factories constructed before 2013, the Company has set up environmental protection projects in accordance with regulations; for factories constructed after 2013, before construction, these projects were approved the environmental impact assessment by Thai Nguyen People's Committee.

Every year, the Company employs functional units (Center for Monitoring Natural Resources and Environment - Provincial Department of Natural Resources and Environment) to sample, analyze and make reports on environmental monitoring results, with the frequency of 4 times each year and the cost of VND 349 million (2018).

In response to the World Environment Day, the Company hung banners and wrote responding articles to broadcast on internal speaker systems to raise employees' awareness. Moreover, on the World Environment Day 5/6, the Company donated VND 10 million to the provincial environmental protection fund to organize and spend on environmental activities in the province.

In order to raise awareness of officers and employees about environmental protection, the Company has promoted propaganda on environmental protection, minimization of emissions, exhaust and wastes into the environment, waste classification before transporting to functional units for collection and treatment.

Implementation method: Through meetings of Board of Management of the Company and the factories, via broadcasting on the internal speaker system.

Develop effective management and operation procedures for environmental protection projects.

Economically use energy sources, electricity, water, etc.

Reduce emissions in the office areas by developing administrative software to circulate electronic documents, contributing to reducing costs and not using paper and fuel to avoid generating waste from discarded paper.

Equip garbage bins for recycle, inorganic and organic types to classify garbage before treatment.

Launch the green - clean - beautiful movement through the construction of a labor protection corner in each factory. Practice 5S at workplace: Sàng lọc (Screening) - Sắp xếp (Arrangement) - Sạch sẽ (Clean) - Sẵn sóc (Care) and Sẵn sàng (Ready).

By complying with the above regulations of the law on environment, TNG is always a unit fully complying with the provisions of Vietnamese law as well as requirements from partners in the field of environment. In recent year, TNG has not been punished for environmental violations, the number of environmental violations: 0 and the amount of environmental fines: 0 VND.



## SOLUTIONS TO MAKE TNG MORE AND MORE FRIENDLY TO THE ENVIRONMENT



Operating wastewater treatment systems in accordance with technological processes and regularly checking and maintaining to ensure that the quality of output wastewater meets QCVN 40: 2011/BTNMT and QCVN 14: 2008/BTNMT.



Enhancing industrial hygiene in production areas, means of transport and internal roads; taking care of the factory premises to always have a clean - green - beautiful landscape.



Equipping personal protection means and monitoring the implementation of environmental protection activities of all officers and employees.



Collecting, classifying and temporarily storing (if any) for proper treatment of solid wastes arising in the production and business process.



Fully implementing periodic environmental monitoring programs to control pollution indicators within the allowable limits.



Planting more trees in the factory's premises.



Developing a roadmap for implementation of green factory according to LOTUS standards.

# JOIN HANDS FOR COMMUNITY DEVELOPMENT

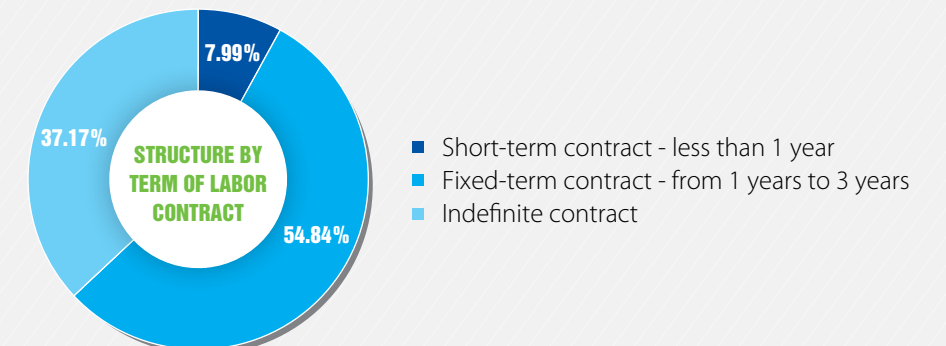
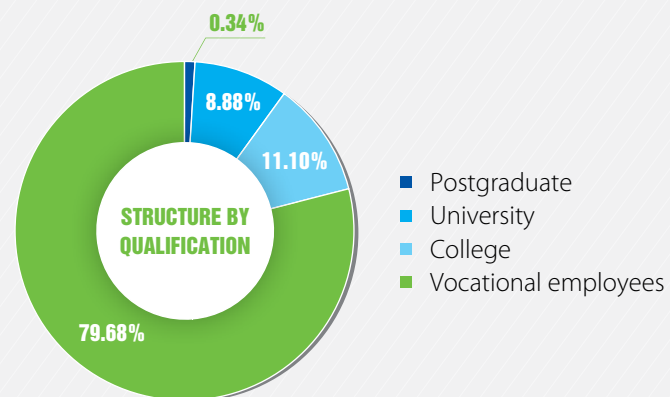
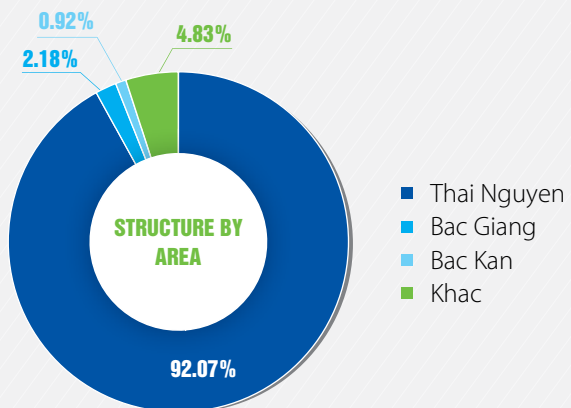
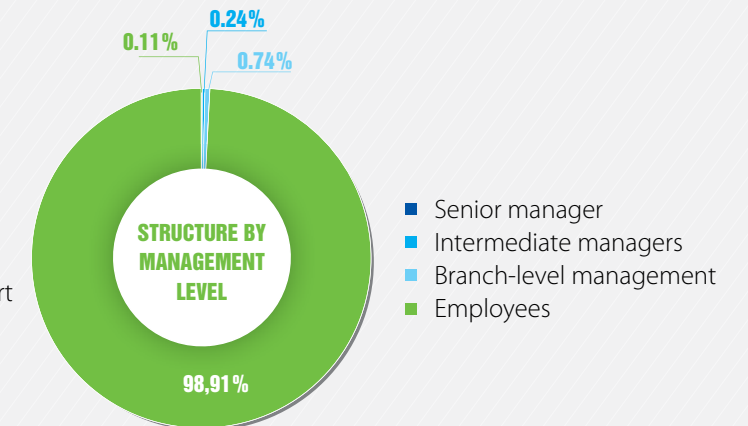
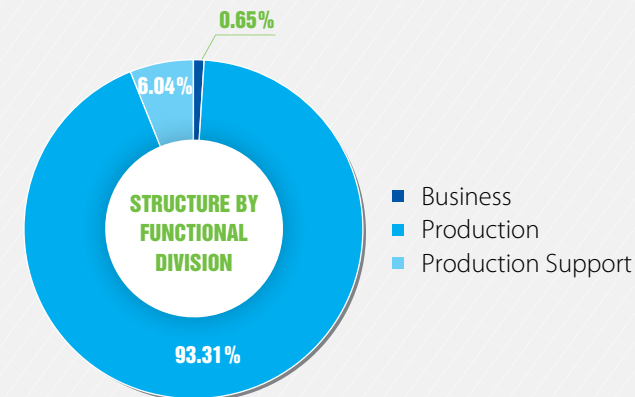
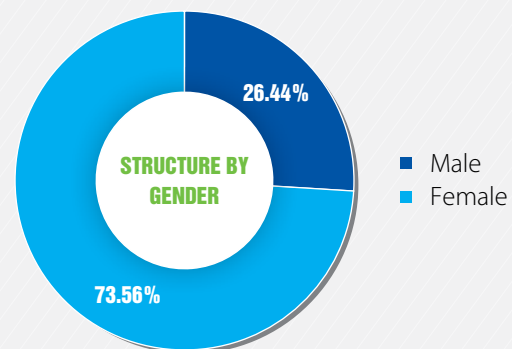
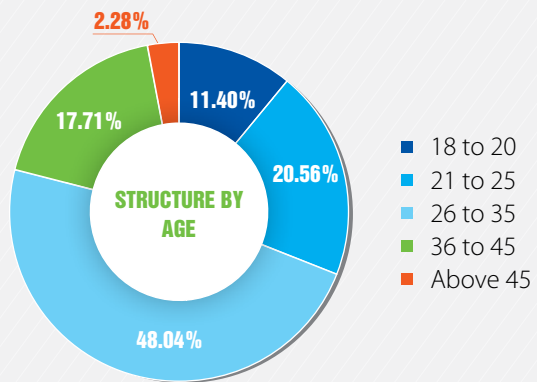


## HUMAN RESOURCE MANAGEMENT STRATEGY

TNG always considers every person the most valuable asset to be respected, protected and developed. TNG highly appreciates all the contributions of officers and employees, even the smallest, recognizes and encourages the progress of all officers and employees through activities of honoring and gratifying. The Company's human resource management policy is not to let any employee be violated their rights, not to let any contribution be forgotten, and over the past 40 years, we have always tried our best to accomplish that policy.

## HUMAN RESOURCE STRUCTURE

Currently, TNG has the labor force mainly in the golden age with 48.04% of the labor force in the age of 26 to 35. This is considered the mature age in terms of both age and career. Employees in this age often have a thoughtful way of thinking, stable family and accumulated work experience. They are eager to work, create and dedicate. This creates a favorable condition for TNG to develop human resources and production and business, thereby implementing the development strategy for the period of 2019-2024.



## HUMAN RESOURCE STRUCTURE (Continued)

With the selection of Thai Nguyen city as a place to lay the first bricks for development, with 7 locations in Thai Nguyen city, Song Cong city and surrounding districts such as Dai Tu, Phu Binh, Dong Hy, and Vo Nhai, TNG has determined that Job creation is a policy to be prioritized and focused over the past years.

The strengths of Thai Nguyen Province in socio-economic development include large and young population, rich and abundant labor resource, which is also a good condition for TNG to implement its employment policy. The year 2018 was seen as a milestone in TNG's employment. According to data from 01 January 2018 to 31 December 2018, the total number of employees recruited was 3,296 people - this was an impressive figure not only in the whole textile and garment industry but also in the entire Vietnam's economic sector in 2018.

In order to achieve this impressive figure, TNG has implemented a series of activities in parallel with the locality, propagating/enhancing the brand value to communes and districts in the province with typical activities such as expressing gratitude to locality, employment counselling and charity work.

In addition to increasing the number of employees for direct production units, TNG has also focused on development investment in technical/technological departments. This is also the sustainable development orientation that TNG towards in the coming years. TNG's turnover rate in 2018 was 2.4%, mainly concentrated in the sewing department. This was also an inevitable shift, when in Thai Nguyen in 2018, there were many new industrial zones with many factories coming into operation, mainly focused on electronics, tools and instruments.

## COMPETENCY EVALUATION

The evaluation of officer and employee competency has been developed and operated effectively by TNG. Competency framework includes: Competency to implement assigned responsibilities, competency to inspect, monitor, advise, issue and amend policies and procedures. The regulation for competency evaluation is developed in line with the job title group. Each job title group will have different K-weighting tables based on job descriptions, functions and tasks that have been issued. Every month, all departments conduct the assessment in accordance with the issued scale. The monthly competency evaluation regulation is developed to:

- ❖ Raise awareness, responsibility and work efficiency.
- ❖ Serve as a basis to pay additional monthly income, motivate employees to make their best to complete the assigned work, contribute to completing the common tasks of the whole Company.
- ❖ Serve the personnel planning, arrangement and training to strengthen the team of officers and employees.

## IMPROVEMENTS IN PERSONNEL, POLICY AND MANAGEMENT

TNG always focuses on training to develop the next generation of staff, so it always has successors in line with the development and changes in the production process.

## CHANGE IN PERSONNEL

- ❖ Remove Mrs. Ly Thi Lien from the position of Deputy General Director  
Reason: Voluntary resignation for enjoying retirement benefits from 08 January 2018
- ❖ Remove Mrs. Luong Thi Thuy Ha from the position of Chief Accountant  
Reason: Appointed to another position from 08 January 2018
- ❖ Appoint Mrs. Luong Thi Thuy Ha to the position of Deputy General Director from 08 January 2018.
- ❖ Appoint Mrs. Tran Thi Thu Ha to the position of Chief Accountant from 08 January 2018.

## Policy for employees

As a Textile company with 14,056 officers and employees, TNG has built a very specific personnel and salary policy in the "Policy for employees" in which: "Employees working at TNG are fully entitled to all regimes/benefits according to the provisions of the Labor Code, the Law on Health Insurance, Unemployment Insurance and regulations of the State related to the regimes and benefits of employees". The salary, allowance and bonus policies are clearly defined, specifically:

## Salary, bonuses and allowances

- ❖ **Salary:** In line with job titles, calculated by the rank coefficient of employees multiplied by the minimum salary. (The minimum salary applied to officers and employees in TNG increases by 13% compared to the regulation of the State). Salary by product: Calculated by product unit price multiplied by the quantity of product. Salary by time in line with regimes: Pay for

holidays, leaves, study, paid private leave, leave due to labor accidents, periodical health check-ups and female labor regime.

- ❖ **Allowances:** Allowance for raising children under 6 years old, responsibility allowance, attendance, shift meal allowance.
- ❖ **Bonuses** (calculated according to the Company's Emulation and reward regulation): Monthly rewards, emulation achievements, 13th month salary, bonuses accumulated of monthly performance, Lunar New Year and bonus division of annual remainder of salary. Besides, the working time as well as the regime for leave, public holidays are complied with the provisions of the law. Working at TNG, employees will have promotion opportunities, be appointed to managerial positions according to personal ability. The Company also encourages and grants fund for officers and employees to learn and improve professional skills and craftsmanship at home and abroad.

## Personal benefits

- ❖ Body insurance of 100%/year.
- ❖ Travels at home and abroad.
- ❖ Dormitory housing for employees at preferential prices.
- ❖ Scholarships for students with aspirations to work at TNG after their graduation, families in difficult circumstances.
- ❖ Support the construction of gratitude houses for employees with special difficulties.
- ❖ Provide vehicles to pick up employees (with free parking locations) and kindergartens in dormitories for employees to send their children.
- ❖ Female employees who give birth are supported VND 300,000/birth by the Company.
- ❖ Maternity regime for fathers: Employees are male, but both husband and wife are TNG's employees, when the wife gives birth to a child, the husband is given paid leave to take care of his wife and children. The period of leave is 5 days if the wife gives birth normally, 07 days if the wife has a caesarean and is paid 100% of the salary.
- ❖ Construct and develop greenery areas in the Company premises for employees to have a green and clean environment.
- ❖ Every year TNG also organizes training courses for officers and employees to improve their skills; training on occupational safety and occupational health as well as fire prevention and fighting, ensuring absolute safety during production and operation.

## CHANGE IN PERSONNEL, SALARY AND BONUS POLICIES

2018 was evaluated as a strategic year of income distribution. The Company has issued a system of K-coefficient including 22 Ks, each K represents a job in the corporate governance system such as Profit index, sales index, revenue index, employment index, cost index according to consumption revenue. Each K coefficient was allocated to each department and branch in charge of. Each index was assigned weight in line with each person in charge of.

K coefficient was developed on the basis of specific calculation formula, the data was automatically taken from ERP software, ensuring accuracy, transparency and fairness.

Every month, K coefficient is applied to calculate salary based on work efficiency and used to consider monthly bonuses for managers. Good managers will receive income commensurate with their own competency.

The development of the K coefficient system has helped TNG build an effective management method, each department and individual is responsible for management from 1 to many K coefficients, thereby enhancing the sense of responsibility of individuals for the work they manage. The K coefficient of management also helps to divide TNG's income in line with the principle of equal salary payment for employees working the same job and in the same conditions, reflecting the right labor productivity, distributing by quantity and the quality of labor, ensuring a reasonable salary relationship between employees in different conditions.

## TAKING CARE OF EMPLOYEES' LIFE

It is social welfare that is considered a key to ensure equality in social relations and most importantly, TNG considers social welfare as the key to obtain the hearts of employees.

Investment in ERP software development is the approach that TNG has chosen to improve its governance and towards the commitment that: "No employee is violated rights and benefits". All workflows are operated on the software, all data is digitized, reducing human-generated risks, reducing the pressure of human resource management and strengthening supervisory and inspection when "Every employee is a supervisor".

## EMPLOYMENT(continued)

Besides the welfare regimes as regulated by the law, TNG also complies with the requirements of the world's major brands that we are cooperating such as Adidas, Nike, Decathlon or international standards such as ILO, CLS, WRAP, BSCI, SMETA, STEP, etc.

And above all, TNG always wants to bring more to its employees beyond the standards of welfare stipulated in the Law and international standards, because for TNG labor welfare is the respect, gratitude of the Board of Management to all officers and employees.

For that purpose, TNG has issued a resolution on seniority allowance for employees from 2018. When retiring, in addition to the regimes prescribed by the Law, employees are also entitled to ½ monthly salary of each year of employment.

### WELFARE WORKS FOR EMPLOYEES

In 2018, the Company also issued policies to support the purchase of houses in TNG Village as follows:

Support by working time: Each year of working is reduced by 0.1% on the total value of payment. If the buyer has a parent, spouse or child working at the Company, the working time is calculated by total time of all people. Support by the time working as a manager: Each year of working as a manager is reduced by 0.2%. Support by work achievements at the Company: Each year achieving the title of Emulation Soldier is reduced by 1%. The maximum reduction is 30%.

In addition, the Company's Trade Union also issued interest-free loan policy for employees buying social houses. The support level is VND 50 million/person.

TNG also built two dormitories with a total of 50 rooms and 2 kindergartens to support employees to reduce living costs and stabilize their lives.

In order to ensure safety and convenience for employees to go to work, the Company has arranged vehicles for daily transporting employees to work at all of the Company's facilities and taking them to their communes and wards.

The organization of shift meals for employees has always been concerned and closely managed by the Company. We always want to provide the employees with clean meals, ensuring nutrition and food hygiene and safety. Therefore, TNG has issued a strict procedure on kitchen control and assigned staff in charge of daily food safety

inspection. The canteen is also invested to ensure good ventilation and hygiene with the cooking area, food division area, service area according to one-way standards to ensure compliance with regulations.

Food checking is divided into 6 steps, including:

Step 1: Checking legal documents of the collective kitchen

Step 2: Checking hygiene conditions of the collective kitchen

Step 3: Checking the conditions of equipment, tools and instruments

Step 4: Checking conditions of service staff

Step 5: Checking materials, food additives, water sources

Step 6: Checking detergents, record books.

Moreover, the Company has organized to collect comments from employees quarterly on the quality of shift meals to assess the satisfaction of employees in terms of quantity and quality of dishes, service quality, equipment, etc.

### TAKING CARE OF EMPLOYEES AND THEIR RELATIVES

The Company has built medical facilities meeting standards to promptly provide medical care, first aid and care to the employees at work. At the medical facilities, the Company has arranged milking rooms for employees who are raising small children to use in the working time, helping them feel secure to work and not affecting their motherhood.

Furthermore, the Company organizes annual health check-ups and periodic check-ups for occupational disease detection for employees twice a year. After health check-up, the Company classifies occupational health for screening employees who have health of type 4 or 5 or occupational diseases or risk of occupational diseases, thereby assigning appropriate jobs and develop special health care programs.

The Company also makes a gratitude fund, which is shown through the monthly contribution from all Company leaders, managers and employees of VND 10,000 from their own income to help employees in difficult circumstances. In 2018, the Company supported the construction of 20 gratitude houses for 20 disadvantaged employees, VND 251 million for more than 100 employees suffering from tornadoes and storms.



On the occasion of the Lunar New Year in 2018, the Executive Committee of the Trade Union, leaders of the Company and Branches gave gifts to the families of officers and employees with difficult circumstances, expressing the concern of the Trade Union and Branches to employees' lives. Gifts of VND 1,500,000 were given to 56 officers and employees in the Company, with a total value of VND 84,000,000. The mental and material support of the Company helped the employees and their families to have a cosy and full Tet.

Responding to the movement "The whole country join hands for the poor, leave no one behind", on 04 May 2018, in Xuan Phuong and Nga My Communes, Phu Binh District, the Executive Committee of Trade Union in coordination with the Executive Committee of the Youth Union of TNG organized the program of Giving funds to build houses of gratitude for youth union members with difficult circumstances. The Executive Committee of the Trade Union of the Company donated VND 100 million and the Executive Committee of the Youth Union donated VND 50 million to support the construction of gratitude houses for 02 families of youth union members with difficult circumstances including Mrs. Duong Thi Loan, Phu Binh Garment Branch 01 and Mrs. Nguyen Thi Yen, Phu Binh Garment Branch 03. This was a very practical and meaningful job, expressing the spirit of pioneer and volunteer of the Company Youth in charity and social security activities, thereby sharing, helping and supporting youth union members in difficult circumstances, encouraging them to make great efforts in labor, production and business, actively participate in movements and activities of the Youth Union.

Celebrating the International Children's Day 1/6, on 20 May 2018, the Youth Union in coordination with the Trade Union of the Company visited and gave gifts to the children of 3 employees with extremely difficult circumstances. This expressed the timely care, concern and encouragement of the Trade Union and the Youth Union. At the same time, the Youth Union at branches of the Company visited to give gifts to children of employees with difficult circumstances in the Company.

On the occasion of Mid-Autumn Festival 2018, the Trade Union coordinated with the Youth Union of the Company to organize a series of activities to give moon cakes to the children of officers and employees with a total value of VND 902 million, and the program of Mid-Autumn festivities in areas. On 20 September, Viet Duc's Youth Union collaborated with Cao Ngan Commune's Youth Union, Thai Nguyen City to organize the program of "Full Moon Festive Night - Mid-Autumn Festivities" 2018. On 21 September, the Trade Union of Thai Nguyen sector of Industry and Trade, Trade Union and Youth Union of TNG visited to give presents to children studying at 02 TNG's kindergartens in Thai Nguyen City and Song Cong City. In the evening of 24 September, TNG Youth Union organized "Full Moon Festive Night" and "Mid-Autumn Festival Lamp Making Contest" 2018 at Nam Hoa Secondary School, Dong Hy District. At the program, disadvantaged children in Nam Hoa Commune, Dong Hy District were presented gifts. Additionally, the remaining branches also worked with localities with TNG factories and a large number of employees working at TNG to organize Mid-Autumn programs for local children.



As a unit using many employees, TNG always considers employees the most valuable asset of the Company. Towards the goal of ensuring long-term health and building a safe working environment for employees to feel secure to work, TNG has been strictly complying with the provisions of the law related to Safety - Healthy - Environment.

In order to ensure compliance with the regulations of the laws of Vietnam and requirements of partners and the Company's interests, it established the Council for Occupational Safety and Health with members and functions as specified in Decision No. 383QD/TNG dated 08 March 2018. To make the ensuring health and safety more practical and effective, TNG established the Labor Protection Department with professionally trained personnel, working full-time to advise, implement, inspect, monitor and maintain safety and health in the Company.

## LABOR PROTECTION DEPARTMENT

The Labor Protection Department of TNG is responsible for occupational safety and health, including members and functions as follows:

List of staffs of Labor Protection Department	Functions
<b>Manager</b> Mr. Pham Truong Xuan	Fire and explosion prevention Food safety and hygiene
<b>Member</b> Mr. Pham Quang Binh	Working environment
Mr. Giang Nam Khanh	Health care and first aid
Mr. Vu Manh Lam	Maintaining 5S
Ms. Tran Thi Hai	Management of fire alarm and fire fighting equipment system
Ms. Duong Thi Huong	Management of fire hydrant systems
Ms. Pham Thi Thuy	Training and management of hygiene safety network
Ms. Truong Thi Nam	
Ms. Dang Thu Huong	
Ms. Dang Thi Nam	

In 2018, the Department strictly implemented its functions and tasks, ensuring occupational safety and health for officers and employees of TNG.







### IMPLEMENTATION OF OCCUPATIONAL SAFETY AND HEALTH

Identifying and assessing risks of 298 production stages to find out hazards and offer preventive and management measures.

Specialized training for employees of groups 1, 2, 3, 5: 412 people and periodic training for more than 12,000 employees of group 4 working at the Company.

Making books to monitor and verify 138 machines and equipment with strict requirements on occupational safety and health as regulated.

Monitoring 1,581 samples in the working environment of employees to assess the working environment. The result was that the monitoring indicators were within the allowable limits of the law.

Equipping personal protective equipment and clothes for all officers and employees with an expense of over VND 2.7 billion.

Periodic health check-up twice a year for employees with an expense of over VND 1.3 billion.



### 5S MODEL IN TNG

TNG is proud of being one of the companies applying 5S model in operation to ensure safety, health and environment, towards raising the awareness of employees at work, building team-working, development of leadership roles through practical activities, building advanced working environment, improving labor productivity and efficiency. Since 2013, TNG has officially applied 5S model, which has been strictly implemented by TNG's management board and employees. Accordingly, the criteria of Sàng lọc (Screening) - Sắp xếp (Arrangement) - Sạch sẽ (Clean) - Săn sóc (Care) - Sẵn sàng (Ready) have been maintained and developed regularly by all TNG people; items are neatly arranged in convenient locations; machinery is clean, safe and more durable.



### ENSURING HEALTH

- ❖ Every officer and employee in TNG is equipped with the knowledge and labor safety equipment meeting standards, and entitled to health insurance in accordance with the law.
- ❖ Organizing periodic health check-up for all officers and employees annually. In 2018, there were 10,360 people checked for occupational diseases; 10,360 people got periodic health check-up.
- ❖ Issuing regulation on allowances for employees working in warehouses, production factories.
- ❖ TNG has 07 first aid rooms and medical rooms at the factories to take care of the employees if necessary.
- ❖ The Company has a unit taking responsibility for observing and checking the safety of the working environment, promptly detecting issues and taking appropriate precautions.

Therefore, 100% of officers and employees in TNG have good health to ensure their work. In 2018, at TNG, there was no record of employees being sick due to working at the Company.



### IMPLEMENTATION OF RESCUE, FIRE PREVENTION AND FIGHTING AND SECURITY

As a production unit in the textile and garment sector, the implementation of fire prevention and fighting plays a very important role in ensuring human life and property of TNG. TNG's factories always operate with large capacity and continuous operation; Large warehouses of fabrics and goods must always be protected carefully.

- ❖ TNG has implemented synchronously fire prevention and fighting throughout the system, applied to all factories, enterprises, branches and workshops.
- ❖ Promoting propaganda to raise awareness of fire prevention and fighting to each officer and employee.
- ❖ Periodically checking to avoid possible risks.
- ❖ Regularly organizing fire prevention and fighting rehearsals.
- ❖ All factories, production branches and offices of TNG are equipped with fire alarm and fire prevention systems according to timely prevention and response regulations in case of incidents.

- ❖ In 2018, the Company organized 02 rehearsals of fire prevention and fighting and rescue, with a total of 406 participants. In which, there were 01 internal rehearsal and 01 rehearsal in collaboration with the local police department of fire prevention and fighting, rehearsing 07 basic fire fighting plans.
- ❖ Rehearsal contents includes: Fire alarm, power disconnection, emergency escape and gathering for roll-call, gathering the fire prevention and fighting team at grassroots level; deploying forces, means and assigning tasks: fire fighting, rescue; informing the Thai Nguyen Police Department of Fire Prevention and Fighting; reporting the situation of deploying forces, fire fighting equipment and coordinating to implement the command of the Provincial Police Department of Fire Prevention and Fighting (if present at the scene).
- ❖ Coordinating with local authorities in charge of fire protection and rescue to timely respond to any possible incidents.
- ❖ Regularly organizing rescue contests, improving profession and skills for staff of safety and health, rescuers; disseminating knowledge of occupational safety and health to all officers and employees of the Company. Attracting 12 teams with the first prize of VND 10 million (total prize of VND 30 million).

- ❖ The Company also arranges security forces in all factories, warehouses, etc.
- ❖ Regularly propagating to employees the preventive measures, response if insecurity and unsafety may occur.
- ❖ Coordinating with authorities to strengthen protection strength.

Thanks to the above implementation, in 2018, the work of rescue, fire prevention and fighting and security in

TNG achieved the following results:

- ❖ Ensuring absolute safety for assets and employees of the Company.
- ❖ No major incidents occurred; no record of theft; only a few minor accidents such as injuries in hand due to being hit by needles; the number of serious occupational accidents is: 0.
- ❖ Total number of employees suffering from occupational accidents: 0.

### IMPLEMENTATION OF HEALTH CARE AND IMPROVEMENT OF OCCUPATIONAL HYGIENE CONDITIONS

- ❖ Periodically performing the measurement of harmful factors and monitoring the working environment at factories every 12 months.
- ❖ Acting for a healthy living environment, planting trees on the occasion of acting for the environment.
- ❖ Regular maintenance of machinery, investment in advanced production systems to minimize noise, covering sources of noise, providing noise-proof earplugs for areas with high noise (embroidery

workshops), training occupational safety and health for employees before entering the factory and annual training on occupational safety and health according to the current law.

- ❖ Providing instruction and propaganda on ensuring occupational safety and health at factories.
- ❖ Issuing strict regulation and control on not using production machinery and equipment beyond functions to prevent unexpected events that may occur.
- ❖ Lighting and ventilation systems ensured conditions for employees to work. Being replaced/repared timely if damaged and regularly maintained.

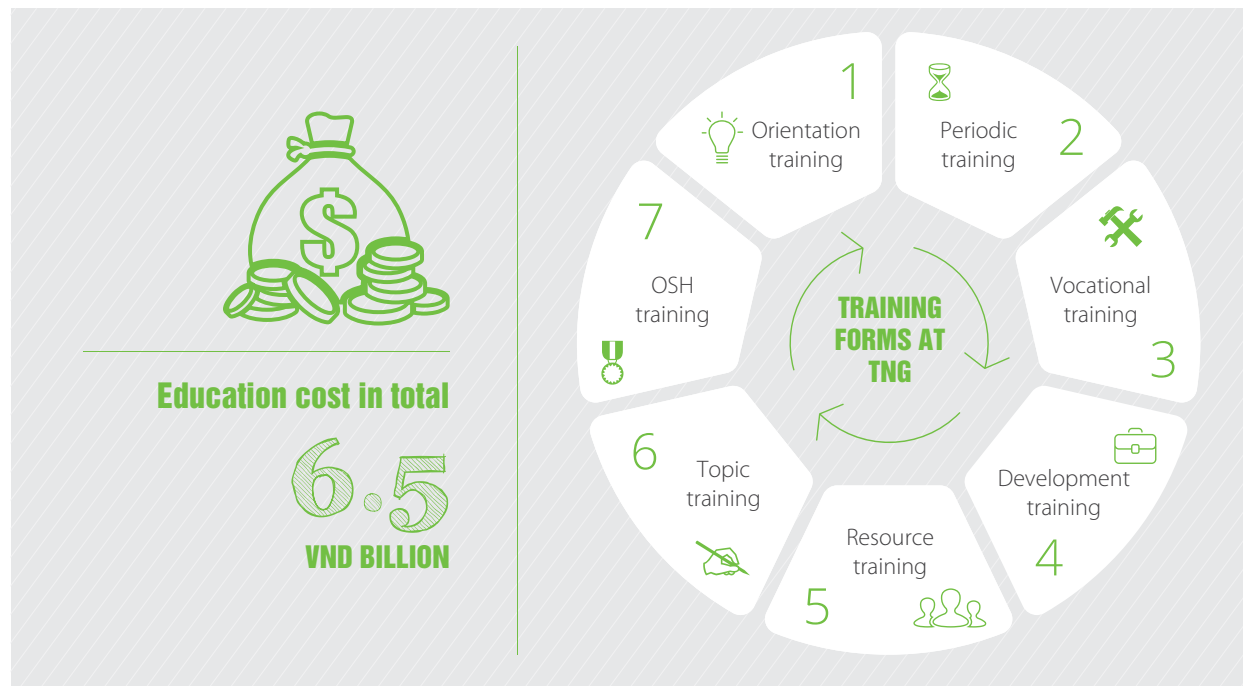


## EDUCATION AND TRAINING

IT IS SAID THAT EDUCATION AND TRAINING IS THE MOST SOLID PATH LEADING TO SUCCESS. A STRONG ECONOMY IS AN ECONOMY THAT CONSISTS OF STRONG ENTERPRISES. SIMILARLY, A STRONG ENTERPRISE MUST HAVE A STRONG WORKFORCE. AND TO HAVE A STRONG WORKFORCE, EDUCATION AND TRAINING IS A KEY, A LODESTAR FOR ENTERPRISES TO FOLLOW.

It is said that education and training is the most solid path leading to success. A strong economy is an economy that consists of strong enterprises. Similarly, a strong enterprise must have a strong workforce. And to have a strong workforce, education and training is a key, a lodestar for Enterprises to follow.

TNG has imbrued this thought. We have considered "Education and training" as the key to human development and enterprise development because only with education and training, can we meet the changes and advancement of Technology, especially in the fourth industrial revolution, meeting the increasing standards of customers cooperating with the Company as well as bring the Company closer to International standards.



Moreover, there were seminars, talk shows on related fields. The Company paid all expenses for training classes. Employees were not only trained for free, but also entitled to salary for the training and coaching time. Total expenses for training, coaching, propaganda training: VND 6.5 billion.

### DETAILED FIGURES ARE AS FOLLOWS:

NO.	Content	Number of classes	Number of participants
	Training forms at TNG	170	8,800
	Orientation training	14	15,000
	Periodic training	35	1,718
<b>Vocational training</b>			
	Line design training	01	14
	Team leader training	02	80
	QA and QC training	1	13
	Lab staff training	1	10
	Internal evaluator training	02	8
<b>OSH training</b>			
	Training on fire prevention and fighting and rescue	8	632
	OSH training group 1	2	156
	OSH training group 2	1	30
	OSH training group 3	3	104
	OSH training group 4	14	12,613
	OSH training group 6		322
	Training on risk assessment, Occupational safety and health, fire prevention and fighting	1	30
<b>Skill training</b>			
	Training on prevention of sexual harassment and abuse	2	300
	Propaganda about gynaecological diseases and prevention methods	14	12,000
	Planning skill training	1	30

## EDUCATION AND TRAINING (continued)

Training effectiveness evaluation is an important step after each training program. This activity helps Enterprises to comprehensively assess the appropriateness of the Training contents, Lecturers, Training programs, and the grasp of knowledge of trainees after being trained and applied in practical production.

Items	Evaluated ratio	Passed ratio	Failed ratio to be retrained
Worker	100%	95%	5%
Employees	100%	100%	100%
Manage	100%	100%	100%

### TYPICAL EXAMPLE

Typical example is the 5th training course for Directors of member enterprises held at Hanoi Industrial Textile Garment University. This was the second course TNG sent officers to attend. Participants were the Deputy Directors, the Head of the Departments with working experience and the prospect of becoming the Branch Director. The purpose of the course was to train resource officers to meet the development of TNG in the following years.

As a result, 06 members achieved good results. After finishing the course, there were 02 members appointed as Branch Director.

In addition, the Company also issued a policy of supporting tuition fees for children of officers and employees studying at textile and garment schools. The support was 100% of the tuition fees for the full time of study and job support after graduation. This was not only an education support policy for officers and employees to orient their careers, share financial burdens with them, but also a policy of early training human resources, helping to create a future workforce for TNG to meet its development plans and strategies.



## DIVERSITY AND EQUAL OPPORTUNITY

Every officer and employee in TNG is given equal opportunity in work and promotion, the same opportunity to receive vacant positions.

### NO DISCRIMINATION

Against: Ethnicity, gender, origin, region, social composition, appearance, marital status, belief, religion, health status, or participation in associations.

In: Recruitment, job arrangement, working time, salary, promotion, training.

At TNG, recruitment or employment activities, job arrangement, recommendation, promotion, salary, discipline, termination of labor contracts and retirement, etc. must be based on an equal foundation for all employees. We have committed ourselves to non-discrimination against gender, age, religion, marital status, race, social composition, illness, disability, pregnancy, ethnic origin, nationality, membership in organizations or any personal characteristics.

Ensure gender equality through prohibiting discrimination against female employees, offending the honor and dignity of female employees, including language, gestures, behaviors that offend physically, with nature of sexual coercion, threatening, insulting or abuse.

Prohibit not recruiting female employees for reasons of pregnancy or requesting a pregnancy test before

recruiting. Prohibit dismissal or unilaterally terminating contracts with female employees for reasons of marriage, pregnancy, maternity leave or raising children under 12 months of age.

### REGULATIONS ON ANTI-DISCRIMINATION

- ❖ Satisfy the requirements on employment, equality in recruitment
- ❖ Salary regime completely complies with the provisions of the labor law.
- ❖ Satisfy welfare needs that employees are entitled.
- ❖ For employees with high professional skills and qualifications meeting recruitment requirements, the Company will create all conditions and consider them for higher promotion.
- ❖ Ensure that there is no discrimination against race, belief, religion, color, gender, age, etc.
- ❖ No discrimination between men and women, married or unmarried, everyone is equal.
- ❖ For pregnant women, they will have their own regimes on maternity leave and raising small children, in accordance with the provisions of Vietnamese law.
- ❖ For female employees, there is no pregnancy check-up when recruiting.

### NUMBER OF MANAGERS AT THE LEVEL OF DEPARTMENT HEAD TO BRANCH MANAGER, IN WHICH;

No.	Content				Number of class					
	Male	%	Female	%	Under 30	%	30 to 50	%	Above 50	%
Company leadership	5	63%	3	37%	0	0	3	60%	2	40%
Director of Branches	7	50%	7	50%	0	0	11	78%	3	22%
Head/Deputy head of departments in the Company	8	44%	10	56%	1	6%	17	94%	0	
Deputy Director of Branches	10	43%	13	57%	0		18	78%	5	22%
Head/Deputy head of departments in Branches	40	40%	59	60%	20	20%	69	70%	10	10%
Team leader	46	17%	226	83%	78	28%	182	65%	12	7%



## DIVERSITY AND EQUAL OPPORTUNITY (continued)

### EQUAL OPPORTUNITY IN ALL AREAS

In addition to equal opportunities in work and promotion, TNG is also committed to an equal income policy based on working conditions and contribution levels. Regulation on Income distribution 2018 is an effective tool for fair and equal distribution of remuneration. We make equal payment for equal work; both male and female employees are equally paid for jobs of the same value, the same level of assessment on their work quality.

TNG also gives equal opportunities in education and training to all officers and employees. All training programs have regulation on standards and conditions of participation and are widely publicized in the process of design and implementation. Moreover, TNG's training programs are diverse in content, suitable for all job positions, gender, age and education level.

Female employees account for 74% of total employees at TNG. They work in all departments, hold many different positions from senior leaders, managers of branch level, department level and team level. Female employees work mainly in sewing lines with the rate of 76%. This is also the most crowded labor force in the Company, directly making products. Therefore, TNG's Board of Management has determined that the welfare regime for female employees plays a very important role in governance, helping them feel secure and stabilize their lives, thereby encouraging them to work and has a strong attachment to the Company.

### DETAILED DATA

No.	Content	Data	%
1	Total number of employees entitled to maternity regime	870	6%
2	Total number of employees ended the maternity regime	870	100%
3	Total number of employees returning to work after 6 months of maternity leave	786	91%
4	Tổng số CNCNV xin nghỉ giãn theo chính sách tăng thời gian thai sản của Công ty	75	86%
5	Total number of employees returning after maternity leave	786	91%
6	Total number of employees retaining after 12 months of maternity leave	786	91%

### POLICY ON FEMALE EMPLOYEES

In 2018, the Company issued policies on female employees as follows:

Policies on supporting pregnant employees such as Providing chairs with seatback, not arranging jobs that require carrying heavy loads, frequently travel or contact with chemicals, operating specialized machines. Along with female employees to monitor pregnancy by making a book to monitor antenatal examination, remind and create conditions for female employees to go for antenatal examination. Training, propagating knowledge of pregnancy and raising small children. The amount of postnatal support is VND 300,000/person/child. Total amount spent in 2018: VND 261 million.

Maternity regime for male employees: Male employees who have a wife giving birth to the children are entitled to a paid leave of 5 - 7 days. The Company has applied this policy before the Law comes into effect for 1 year, creating conditions for male employees to better take care of their family. The total number of employees enjoying male maternity regime: 482 people, with a total amount of VND 565 million.

The Company also has a policy on increasing maternity leave of female employees by 6 months if they have difficulties in raising their children, health or due to any problems that they cannot return to work after the maternity leave. The Company is committed to arranging work as soon as such female employees return to work. The total number of female employees entitled to this regime was more than 100 people.

### OTHER SUPPORT POLICIES

The policy of child-minding support for the employees has been implemented differently by TNG. In addition to support in terms of costs, TNG has opened kindergartens in the living areas of the employees. Over the past years, the Company has opened 05 classes with a total of 150 children.

The Company also pays attention to the children of employees through organization of programs on the occasion of International Children Day on 1/6, Mid-Autumn Festival, giving gifts to children with high study achievements, organizing visits and tours for children of employees.

TNG always considers supporting and accompanying employees with difficult conditions so that they have more motivation to live and work as one of our guidelines.

In 2018, the Company supported the construction of 10 houses of gratitude with a total amount of VND 500 million. Supporting 151 employees with houses damaged in the tornado with a total amount of VND 251 million.

Social insurance is a compulsory policy of the state but this is also the policy that TNG is committed to fully implementing for its employees "No insurance debt". This is one of the policies to ensure life and health for the employees so that they can feel secure to participate in the work.

In 5 years from 2014 to 2018, the number of people participating in insurance and the amount of social insurance contribution of TNG increased rapidly, with the rate of 13 - 28%. The rate calculated since 2014 has increased by 70%.

### CHART OF SOCIAL INSURANCE BUDGET IN TNG OVER THE YEARS

Year	Number of participants	Total amount of social insurance contribution
2014	7,570	72,651,820,424
2015	8,528	95,064,037,291
2016	8,536	120,427,671,709
2017	10,095	144,106,349,570
2018	12,879	188,853,864,004





## ACCOMPANYING THE LOCALITY'S DEVELOPMENT

### REPORT ON RESULTS OF CHARITY AND SOCIAL SECURITY WORK

The charity and social security work is always one of the key missions that TNG has paid attention to. This is an important task expressing the deep humanistic meaning in TNG's sustainable development process. This activity has contributed to improvement of local people and ethnic minorities' lives in the mountainous and remote areas.

In 2018, the result of charity activities for the poor TNG achieved as follows: Support and advocacy with total amount of: VND 3.046 billion. Specifically:

NO.	Content	Quantity/ Address	Amount (VND)
1	Support to build houses of affection		475,000,000
2	Donate to humanitarian funds		20,000,000
3	Donate warm clothes to Phu Luong District	2000 unit	500,000,000
4	Donate 2,000 warm clothes to Phu Binh District	2000 unit	500,000,000
5	Donate 2,000 warm clothes to Dai Tu District	2000 unit	500,000,000
6	Donate 2,000 warm clothes to Vo Nhai District	2000 unit	500,000,000
7	Donate 2,000 warm clothes to Dong Hy District	2000 unit	500,000,000
8	Support disabled and disadvantaged children		16,000,000
9	Donate to the disabled and children in especially difficult circumstances	Thai Nguyen	10,000,000
10	Donate to "Build the Village lighting road"	Tien Hoi - Dai Tu	20,000,000
11	Donate to the Blind fund	Thai Nguyen	5,000,000
<b>Total</b>			<b>3,046,000,000</b>

Implementing the Plan No. 120/KH-UBND-UBMTTQ dated October 10, 2018 by the People's Committee, Vietnam Fatherland Front Committee on coordination to organize activities of the peak month **"For the Poor"** in 2018, response to the movement of **"The whole country joins hands for the Poor - Do not leave anyone behind"**. TNG Investment and Trading Joint Stock Company has registered to donate to **"For the Poor"** fund in 2018 and 2019 to build houses of affection for families in difficult circumstances inside and outside the Company in localities where the Company's branches locate as follows:

NO.	District/Town/City	Quantity of houses	Amount (VND)	Quantity of warm clothes (unit)	Amount (VND)
1	Song Cong City	02	100,000,000	3,000	600,000,000
2	Phu Binh District	02	100,000,000	3,000	600,000,000
3	Phu Luong District	01	50,000,000	3,000	600,000,000
4	Dai Tu District	01	50,000,000	3,000	600,000,000
5	Dong Hy District	02	100,000,000	3,000	600,000,000
6	Vo Nhai District	02	100,000,000	3,000	600,000,000
<b>Total</b>		<b>10</b>	<b>500,000,000</b>	<b>18,000</b>	<b>3,600,000,000</b>

### UNION AND COMMUNITY ACTIVITIES

The cultural, social, sport and union activities are appreciated by TNG and considered as an integral part of activities towards the sustainable development process. Thus, enhancing capacity, living and working conditions for all officers and employees, supporting local people and towards to useful activities for the society are always focused on building and developing. In 2018, TNG had many meaningful activities. Specifically:

#### EMULATION AND REWARD

##### ❖ Contest of Excellent labor at the Company level in 2018

In order to help all officers and employees enhance their technical skills, inquire and exchange experiences, promote Labor emulation movement, TNG organized the Contest of Excellent labor at the Company level in 2018.

The Contest attracted 6,117 participants at 3 levels including Garment teams, Branches and Company. At the end of the Contest, the Company awarded 6 First prizes with VND 10 million per each; 12 Second prizes with VND

5 million per each; 15 Third prizes with VND 3 million per each, and 24 Consolation prizes with VND 500 thousand per each. Total amount awarded by the Company at the Contest was more than VND 176 million. Besides, those who won the First and Second prizes would be given special way to raise their salary ahead of time according to Income distribution rules in 2018 of the Company.

##### ❖ TNG Singing Festival

TNG Singing Festival was organized on the occasion of the 39th Anniversary of the Company. Simultaneously, the Festival was also an entertainment playground for all officers and employees, contributed to maintaining and developing the art and cultural movements, encouraged and enhanced the spiritual life, created friendly and positive working environment, so promoted working spirit of all officers and employees, contributed to improving labor productivity.

TNG Singing Festival in 2018 had the main contents: the love with singing and pride of homeland, praising the Party and Uncle Ho, the love with the Country and Thai Nguyen's people, and praising the Company. TNG awarded many prizes in order to encourage and promote the art and cultural movements, towards the better life of all officers and employees.



# ACCOMPANYING THE LOCALITY'S DEVELOPMENT

(continued)

## EMULATION AND REWARD (continued)

- ❖ *Contest of Excellent Hygiene and safety officer - Rescue officer and Fire protection manoeuvres*

In 2018, the Company organized the Contest of Excellent Hygiene and safety officer - Rescue officer. The contest attracted many officers and employees, many adequate prizes were awarded to the excellent ones. Additionally, TNG usually organizes fire protection manoeuvres. These are the extremely meaningful activities aiming at the goals of labor safety and hygiene, fire prevention in business and production operations of the Company, simultaneously enhancing knowledge and skills for Hygiene and safety officers - Rescue officers at units.

- ❖ *Reward technical innovations and scientific topics*

To constantly improve the creative spirit of all officers and employees. In 2018, TNG had many activities to promote the technical innovations and scientific topics, awarded to the collectives and individuals who got excellent achievements in undertaking the research topics and technical innovations, thus, contributed to improving productivity, quality and efficiency in the Company.

- ❖ *Monthly rewards*

TNG has reward rules and fund for officers and employees with outstanding achievements every month. Accordingly, monthly, the units and departments with many outstanding achievements will be rewarded worthily. In 2018 only, TNG timely encouraged and rewarded departments and individuals with excellent achievements at work with amount of up to VND 8.6 billion.

Monthly reward of TNG is implemented on the basis of fairness and transparency. Thus, the reward promoted the Labor emulation movement of all officers and employees, contributed to personal development and developing TNG stronger and stronger.

## TNG YOUTH UNION AND COMMUNITY WORKS

- ❖ *TNG Youth Union and fund to build houses of affection*

With the spirit of mutual support, joining hands for the Poor, not leaving anyone behind. In 2018, TNG Youth Union and Union Executive Committee donated funds to build houses of affection for youth union members in difficult circumstances with amount of VND 150 million.

Supporting costs to build houses of affection for youth union members in difficult circumstances is a very practical act, it demonstrates the spirit of willing and voluntary of the Company's youth in charity and social security activities, encourages youth union members to strive at work, actively participate in the movements and activities of the Union.

- ❖ *Youth Union participates in ensuring traffic order and safety*

Every year, TNG Youth Volunteer Team has a program to coordinate with traffic police ensure traffic order and safety in Thai Nguyen City. This is a practical activity to promote the willing and voluntary role and spirit, step up the movements of the Company's youth, including activities to ensure traffic order and safety, contribute to minimizing accidents and traffic jams in the area.

## IMPROVEMENT OF CULTURE AND SPORTS FOR TNG OFFICERS AND EMPLOYEES

- ❖ *TNG organized men's and women's football tournaments*

Understanding that the physical and mental health of officers and employees is the precious capital of the Company. Therefore, TNG always focuses on organizing sport competitions to improve the spiritual and physical life for officers and employees. In 2018, TNG successfully organized men's and women's football tournaments for officers and employees. The tournament was a useful sport playground helping workers improve their health, spiritual life, and increase solidarity between officers and workers among units.

- ❖ *TNS's Youth learns and follows Ho Chi Minh's thoughts and morals*

In 2018, to celebrate the 128th anniversary of President Ho Chi Minh's birthday; 70 years of President Ho Chi Minh's call for patriotic emulation. TNG Youth Union implemented the Program of "Journey to source in 2018" at the Ho Chi Minh Mausoleum and the K9 Da Chong relic. This was one of the programs within the framework of improving culture and education for officers and employees that TNG paid special attention. These activities helped youth union members of the Company have a better understanding about the leader, the history of Vietnamese culture, build and develop more knowledge about culture for TNG people.

## TNG AND SOCIAL SECURITY, COMMUNITY DEVELOPMENT IN LOCALITIES

- ❖ *TNG donated 10,000 warm clothes to policy beneficiaries and disadvantaged families in 5 districts in Thai Nguyen province*

In the Tet holiday for the Poor in 2018, TNG donated 3 houses of affection for poor households in Dinh Hoa district with a total value of VND 105 million and donated 10,000 clothes, totaling VND 2.5 billion to the poor households, policy beneficiaries, people with hardship in difficult circumstances, social protection beneficiaries, patients with serious diseases in Dong Hy, Phu Luong, Phu Binh, Vo Nhai and Dai Tu districts, including 2,000 clothes worth VND 500 million per each district. This is an activity in the series of charity and social activities associated with the localities done by TNG every year.

- ❖ *TNG - awarded a construction work worth VND 1.2 billion to Nam Hoa Primary School*

Joining hands for the development of the localities is one of the top priority programs in TNG's social work. At the same time, to express gratitude to the localities as well as the people's children in Nam Hoa area - where TNG places Dai Hy TNG Factory. In 2018, the Company donated the construction of school yard and drainage system, worth VND 1 billion and 200 million. The work would contribute to serve cultural activities, education and training development of the school, meet the needs of learning and training for students, contribute to improving the material life and culture for students.



**FIRE PROTECTION AND RESCUE AND REHEARSE**

As a production and garment unit, TNG considers that Fire protection plays a very important role in ensuring people's lives as well as TNG's assets. TNG's factories always operate with large capacity and continuous operation; large stores of fabrics and goods must always be carefully guarded.

- ❖ Fire protection is carried out by TNG synchronously throughout the system, applied to all factories, firms, branches as well as workshops.
- ❖ Always propagandize the awareness of fire protection to each officer and employee.
- ❖ Apply periodic inspection to avoid possible negligence.
- ❖ Fire protection rehearse are taken place regularly.
- ❖ Specialized and periodic training for working groups at TNG.
- ❖ Implement risk identification and assessment with 298 production stages to identify hazards and propose preventive and management measures.

Fire protection and rescue rehearse was organized and professionally trained at 5 factories: Viet Duc, Viet Thai, Song Cong, Dai Tu and Phu Binh with 406 turns of participants.

The rehearse content included the following tasks and sequences: Fire alarm; power cut; getting out of danger and gathering to take complement roll-call; gathering fire protection and rescue groups; deploying forces, means and assigning tasks: fire fighting, rescue; inform the Thai Nguyen Fire Protection Police; report on the situation of deploying forces, fire fighting equipment and coordinate to implement the command of the Provincial Fire Protection Police (when present at the scene).

Contest of Excellent Hygiene and safety officer - Rescue officer was drastically implemented to improve skills and profession for the Safety and Hygiene officers, and Rescue officers at the Company's units.



"Warm clothes for highland children" program



Cultural exchange



Party congress



Donated 1.2 billion project for the Nam Hoa high school



## THE RIGHT TO JOIN TRADE UNION AND COLLECTIVE NEGOTIATION

Trade Union of TNG Investment and Trading Joint Stock Company was established in 1979. Over 40 years of establishment and development, the Executive Committee of the Trade Union has now 18 comrades including 1 Chairman, 02 Vice Chairmen and 15 comrades as members of the Executive Committee.

### THE COMRADES IN THE EXECUTIVE COMMITTEE ARE ASSIGNED THE FOLLOWING RESPONSIBILITIES:

- ❖ Propagate, disseminate and mobilize employees to implement the Party's guidelines and policies, the State's policies and laws, the tasks of the Trade Union and the Company's rules and regulations.
- ❖ Check and supervise the execution of laws related to the rights of employees and Trade Union. Participate in supervising the development of salary scale, labor norms, salary payment regulations, bonus regulations, internal rules and labor agreements.
- ❖ Coordinate with employers to implement democratic regulations, organize conferences for employees, dialogues at the workplace.
- ❖ Coordinate with employers to organize emulation movements, encourage production and business development, take care of mental and material life of the employees.
- ❖ Coordinate with employers to organize activities to promote the movement of ensuring occupational safety and health, direct the network of occupational safety and health to operate in line with the provisions of the law.
- ❖ Canvass the employees to participate in social activities, help each other in careers, and help each other to prevent social evils in life.

### TNG POLICY ON FREEDOM OF ASSOCIATION

#### BOARD OF MANAGEMENT OF TNG INVESTMENT AND TRADING JOINT STOCK COMPANY UNDERTAKES THAT:

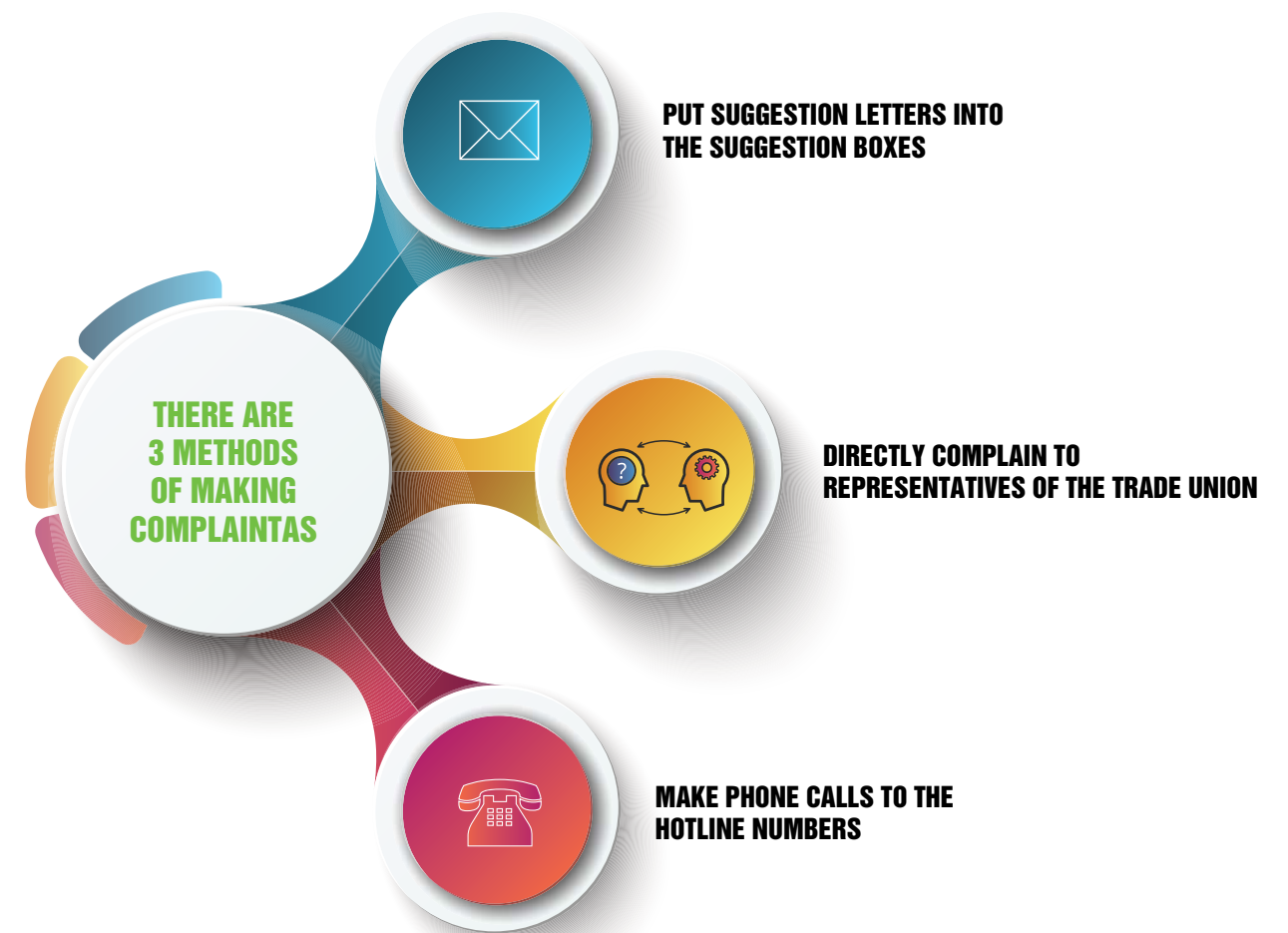
- ❖ "All employees working at TNG are free to: Select, join, refuse to join, leave associations/organizations/

collectives of Trade Union and employees in the Company and entitled to freely establish associations/ organizations or other collectives that do not violate the provisions of the law, the rules and policies of the Company, not affecting the production and business situation and behavioral culture of the Company".

- ❖ TNG Investment and Trading Joint Stock Company prohibits all organizations and individuals within the scope of the Company to hinder the freedom of travelling, meetings or participation in State-recognized organizations.
- ❖ It is strictly forbidden for individuals to induce, incite or threaten others to join organizations established by themselves or others.
- ❖ The factories allow their employees to freely travel around the factories to address individual needs or leave the factories for reasons of force majeure.
- ❖ Managers at all levels must respect the freedom of living and collective negotiation of the employees.
- ❖ In order to have a good working environment, the factories must not use the power or presence of police or the military to frighten the employees during working hours, in the factories premises.
- ❖ The factories have no right to dismiss, punish or apply forms of threatening or compelling the employees to participate in or refuse to participate in activities of the Trade Union.
- ❖ Trade Union members have the right to freely vote for their representatives at the factories and to take part in activities of the Trade Union. The factories have no right to interfere with these freedoms of Trade Union members.
- ❖ Trade Union members have the right to take part in collective dialogues, freely to raise their voice and make petitions according to the contents of the dialogues and be guaranteed not to bear any act of reprisal, intimidation or retaliation.
- ❖ All the employees are provided with training to know their rights related to this policy. The factories always consider this an important part in their yearly training programs for the employees.

TNG has developed a detail, clear and easy-to-understand complaint mechanism. This mechanism is widely disseminated to all employees to ensure that they know what they need to do when there is a problem to complain about.

Hotline numbers are posted at all workshop doors, areas regularly passed by the employees; Suggestions boxes are hung in the areas regularly passed by the employees and without cameras such as toilets, canteen, etc.



The suggestion boxes will be opened periodically twice a week to promptly obtain information from the employees and take actions.

All complaints of the employees will be kept confidential and specifically recorded.

The Company's policy in resolving complaints: Transparency and non-retaliation. We have developed a for resolving complaints and will determinedly implement to give the employees an equal and safe working environment.



## CHILD LABOR AND FORCED LABOR



### POLICY ON CHILD LABOR AND FORCED LABOR

TNG is committed to not using employees under 15 years of age at all stages and departments at all TNG branches. Not using juvenile employees to do heavy and hazardous works, not working more than 40 hours per week. There is no forced labor in any position/job/situation, etc.

The Company has developed a process to detect and prevent children from entering the production area to ensure the goal that no children under 15 years of age will

appear in the production area and avoid occupational safety and legal risks. All candidates applying for positions are carefully checked by recruitment staff, compared with original documents or reconciled, surveyed through local authorities to accurately determine the age of workers before recruiting. For juvenile employees, the Company has a strict management and monitoring process. At the same time, TNG also has a strict process for anti-forced labor, which is clearly shown as follows:

### PROCEDURE FOR ANTI-FORCED LABOR

Implementation individuals/units	Flowchart	References
<b>Step 1: Detector</b>	When detecting any act of forced labor, send letters or inform the Department of Administrative Organization	Petitions, letters, emails, phone calls or direct denunciation (if any)
<b>Step 2: Department of Administrative Organization, designated staff</b>	Receiving information and investigating to collect relevant evidence	Written confirmation of receiving information (may confirm directly on petitions or letters)
<b>Step 3: Department of Administrative Organization, designated staff</b>	Consideration	
<b>Step 4: Department of Administrative Organization, designated staff</b>	Making minutes of handling	Investigation minutes
<b>Step 5: Participants in Section II - Guidance on procedure for handling disciplinary violations</b>	Conducting a disciplinary violation handling	Guidance on procedure for handling disciplinary violations
<b>Step 6: Department of Administrative Organization, Trade Union</b>	Archiving records	Investigation minutes, disciplinary decision violating minutes



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