



Century Synthetic Fiber Corp.

## 2019 SUSTAINABILITY REPORT

2019 SUSTAINABILITY REPORT | Century Synthetic Fiber Corp.



### **CENTURY SYNTHETIC FIBER CORP.**

#### **Headquarter**

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#### **Branch**

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#### **Representative office**

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

# Blue The Ocean By Recycling Of The Plastic Water Bottles

## SUSTAINABLE ACHIEVEMENTS OF STK IN 2019



### **CSI 100:**

STK was ranked in top 10 of the Vietnam's Top 100 Sustainable Enterprises in 2019, according to the CSI 100 Index (manufacturing sector). This is the 4th time in 4 consecutive years that STK has received this honorable award (2016-2019).



### **ARA 2018 - 2019:**

STK was ranked in top 10 of the best sustainability reports in 2019 with the mid-cap scale in 2 consecutive years (2018-2019).

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## Chairmain message (GRI 102-14)



Dear esteemed shareholders and investors,

I am very pleased to share with you the STK Sustainability Report 2019. We hope this report will bring you useful information on STK's business performance in last year as well as the strategy and business plan of STK in the upcoming years.

The year 2019 was closed with an encouraging result of Vietnam's textile and apparel industry. The total export turnover in 2019 of the domestic textile and apparel industry recorded USD 39 billion, increasing by 7.5% as compared to 2018.

STK recorded the sales revenue of VND2,229 billion, declining slightly by 7.4% and the Company's profit after tax reached VND 214.6 billion, increasing by 20.3% as compared to over the last same period, surpassing 7.9% as compared to the set plan. Although there were unfavorable conditions such as the trade war between US and China, Chinese yarn producers dumped selling price in different markets, STK still preserved the steadfast to maintain and develop further the customer network and markets; implementing research and development of



**The total export turnover in 2019 of the domestic textile and apparel industry recorded USD 39 billion, increasing by 7.5% as compared to 2018.**

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new products; practising well management of human resources; enhancing the Company's production performance.

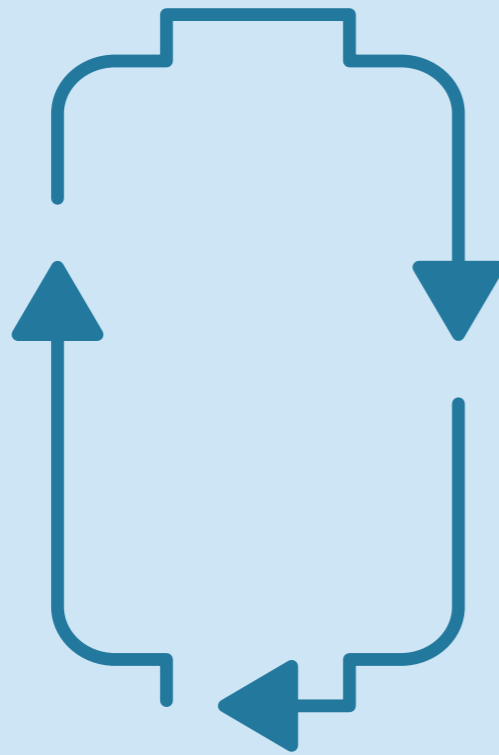
STK continuously improves its corporate governance regime, aiming to enhance the Company's operational efficiency and optimize the benefits of related parties. In 2019, STK continued to cooperate with the supplier - Oerlikon Barmag in order to implement the digitalization project for establishing the smart factory, building the foundation for the artificial intelligence's application in production management and enhancing overall operational efficiency.

The Company was also consistent in terms of implementing environment protection policies, boosting the sustainable production and consumption through building a sustainable development strategy towards green fashion. STK has successfully exploited the trend of using recycle yarns of international fashion brands, raising the proportion of this product from 16.5% in 2018 to 35% in 2019 of the total revenue. Thanks to technical flexibility in changing product mix and strategies to raise the proportion of high value-added products as well as the success in enhancing product quality and lowering costs, STK's operation efficiency has been improved significantly in 2019.

We hope that with the great efforts of the Board of Management and employees and the strong support of shareholders, STK will achieve sustainable development objectives and have further improvements in the coming years.

**Dang Trieu Hoa**

Chairman



## OVERVIEW OF CENTURY SYNTHETIC FIBER CORPORATION

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## I.1 / The Company profile

The Company's name (GRI 102-1)

**Century  
Synthetic Fiber  
Corporation**

Trading name

**Century Corp.**

Stock code

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

Business scope (GRI 102-2)

STK manufactures and trades polyester filament yarns, including DTY and FDY.

Legal form and ownership (GRI 102-5)

Joint Stock Company



Headquarter (GRI 102-3)

B1-1 North West Cu Chi Industrial Zone,  
Cu Chi District, Ho Chi Minh City

Branch (GRI 102-4)

Street 8, Trang Bang Industrial Zone,  
Trang Bang District, Tay Ninh Province

Representative office (GRI 102-4)

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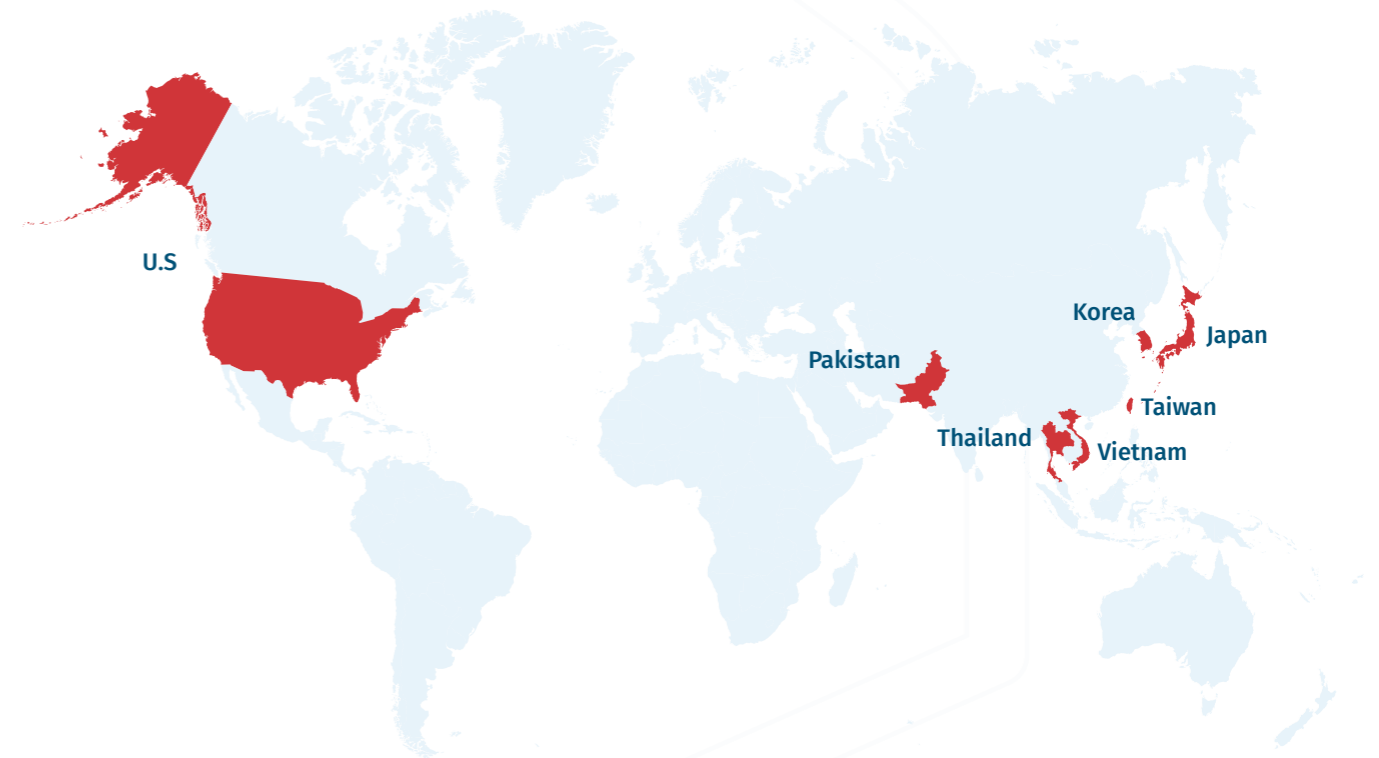
Tax Registration Number (GRI 102-5)

**0302018927**

Chartered Capital

**VND707,269,440,000**

STK's global presence (GRI 102-6)



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

**Production capacity (GRI 102-7)**

- > The company has two factories located in Cu Chi and Trang Bang districts with a total land area of 68,000 m<sup>2</sup>. With continuous expansion and increasing capacity, at 31/12/2019, the total capacity of the Company was 63,300 tons of DTY and FDY.
- > In late-2018, the Company also set up one production line to recycle waste yarn into PET Chip with the capacity of 1,500 tons per year.

**I.2 / Overview**  
**of 2019 sustainability development report**

**Sustainable values that STK created to related parties**

**STK'S MAIN RESOURCES**



**STK'S BUSINESS MODEL**

**Vision**

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

**Values**

We appreciate customers and always provide reasonable and profitable solutions to satisfy customers' requirements. Each of Century Synthetic Fiber Corporation (CSF) members always cooperates and support each other to achieve the Company's goals. We are never satisfied with the current achievements and longing for improvement in our performance, effectiveness and quality of life.

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

**Mission**

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

**4Ms Business model**

- > **Machines:** investment in cutting edge machinery (saving energy consumption, ensuring the product quality).
- > **Man:** concentrating on the quality of new recruitment, continuously training the academic knowledge, perfecting the labor's policies.
- > **Materials:** purchasing high quality raw materials from trusty suppliers to ensure the product quality.
- > **Management:** applying modern management regime, aiming to ensure the product quality, customer service and saving costs.

**STK'S ACHIEVEMENTS**

**Sales revenue**  
**VND 2,231** billion

**TAXES CONTRIBUTION**  
**VND 167.8** billion

**Average increase of wages** **7%**

**Carboon footprint value declined** **6%**

**Profit after tax** **VND 214.4** billion

**The number of waste water bottles that STK indirectly recycled from 2016-2019** **1.34** billion bottles

**Labor accident** **0** cases

**Satisfactory ratio of customer service** **70%**

- > The Sustainability Development Report of STK is compiled annually, primarily aiming to publicize and provide official information about the Company's business performance as well as the assessment on fulfillments of the Company's sustainable development objectives in the reported year.
- > The Company prepared the Sustainability Development Report separately from the Company's Annual Report in order to provide an overall picture of the Company's operation activities in 2019 as well as the Company's objectives and responsibilities towards sustainable development goals in 2020 and vision to 2025.
- > By sharing the sustainable development report to related parties, we hope to receive constructive feedbacks in order to continuously review and improve in those matters of concern for the related parties.
- > Furthermore, the annual Sustainability Development report is also considered as a good practice for the Company to review and re-evaluate the effectiveness of the Company's sustainable development activities in the year, as well as to provide advices and supports to the Board of Directors and Board of management members to promptly update the most appropriate orientation development strategies for the Company.

#### Scope of report and boundary:

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

#### The application of report standard: (GRI 102-54)

- > The 2019 Sustainability Development Report is prepared in accordance with the GRI standards – a recognized international standard from Global Reporting Initiative Standards (GRI) under core contents. The report is also directly supported by The Competitive Trade Program (CSRCP) which is sponsored by GRI in order to improve the competitiveness and reporting quality of Vietnamese enterprises. The standard helps STK and others businesses to strongly participate in the global value chain.
- > The report content is concentrated on 4 key matters: GRI 100 General Information; GRI 200 Economic Issues; GRI 300 Environmental Issues; GRI 400 Social Issues.
- > In Q2.2019, STK had sent in-charge staff to GRI training sessions in order to learn about the methodology of making the sustainability report in accordance with GRI standard.



**Reporting period:** In the fiscal year 2019 (GRI 102-50)

**Latest date of report:** 31/12/2019. (GRI 102-51)

#### Report quality:

STK is committed to provide accurate, certain, reliable and up-to-date information within the report (refer further information in Article II.6.8).

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

#### The evaluation criteria including:

- GRI – 404:** Average training hours per year;
- GRI – 413:** Contribution activities to the local community;
- GRI – 401:** Average salary of employees and minimum regional wage scale;
- GRI – 306:** Parameters of environment measurement report;

**Reporting cycle:** annually performing

#### Contact address (if any question):

##### INVESTOR RELATION TEAM – CENTURY SYNTHETIC FIBER CORPORATION

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

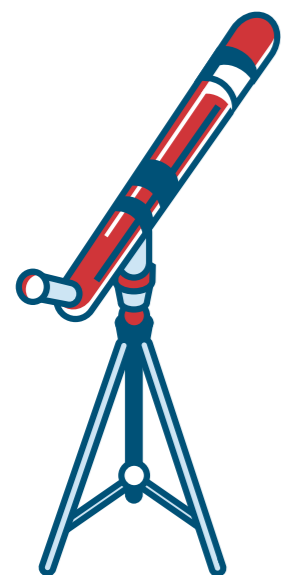
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### 1.3 / Vision - mission

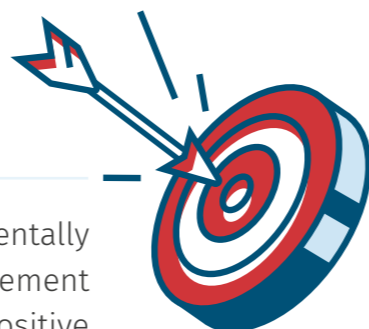


#### VISION

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

#### MISSION

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



### 1.4 / STK's values

#### Serving customers

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

#### Improving continuously

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

#### Uniting ourselves

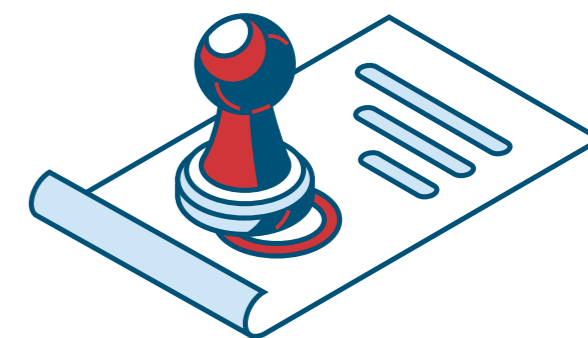
Each of Century Synthetic Fiber Corporation (CSF) members always cooperates and supports each other to achieve the Company's goals.

#### Developing together

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

### 1.5 / Our Commitments

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



## 1.6 / Key milestones

### Established first factory at Cu Chi District

Established on 01/06/2000.

Main product: DTY

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

2000

### Investment of capacity expansion

Doubled capacity to 9,600 tons of DTY per year to meet market demands.

2003

### Completed fully-integrated chain

Completed the expansion up to 14,500 tons of POY per year & 15,000 tons of DTY per year.

2005

2008

2011

### Converted into JSC. – A strategic reform

Converted into a JSC. and the name was changed to Century Synthetic Fiber Corp.

### Developed new product FDY

Raised the Company's entire capacity to 37,000 tons of DTY and FDY and 29,500 tons of POY per year.

## 1.6 / Key milestones (cont.)

Caught up the fiber world's trend & opportunities

Expanding project for Trang Bang factory-Phase 3.  
IPO by issuing 3 million shares.

2014

Began to produce Recycled yarn

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

2016

Officially listed on HOSE, successfully developed "Recycled yarn"

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

2015

2017

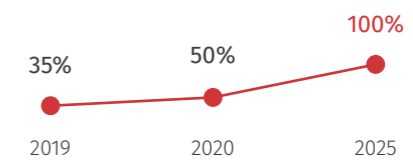
Taking advantage from markets, harvesting success

Raising total capacity to 63,300 tons per year.

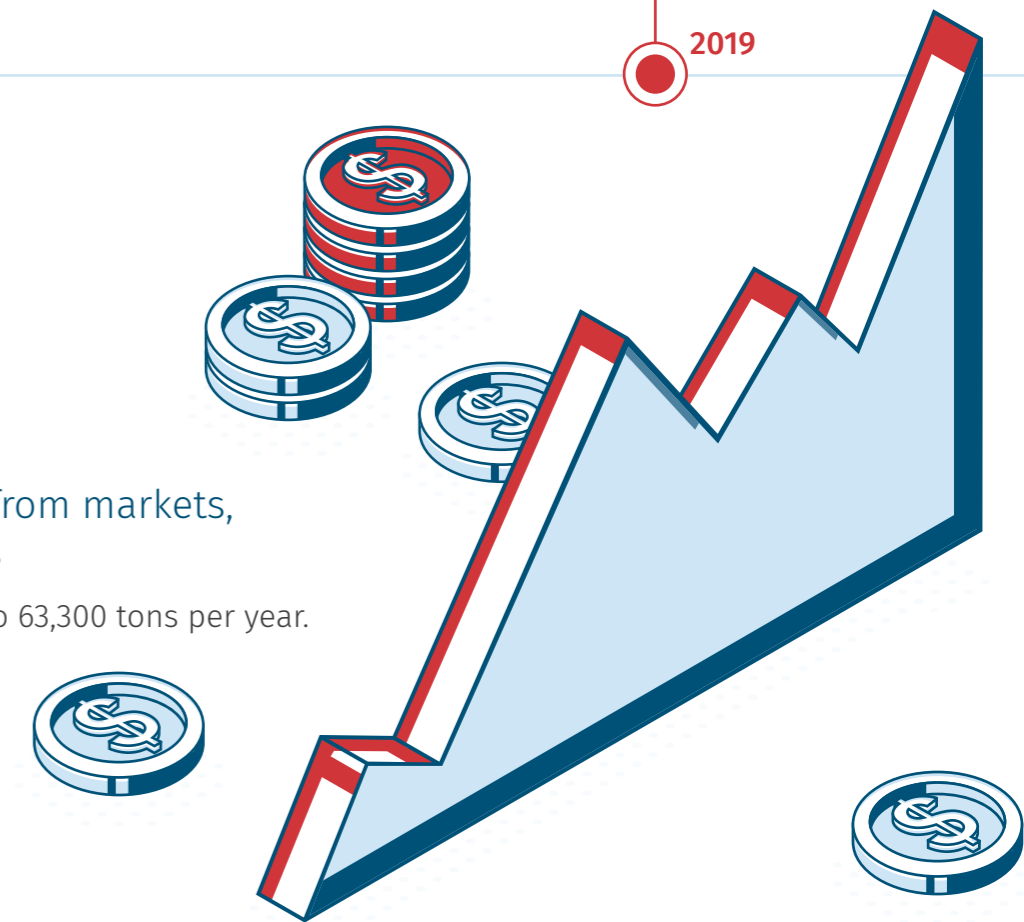
Consistently achieving targets

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

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



2019



## 1.7 / Improvements in 2019 sustainability report (GRI 102-49)

Having learned experiences from 2018 sustainable development report, the Company made the following improvements to this year report:

- (1) Full applying the GRI-Standards into the sustainability report;
- (2) Adding of the participation of the Company internal audit team;
- (3) Adding information of the Company market presence;
- (4) Adding of more detail information in the report assurance by third party;
- (5) Adding information of the Company's market capitalization;
- (6) Adding information of customer's health and safety;
- (7) Adding information of socio-economic compliance;
- (8) Adding information of the global and industry sustainable development contexts;
- (9) Adding information of the Company's sustainable development governance structure;
- (10) Adding information of the Company's sustainable value chain;

## 1.8 / STK's awards and ranking

### CERTIFICATIONS AND AWARDS

#### 2019

- > Top 100 Sustainable Enterprises 2019 (CSI100) organized by VCCI for 4 consecutive years. Top 10 Sustainable Enterprise in manufacturing sector in 2019.
- > Top 10 Best Annual Reports in Vietnam Listed Company Award ("VLCA") 2019 organized by HOSE, HSX, VIR and Dragon Capital.
- > Top 10 Best Sustainability Development Report in VLCA 2019.

#### 2018

- > Top 100 Sustainable Enterprises 2018 (CSI100) for 3 consecutive years.
- > Top 10 Sustainable Development Reports in VLCA 2018
- > Top 90 Annual Reports in VLCA 2018.

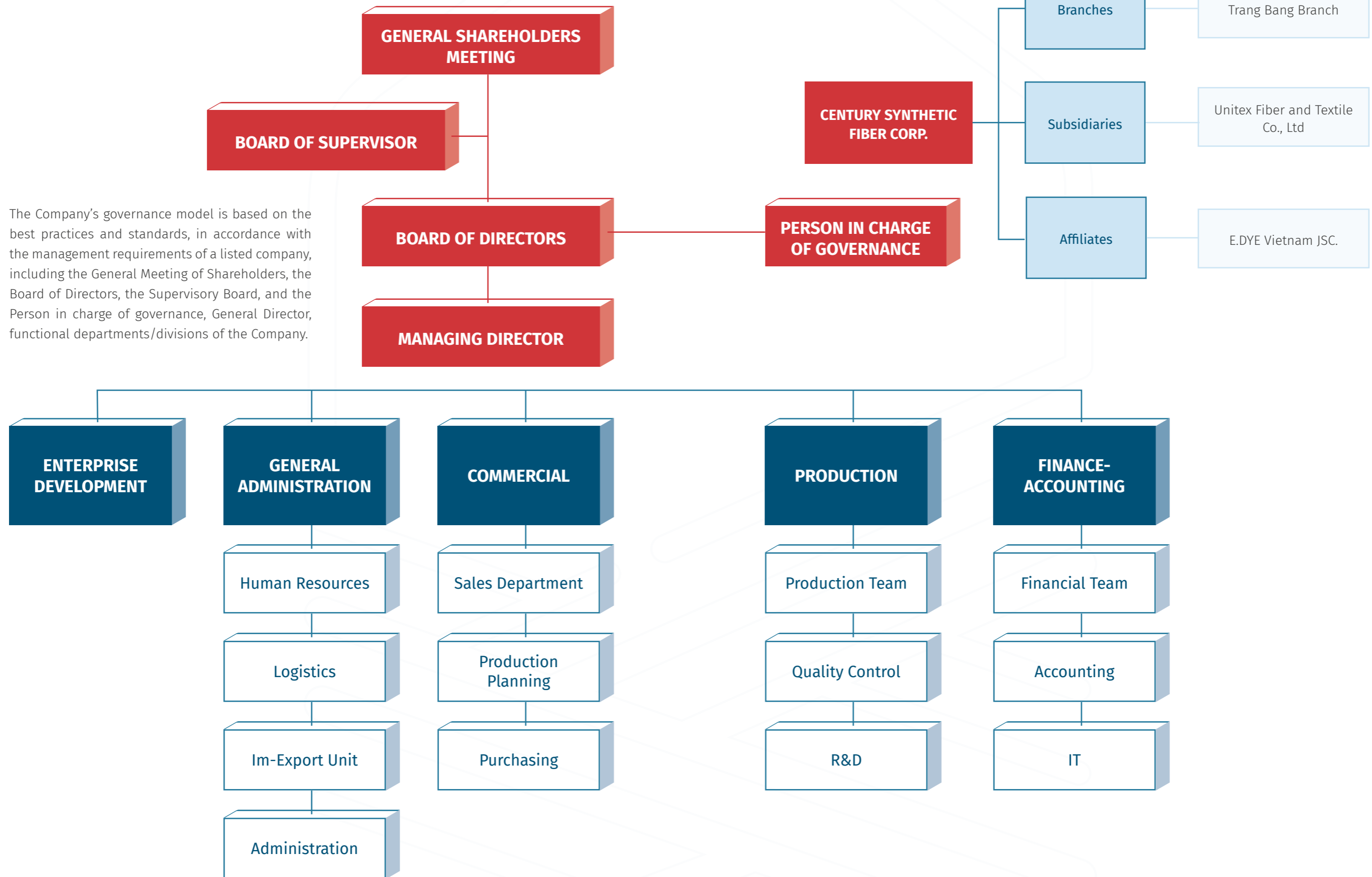
#### 2017

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



**1.9 / Organization chart (GRI 102-18)**

Organization structure of subsidiaries and affiliate units:



The Company's governance model is based on the best practices and standards, in accordance with the management requirements of a listed company, including the General Meeting of Shareholders, the Board of Directors, the Supervisory Board, and the Person in charge of governance, General Director, functional departments/divisions of the Company.

|  | Environment Protection   | Economic Development  | Development of society and labors  |
|--|--|---|--|
| <p><b>1</b></p> <p><b>Production Planning</b></p>          | <ul style="list-style-type: none"> <li>&gt; Building up a detail production plan.</li> <li>&gt; Setting norms for materials and energy consumption per 1 product unit.</li> <li>&gt; Planning to reuse the production materials.</li> <li>&gt; Developing saving plan of electricity, water and fuel usage.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Proper arrangement of equipment and machinery to ensure production efficiency.</li> <li>&gt; Ensuring the stable operation of machines, avoiding machines stopping to save cost.</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Planning training courses for working skills and technical knowledge enhancement.</li> <li>&gt; Staffing arrangement to ensure stable provision of human resources for production activities.</li> <li>&gt; Providing health and safety equipment to employees.</li> <li>&gt; Planning to use the local raw materials supplies.</li> </ul> |
| <p><b>2</b></p> <p><b>Importing Materials</b></p>          | <ul style="list-style-type: none"> <li>&gt; Auditing the material suppliers according to environment responsibility standards.</li> <li>&gt; Inspection of the quality and origin of materials</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Effective price negotiation.</li> <li>&gt; Raw material checking to minimize the portion of low quality imported materials.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Providing professional knowledge for supplying team.</li> <li>&gt; Using local transportation service.</li> </ul>  |
| <p><b>3</b></p> <p><b>Production Processes</b></p>         | <ul style="list-style-type: none"> <li>&gt; Saving electricity and water usage.</li> <li>&gt; Using effectively the energy resource.</li> <li>&gt; Avoid wasting materials and energy resources.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Minimizing the proportion of waste yarn.</li> <li>&gt; Ensuring the machinery is periodically maintained.</li> <li>&gt; Enhancing the proportion of high quality product.</li> <li>&gt; Ensuring customers receive high quality product.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Proper staffing arrangement.</li> <li>&gt; Offering promotion opportunities for employees.</li> <li>&gt; Building a safe working environment.</li> <li>&gt; Building culture of good conducts.</li> <li>&gt; Ensuring fairness and equality.</li> </ul>  |
| <p><b>4</b></p> <p><b>Sales And Consuming Products</b></p> | <ul style="list-style-type: none"> <li>&gt; Providing user instruction for product.</li> <li>&gt; Combining shipment, avoiding using of multiple vehicles.</li> <li>&gt; Reusing the shipment pallets.</li> </ul>  | <ul style="list-style-type: none"> <li>&gt; Being flexible in using different shipping lines to save shipping costs.</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Providing training courses on sales and import-export practices to in-charge staff.</li> <li>&gt; Developing incentive policies for KPIs achievement.</li> <li>&gt; Raising income for local employees.</li> </ul>   |

**THE ADMINISTRATION AND HUMAN RESOURCES DEPARMENTS ARE RESPONSIBLE FOR MAKING DECISIONS REGARDED ON SOCIAL MATTER**

**The key functions of human resources department:**

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

**THE ADMINISTRATION DEPARTMENT IS RESPONSIBLE FOR MAKING DECISION REGARDED ON ENVIRONMENT MATTER**

**The key functions of administration department:**

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

**THE SALES TEAM-SALES DEPARMENT IS RESPONSIBLE TO MAKE DECISIONS REGARDED ECONOMIC MATTERS**

**The key functions of sales department:**

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

### 1.9.3 ASSESSMENT OF THE BOARD OF MANAGEMENT ON SUSTAINABILITY DEVELOPMENT ACHIEVEMENTS (GRI 102-28)

**The assessment process:** Upon the Company's business performance report, social-labor report, environment inspection report and monthly KPIs completion progress of each department in the Company, the BOD will give comments and make evaluations on the Company's sustainable development achievements in last period as well as provide new development directions for upcoming periods (*refer further to Article 11.6.5*).

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

In 2019, STK's management team and employees united and exerted to improve the Company's performance, enhance the production efficiency and cut resources and energy consumption. The ultimate result was positive, meeting the Company's objectives in sustainability development.

In particular:

## SUSTAINABLE DEVELOPMENT OF ECONOMY

- > In 2019, the Company's sales revenue reached 85.6% of the set target, the recycle yarn proportion increased significantly and reached 35% in the total sales revenue;
- > Net profit surged by 20.6% as compared to 2018 and surpassing by 7% as compared to 2019 budget, providing stable financial standing for the Company to continue invest and develop further in coming time;
- > The Company timely embraced the opportunity and gradually developed further into new markets, typically the US market;
- > The STK's financial standings became healthier, gaining investor's trust, setting a strong foundation for future developments and enabling the Company to set higher and more sustainable targets in upcoming time;

## SUSTAINABLE DEVELOPMENT OF SOCIAL-LABOR

- > Employees' remuneration increased by 7% as compared to 2018.
- > Besides, welfare policies were also improved sharply as compared to 2018, thanks to new labor policies and proactively caring from the Company's Board of Management;
- > STK continued to keep good practices in taking care of the Company's employees such as giving gifts to employees' children on Children's' Day (1st June), Company trip, Tet gifts and raising fund to support those who have difficult circumstances.
- > The Company gave more than 1-month salary bonus to employees on the occasion of Luna New Year.
- > The Company cooperated with foreign experts (Germany, Taiwan...) to organize training sessions, aiming to enhance the workmanship and professional knowledge for employees. Periodically, the Company's employees will be reviewed the working performance and working skills to consider of promotions, creating opportunities for employees to increase their incomes and contribute better to the Company.
- > The Company created more jobs for the local labors and used indirect services of local suppliers through expansion of TB5 project, dope dyed yarn project, and the plan to raise recycled yarn proportion in total sales revenue..
- > In order to create a friendly and safety working environment, ensuring fairness in workplace, the Company continues to improve the grievance mechanism basing on regulated practices in the Company's Code of Conduct.
- > Periodically conducting machinery inspection and servicing, aiming to ensure the safety in working for the Company's employees.

## ENVIRONMENT PROTECTION

- > Developing eco-friendly yarns: it was noticed of dramatic increase of recycle yarn proportion, accounting for 35% in the total sales revenue, surpassing by 7.5% as compared to 2018.
- > Implementing dope dyed yarn project and putting into production since August 2019 (this is an improvement replacing the traditional dyeing activities, limiting consumption of clean water and chemical and hence limiting discharge of waste water and hazardous chemical.
- > Recycling of waste yarn within TB5 project, contributing to help the Company develop further and expand the market of eco-friendly products.
- > The Company re-used POY bobbins many times, helping to limit the deforestation and land slide. In 2019, number of POY bobbins used was 870,087 bobbins and a bobbin was re-used by 3.56 times, saving 3,097,511 bobbins (if without the practice of bobbin reuse, the number of bobbins to be used should be 3,967,598).
- > The Company's carbon footprint of electricity decreased by 6% as compared to 2018.
- > The Company's carbon footprint of Diesel oil decreased by 75% as compared to 2018.
- > Since the Company's start of recycled yarn production to the end of 2019, STK has helped recycling 1.34 billion of waste water bottles, minimizing impacts on environment, especially reducing the number of waste plastic bottles in the ocean.

**I.10 / Board of Directors  
tenure 2018 - 2023 (GRI 102-22,23,24,27)**

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

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

Qualification: **Business Administration**

Position at STK: **Chairman Cum MD**

Date of appointment: **Since 2005**



**Mr. DANG TRIEU HOA** (51 years old)



**Mr. DANG HUONG CUONG** (44 years old)

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

Qualification: **Business Administration**

Position at STK: **Non-executive member**

Date of appointment: **Since 2005**

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

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

Qualification: **Business Administration**

Position at STK: **Non-executive member**

Date of appointment: **Since 2005**



**Mdm. DANG MY LINH** (48 years old)



**Mdm. CAO THI QUE ANH** (54 years old)

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

Position at STK: **Non-executive independent member**

Date of appointment: **12/01/2015**



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

Education level: **Business Administration**

Position at STK: **Non-executive member**

Date of appointment: **17/04/2018**



**Mr. VO QUANG LONG** (42 years old)

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

Education: **Technology**

Position at STK: **Non-executive independent member**

Date of appointment: **17/04/2018**



**Mr. CHEN CHE JEN** (58 years old)

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

Education: **Finance-Banking**

Position at STK: **Non-executive independent member**

Date of appointment: **17/04/2018**



**Mr. NGUYEN QUOC HUONG** (49 years old)

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

The Company's BOD play important role in setting the sustainable development goals for the Company. At STK, the sustainable development goals are specified into objectives of each department.

In addition, the sustainable development goals of the Company are also quantified as the indicators (KPI) to evaluate and measure the implementation result of the sustainable development goals from each Company's department, ensuring adhering to the common goals of the Company.

The Board of Director keeps carrying out quarterly meetings to update and timely provide guidance for STK's operation and production activities. In the meetings, each social-economic-environmental aspect will be presented directly to the Board of Directors by the Board of management and the Company's BOD members will consider on the provided results in order to make decisions on consecutive improving of the Company's performance.

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



## I.11 / Board of Management organization

(GRI 102-22,23,24,27)

Year: 1969  
 Qualification: Business Administration  
 Working experience:  
 06/2010 to present Chairman/Managing Director, CENTURY.  
 1995 - 2000 Director, Hoan A Trading & Services Co., Ltd.  
 1991 - 1995 Director, Viet Phu Trading & Services Co., Ltd.

% STK's ownership: **13.78%**



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

Year: 1970  
 Qualification: MBA  
 Working experience:  
 11/2010 to present Chief Accountant, CENTURY.  
 03/2004 - 03/2010 Controller/ Accountant, Thanh Cong Textile Garment & Investment Trading JSC.  
 1997 - 03/2004 Accountant, Binh Phuoc Electricity Company.

% STK's ownership: **0.14%**



Mr. **PHAN NHU BICH**  
 Deputy CFO/ Chief Accountant

Year: 1972  
 Qualification: Master of Applied Finance  
 Working experience:  
 01/2015 to present CSO, CENTURY  
 03/2008 - 12/2014 Investment Advisory Manager, Tri Tin Consulting & Investment JSC.  
 04/2005 - 02/2008 Senior Project Manager, Openasia Consulting Ltd.  
 10/2004 - 02/2005 Business Development Officer, Mekong Private Sector Facility ("MPDF").  
 10/2002 - 10/2004 Senior Financial Analyst, PricewaterhouseCoopers (Vietnam) Ltd.  
 03/1997 - 03/2000 Legal Assistant, Deacons Graham & James, Hanoi Branch.

% STK's ownership: **0.01%**



Mdm. **NGUYEN PHUONG CHI**  
 Chief Strategic Officer

Year: 1956  
 Qualification: Bachelor of Physics  
 Working experience:  
 2016 to present Administrative Manager, CENTURY  
 2011 - 2016 KYVY Corporation: Production Manager  
 2008 - 2010 Century Synthetic Fiber Corporation: Deputy Managing Director  
 2002 - 2008 Thai Tuan Textile & Garment Corporation: Manager of Textile factory 1 and Textile factory 2.  
 2001 Century Manufacturing - Trading Limited Company: Workshop Manager  
 1998 - 2000 Thai Tuan Textile & Garment Limited Company: Textile factory Manager.  
 1994 - 1998 Lien Minh Fiber Company (Taiwan, Tan Thuan Export Processing Zone): Workshop Manager  
 1982 - 1993 Viet Thang Textile Company (Thu Duc District): Head of Yarn Testing Laboratory.

% STK's ownership: **0.04%**



Mr. **NGUYEN THAI HUNG**  
 Administrative Manager

## I.12 / Board of Supervisors (GRI 102-22,23,24,27)



**Mr. NGUYEN TU LUC**

Head of the BOS

**Year** 1952

**Education** Bachelor of Accounting

**Working** 1/2015 – present: Chief Accountant, Mai Hoang Vu Co. Ltd.

**Experience** 2007 - present: Chief Supervision Committee, STK  
2006 - present: Assistant to Managing Director, STK  
2000 - 2006: Chief Accountant, STK  
1984 - 2000: Chief Accountant, South Asia Shoes  
1979 - 1984: General Accountant, HCM Hotel,  
Chief Accountant of Saigon Hotel



**Mdm. HOANG NU MONG TUYEN**

BOS Member

**Year** 1990

**Education** Bachelor

**Working** 2018 – present: MD assistant, STK

**Experience** 2012 – 2018: Sales admin, STK



**Mdm. DINH NGOC HOA**

BOS Member

**Year** 1979

**Education** Bachelor

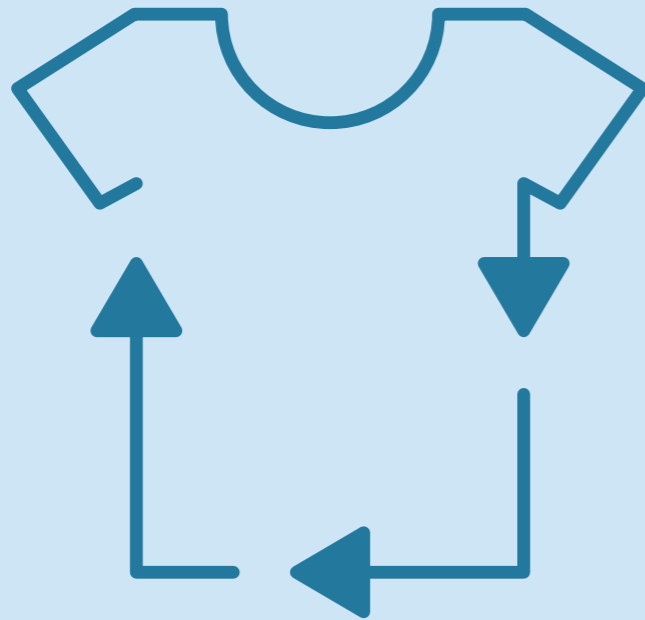
**Working** 2005 - present: Head of Planning-production department, STK

**Experience** 2002 - 2004: Accountant, Vi Hop Ltd.,

## I.13 / Prevention of interest conflict of interest and transactions with related parties (GRI 102-25)

Refer further to Article [X. Prevention of Interest Conflict of Interest and Transactions with Related Parties](#) - 2019 Annual Report.





## 2019 SUSTAINABILITY REPORT

|      |  |    |
|------|--|----|
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## II.1 / Global sustainable development context

The 2030 Agenda about the sustainable development was approved by United Nations General Assembly at the 70<sup>th</sup> sessions from 25<sup>th</sup> to 27<sup>th</sup> in September, 2015-New York, opening up a promising future for the globe. In which, the program was developed with an action plan for people, planet and prosperity, helping to reinforce the peace over the world, eradicate the poverty, protect the environment and natural resources. The program content was specified into 169 targets, aiming to guide member countries gradually implement and achieve the sustainable development goals by 2030.

Pursuant to the Global Sustainable Development Report 2019 issued by United Nations "The future is now", it was noticed of significant improvements as well as challenges from implementation of 17 sustainable development goals.

### Economy

- > The GDP per capita growth reached 4.8% (2010-2017)
- > Underdeveloped countries had an average GDP growth of 4.5% (2017) and expect to reach 5.7% (2020)
- > In 2018, the labor productivity per capita increased by 2.1% as compared to 2017. This is the highest increase since 2010.
- > The global average income of male higher than females by 12%
- > The global unemployment rate was 5.6% in 2017 decreasing from 6.4% in 2000.
- > It is expected to have more jobs in the global for new entrants to the labor market from 2016 to 2030.
- > The global investment into research and development field was USD 2,000 billion (2016), increasing by 71% as compared to 2000.

### Social-Labor

- > Africa and sub-Saharan region still have the highest hunger rate, increasing from 20.7% in 2014 to 23.2% in 2017.
- > Maternal mortality has dropped by 37% since 2000.
- > More women have been received better health care. In developing regions, the health care service was improved better, increasing from 65% in 1990 to 83% in 2012.
- > The death rate of children under 5 dropped by 45% from 2000 to 2017

### Environment

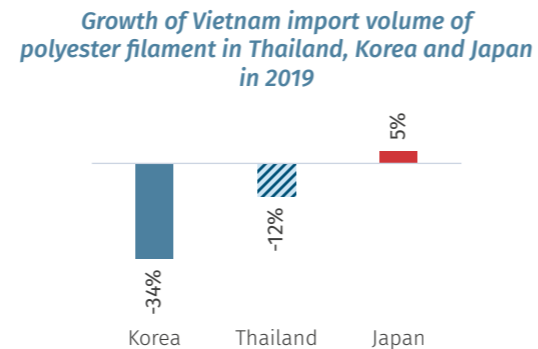
- > The renewable energy proportion in the total energy consumption reached 17.5% in 2015.
- > Nearly 100 countries have been adopting innovative policies and methods to promote sustainable production and consumption.
- > About 93% of 250 biggest companies in the global have been conducting the sustainability report.
- > The average global temperature in 2018 was higher than the pre-industrial baseline by 1 degree Celsius.
- > The CO<sub>2</sub> concentration (2017) in the atmosphere was 146% as compared to the pre-industrial period.
- > In April 2018, 10 developing countries completed and submitted their national adaptation plans to respond to climate change.
- > As of 2018, nearly 8,300 animal breeds were discovered, 8% were extinct and 22% were at risk of extinction.
- > The ocean's acidity has increased by 26% since the beginning of the industry

## II.2 / The sustainable development context of industry

Vietnam is one of the 10 largest textile and garment exporting countries in the world. Vietnam's textile and garment export turnover reach USD 30 billion annually, contributing significantly to the country economy. In 2019, Vietnam's textile and garment export turnover reached USD 39 billion, increasing by 7.55% as compared to 2018.



Source: Vietnam Cotton and Spinning Association

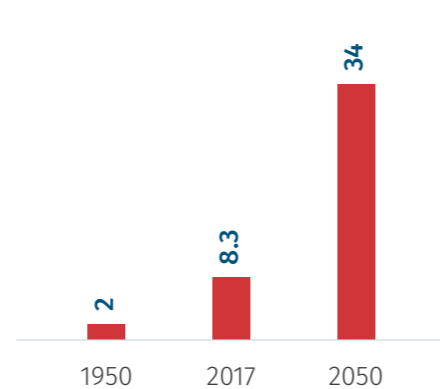


Source: Vietnam, Korean, Thailand, Japanese Custom Departments

However, the chemical waste had made the textile and garment become the second largest source of water pollution in Vietnam. Vietnam's textile and garment factories are also the most consuming-energy units in the world, using one tenth of the total energy consumption of all industries in the country (source: ifc.org). Thus, the strategy of sustainable development is considered as the faster growth foundation of textile and garment factories to compete in today market. The strategy of sustainable development is becoming an important core element for the long-term maintaining prosperity of the Company. In fact, the strategy of sustainable development helps businesses to use effectively the resources and energy, towards clean and renewable energy optimizing the production costs.

According to the statistical data, more than 8.3 billion tons of plastic have been produced since 1950 and more than 300 million tons of plastic waste have been disposed each year. The number of waste plastic bottles (481 waste billion bottles) disposed each year is higher than the world's tallest tower, the Burj Khalifa in Dubai. (Source: unenvironment.org)

The accumulated plastic volume in the world from 1950 to 2050's forecast

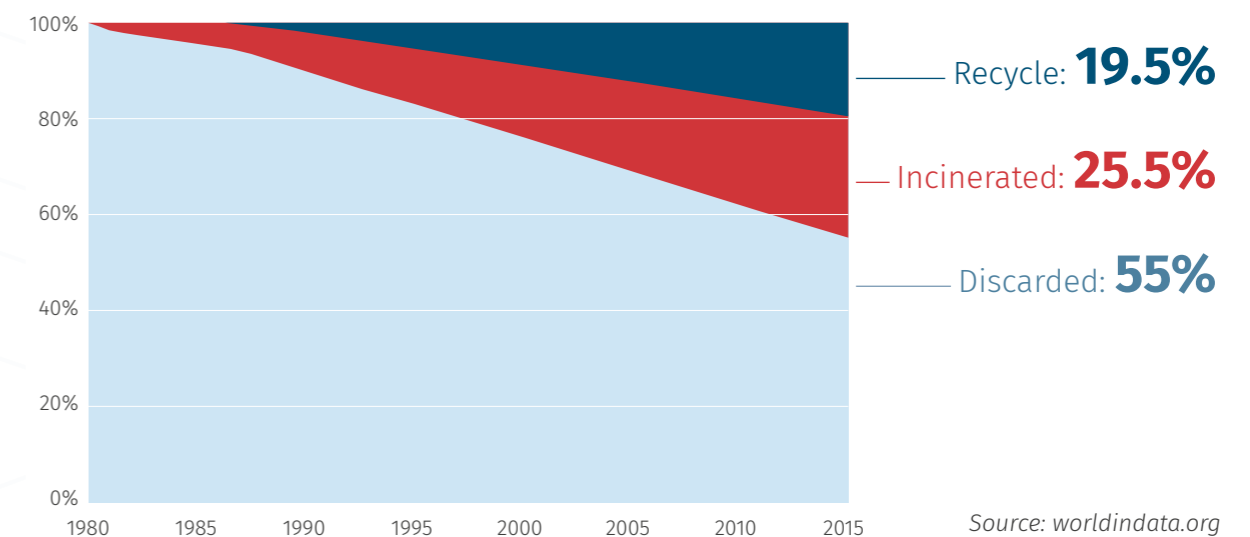


Source: statista.com



In which:

By 2015, there was only about 19.5% of plastic waste was recycled, about 25.5% was incinerated and about 55% plastic waste was discarded into the environment.



Source: worldindata.org



In order to protect the environment and reduce the waste plastic volume in the environment, major brand names such as Nike, Adidas, Puma, H&M...have built a sustainable fashion strategy through using recycled raw materials such as recycled yarn.

As one of the leading companies in the textile industry in Vietnam, STK has proactively invested and built up the strategy of sustainable development for the Company from the beginning. The Company has balanced sustainable development's sectors such as economy development, environment protection and benefiting to the social community; gradually enhanced the recycle yarn proportion supplying to the Company's customers.

### II.3 / Ethical values of the company (GRI 102-16)

Refer further to Article VIII. Governance report - 2019 Annual Report

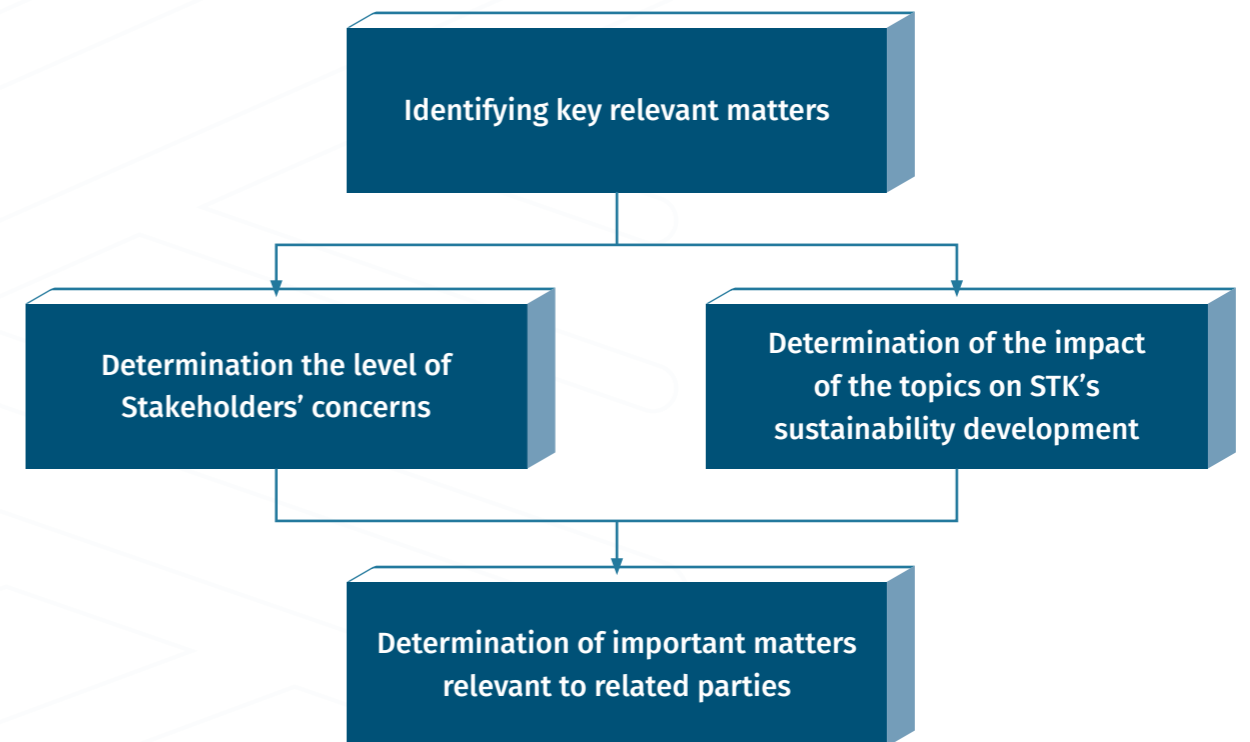
### II.4 / Code of conduct with stakeholders (GRI 102-16)

Refer further to Article VIII. Governance report - 2019 Annual Report

### II.5 / The advisory and grievance management framework about the code of conduct at the company (GRI 102-17)

The Company provides specific guidelines to determine whether an individual violates the Company's code of conduct and at the same time establishes a compliance and enforcement mechanism to the Company's employees for improving and responding information on related issues to the Company's Code of Conduct. At STK, the HR department and Business Development department are the key in-charge sections that directly monitor any reports and concerns occurred about the Code of Conduct

### II.6 / Related parties engagement



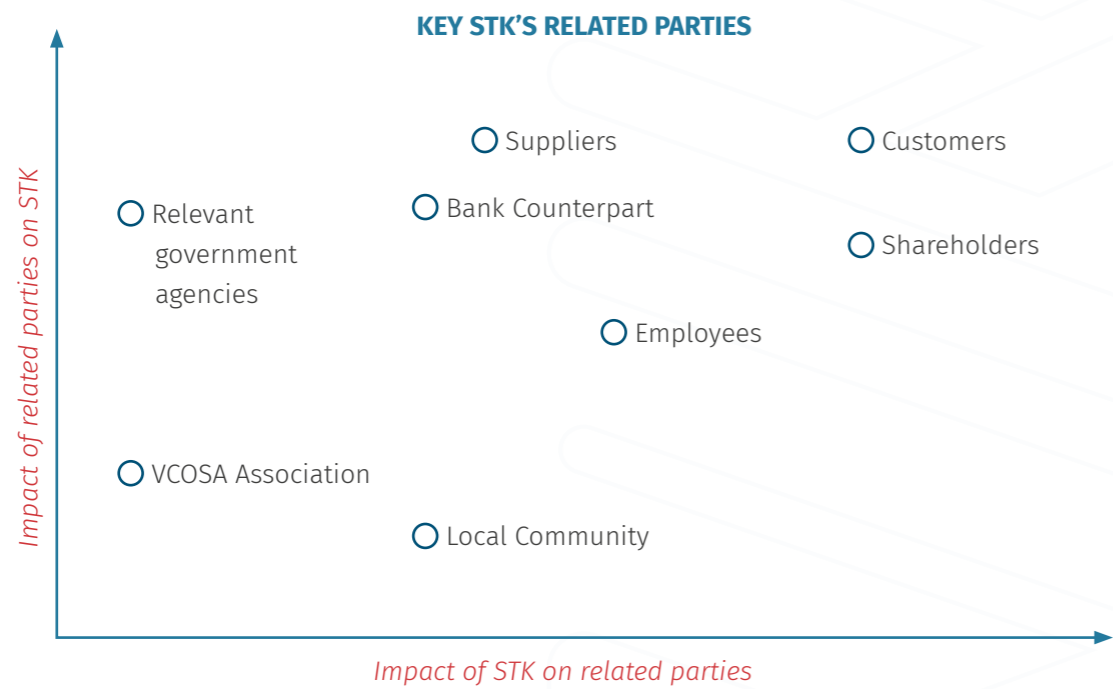
The commitment roadmap to use the recycled materials of fashion brands





**II.6.1..... DETERMINATION OF RELATED PARTIES (GRI 102 – 42)**

STK’s key stakeholders are recognized based on the principle of determining the impact of STK’s business activities on the party’s concerns and the influences from the parties to STK. Therefore, eight key stakeholders of STK comprise of:



**II.6.2..... ENHANCE THE ENGAGEMENT WITH RELATED PARTIES (GRI 102 – 43,44)**

- > STK’s stakeholder engagement was improved by diversification of contact and interaction channels with stakeholders.
- > The key matters related to the Company’s sustainable development objective are addressed comprehensively.
- > STK uses suitable contact channels to reach the Company’s key stakeholders in accordance with their specific characters.
- > STK is committed to fully acknowledging the feedbacks and concerns of the Company’s related parties.
- > STK will proactively review and evaluate the feedback from related parties in order to strengthen the Company’s policies and enhance the Company’s operation activities accordingly.



### II.6.3 IDENTIFYING KEY MATTERS OF STK (GRI 103, GRI 102-47)

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

| STAKEHOLDERS        | APPROACHES FOR INTERACTION AND FEEDBACK   | SCOPE OF CONSULTATION AND EXPECTATION OF STAKEHOLDERS  | STK'S ACTIONS TO MEET THE EXPECTATION FROM STAKEHOLDERS   |
|---------------------|---|--|---|
| <b>Shareholders</b> | <ul style="list-style-type: none"> <li>➢ Via General Meetings of Shareholders.</li> <li>➢ Direct meetings with investors.</li> <li>➢ The Company's seminars and factory visit programs.</li> <li>➢ Shareholder survey in writing, phone calls and emails.</li> <li>➢ IR newsletter, Investor day, Analysts meetings.</li> </ul> | <ul style="list-style-type: none"> <li>➢ Transparent information to shareholders.</li> <li>➢ Protection of investor interests.</li> <li>➢ Good corporate governance.</li> <li>➢ The Company's orientations for sustainable development.</li> <li>➢ Effective use of investment capital.</li> <li>➢ The Company's attention to social issues, environment and community.</li> <li>➢ Dividends payment to investors.</li> <li>➢ The remuneration of BOD, BOS and BOM.</li> <li>➢ The enterprise's value.</li> <li>➢ The share liquidity and investment opportunities.</li> </ul> | <ul style="list-style-type: none"> <li>➢ The net sales revenue reached VND2,231 billion; the profit after tax reached VND214.5 billion, surpassing by 7.9% as compared to the set target.</li> <li>➢ Developing further markets: the US market</li> <li>➢ Raising the recycled yarn proportion in the total sales revenue to 35%.</li> <li>➢ Developing different products having special functions and being eco-friendly.</li> <li>➢ Adhering to regulations on information disclosure.</li> <li>➢ Assigning the person in charge of corporate governance.</li> <li>➢ Committing to pay minimum dividend rate of 15% on par value/year.</li> <li>➢ 15% cash dividend payment to shareholders in fiscal year 2018.</li> <li>➢ Diversifying information providing channels</li> </ul>   |
| <b>Customers</b>    | <ul style="list-style-type: none"> <li>➢ Direct exchange information with customers.</li> <li>➢ Meetings, company visits by customers.</li> <li>➢ Customers survey and questionnaires.</li> <li>➢ The Company's website</li> <li>➢ Seminar, industry association forum.</li> <li>➢ Email, phone calls.</li> </ul>               | <ul style="list-style-type: none"> <li>➢ Company's operation is stable, safe and reliable.</li> <li>➢ High quality of products and services.</li> <li>➢ Competitive prices.</li> <li>➢ Attractive terms of contract.</li> <li>➢ Outstanding customer services.</li> <li>➢ Good technical and operational capacity.</li> <li>➢ Professionalism in providing services.</li> <li>➢ High value added products.</li> <li>➢ Safe products which do not contain toxic substances.</li> </ul>  | <ul style="list-style-type: none"> <li>➢ Researching and developing premium finer yarns.</li> <li>➢ Ensuring the Company's product quality, building up the trust of customers.</li> <li>➢ Strengthening professional knowledge of the Company's sale team and quality management team.</li> <li>➢ Recruiting experienced experts to support the Company's activities.</li> <li>➢ Recruiting additional members to domestic and export sales teams.</li> <li>➢ Enhancing the customers service quality.</li> <li>➢ The Company is certified by the SGS organization to be free of toxic substances using in production (REACH 168).</li> <li>➢ The Company is certified with OEKO –TEX 100 standard, proving that the Company's product does not contain toxic substances harming to customer's health.</li> <li>➢ Obtaining GRS certificate (Global Recycle Standard).</li> <li>➢ The Company was highly appreciated by its domestic and international customers.</li> </ul> |

### 11.6.3 IDENTIFYING KEY MATTERS OF STK (cont.)

| STAKEHOLDERS          | APPROACHES FOR INTERACTION AND FEEDBACK  | SCOPE OF CONSULTATION AND EXPECTATION OF STAKEHOLDERS  | STK'S ACTIONS TO MEET THE EXPECTATION FROM STAKEHOLDERS  |
|-----------------------|--|--|--|
| <b>Employees</b>      | <ul style="list-style-type: none"> <li>➢ Weekly vision and mission program.</li> <li>➢ Monday meetings.</li> <li>➢ Periodical dialogue with employees.</li> <li>➢ At the Employee Benefit Conference.</li> <li>➢ Direct communication with management level.</li> <li>➢ Direct communication with Human Resource department.</li> <li>➢ Collective negotiation meeting.</li> </ul> | <ul style="list-style-type: none"> <li>➢ Safe working environment, good occupational health.</li> <li>➢ Ensuring health-safety in working environment.</li> <li>➢ Balancing between working and personal life.</li> <li>➢ High salary, bonus, welfare policy.</li> <li>➢ Opportunity to be trained, to improve skills.</li> <li>➢ Opportunity to be promoted.</li> <li>➢ Broad vision of leaders.</li> <li>➢ Fairness and democracy.</li> <li>➢ No discriminations.</li> </ul> | <ul style="list-style-type: none"> <li>➢ Improves the policies on compensation, welfare, training, promotion as well as work environment for employees.</li> <li>➢ Increase salary for the Company's employee averagely of 7% per year depending on specific positions.</li> <li>➢ The number of people promoted to higher positions was 6 people.</li> <li>➢ The Board of Directors of the Company commits on democratic rights, the right to fair treatment and respect for employees.</li> <li>➢ Ensuring that the lowest average income of the Company's employees is higher than the average income of relevant industry.</li> <li>➢ Implementing the 5S mechanism.</li> <li>➢ Ensuring the hygiene, safe working environment and health protection of employees of the Company.</li> <li>➢ Adhering the corporate social responsibility.</li> <li>➢ Organizing annual health check for the Company's employees – as at 05/12/2019, the Company organized the annual health check for employees.</li> </ul> |
| <b>Suppliers</b>      | <ul style="list-style-type: none"> <li>➢ Direct meetings and exchanging information.</li> <li>➢ Factory visits.</li> <li>➢ Communication through emails, phone calls.</li> <li>➢ Collecting the information through surveys.</li> </ul>  | <ul style="list-style-type: none"> <li>➢ Prestige, long-term cooperation.</li> <li>➢ Cooperation whereby both parties are benefited and can mutually develop.</li> <li>➢ To set up stable value chain.</li> </ul>  | <ul style="list-style-type: none"> <li>➢ Cooperating with suppliers to develop together.</li> <li>➢ Enhancing the quality of products and bring benefit for both parties.</li> <li>➢ Ensuring equality and fair competition in selecting suppliers.</li> <li>➢ Frequent evaluation of suppliers to ensure effective cooperation.</li> <li>➢ Negotiating and offering solutions to improve the relationship between the Company and suppliers.</li> <li>➢ Ensuring the minimum benefits of both parties.</li> </ul>   |
| <b>The government</b> | <ul style="list-style-type: none"> <li>➢ The Company makes frequent contacts with the authorities (HEPZA, TANIZA) via meetings, response to inspection, reporting, and exchanges of administrative documents.</li> </ul>   | <ul style="list-style-type: none"> <li>➢ Compliance with policies and regulations.</li> <li>➢ Obtaining necessary certificates and permits as prescribed.</li> <li>➢ Supporting for community development.</li> <li>➢ Deploying and supporting the government's policies.</li> </ul>   | <ul style="list-style-type: none"> <li>➢ Complying with government policies and regulations.</li> <li>➢ No breach or non-compliance violations.</li> <li>➢ Preparing and submitting reports to HEPZA and TANIZA regarding the Company's operation, safety-environment- health protection.</li> <li>➢ Supporting and implementing the government's policies.</li> <li>➢ Making full tax payment.</li> <li>➢ Supporting local development.</li> </ul>  |

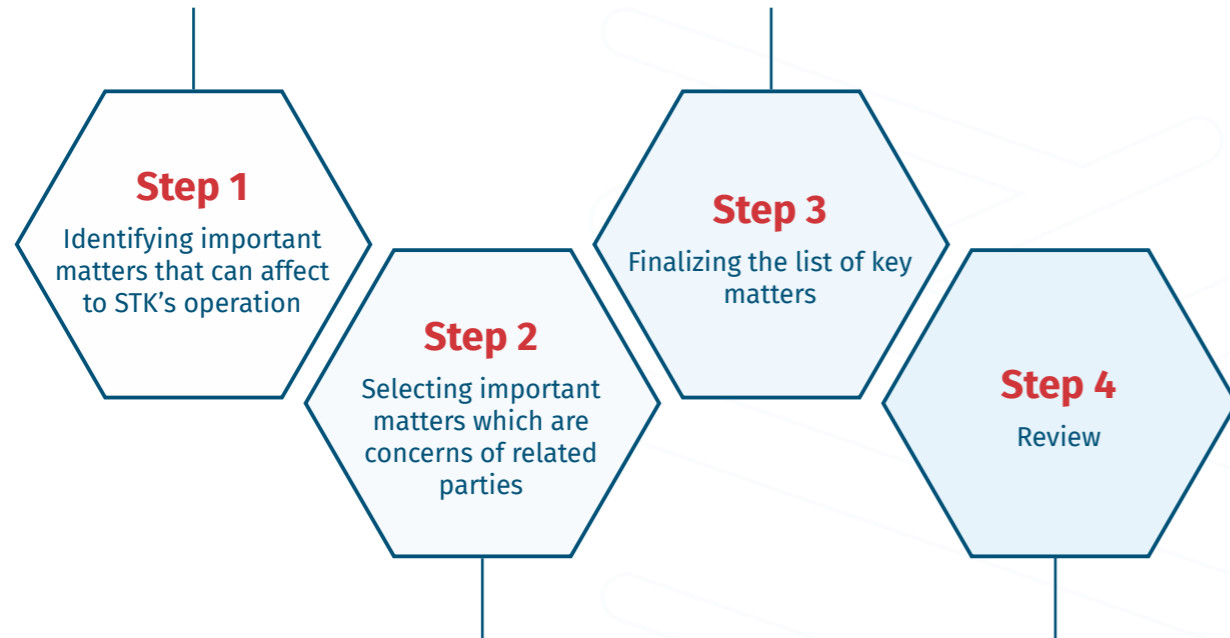
11.6.3 IDENTIFYING KEY MATTERS OF STK (cont.)

| STAKEHOLDERS                          | APPROACHES FOR INTERACTION AND FEEDBACK  | SCOPE OF CONSULTATION AND EXPECTATION OF STAKEHOLDERS   | STK'S ACTIONS TO MEET THE EXPECTATION FROM STAKEHOLDERS  |
|---------------------------------------|--|---|--|
| <b>Banks</b>                          | <ul style="list-style-type: none"> <li>➢ Through meetings and company visits.</li> <li>➢ Through phone calls and emails.</li> </ul>  | <ul style="list-style-type: none"> <li>➢ The Company is sustainable and prestigious.</li> <li>➢ Transparency in corporate governance.</li> <li>➢ Professional financial management system.</li> <li>➢ Long term alliance and co-development.</li> </ul>   | <ul style="list-style-type: none"> <li>➢ Improving the Company's corporate governance.</li> <li>➢ Making full and timely repayment of loan principals and interest payment.</li> <li>➢ Regularly monitoring implementation of credit contracts with banks.</li> </ul>  |
| <b>Local Community</b>                | <ul style="list-style-type: none"> <li>➢ Via meetings, exchanging correspondents with local association, and participating in social activities, the Company can understand the concerns and expectations of the local community.</li> </ul> | <ul style="list-style-type: none"> <li>➢ To be responsible, to share and to join hand to develop local community</li> <li>➢ Support local community to improve the quality of life through income improvement</li> <li>➢ Improve quality and enhance the local community infrastructure system</li> </ul> | <ul style="list-style-type: none"> <li>➢ Enhancing the annual average income of local labors.</li> <li>➢ Raising funds to support for the Company's employee's children.</li> <li>➢ Giving scholarships to local colleges.</li> <li>➢ Contributing to development of the local economy.</li> <li>➢ Facilitating urbanization.</li> </ul> |
| <b>Industrial Association (VCOSA)</b> | <ul style="list-style-type: none"> <li>➢ Via forums, dialogues, exchanging correspondences and emails between the Company and the Industrial association.</li> </ul>   | <ul style="list-style-type: none"> <li>➢ To become an active member, sharing information and contributing to the industry's development.</li> </ul>   | <ul style="list-style-type: none"> <li>➢ The Company is always available to cooperate with the Association and other industrial peers.</li> </ul>  |



### THE PROCESS OF IDENTIFYING KEY MATTERS

- > Surveying and researching information regarding the fiber, garment and textile sectors.
- > Analyzing customers survey reports.
- > Collecting information regarding the association (VCOSA and VITAS).
- > Recognizing and analyzing opinions collected from meetings with investors, investor day, analyst meeting and regular dialogues with employees.

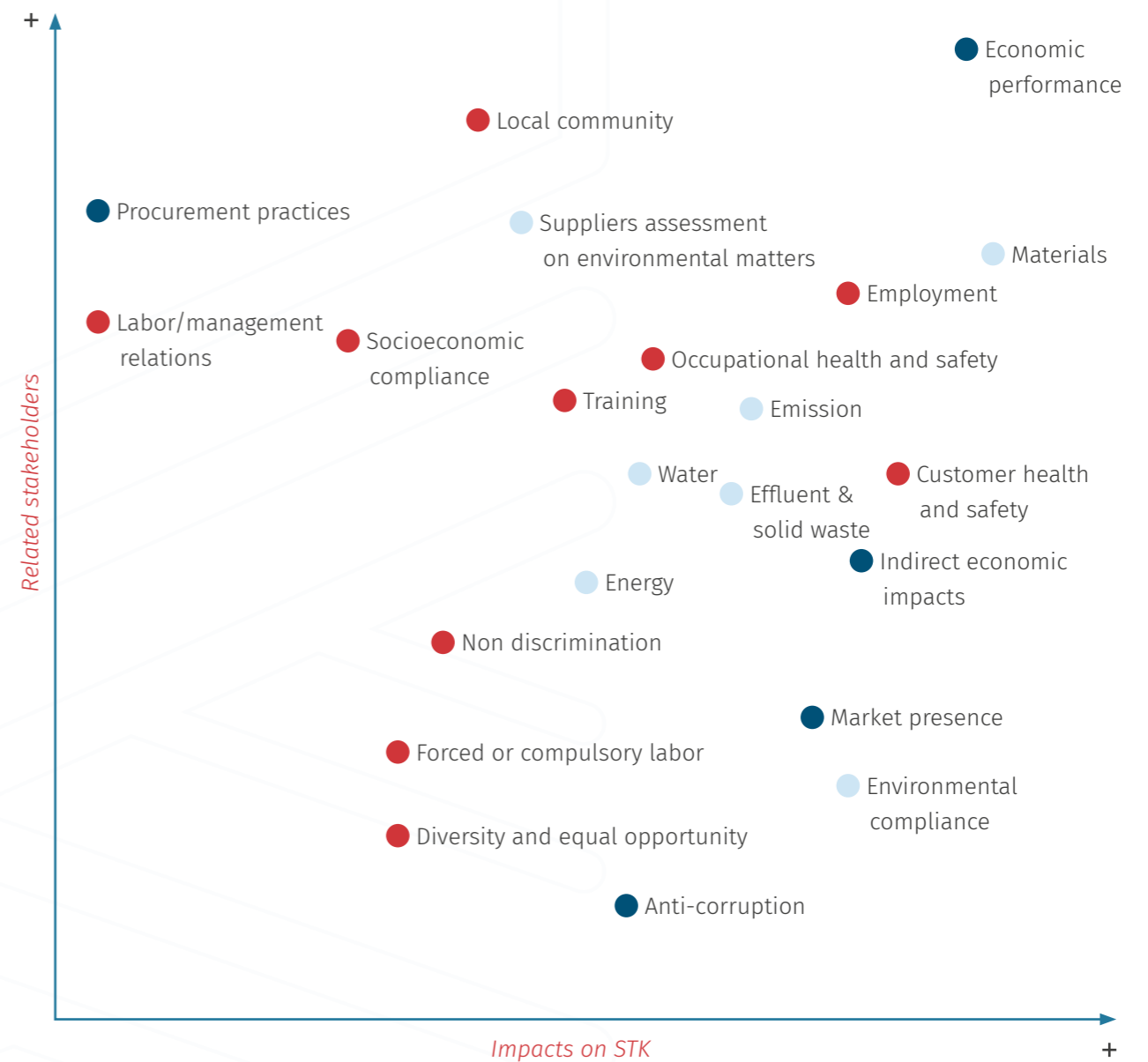


- > Constructing matrix of key matters.
- > Identifying matters which have the highest level of concern and impact for STK.
- > Determining the priority level for implementing key matters.

- > Selecting major matters of related parties.
- > Consulting the Board of Management and the Board of Directors on major matters.
- > Balancing and ensuring interest of related parties.
- > Identifying major matters in accordance with the Company's development objectives and strategies.
- > The Company's key matters are classified into three domains: Economic, Environmental and Social.

- > Continuously reviewing key matters after issuance of report.
- > Receiving contributions of related parties.
- > Improving and establishing the matrix of key matters more accurately.

### MATRIX OF KEY MATTERS



- Topic of Economy development
- Topic of social-labor
- Topic of environment protection

**II.6.4.....KEY MATTERS LIST IN 2019 (GRI 102-47)**

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

## ECONOMY



### Focusing matters

Ensuring the stable economic development of the Company.  
 Developing further of markets and cooperating with related parties.  
 Increasing the average income of employees and supporting the local economic development.

### Key matters

- > 2019 Economic performance
- > Market presence
- > Indirect economic impacts

## ENVIRONMENT



Effectively using of materials and energy resources.  
 Saving electricity and water in operation activities of the Company.  
 Reducing emissions and developing recycled-reused materials.  
 Ensuring healthy and safety working environment for employees.

- > Materials
- > Water
- > Energy
- > Emissions
- > Effluent and waste
- > Environmental compliance

## SOCIAL-LABOR



Ensuring employee's benefits.  
 Ensuring employee's welfare policies and health protection.  
 Creating safe, transparent and fair working environment.  
 Opening promotion and developing opportunities to employees.

- > Employment
- > Trainings
- > Occupational health and safety
- > Customer health and safety
- > Local community

To ensure the Company's operational efficiency in the next fiscal year 2020, STK will re-evaluate the determined key areas as well as the Company's performance in 2019 as to timely update and provide improvement plans in the following year, aiming to bring the greatest interests for stakeholders.

**II.6.5.....DEFINING SUSTAINABLE DEVELOPMENT OBJECTIVES ON MEDIUM AND LONG TERM PERIOD 2019-2025**

The Company gives priority to business development in parallel with environmental protection and safeguard of the local community's interest. The Company incorporates objectives in economic, environmental and social development into its sustainability development strategies.

With the vision of "becoming a global leading enterprise pioneering in the yarn/textile industry and developing multi-industries related to the core industry", STK builds a sustainable development model by creating positive value to related parties: Company, society and environment



Embracing global sustainable development goals (SDGs), STK has selected and integrated the following sustainable development objectives into the Company's sustainable development orientation for the period 2019-2025:

|   |   |  |
|---|---|--|
|    | <b>No Poverty</b>                             | Creating more jobs, raising average income for employees and contributing to local economic development.   |
|    | <b>Good health and wellbeing</b>              | Ensuring health and safety for employees.  |
|    | <b>Gender and Equality</b>                    | Ensuring fairness and equal treatment between men and women.   |
|    | <b>Clean water and sanitation</b>             | Effective use of water and disuse of hazardous chemicals; developing further dope dye yarn in order to replace the traditional dyeing method, hence limiting usage of clean water and discharge of waste water into environment. |
|  | <b>Affordable and clean energy</b>            | Effective use of energy and saving energy resources.   |
|  | <b>Decent work and economic growth</b>        | Creating a friendly and safe working environment for employees.<br>Ensuring fair treatment and no discrimination to employees.   |
|  | <b>Responsible consumption and production</b> | Effective use of materials and raising the proportion of recycled raw materials consumption.   |
|  | <b>Climate action</b>                         | Effective use of electricity and using renewable energy resources  |
|  | <b>Peace and Justice Strong Institution</b>   | Acting in transparently, honestly and ethical way, saying no to corruption, tax evasion and law violations   |
|  | <b>Partnership to achieve the goals</b>       | Actively cooperating with other strategic partners to promote the development of circular economy  |





## Medium-term Sustainable Development Goals 2019-2025

- › Continuing to expand production to gain economies of scale.
- › Increasing the proportion of eco-friendly products in the Company's sales mix by products.
- › Lifting the proportion of recycled yarn in the Company's total sales revenue from 35% in 2019 to 100% by 2025.
- › Developing a vertical production chain via yarn-knitting-dyeing alliance project in order to optimize the Company's performance.
- › Continuously improving policies and production and business management processes, building capacity for human resources to improve product quality, reduce costs and enhance business results.
- › Continuing to research and develop high denier yarns and special function yarns in order to meet customer demand and maximize the Company's profit.

## Short-term Sustainable Development Goals 2019-2025

- › Continuing to promote the sales and extension on marketing for recycled yarn products and at the same time improve the quality of products.
- › Increasing the proportion of recycled yarn in the total sales revenue to 50% by 2021.
- › Researching and developing new products with outstanding features such as hollow yarn, highly stretch yarn, CD yarn, doped dye yarn.
- › Developing the dope dyed yarn and taking step by step to launch the product to the market as well as expanding the consumption network of this product.
- › Thoroughly adhering to the manufacturing standards of REACH 168 and OEKO-TEX 100 to protect consumer health.
- › Diversifying customer portfolios to reduce risk of depending on several.



Recycled yarn

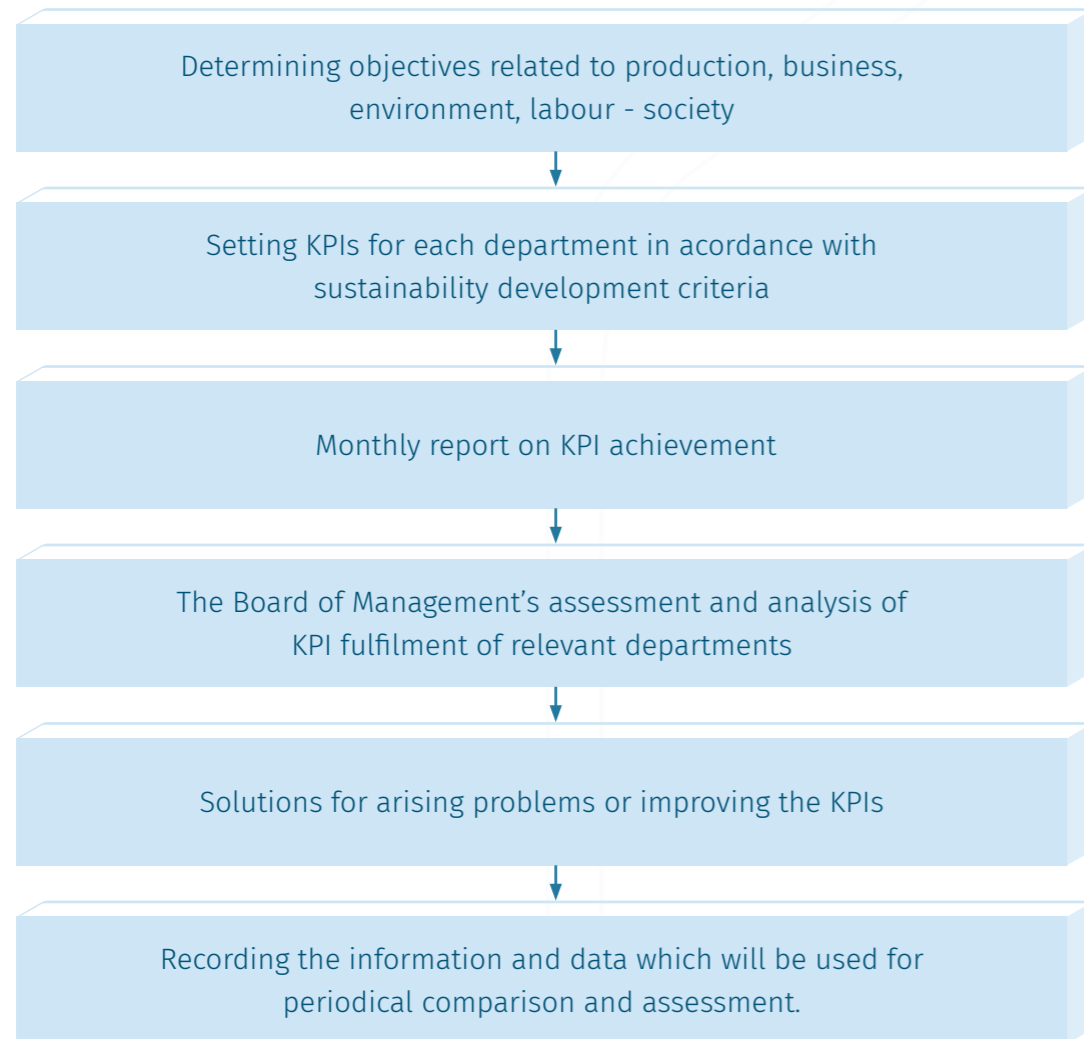


Dope dyed yarn



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

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



In addition to monitoring of SOPs, every department must also collect, report and explain about changes related to their KPIs.

**For production section:** it is necessary to pay attention to quality criteria of raw materials, auxiliary components, consumption of energy, electricity, water and wastewater treatment, initiatives for technical improvements and cost savings;

**For HR department:** focus on staff turnover rate, employment adoption rate, the number of trained employees, training budget and average incomes at all levels;

These figures will be cross-checked by the internal audit team to ensure the accuracy.

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

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

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





## II.6.6 ANALYSIS AND EVALUATE KEY RISKS (GRI 102-15,30)

*Refer further to article IV. Risk management report - 2019 Annual report.*



## II.6.7 SYSTEM FOR INFORMATION COLLECTION AND SUPERVISING THE IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT OBJECTIVES

### METHODOLOGY FOR DATA COLLECTION AND ANALYSIS:

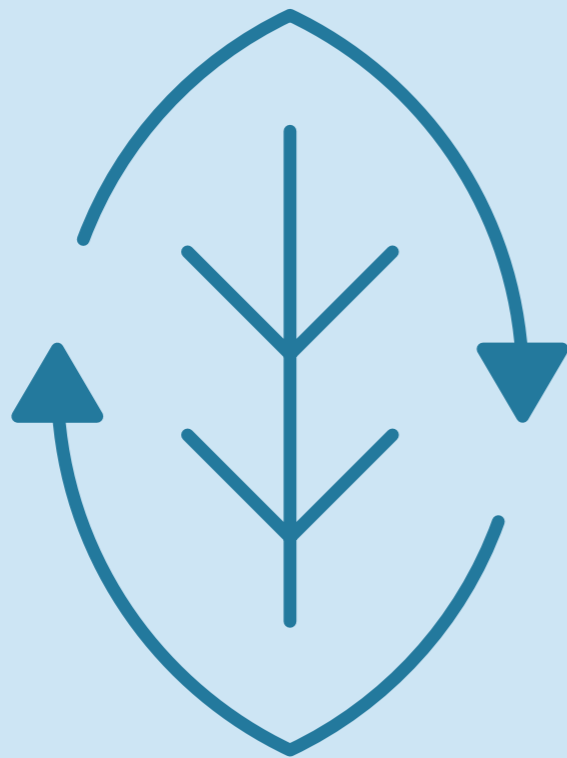
All provided data in the 2019 Sustainable Development Report are collected and analyzed based on the Company's monthly recorded factual data during the Company's operation in 2019 (refer further to article [II.6.5](#)).



## II.6.8 REPORT ASSURANCE BY THIRD PARTY (GRI 102-56)

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

- > Information on operational procedures, compliance with labor and environmental regulations, operational performance indicators (environmental- safety - labor compliance policies, labor policy, welfare, remuneration and commitments on social responsibility, the volume of recycled chips consumption, and the output of recycled yarn) are guaranteed by the GRS - Global Recycle Standard.
- > Information on non-toxic products and production processes such as raw materials origins, CO<sub>2</sub> emission, quantity of raw materials in production are ensured by Oekotex100 and REACH.
- > Information on Waste Treatment (volume of waste water, solid waste and treatment and disposal costs) is verified by waste water and hazardous waste service companies.
- > Information on utility saving (electricity, water consumption and usage costs) audited by HCMC Energy Conservation Center.
- > Information on working environment inspection results (microclimate, light, noise, dust concentration, toxic gas) are guaranteed by the Consultancy Center of Occupational Safety Health and Environmental Technology.
- > Information on the environmental inspection indicators that has been certified by Center for Environment and Technology Services.
- > Financial information (sales revenue, profit, taxes, bonus and welfare fund) audited by Ernst & Young.
- > Information on labor-social standards (male/female ratio, labor education level, ages, average income, remuneration, staff turnover ratio, training courses and training cost budget, the budget for the scholarship fund, the number of individuals promoted, the budget for gift giving to employees) is assessed by the internal audit.



## CONTENT OF SUSTAINABILITY REPORT

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## RESPONSIBILITY FOR ECONOMIC DEVELOPMENT – GRI 200



### III.1 / Responsibility to enhance the economic results (GRI 201)

#### 2019's objectives:

- > Reaching the target of sales revenue and profit after tax in 2019;
- > Ensuring the salary and welfare policies for the Company's employment;

#### 2019's result:

- > Fulfilling 85.6% of the sales revenue budget;
- > Surpassing the profit after tax budget by 7.9%;
- > The participation rate of employees in social insurance was 100%;



### Management approach (GRI 103)

#### 1. Explanation of the material topic and its boundary (GRI 103-1)

The economic efficiency is one of the important foundations for STK, helping the Company to operate and develop sustainably. The economic growth also helps STK increase its contributions to society and the community through creating a sustainable income resource for the Company's employees and providing long-term benefits to the Company's shareholders, customers, local community and society. In addition, the economic efficiency also plays a very important role for potential investors of the Company since it is exhibited in the form of sales revenue and profit after tax, gaining trust of potential investors when they decide to make investments to the Company.

The material topics:

- + Generation and distribution of direct economic value;
- + The salary and welfare policies to align interests of the Company and its employees;

#### 2. The management approach (GRI 103-2)

The economic performance of the Company is regularly monitored via weekly meetings and monthly business reports of sales team and financial team. The Company's targeted revenue and profit are based on the sales budget approved by the Company's BOD and Annual General Shareholder Meeting.

The purpose of management approach: in order to ensure the sustainable economic development of the Company.

|  |   |
|--|---|
| <b>Policies</b>  | Annually, the Company sets up new sales plan, sales policies and marketing plans in accordance with the market's actual circumstance of that fiscal year. |
| <b>Commitments</b>   | The Company is committed to have fair competition; all operation and economic development activities are adhered to prevailing laws.                      |
| <b>Goals and Targets</b>   | Developing the Company's sales revenue and profit in accordance with the set target.  |
| <b>Responsibilities</b>  | General Managing Director   |
| <b>Management resources</b>  | Board of management, marketing and sales team, financial team...  |
| <b>Grievance mechanisms</b>  | Process of resolving customer complaints (form:QA-QT-01)  |
| <b>Specific actions, such as processes, projects, programs and initiatives</b> | The Company always has flexible sales policies to meet customer demand.   |

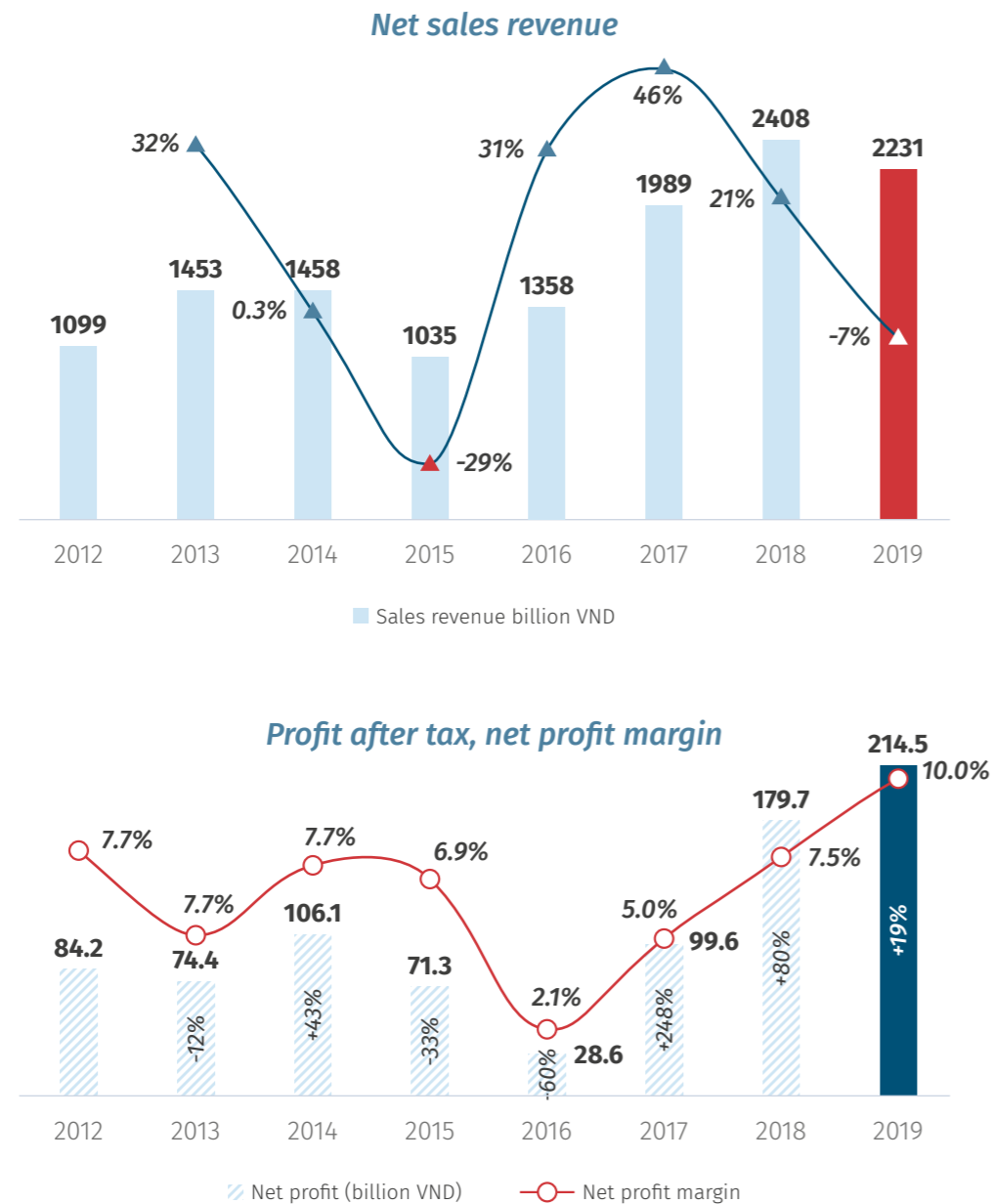
#### 3. Evaluation of the management approach (GRI 103-3)

By applying the management approach, the Board of Directors will periodically evaluate the business results and give latest guideline for the Company. In 2019, STK reached the profit after tax budget and fulfilled 85.6% the Company's sales revenue. The Company's performance was highly appreciated by the Board of Directors and Board of Management.

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

In 2019, STK has fulfilled the year business plan, surpassing the set budget of profit by 7.9%, raising the income of employees, benefits to shareholders and contributing higher to the government and society budget (creating more jobs to local people).

The Company reached VND 2,231 billion of total sales revenue, fulfilling 85.6% of the year budget; the Company's profit after tax surpassed 7.9% as compared to the year budget. With the motto of continuous improvement and development, the Company proactively seized the business opportunities through expanding the domestic and international customer network with 259 customers.



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

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

- > Ensuring the welfare policies to the Company's employees with the participation rate of social insurance of 100%, and the total contribution of VND 19.5 billion.
- > Contributing to the Government Budget through full tax payment in the year;
- > Dividend payment: in 2019, the Company paid dividend in cash at the rate of 15% on par value to the Company's shareholders while in 2018, the Company paid 7% dividend in shares and 8% in cash;
- > Reinvesting and expanding production capacity, creating more jobs for local people with TB 5 project which was officially put into operation in early 2019;
- > The payment of salary and bonus for employees in 2019 was nearly VND 107 billion;
- > The Company rewarded employees with more than two month's salary on traditional Tet Holiday.
- > The Company bought 24h insurance policy to all employees;
- > The Company supported employees by applying the policy of hazardous fostering in kind, free bus, accommodation support, telephone allowances, Company trip and Tet's gifts.
- > The Company gave gifts to employees' children on Children's Day (1st June), and offer Company trip, and Tet gifts;
- > Supporting educational programs through giving scholarships to vocational schools and colleges in local areas to improve the qualifications of local people, contributing to creation of a better community.



### III.2 / The market presence (GRI 202)

#### 2019's objectives:

> Ensuring the Company's lowest salary is higher than the regional minimum wages;

#### 2019's result:

> The Company's lowest salary is higher than the regional minimum wages from 25% to 41%;

#### Management approach (GRI 103)

##### 1. Explanation of the material topic and its boundary (GRI 103-1)

The Company's human resources team plays an important role in implementation of sustainable development goals. In order to develop long-term alliance with its employees, the Company continues to maintain and develop its salary policy which ensures the fair treatment for the Company's employees as well as the Company's competitive advantage in recruitment of local laborers. By this way, the Company also contributes to enhance the average income and living conditions for local laborers.

The material topics:

- + Ratios of standard entry level wage by gender;
- + Ratios of standard entry level wage as compared to the regional minimum wages;

##### 2. The management approach (GRI 103-2)

Periodically, the Company's human resources department will monitor, update and revise the salary policy in accordance with prevailing law of the government and regional minimum wages benchmark. In addition, the Company's human resources department will also advise the Company's Board of management and General Managing Director to update the wage scale and payroll system in accordance with prevailing Vietnam's labor laws.

|                             |   |
|-----------------------------|---|
| <b>Policies</b>             | In accordance with the Company's salary and bonus policy and commitment no. CS-06 (issuing date: 01/03/2016);<br>The Company's latest wage scale and payroll no. 282- 18/CV -TK;          |
| <b>Commitments</b>          | The Company commits to execute the salary and bonus policy in accordance with Decree no. 157/2018/NĐ-CP stipulating the regional minimum wages for workers working under labor contracts. |
| <b>Goals and Targets</b>    | Ensuring the payment to employees in accordance with the Company's wage scale and payroll.  |
| <b>Responsibilities</b>     | General Managing Director, Board of management;   |
| <b>Management resources</b> | Board of management, Human Resources department   |
| <b>Grievance mechanisms</b> | Human Resources department  |

#### Specific actions, such as processes, projects, programs and initiatives

The Company created the wages calculation system through setting up KPI regime for each department/division.

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

By applying such management approach, the Company's Board of Directors recognized that STK had strictly adhered to the wage scale and payroll system in 2019, ensuring that the salary, bonus and welfare policies were paid on time and as committed to the Company's employees.

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

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

|                                  | HCM CITY (VND)     | TAY NINH TOWN (VND) |
|----------------------------------|--------------------|---------------------|
| Regional minimum wage            | VND4,180,000/month | VND3,710,000/month  |
| The lowest average salary at STK | VND5,224,000/month | VND5,224,000/month  |

| LOCATION      | THE MALE RATIO (%) | THE FEMALE RATIO (%) |
|---------------|--------------------|----------------------|
| HCM city      | 76%                | 24%                  |
| Tay Ninh town | 85%                | 15%                  |

### III.3 / Indirect economic impacts (GRI 203)

#### 2019's objectives:

- > Increasing the contributions to the society and community;

#### 2019's result:

- > The value for annual dividend payment by cash increased by 121% as compared to 2018;
- > Fulfilling the tax payment obligations, the value increased by 34% as compared 2018;

#### The management approach (GRI 103)

##### 1, Explanation of the material topic and its boundary (GRI 103-1)

Moving toward long-term sustainable development objectives, STK always focuses on its indirect contributions to the local community and society, STK recognizes that the long-term sustainable development of the Company always accompanies the local community's and society's prosperity, The Company not only focuses on developing the business activities and enhancing the economic performance but also ensuring the balance of benefits among the Company's related parties,

The material topics:

- + Indirect economic impacts;

##### 2, The management approach (GRI 103-2)

The Company makes indirect economic contributions through continuous capacity expansion in accordance with the Company's medium and long term sustainable development objectives, creating more jobs and incomes for the local employees, In addition, the Company also contributes to improvement of incomes and professional knowledge of local labor through internal training courses as well as offering scholarships for students studying at colleges and vocational schools in Cu Chi district and Trang Bang town,

|                             |  |
|-----------------------------|--|
| <b>Policies</b>             | According to expansion projects of the Company; annual training budget and scholarship fund for colleges and vocational schools located at Tay Ninh and Cu Chi,          |
| <b>Commitments</b>          | The Company commits to ensure the stable income for the local labor and continuously organize training courses to enhance the professional knowledge of the local labor, |
| <b>Goals and Targets</b>    | Creating more jobs and incomes, improving the living standard and enhancing the professional knowledge for local labors,   |
| <b>Responsibilities</b>     | General managing director, Board of management   |
| <b>Management resources</b> | Board of management, Human resources department, training team   |

|  |  |
|--|--|
| <b>Grievance mechanisms</b>  | Human resources department   |
| <b>Specific actions, such as processes, projects, programs and initiatives</b> | Building programs/training courses to improve the professional knowledge for the Company's employees,<br>Developing capacity expansion projects,<br>Raising scholarship fund for colleges and vocational schools in local areas, |

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

By applying such management approach, the Company's board of management recognized that STK always maintains and promotes community development activities,

#### STK'S INDIRECT CONTRIBUTIONS TO THE SOCIETY AND LOCAL COMMUNITY IN 2019

| ITEMS   | 2016  | 2017  | 2018  | 2019  | INCREASE/<br>DECREASE %<br>(+/-) 2019/2018 |
|---|-------|-------|-------|-------|--|
| The value of dividend payment to the Company's shareholders (VND billion) | 23.1  | 16.3  | 46.2  | 102.2 | 121%                                       |
| Total remuneration (salary and bonus) paid to employees (VND billion)     | 99.8  | 95.9  | 117.7 | 107.7 | -8%  |
| Sales revenue (VND billion)   | 1,358 | 1,990 | 2,407 | 2,231 | -7%  |
| Total transaction value with suppliers: (VND billion)                     | 1,988 | 1,437 | 1,855 | 1,484 | -20%                                       |
| + In which, the transaction value with domestic suppliers:                | 276.4 | 184.4 | 237.6 | 197.4 | -17%                                       |
| Annual tax payment (VND billion)  | 231.6 | 136.1 | 125.4 | 167.8 | 34%  |

## RESPONSIBILITY TO PROTECT THE ENVIRONMENT – GRI 300



### III.4 / Materials (GRI 301)

#### 2019's objectives:

- Effective use of the material resources;
- Boosting the proportion of recycled materials used in the production;
- Raising the proportion of re-used packaging materials;

#### 2019's result:

- The proportion of recycled chip used in the production was raised to 33% in the total chip using;
- The proportion of re-used POY paper tubes increased by 23% (2018: 21.7%)

#### The management approach (GRI 103)

##### 1. Explanation of the material topic and its boundary (GRI 103-1)

In order to ensure the stability and high quality of products to supply to customers, quality reputation as well as compliance with regulations on environmental protection, right from the first stage of raw material resource selection, the Company gives priority to major suppliers of PET chip, oil from South Korea, Taiwan, Japan and Germany. In addition, STK's main suppliers are the leading international companies who always comply with regulations on environmental protection.

The material topics:

- + The materials used by weight or volume;
- + The recycled materials used;
- + The recycled products and its packaging materials;

## 2. The management approach (GRI 103-2)

Periodically, twice a year (phase 1: from January 1<sup>st</sup> to February 15<sup>th</sup>, phase 2: from July 1<sup>st</sup> to August 15<sup>th</sup>) the Company's purchasing department will conduct an assessment of its suppliers. The suppliers are requested to complete questionnaires which is based on the latest standards being applied in STK such as GRS, ISO, SA 8000..., as well as criteria related to labor standards, worker health and safety, business ethics and environmental protection in accordance with prevailing laws and regulations.

|  |   |
|--|---|
| <b>Policies</b>  | The evaluation and selection policy of raw materials suppliers of the Company (no.02-MM-QT-Supplier assessment and control procedure)   |
| <b>Commitments</b>   | The Company commits to ensure the quality of input materials; the Company prioritizes to quality suppliers in which can ensure the quality as well as comply with the environmental protection regulations. |
| <b>Goals and Targets</b>   | Ensuring the stable and high quality for product  |
| <b>Responsibilities</b>  | General Managing Director, Board of management  |
| <b>Management resources</b>  | Board of management, Purchasing team, ISO team  |
| <b>Grievance mechanisms</b>  | Purchasing team   |
| <b>Specific actions, such as processes, projects, programs and initiatives</b> | Building the procurement process, procedures for supplier evaluation and selection.   |

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

In 2019, the volume of consumed materials increased as compared to 2018, mainly because that the Company expanded its capacity and produced high quality products that required consumption of more materials. Though, the number of carton boxes used in 2019 was decreased as compared to 2018, thanks to replacement of traditional carton boxes (which contain 6 bobbins/ carton) by "Jambo" boxes (100 bobbins/carton).





### III.4.1 THE MATERIALS USED BY WEIGHT OR VOLUME (GRI 301-1)

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

| MATERIALS CATEGORY           | NO. | MATERIALS            | IMPORTING REGIONS          | 2015    | 2016    | 2017    | 2018    | 2019    | INCREASE/DECREASE % 2019/2018 |
|------------------------------|-----|----------------------|----------------------------|---------|---------|---------|---------|---------|-------------------------------|
| Non-renewable materials used | 1   | Polyester Chip(tons) | South Korea, Taiwan, Japan | 31,153  | 39,891  | 53,495  | 54,393  | 49,558  | -9%                           |
|                              | 2   | Oil (tons)           | Taiwan, Japan, Germany     | 709.6   | 886.6   | 713.4   | 1,026.6 | 903.6   | -18%                          |
| Renewable materials used     | 3   | Paper tubes (tons)   | Vietnam, Taiwan            | 2,723.6 | 2,121   | 3,906.6 | 4,456.9 | 3,224.1 | -28%                          |
|                              | 4   | Carton boxes (tons)  | Vietnam                    | 1,585.7 | 1,509.8 | 2,301.3 | 2,054.3 | 1,705.1 | -17%                          |

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

The efficiency of using materials of the Company is also showed through the continuous increasing of the recycled yarn proportion which was made of recycled PET Chip in 2019 (29.19%) and 2020's plan is 42%. In addition, the Company also invested in a pellet making line to recycle waste yarn from the production into recycled PET chips for the Company's usage with a capacity of 1,500 tons/year, contributing greatly to reduction of environmental impact, increasing the Company's profits, cutting the production cost as well as providing reasonable prices to customers.

$$\text{The proportion of recycled materials used} = \frac{\text{Volume of recycled polyester chip (kg)}}{\text{Total volume of polyester chip in use (kg)}} \times 100 = \frac{16,401,136}{49,558,552} = 33\%$$

### III.4.3 RECLAIMED PRODUCTS AND THEIR PACKAGING MATERIALS (GRI 301-3)

In addition to effectively using the main raw materials, the Company has coordinated with the suppliers to improve the quality of POY paper tubes to be re-used. After improvement and trial-testing, currently the POY paper tubes can be re-used for more than 3 times, reducing environmental impact.

In 2019, the number of used POY paper tubes was 870,087 tubes and an average of POY paper tubes can be reused 3.56 times; therefore, the rate of reusing materials (paper tubes) in 2019 is:

$$\begin{aligned} \text{The rate of reusing materials} &= \frac{\text{The number of paper tubes reused}}{\text{Total volume of materials used in year}} \\ &= \frac{\text{The number of POY paper tubes} \times \text{reusing times}}{\text{POY paper tubes} \times (\text{reusing times}) + \text{DTY paper tube} + \text{FDY paper tubes}} \\ &= \frac{870,087 \times 3.56}{870,087 \times (3.56) + 10,378,366} = 23\% \end{aligned}$$



### III.5 / Water (GRI 303)

#### 2019's objectives:

- > Effectively using the water resource and saving water;
- > Reusing water in production;

#### 2019's result:

- > Total volume of water consumption decreased by 5%; the water cost decreased by 15%;
- > The proportion of reclaimed and reused water is 1.2%;

### The management approach (GRI 103)

#### 1. Explanation of the material topic and its boundary (GRI 103-1)

The water resource plays an important role in keeping the planet's life. The source of water used at STK is clean and provided by Industrial Zone for production and living usage. The Company commits not to exploit underground water. In case of having demand for underground water, the Company will seek for permission from the relevant authorities before using it.

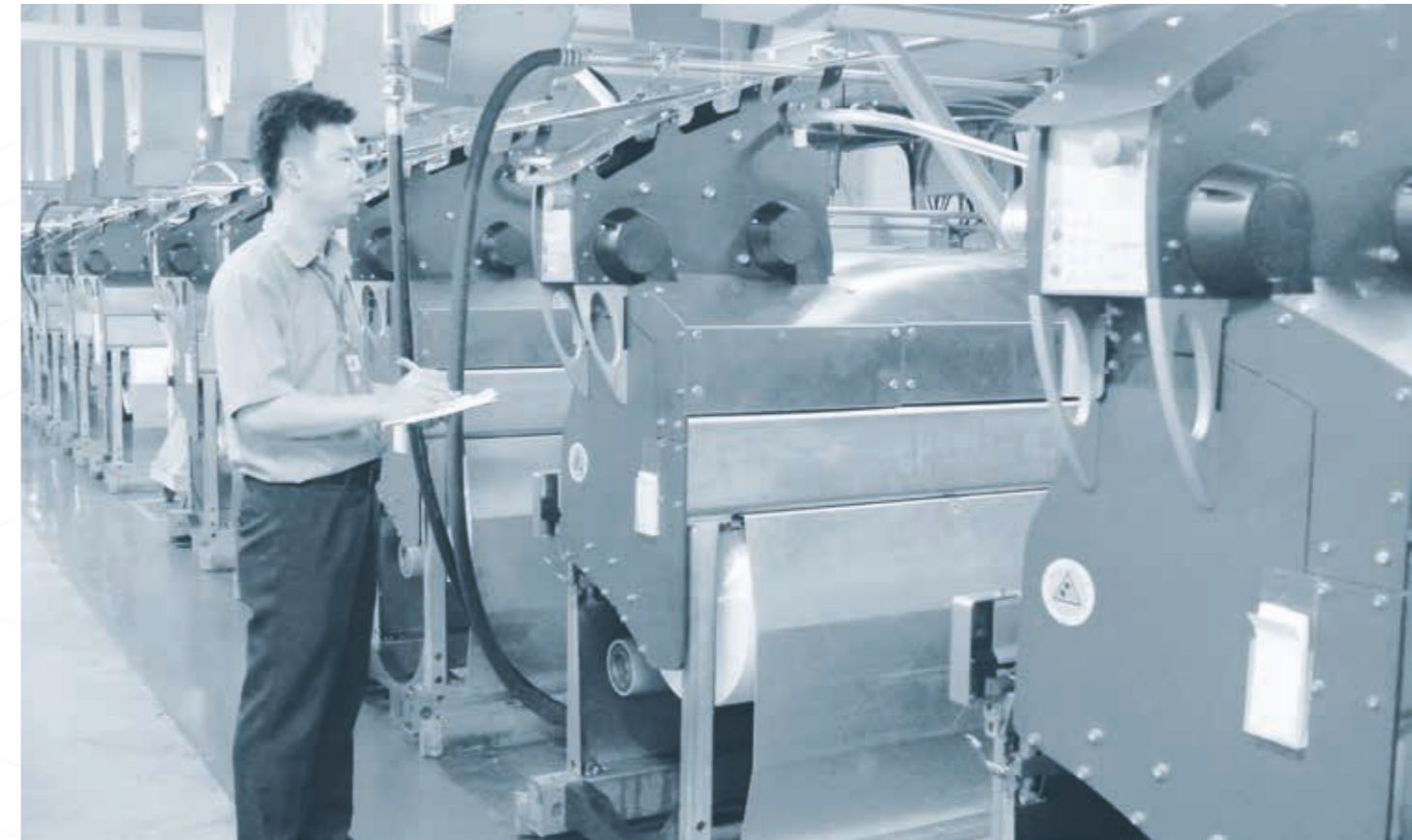
The materials topic:

- + Water supply by different resources;
- + Reclaimed and reused water;

#### 2. The management approach (GRI 103-2)

At STK, the quality of input water is monthly assessed and monitored by the administration team. In addition, the Company also makes the environmental monitoring report quarterly, in which the input water used at the Company will be taken sample for quality testing in order to ensure the quality of water for the Company's production and sanitation. Furthermore, in order to reduce the consumption of water resources, the Utility and Financial teams regularly monitor the water consumption in daily production and operation activities to minimize wastes and optimize the production cost.

|                          |   |
|--------------------------|---|
| <b>Policies</b>          | Regulation on ensuring quality of input water from industrial zone QCVN -02-2009/BYT.<br><br>Periodical water quality monitoring reports and environmental impact assessment reports. |
| <b>Commitments</b>       | The Company commits to provide qualified water for daily production and operation activities and reduce the water resources consumption via water saving initiatives.                 |
| <b>Goals and Targets</b> | Providing qualified water resources to daily production and sanitation, aiming to protect the employee's health   |
| <b>Responsibilities</b>  | General Managing Director, Board of management  |

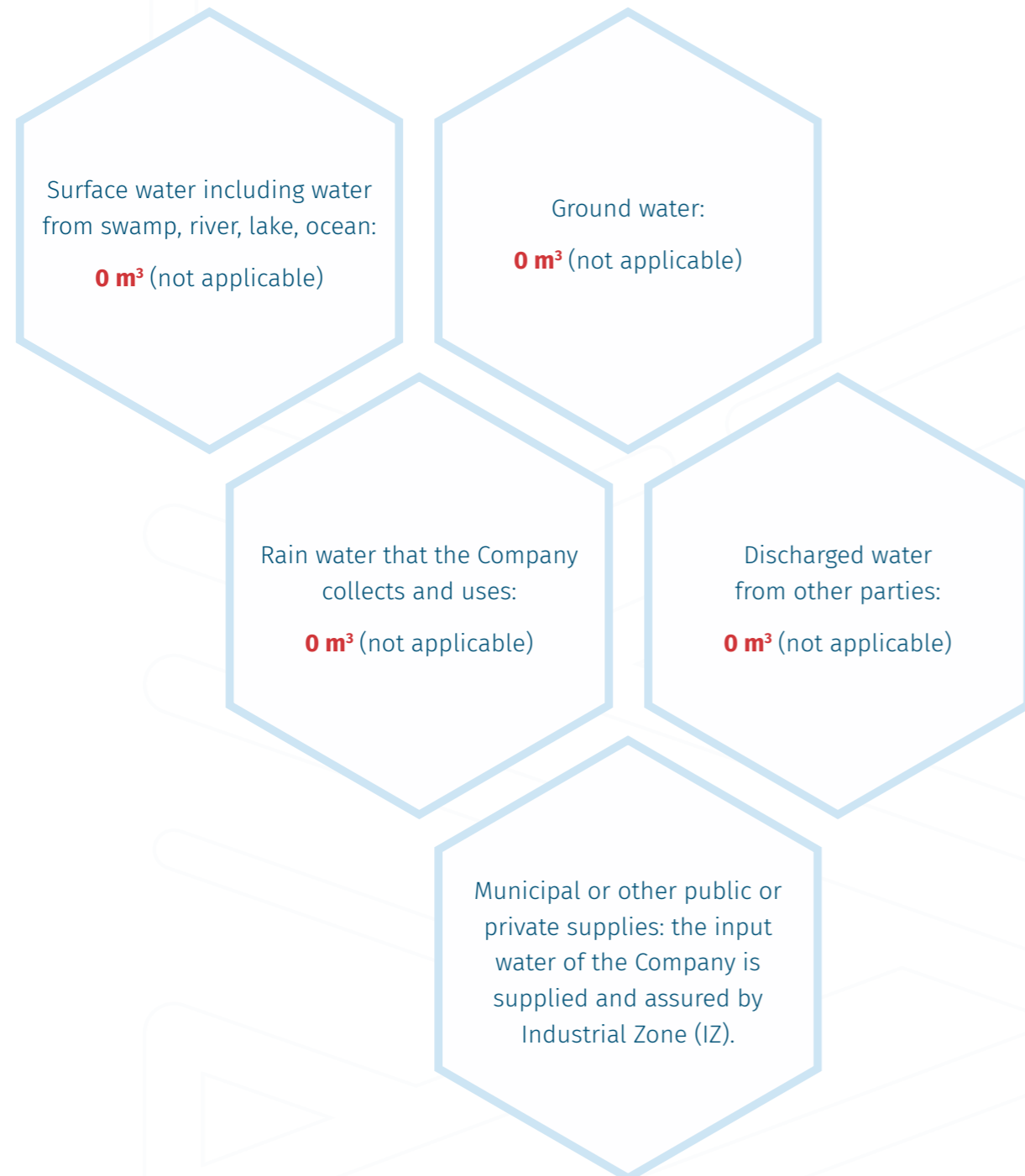


|  |  |
|--|--|
| <b>Management resources</b>  | Board of management, administration team, Utility team, ISO team.  |
| <b>Grievance mechanisms</b>  | Utility team and Administration team.  |
| <b>Specific actions, such as processes, projects, programs and initiatives</b> | Setting up a system of water meter reading system at the Company.<br>Preparing environmental reports such as the environmental monitoring report, environmental impact assessment report and water quality testing report<br>Regularly monitoring and checking the water supply system with Industrial Zone Authority. |

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

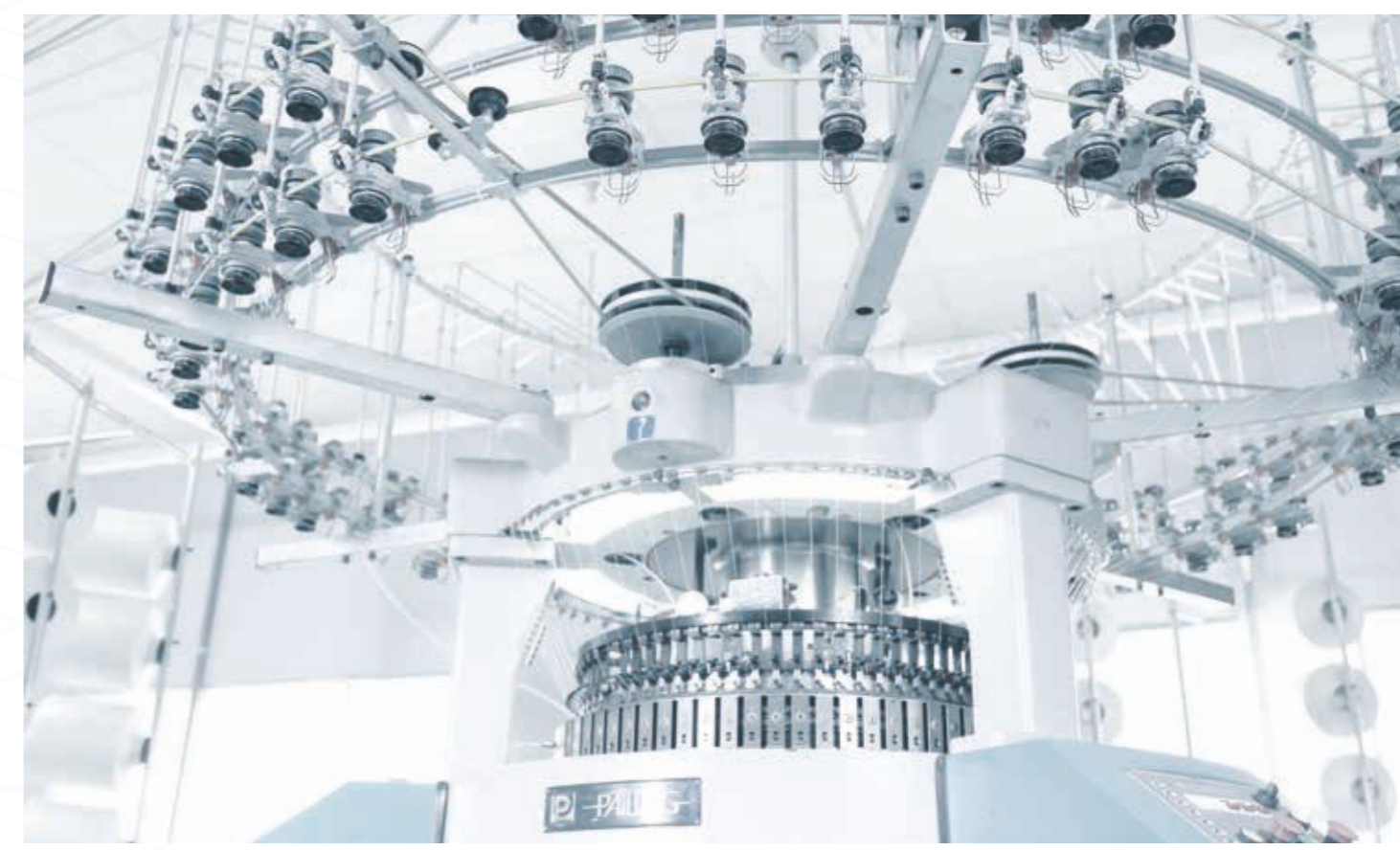
By applying such management approach, the Company's Board of management recognized that STK had completed set objectives regarding effective conservation of water at the Company in 2019. As a result, the Company's water consumption was lowered by 224,956 m<sup>3</sup> as compared to last year.

III.5.1... THE VOLUME OF INPUT WATER FOLLOWED DIFFERENT RESOURCES (GRI 303-1)



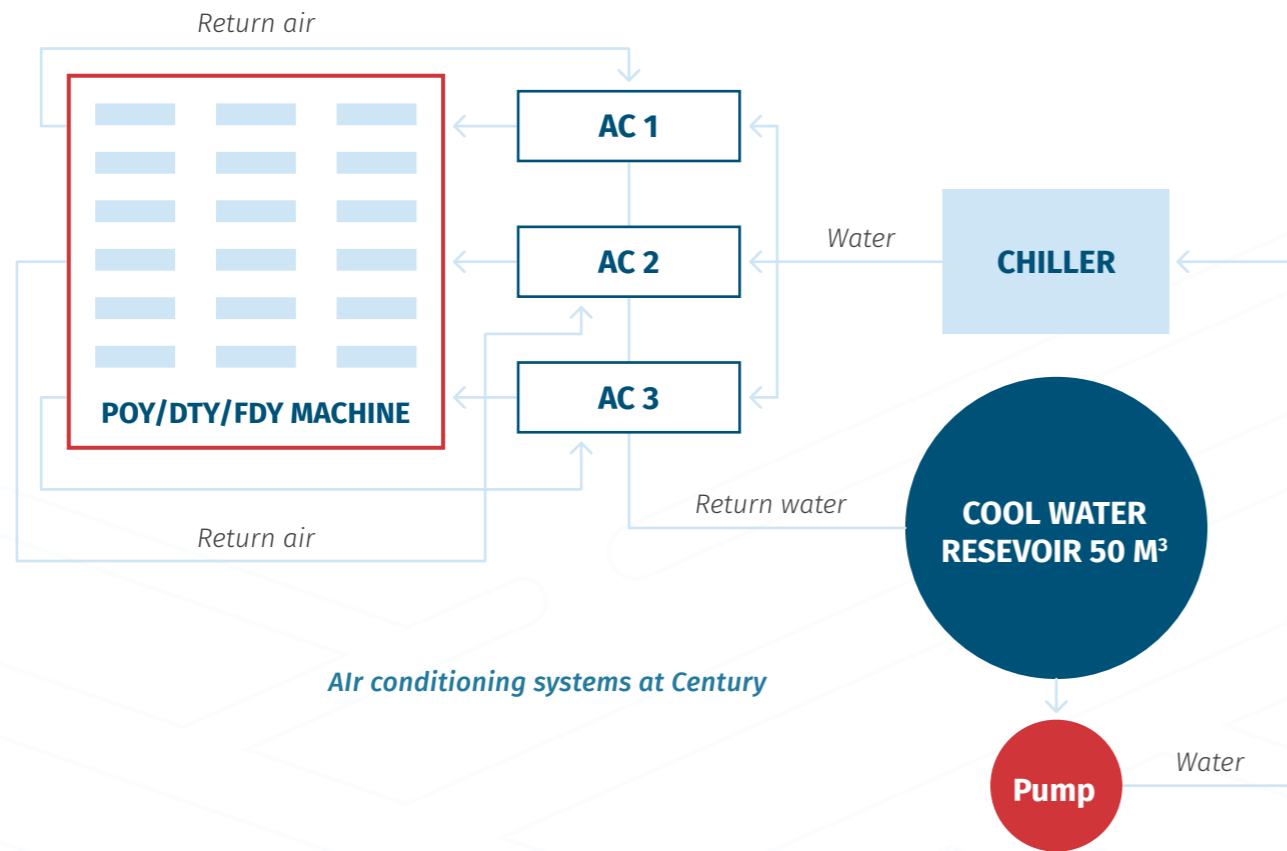
|                   | UNIT                       | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2019 /2018 |
|-------------------|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|
| Water consumption | m <sup>3</sup>             | 161.901       | 212.481       | 245.936       | 252.050       | 235.892       | 224.956       | -5%        |
| Cost              | VND                        | 1.095.366.084 | 1.643.732.100 | 1.964.344.600 | 2.009.946.200 | 1.890.635,100 | 1.615.094.560 | -15%       |
| Consumption rate  | m <sup>3</sup> /kg of yarn | 0,003         | 0,004         | 0,003         | 0,0026        | 0,0028        | 0,0023        | -18%       |

The water consumption in 2019 decreased as compared to 2018. In which, the amount of water consumption declined by 10,936 m<sup>3</sup> as compared to 2018, saving VND 275,540,540 through strict implementation of water saving plan. In addition, the amount of water consumed per kilogram of yarn was also lowered by 18% as compared to 2018, mainly due to the Company's continuous implementation and improvement of water saving plan in daily production and operation activities.



### III.5.2... RETURNING AND REUSING WATER (GRI 303-3)

At STK, there is a closed loop air-conditioning system, whereby water after going through chiller will come to AC reservoirs and cooling water pool in order to be reused. Thanks to this system, STK has saved 875 m<sup>3</sup> water each year.



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

In 2019, the Company continued to implement water conservation measures:

| NO. | SOLUTIONS   | RESULTS  |
|-----|---|--|
| 1   | <b>At Cu Chi factory:</b> reusing water from AC1,2 and resupplied water for the cooling tower no. 03. | > Saving 875m <sup>3</sup> , equivalent to VND 7,140,000/year.   |
| 2   | <b>At Trang Bang factory:</b> reclaiming water from the Ro pump system.                               | > Saving 3m <sup>3</sup> /day. Total volume of water saving was 1,095m <sup>3</sup> , equivalent to VND7,665,000/year. |
| 3   | <b>At Trang Bang factory:</b> reusing water from dryers and supplied to the cooling tower             | > Saving 2m <sup>3</sup> /day. Total volume of water saving was 730m <sup>3</sup> , equivalent to VND5,110,000/year.   |

$$\begin{aligned} \text{The proportion of} \\ \text{reclaimed and reused water"} &= \frac{\text{Volume of recycled and reused water}}{\text{Total volume of water consumed}} \times 100 \\ &= \frac{2.700}{224.956} \times 100 = 1,2\% \end{aligned}$$



### III.6 / Energy (GRI 302)

#### 2019's objectives:

- > Effective using and saving the energy consumption at the Company;
- > Reducing the electrical cost;

#### 2019's result:

- > The total volume of energy consumption was reduced by 6%;
- > The electrical cost decreased by 1%;

### The management approach (GRI 103)

#### 1. Explanation of the material topic and its boundary (GRI 103-1)

Realizing the importance of protecting the environment and minimizing the use of natural resources to conserve the natural environment. STK has set up specific targets for energy savings by effectively using and saving energy resource at the Company.

The material topic:

- + The total volume of energy consumption;
- + The intensity of energy consumption;

#### 2. The management approach (GRI 103-2)

At STK, due to its manufacturing nature which requires 24-hour-operation, the Company made a practical commitment to minimize energy consumption:

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

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

|  |   |
|--|---|
| <b>Policies</b>  | The energy saving policy; the regulation of turning off electrical devices when not in use; the policy of develop new methods to save energy consumption; the energy saving plan for 5 years.   |
| <b>Commitments</b>   | The Company commits to use effectively and save the energy resource; proactively to implement energy saving methods and environmental protection measures.  |
| <b>Goals and Targets</b>   | Optimizing the use the energy resource, reducing the greenhouse gas emission, limiting global warming, protecting the environment and optimizing costs.   |
| <b>Responsibilities</b>  | General Managing Director, Board of management  |
| <b>Management resources</b>  | Board of management, Administration team, Utility team, Production section, Financial team.   |
| <b>Grievance mechanisms</b>  | Utility team, Administration team   |
| <b>Specific actions, such as processes, projects, programs and initiatives</b> | Building the measuring system of energy consumption at the Company. Saving the energy consumption via energy saving initiatives on production machinery and equipment.<br>Building the energy saving plan of 5 years and implementing the energy consumption audit. |

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

By applying such management approach, in 2019, the Company's Board of management recognized that STK had successfully applied energy saving methods in accordance with the energy saving plan. As result, the energy consumption level per 1kg of yarn had declined clearly as compared to last year.



**III.6.1 THE ENERGY CONSUMPTION AT THE COMPANY (GRI 302-1)**

In order to enhance the management efficiency and the Company's employee awareness regarding energy saving, the Company had strengthened internal communication channels to remind all employees about adhering to the Company's rules on energy usage in their divisions such as: using the energy at right time and right places, turning off electrical devices when they are not in use, applying advanced techniques to minimize the energy consumption in production and operation activities.

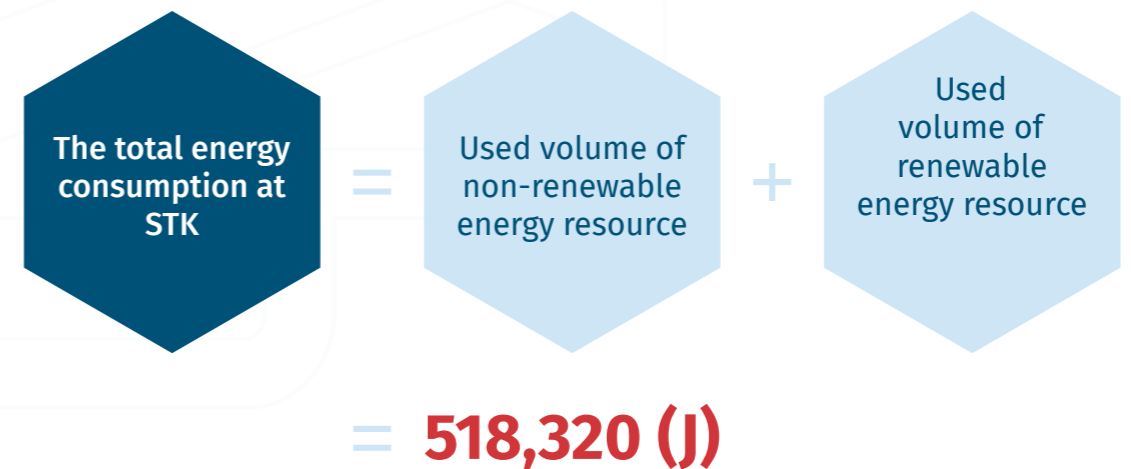
The Company only uses the energy resources of the electricity and Diesel oil in its daily production and operation activities. In which:

Non-renewable energy resource: **Diesel oil**. The used volume of Diesel oil in 2019: **1.1 tons**;

Renewable energy resource: **electricity**;

*2019's total energy consumption at the Company*

|                               | UNIT     | 2015        | 2016        | 2017        | 2018        | 2019        | INCREASE/<br>DECREASE %<br>2019/2018 |
|-------------------------------|----------|-------------|-------------|-------------|-------------|-------------|--------------------------------------|
| Total electricity consumption | kwh      | 101,936,337 | 120,743,839 | 145,585,920 | 152,778,626 | 143,977,963 | -6%                                  |
| The electricity's cost        | VND bil, | 149.8       | 180.8       | 219.9       | 234.5       | 232.2       | -1%                                  |



**Notes:**

<https://bachhopsc.com.vn/dac-tinh-co-ban-cua-gas/> (converting 1 kg Diesel oil to 1 kcal);

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

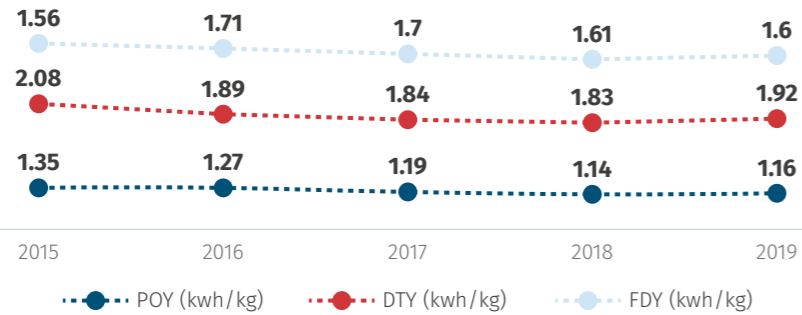
<http://www.saigonpetro.com.vn/linh-vuc-hoat-dong/95/diezen-do.html> (density of Diesel oil = 820-860 kg/m<sup>3</sup> - QCVN 01:2015/BKHCN).

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

At the Company, the electricity resource is primarily used to manufacture products. At present, the Company has 3 products: POY, DTY and FDY. The Company establishes a regime to monitor and measure energy consumption (kwh) on each kilogram of yarn.

In particular, the energy consumption per each kilogram of yarn as follow:

**The electricity consumption per each kilogram of yarn**



Over the period, the total amount of electricity consumption has been declined thanks to strict implementation of energy saving plan as well as efficient energy use in production and operation activities at the Company, machinery and auxiliary equipment upgrade with cutting edge energy saving technology. Though, the amount of energy consumption for POY and DTY product per unit tended to increase because of the Company's production of high value-added yarns such as recycled yarn and dope dyed yarn.



The Company proactively implemented energy saving methods proposed in 2019:

| NO. | SOLUTIONS  | IMPLEMENTATION PROGRESS  | CAUSES |
|-----|--|--|--------|
| 1   | <ul style="list-style-type: none"> <li>&gt; Installation of inverter for AC 1,2,3 misting system.</li> <li>&gt; Replacing the high pressure light 200w surrounding Cu Chi factory by Led lamps 70w.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Saving 20,879 kwh/ year.</li> <li>&gt; Saving VND 32 million/year.</li> </ul>                            |        |
| 2   | <ul style="list-style-type: none"> <li>&gt; Installing timers for light switches in DTY workshop.</li> </ul>   | <ul style="list-style-type: none"> <li>&gt; Implementing on 38 DTY machines, saving 2kw/hour.</li> <li>&gt; Saving VND 27.2 million/year.</li> </ul> |        |

#### 2020's energy saving plan

In 2020, the Company is planning to implement the following energy saving methods to reduce the electrical cost:

| NO. | SOLUTIONS   | RESULTS  |
|-----|---|--|
| 1   | At Cu Chi site: <ul style="list-style-type: none"> <li>&gt; Installation of inverter for AC 1,2,3 misting system.</li> <li>&gt; Installation of inverter for the pump of air conditioner no. 01.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Saving 7kw/h.</li> <li>&gt; Saving 16kw/h</li> </ul>   |
| 2   | Installation of inverter for the pump's motor of DTY's air conditioner.   | <ul style="list-style-type: none"> <li>&gt; Saving 30kw/h</li> </ul>   |
| 3   | At Trang Bang site: installation of inverter for suction motors of waste oil in DTY machines in TB 1,2.   | <ul style="list-style-type: none"> <li>&gt; Saving 2 kw/h/motor.</li> <li>&gt; Implementing on 23 DTY machines, total 46 motors.</li> <li>&gt; Saving 92kw/h.</li> </ul> |
| 4   | At Trang Bang site: installation of inverter for the cooling water pump of POY's air conditioner in TB 3.   | <ul style="list-style-type: none"> <li>&gt; Saving 38kw/h.</li> </ul>  |

### III.7 / Emissions (GRI 305)

#### 2019's objectives:

- > Reducing emissions;
- > Reducing greenhouse gas emissions;

#### 2019's result:

- > The carbon footprint index of electricity decreased by 6%;
- > The carbon footprint index of Diesel oil decreased by 75%;

#### The management approach (GRI 103)

#### 1. Explanation of the material topic and its boundary (GRI 103-1)

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

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

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

The material topics:

- + The greenhouse gas emission at the Company;

#### 2. The management approach (GRI 103-2)

The Company applies energy saving policy in each production and operation activity, replacing high energy-consuming devices and equipment to energy-efficient devices and equipment (inverter and e-saving technology). The Company's Utility and production teams directly monitor and check the energy consumption at the Company and make reports in daily production activities. Hence, the energy consumption at the Company is strictly managed, contributing to reduction of greenhouse gas emissions (CO<sub>2</sub>) and protecting the environment.

#### Policies

The energy saving policy; the rules to turn off electrical devices when not in use; the policy to develop new energy saving methods; the energy saving plan for 5 years.

#### Commitments

The Company commits to effectively use and save energy resource, contributing to reduction of greenhouse gas emissions (CO<sub>2</sub>).



#### Goals and Targets

Reducing the greenhouse gas emissions (CO<sub>2</sub>) and protecting the environment.

#### Responsibilities

General Managing Director, Board of management

#### Management resources

Board of management, Administration team, Utility team, ISO team, Financial team, Production section.

#### Grievance mechanisms

Utility team and production section.

#### Specific actions, such as processes, projects, programs and initiatives

Building an energy measuring system at the Company.  
 Saving energy consumption by applying innovative initiatives in replacing high energy-consuming devices and equipment in production activities.  
 Building the energy saving plan for 5 years and implementing energy audit at the Company.

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

By applying such the management approach, the Company's board of management recognized that STK had effectively used energy resource in accordance with energy saving policy at the Company, strictly monitoring and reducing the greenhouse gas emissions (CO<sub>2</sub>). As result, the carbon footprint index per each kilogram of yarn decreased rapidly as compared to the last year 2018.



### III.7.1 THE GREENHOUSE GAS EMISSION AT THE COMPANY (GRI 305-2)

STK meets all the legal requirements regarding to the emission treatment. Actually, the Company does not generate emission since the Company does not use stream generator. Periodically, the Company conducts measurements at outdoor areas and production areas 3 times a month in order to have solutions to remedy emission pollution (if any) immediately. In addition, the Company also prepares environmental working inspection reports of the emission every 6 months in accordance with the current law.

Some measures which are conducted to minimize emission pollution:

- > Controlling the operation of vehicles in the Company such as: container trucks, trucks, forklifts, cars regarding emission. The Company stops using vehicles that generate excessive emission.
- > Reducing usage of fuel, DO oil.
- > Regularly maintaining vehicles, machines, equipment using fuel, DO oil to minimize emission pollution.

In 2019, the Company's carbon footprint has decreased as compared to 2018. Though, the carbon footprint of electricity per kilogram of yarn increased as compared to 2018 (DTY increased by 5%, POY increased by 2%), primarily due to the Company's switch to produce more high value-added yarns. In addition, the carbon footprint index for Diesel oil was also decreased by 75% as compared to 2018 mainly due to the Company's proactive replacement of diesel forklifts by electrical forklifts to enhance working performance and maneuverability in operation.



#### STK's carbon footprint index in 2019

|  | 2019'S CONSUMPTION | CALORIFIC VALUE, LOW VALUE (TJ/T) | EMISSION FACTOR (EF)                         | CARBON EMISSIONS 2016            | CARBON EMISSIONS <sup>1</sup> 2017 | CARBON EMISSIONS 2018             | CARBON EMISSIONS 2019            | INCREASE/ DECREASE % 2019/2018 |
|--|--------------------|-----------------------------------|--|----------------------------------|------------------------------------|-----------------------------------|----------------------------------|--------------------------------|
| Electricity Consumption volume   | 143,977 MWh/year   |                                   | 0.6612 <sup>2</sup> (tCO <sub>2</sub> e/MWh) | 79,836 (tCO <sub>2</sub> e/year) | 96,261 (tCO <sub>2</sub> e/year)   | 101,017 (tCO <sub>2</sub> e/year) | 95,197 (tCO <sub>2</sub> e/year) | -6%                            |
| <i>In which, carbon emission per 1 kilogram of polyester filament yarn</i> |                    |                                   |  |                                  |                                    |                                   |                                  |                                |
| - POY  | 1.14 kwh/kg        |                                   | 0.6612 (tCO <sub>2</sub> e/MWh)              | 0.839724 (tCO <sub>2</sub> e/kg) | 0.786828 (tCO <sub>2</sub> e/kg)   | 0.753768 (tCO <sub>2</sub> e/kg)  | 0.766992 (tCO <sub>2</sub> e/kg) | +2%                            |
| - DTY  | 1.83 kwh/kg        |                                   | 0.6612 (tCO <sub>2</sub> e/MWh)              | 1.249668 (tCO <sub>2</sub> e/kg) | 1.216608 (tCO <sub>2</sub> e/kg)   | 1.209996 (tCO <sub>2</sub> e/kg)  | 1.269504 (tCO <sub>2</sub> e/kg) | +5%                            |
| - FDY  | 1.61 kwh/kg        |                                   | 0.6612 (tCO <sub>2</sub> e/MWh)              | 1.130652 (tCO <sub>2</sub> e/kg) | 1.12404 (tCO <sub>2</sub> e/kg)    | 1.064532 (tCO <sub>2</sub> e/kg)  | 1.05792 (tCO <sub>2</sub> e/kg)  | -1%                            |
| Diesel oil consumption for running forklift                                | 1.106 (t/year)     | 0.043 (TJ/t) <sup>3</sup>         | 74.1 (tCO <sub>2</sub> e/TJ) <sup>4</sup>    | 95 (tCO <sub>2</sub> e/year)     | 79.01 (tCO <sub>2</sub> e/year)    | 14.26 (tCO <sub>2</sub> e/year)   | 3.52 (tCO <sub>2</sub> e/year)   | -75%                           |

The parameters and result of air quality inspection in 2019:

Refer further to [the result of air quality inspection](#) at [Appendix 1](#)

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

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

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

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

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

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

### III.8 / Effluent and solid wastes (GRI 306)

#### 2019's objectives:

- > Having no record of environmental violation regarding the matters of waste water and solid wastes;

#### 2019's result:

- > Having no record of violation of regulation on waste water and solid wastes management;

### The management approach (GRI 103)

#### 1. Explanation of the material topic and its boundary (GRI 103-1)

The Company recognizes that the wastewater and wastes originated from daily production and operation activities at the Company will have a significant impact on the surrounding environment and local areas. Any impacts from the wastewater and wastes sources will have direct negative impact on the Company's employee's health, local community, and destroying the surrounding environment. Hence, the Company always pay attention to strict management of wastewater and wastes sources by setting separate wastes collecting systems, wastewater treatment system as well as stipulating rules on storage and treatment of the water waste and solid wastes at the Company.

The material topics:

- + Total volume of effluent by locations;
- + Total volume of wastes by types and treatment applications;
- + Significant spills;
- + Transport of hazardous waste;

#### 2. The management approach (GRI 103-2)

##### Regarding effluent:

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

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

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

##### Regarding solid wastes:

The Company has 2 types of waste, namely hazardous waste and nonhazardous waste. The Company pays great attention on training of employees on management, classification, storage and transportation of waste to lessen the impact to environment and human health. In particular, The Company has been applying measures to handle waste sources:

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

|  |   |
|--|---|
| <b>Policies</b>  | The Company's waste management policy; The regulation of water quality following the value of column C and column B – QCVN 40:2011/ BTNMT.  |
| <b>Commitments</b>   | The Company commits to strictly manage the wastewater and wastes in daily production and operation activities, ensuring of no impact on surrounding environment.  |
| <b>Goals and Targets</b>   | Protecting the Company's employee health and local community  |
| <b>Responsibilities</b>  | General managing director, Board of management  |
| <b>Management resources</b>  | Board of management, Administration team, Utility team, ISO team, Production section.   |
| <b>Grievance mechanisms</b>  | Utility team, Administration team.  |
| <b>Specific actions, such as processes, projects, programs and initiatives</b> | Building the wastewater treatment system at the Company;<br>Building procedures and policy on collection of production and sanitary wastes at the Company;<br>Building the procedures for collecting and processing hazardous wastes;<br>Quarterly preparing environmental inspection report; |

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

By applying such the management approach, in 2019, the Company's board of management recognized that STK had no record of spillage or leakage problems regarding wastewater and waste matters. Periodically, the Company prepares waste management report and submits it to authorities in accordance with the prevailing law. Apart from this, the Company also pays great attention to development of further solutions to reduce chemical usage in production activities such as development of new products without chemical usage and increase in reusing and recycling wastes.

### III.8.1 THE TOTAL VOLUME OF EFFLUENT BY LOCATIONS (GRI 306-1)

The table of wastewater statistics

|                                |                | UNIT           | 2015   | 2016   | 2017   | 2018   | 2019   |
|--------------------------------|----------------|----------------|--------|--------|--------|--------|--------|
| Wastewater                     | Cu Chi         | m <sup>3</sup> | 11,482 | 6,137  | 6,188  | 6,173  | 8,304  |
|                                | Trang Bang 1,2 | m <sup>3</sup> | 14,581 | 9,462  | 12,988 | 11,222 | 9,496  |
|                                | Trang Bang 3   | m <sup>3</sup> | 4,431  | 17,724 | 12,786 | 9,537  | 8,817  |
|                                | Total          | m <sup>3</sup> | 30,494 | 33,323 | 31,961 | 26,932 | 26,617 |
| Total cost for waste treatment | Cu Chi         | VND million    | 53.8   | 32.4   | 34.4   | 33.8   | 53.9   |
|                                | Trang Bang 1,2 | VND million    | 217.9  | 127.9  | 108.6  | 87.2   | 72.9   |
|                                | Trang Bang 3   | VND million    | 31.6   | 139.9  | 129.9  | 72.5   | 67.6   |
|                                | Total          | VND million    | 303.4  | 300.4  | 273    | 193.6  | 194.5  |

The parameters and result of wastewater inspection in 2019:

Refer further to [the wastewater inspection result](#) at [Appendix 2](#).



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

| NAME OF WASTES                            | CODE OF HAZARDOUS WASTES | VOLUME (KG)   | TREATMENTS                              | THE WASTES COLLECTION COMPANIES                |
|---|--------------------------|---------------|---|--|
| Clouts with oil stain                     | 18 02 01                 | 44            | Burning                                 | Ho Chi Minh City Urban Environment Ltd         |
| Ink containers for printing, fax machines | 08 02 04                 | 3             | Burning                                 | Ho Chi Minh City Urban Environment Ltd         |
| Waste oil                                 | 17 02 03                 | 26            | Burning                                 | Ho Chi Minh City Urban Environment Ltd         |
| Fluorescent lamp waste                    | 16 01 06                 | 7             | Disintegration, Solidification, Burying | Ho Chi Minh City Urban Environment Ltd         |
| Iron barrels                              | 18 01 02                 |               | Recycling                               | Dai Phuc Mechanical Production and Service Ltd |
| Plastic barrels                           | 18 01 03                 | 28,901        | Recycling                               | Dai Phuc Mechanical Production and Service Ltd |
| <b>Total</b>                              |                          | <b>28,981</b> |   |  |

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

- > Collecting, transporting and processing the hazardous wastes – responsible service provider: Ho Chi Minh City Urban Environment Ltd
- > Collecting, transporting and processing industrial wastes – responsible service provider: CDPS CO., Ltd and Dai Phuc Mechanical Production and Service Ltd.

In addition, annually, the Company also makes the waste management report and submits to the department of natural resources and environment of Ho Chi Minh city and Tay Ninh province. The Company registered the hazardous waste owner with registration no.- QLCTNH79,002938, T (3<sup>rd</sup> issuance).

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

In 2019, the Company did not have any record of chemical spilling or wastewater leaking. The Company strictly adheres to the procedure of collecting, storing, transporting, and processing the Company's wastes following the GRS regulations and prevailing environment law.

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

For hazardous waste, the Company has a separate storage with hazardous warning sign pursuant to the regulations. Each type of hazardous waste is stucked with hazardous label and the Company subcontracts relevant companies to collect, transport and process this type of waste. The Company signs contract with hazardous waste collecting Companies-Ho Chi Minh City Urban Environment Ltd to collect and process the hazardous wastes – Refer further to the article [III.8.2 THE TOTAL VOLUME OF WASTES BY TYPES AND TREATMENT APPLICATIONS \(GRI 306-2\)](#).

### III.9 / Environment compliance (GRI 307)

#### 2019's objectives:

> Adhering to prevailing environmental regulations and laws;

#### 2019's result:

> The indicators in environmental inspection report and environmental impact assessment report were within the stipulated range according to the environmental law;

#### The management approach (GRI 103)

##### 1. Explanation of the material topic and its boundary (GRI 103-1)

Being aware of the impact of climate change and human activities on the environment as well as environmental-related factors, STK constantly improves the awareness of environmental protection for its employees. The Company always gives priority to environmental protection.

The material topics:

+ Non-compliance to environmental regulations and laws;

##### 2. The management approach (GRI 103-2)

STK constantly updates regulations and policies in order to strictly comply with the environment standards under the prevailing laws. At the same time, in order to improve the management effectiveness and ensure strict compliance with environmental impacts, STK's General Director has made a commitment to fully respect requirements on environmental polices under GRS – V4.0 standards regarding energy usage, water supply, water discharge, emission and management of waste.

|                             |   |
|-----------------------------|---|
| <b>Policies</b>             | The environmental protection policy following GRS 4.0; the environmental protection no. 55/2014/QH13.   |
| <b>Commitments</b>          | The Company commits that all daily production and operation activities at the Company will adhere to environmental regulations and prevailing laws. |
| <b>Goals and Targets</b>    | Developing further of eco-friendly products; meeting the customer demand is considered as the top priority of the Company.                          |
| <b>Responsibilities</b>     | General managing director, Board of management  |
| <b>Management resources</b> | Board of management, Administration team, the Company's employees.  |

**Grievance mechanisms** Administration team, Health and Safety committee

**Specific actions, such as processes, projects, programs and initiatives** Continuous improvement on current procedures, transparent measurements to timely prevent incidents and protect the Company's employee health and environment.  
 Providing the resources and improving the technology application at the Company, aiming to save the energy, water and materials consumption.  
 Providing training courses on environmental protection policy to the Company's employees and related parties.

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

By applying such the management approach and relentless efforts of STK's employees, the Company's board of management recognized that the result of saving electricity and water reaching the Company's set target in 2019. In addition, the indicators in environmental inspection report and environmental impact assessment report were also within the range according to prevailing environmental regulations and laws.

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

The parameters in environmental inspection report which is prepared quarterly (conducted 4 times/year) and the annual environmental impact assessment of STK are within the acceptable range under environmental laws.

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

## LABOUR AND SOCIAL RESPONSIBILITY – GRI 400



### III.10 / Employment (GRI 401)

#### 2019's objectives:

- › Ensuring the welfare and benefit policy for Company's employees;
- › Reducing the employment turnover rate;

#### 2019's result:

- › Increasing the Company's employee average income by 7%;
- › Giving 2 month-salary as bonus to the Company's employee in Tet holiday;
- › The employment turnover rate decreased by 1.5% as compared to last year;

#### The management approach (GRI 103)

##### 1. Explanation of the material topic and its boundary (GRI 103-1)

One major factor contributing to the Company's success is effective use and management of human resources strategy. At the same time, human resources development is considered by the Company as the main driving force for the Company's sustainable development goal in the future.

The material topics:

- + Number of new hires and staff turnover rate;
- + Benefits provided to full-time employees that are not provided to temporary or part-time employees;
- + Maternity leave;

## 2. The management approach (GRI 103-2)

STK always focuses on developing the professional and skillful workforce. Therefore, education and attitude of discipline are always ones of the Company's recruitment criterion.

STK conducts recruitment solely based on the demand for labor of the Company and the candidates' ability to meet the requirements for the positions, rather than any other criterions. STK commits to provide a transparent recruitment process and an impartial working environment to the candidates. In addition, the Company also commits not to use child labor (under the age of 18).

|  |   |
|--|---|
| <b>Policies</b>  | The Company's recruitment plan in 2019; the Company's recruitment procedure and policy.   |
| <b>Commitments</b>   | The Company commits to provide a transparent recruitment process and an impartial working environment to the candidates. All of the Company's employment adhere to Vietnam's labor law. Depending on type of jobs and profile of each employee, STK will determine whether to apply a term contract or permanent contract for the employee. |
| <b>Goals and Targets</b>   | Ensuring the stable human resources for the Company;  |
| <b>Responsibilities</b>  | General managing director, Board of management  |
| <b>Management resources</b>  | Board of management, Human resources department, Recruitment section;   |
| <b>Grievance mechanisms</b>  | Human resources department;   |
| <b>Specific actions, such as processes, projects, programs and initiatives</b> | Building transparent recruitment policy;<br>Improving the welfare, benefit and promotion polices to maintaining the stable human resources;<br>Executing the democratic and justice in the Company;<br>Coordinating with the Trade Union to create the democratic regulation and collective labor agreement;                                |

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

Thanks to proper labor policies and supports from the Company's board of management, the Company's employment turnover rate in 2019 had declined as compared to last year and the employment response rate was better. Furthermore, the salary, welfare, and benefits policies were also improved better than last year, enhancing the employees' living standard and their motivation, creating more jobs and strengthening the relationship between the employer and the employees.

## III.9.1.....NUMBER OF NEW HIRES AND EMPLOYMENT TURNOVER RATE (GRI 401-1)

### The total number of new hires in the reporting period

| REGIONS           | THE QUANTITY |       |     |        |       |     | THE PROPORTION |       |     |        |       |     |
|-------------------|--------------|-------|-----|--------|-------|-----|----------------|-------|-----|--------|-------|-----|
|                   | MALE         |       |     | FEMALE |       |     | MALE           |       |     | FEMALE |       |     |
|                   | <30          | 30-50 | >50 | <30    | 30-50 | >50 | <30            | 30-50 | >50 | <30    | 30-50 | >50 |
| East Northern     | 1            | 0     | 0   | 0      | 0     | 0   | 100%           | 0     | 0   | 0      | 0     | 0   |
| West Northern     |              |       |     |        |       |     |                |       |     |        |       |     |
| Red River delta   | 2            | 0     | 0   | 1      | 1     | 0   | 100%           | 0     | 0   | 50%    | 50%   | 0   |
| North-Middle area | 7            | 3     | 0   | 3      | 0     | 0   | 70%            | 30%   | 0   | 100%   | 0     | 0   |
| South-Middle area | 5            | 0     | 0   | 0      | 0     | 0   | 100%           | 0     | 0   | 0      | 0     | 0   |
| Highland          | 2            | 1     | 0   | 1      | 0     | 0   | 66%            | 34%   | 0   | 100%   | 0     | 0   |
| East Southern     | 114          | 45    | 0   | 25     | 10    | 0   | 71%            | 29%   | 0   | 71%    | 29%   | 0   |
| Mekong delta      | 60           | 29    | 0   | 10     | 2     | 0   | 67%            | 33%   | 0   | 83%    | 17%   | 0   |
| Oversea           | 0            | 0     | 0   | 1      | 0     | 0   | 0              | 0     | 0   | 100%   | 0     | 0   |

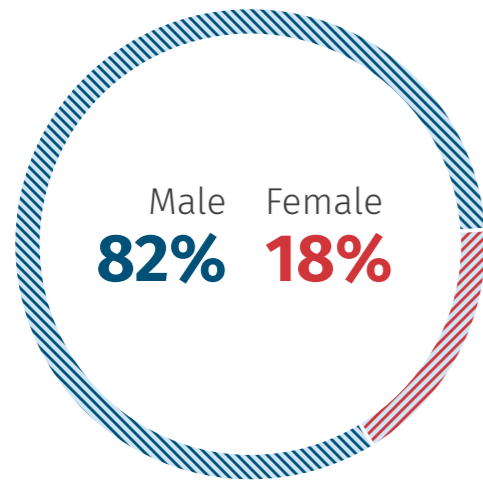
### The number of employees leaving in reporting period

| REGIONS           | THE QUANTITY |       |     |        |       |     | THE PROPORTION |       |     |        |       |     |
|-------------------|--------------|-------|-----|--------|-------|-----|----------------|-------|-----|--------|-------|-----|
|                   | MALE         |       |     | FEMALE |       |     | MALE           |       |     | FEMALE |       |     |
|                   | <30          | 30-50 | >50 | <30    | 30-50 | >50 | <30            | 30-50 | >50 | <30    | 30-50 | >50 |
| East Northern     | 0            | 0     | 0   | 0      | 0     | 0   | 0              | 0     | 0   | 0      | 0     | 0   |
| West Northern     | 0            | 0     | 0   | 0      | 0     | 0   | 0              | 0     | 0   | 0      | 0     | 0   |
| Red River delta   | 1            | 1     | 0   | 1      | 2     | 0   | 50%            | 50%   | 0   | 33%    | 67%   | 0   |
| North-Middle area | 15           | 3     | 0   | 3      | 1     | 0   | 83%            | 17%   | 0   | 75%    | 25%   | 0   |
| South-Middle area | 7            | 2     | 0   | 1      | 0     | 0   | 77%            | 23%   | 0   | 100%   | 0     | 0   |
| Highland          | 1            | 1     | 0   | 0      | 0     | 0   | 50%            | 50%   | 0   | 0      | 0     | 0   |
| East Southern     | 117          | 61    | 0   | 25     | 12    | 0   | 66%            | 34%   | 0   | 67%    | 33%   | 0   |
| Mekong delta      | 66           | 37    | 0   | 16     | 0     | 0   | 64%            | 36%   | 0   | 100%   | 0     | 0   |
| Oversea           | 0            | 0     | 0   | 0      | 0     | 0   | 0              | 0     | 0   | 0      | 0     | 0   |

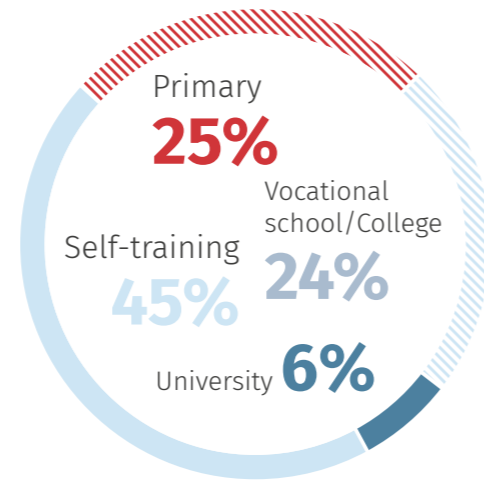
The number of full time employees as at 31/12/2019 was

**963** people 

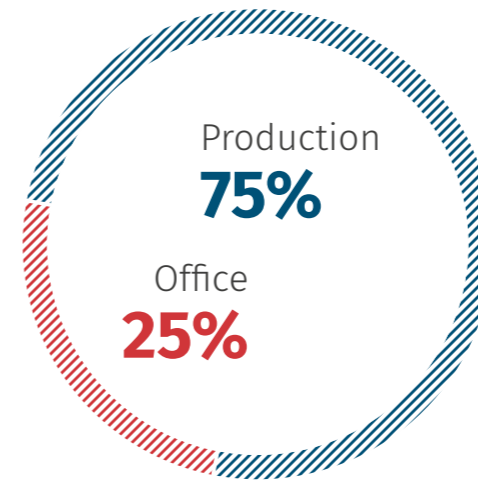
Gender



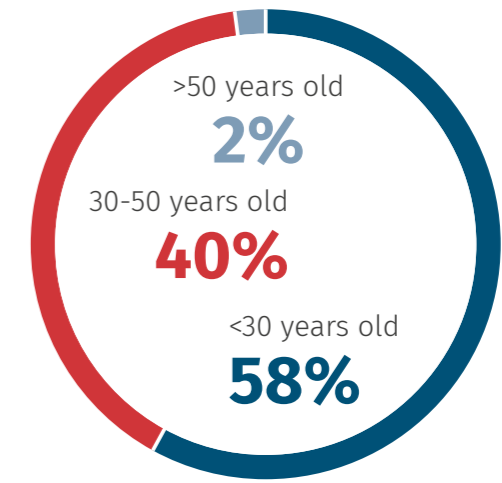
Education level



Employment by function



Employment by ages



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

The Company commits that all of the Company’s employments are adhered to Vietnam’s labor law. Depending on type of jobs and profile of each employee, STK will determine whether to apply a term contract or permanent contract for the employee.

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

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

**Basic salary**

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

**Actual salary**

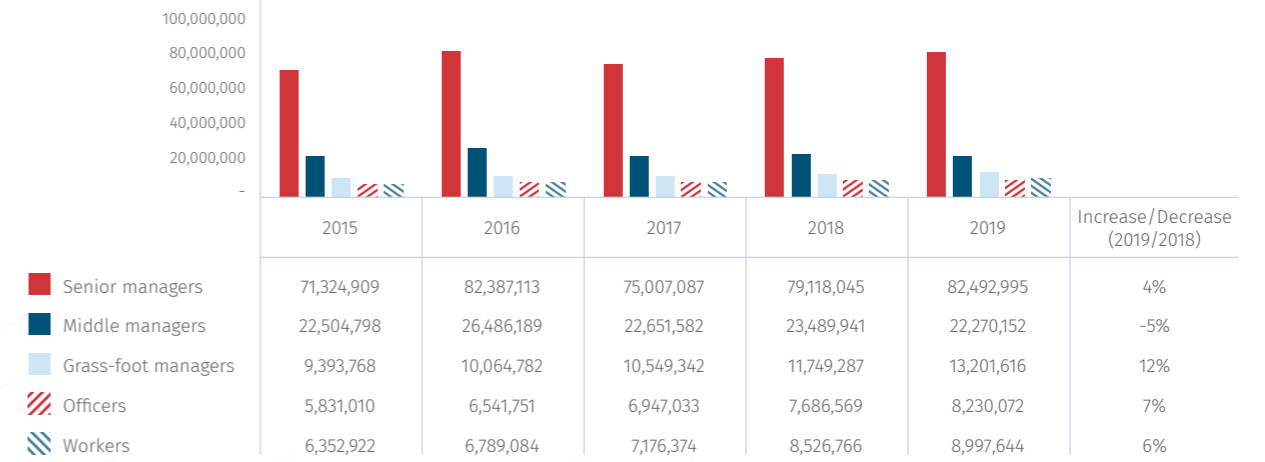
| Office | Production |
|--------|------------|
|--------|------------|

Based on nature of each position, STK will determine the salary scales.

Staffs will receive the salary, which is based on productivity. The productivity wages will be adjusted in accordance with STK’s business performances from time to time.

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

**Average income of employees at STK (VND/year)**



The average income of high and middle level of management at the Company in 2019 was increased by 7% as compared to 2018. The increment in average income was primarily owing to personnel reshuffle (when replacing managers have different wage scales) and annual salary increase policy of the Company, resulting the increase in average income of high and middle level management in 2019.

**Bonus**

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

- > Performance bonus
- > Bonus for compliance with working rules
- > Extra bonus for fulfilment of duties
- > Extra performance bonus for production workers
- > Extra bonus paying in kind
- > Extra performance bonus for sales staffs
- > Extra performance bonus for purchasing staffs
- > Extra performance bonus of stevedoring/ warehouse/ forklift truck driver’s positions
- > Bonus on national holidays

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

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





**Insurance**

The Company pays for social insurance, medical insurance, and unemployment insurance in accordance with the State’s regulations (the Company’s insurance participation rate is **100%**). In addition, STK also buys the accident insurance 24/24 for all of staffs.

**Welfare**

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

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

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

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

**III.10.4. MATERNITY LEAVING (GRI 401-3)**

|  |        |      |
|--|--------|------|
| Total number of employees that were entitled to maternity leave, by gender   | Male   |      |
|  | Female | 23   |
| Total number of employees that took maternity leave, by gender   | Male   |      |
|  | Female | 23   |
| Total number of employees that returned to work in the reporting period after maternity leave ended, by gender                                       | Male   |      |
|  | Female | 12   |
| Total number of employees that returned to work after maternity leave ended that were still employed 12 months after their return to work, by gender | Male   |      |
|  | Female | 12   |
| The return to work rate  | Male   |      |
|  | Female | 52%  |
| The employees retention rate   | Male   |      |
|  | Female | 100% |

### III.11 / Training and education (GRI 404)

#### 2019's objectives:

- > Increasing average training hours in period;
- > Building more training courses to enhance the Company's employee professional knowledge;
- > Giving promotion opportunities for the Company's employees;

#### 2019's result:

- > The average training hours increased by 6% as compared to last period;
- > Organizing more than 10 training courses to enhance the employee's working skills;
- > 100% the Company's employees are evaluated for promotion;

#### The management approach (GRI 103)

##### 1. Explanation of the material topic and its boundary (GRI 103-1)

The Company always proactively updates, improves the quality and content of the training program in accordance with customers' new standards as well as the Company's production needs, aiming to provide customers with good quality products and satisfactory services and to improve workers' professional knowledge and working skills.

The material topics:

- + The average training hours per year per employee;
- + Programs for upgrading employee skills and transition assistance programs;
- + Percentage of employees receiving regular performance and career development reviews;

##### 2. The management approach (GRI 103-2)

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

|                             |   |
|-----------------------------|---|
| <b>Policies</b>             | 2019's training plan  |
| <b>Commitments</b>          | The Company commits to provide development opportunities to employees by enhancing the professional knowledge and working skills. |
| <b>Goals and Targets</b>    | Conserving and developing the stable human sources having good working skills for the Company.                                    |
| <b>Responsibilities</b>     | General managing director, Board of management  |
| <b>Management resources</b> | Board of management, Human resources team, training section.  |
| <b>Grievance mechanisms</b> | Human resources team  |



#### Specific actions, such as processes, projects, programs and initiatives

- Planning the training schedule for each year.
- Regular updating the training content in accordance with the Company's needs.
- Coordinating with outside training service suppliers to develop further the training courses for workers.

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

In 2019, the Company's board of management recognized that organized training courses to employees boosted the workers' working efficiency, helping them to reach set KPIs.

#### III.11.1... THE AVERAGE TRAINING HOURS PER YEAR PER EMPLOYEE (GRI 404-1)

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

|  | 2015            | 2016  | 2017   | 2018   | 2019  |
|--|-----------------|-------|--------|--------|-------|
| The number of training courses   | 45              | 21    | 20     | 22     | 21    |
| Internal training  | 37              | 17    | 13     | 15     | 12    |
| Service training   | 8               | 4     | 7      | 7      | 9     |
| Training budget (VND million)  | 809.7           | 439.8 | 175    | 184.8  | 205.8 |
| Actual training cost (VND million)   | 351.2           | 44.1  | 158.4  | 51.3   | 43.4  |
| Actual training cost (including the salary for training staff) (VND million) | VND 1.2 billion | 900.5 | 821    |        | 973.4 |
| Actual training cost/budget  | 43%             | 10%   | 87%    | 28%    | 21%   |
| Average training hours (hour/person/year)                                    | 188.27          | 207.2 | 222.34 | 130.83 | 138.4 |

### III.11.2 PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS (GRI 404-2)

The Company periodically conducts training programs on basic knowledge about the Company's culture, Company's products, ISO/ 5S/ KAIZEN/ LEAN/ SAP /POC, occupational safety, prevention of occupational diseases, occupational consciousness, skills improvement training, shift leaders training.

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



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

In addition to the standard training programs, in 2019 the Company offered special training courses as follows:

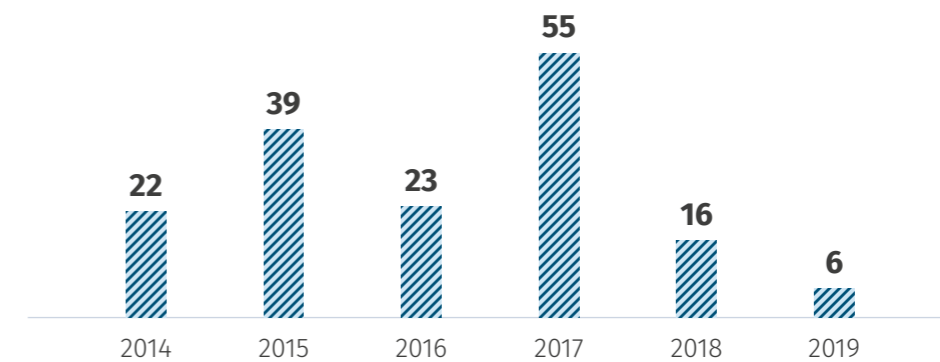
| TRAINING COURSES  | TRAINED DIVISIONS         | TRAINING HOURS (HOURS) | NUMBER OF PARTICIPANTS (PERSON) |              |         | FORM OF TRAINING |         |
|---|---------------------------|------------------------|---------------------------------|--------------|---------|------------------|---------|
|   |                           |                        | MANAGERS                        | OFFICE STAFF | WORKERS | INTERNAL         | SERVICE |
| Chemical management training  | All                       | 240                    |                                 |              | 60      | ×                |         |
| Chemical safety training (group 3)  | All                       | 744                    |                                 |              | 31      |                  | ×       |
| First aid kit training  | All                       | 400                    |                                 | 35           | 65      |                  | ×       |
| Firefighting training   | All                       | 400                    |                                 | 35           | 65      |                  | ×       |
| Training of POY production process  | Sales team                | 25,5                   |                                 | 17           |         | ×                |         |
| Training of DTY production process  | Sales team                | 25,5                   |                                 | 17           |         | ×                |         |
| Inverter training   | Utility                   | 744                    | 10                              |              | 21      |                  | ×       |
| “ Guidance on rules of origin, searching import taxes; read and understand the product specification and how effectively apply the preferential tariffs of CPTPP from 08/03/2019” | Sales team+<br>Im-Ex team | 16                     | 1                               | 1            |         |                  | ×       |
| Training of “The process of rules of origins for Vietnam’s products exporting to EU, Norway, Switzerland and Turkey”  | Im-Ex team                | 16                     |                                 | 1            |         |                  | ×       |
| Training of: “ Guidance on rules of origin following to the CPTPP agreement”  | Sales team                | 16                     |                                 | 1            |         |                  | ×       |
| “Guidance on self-certification of origin of products, Rex Mechanism and special preferential import-export tax in the CPTPP”   | Sales team+<br>Im-Ex team | 32                     |                                 | 2            |         |                  | ×       |

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

As for having the successive generation to continue the Company's success, STK always encourages and maintains fair promotion policy for all employees. Qualified employees can apply for higher position. HR department will coordinate with the manager to monitor, orient and evaluate the candidate's ability for new position. If their skills reach 70% of the standards, they will be trained and placed on probation for 2 or 3 months before being officially appointed to higher positions. In 2019, the number of employees promoted to higher positions was 6 people with 3 males and 3 females.

The proportion of employees receiving regular performance and career development reviews: 100% (male: 100%, female: 100%)

The number of promoted employees over the period (person)



## III.12 / Occupational health and safety (GRI 403)

### 2019's objectives:

- > Reducing the number of labor accidents and occupational diseases;
- > Equipping staffs with health and safety knowledge;
- > Ensuring safe working environment for the Company's employees

### 2019's result:

- > The number of labor accident and occupational diseases: 0 cases;
- > The proportion of employees was trained about health and safety knowledge: 100%;
- > Environmental indicators in the working premises met standards under the prevailing regulations;

### The management approach (GRI 103)

#### 1. Explanation of the material topic and its boundary (GRI 103-1)

To ensure creating and providing a safe and effective working environment to workers according to strict requirements on safety and social responsibility under the labor law of Vietnam, ILO international agreements and standard GRS-V 3.0, the Company has promulgated and applied health and occupational safety policies.

The material topics:

- + Worker participation, consultation, and communication on occupational health and safety;
- + Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities;
- + Health and safety topics covered in formal agreements with trade unions;

#### 2. The management approach (GRI 103-2)

- > To comply and meet the legal requirements regarding to health, occupational safety for all the workers, suppliers and related parties during the operation of the Company.
- > To ensure clean and safe working conditions.
- > To identify, evaluate and have measures to prevent and control the risks before starting any work. Labor protection devices are fully provided for workers.
- > To ensure provision of essential medical supports for all workers.
- > To provide sufficient equipment, facilities for fire and explosion prevention and fighting.
- > To provide sufficient training for staffs before commencing the work. To provide frequent training on health, occupational safety, fire and explosion prevention and fighting, waste management, transportation and processing of chemicals and hazardous materials to workers and all ranks of management.
- > To propagate the policy to all employees.

- > To ensure the compliance of all people, all levels in the Company with this policy.
- > Periodically every 6 months, the Managing Director will consider and make adjustment and modification to the policies in order to comply with the Law.
- > Consultation of the policy with internal related departments in order to timely contribute and enhance the effectiveness and rationality of the policies applied in the Company's manufacturing activities.

|  |   |
|--|---|
| <b>Policies</b>  | The health and safety policies following the GRS 4.0 standard; Regulations on labor safety according to Decree 44/2016/ND-CP.   |
| <b>Commitments</b>   | The Company commits to provide the most comfortable and safest working environment to all employees.  |
| <b>Goals and Targets</b>   | Reducing the labor safety risks for employees working at the Company.   |
| <b>Responsibilities</b>  | General managing director, Board of management.   |
| <b>Management resources</b>  | Board of management, Administration team, full-time in charge person of occupational health and safety, health and safety network.  |
| <b>Grievance mechanisms</b>  | Administration team   |
| <b>Specific actions, such as processes, projects, programs and initiatives</b> | Periodic inspection for machinery and equipment.<br>Training health and safety knowledge for all employees.<br>Executing periodic training of first aid kit and firefighting for the Company's employees.<br>Creating the health and safety's policy and procedures to guide employees working at the Company.<br>Providing sufficient labor safety equipment for employees working at the Company. |

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

Over the years, the costs of implementing the occupational health and safety plans have been increased. In particular, the budgets of health care plan to workers and propaganda were increased, enhancing health of the Company's employees. In addition, as the Company has been focusing more on the efficiency of training and propaganda on occupational health and safety information to the Company's employees, coupled with the strict monitor and management of SOPs which are in accordance with ISO and GRS standards, the number of labor accident cases and the average of overtime working hours were decreased significantly.

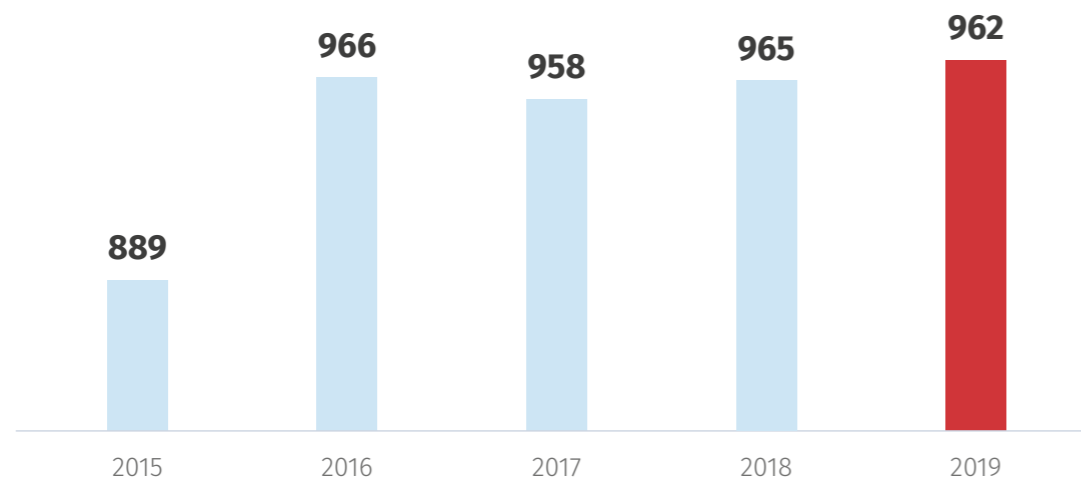
**III.12.1... WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY (GRI 403-1)**

At STK, the Company's health and safety committee consist of one full-time occupational safety officer and the occupational safety network. The Company's health and safety committee are responsible to ensure that all production and operation activities at the Company are in compliance with the health and safety regulations and policies. In addition, periodically, the occupational health and safety committee will organize training and propaganda regarding labor safety at workplaces, fire drills, first aid drills and periodic health checks for the Company's employees; preparing health and safety report of the Company to submit to the Department of Labor, War Invalids and Social Affairs of Ho Chi Minh City and Tay Ninh about labor safety activities and the number of labor accident cases of the Company.

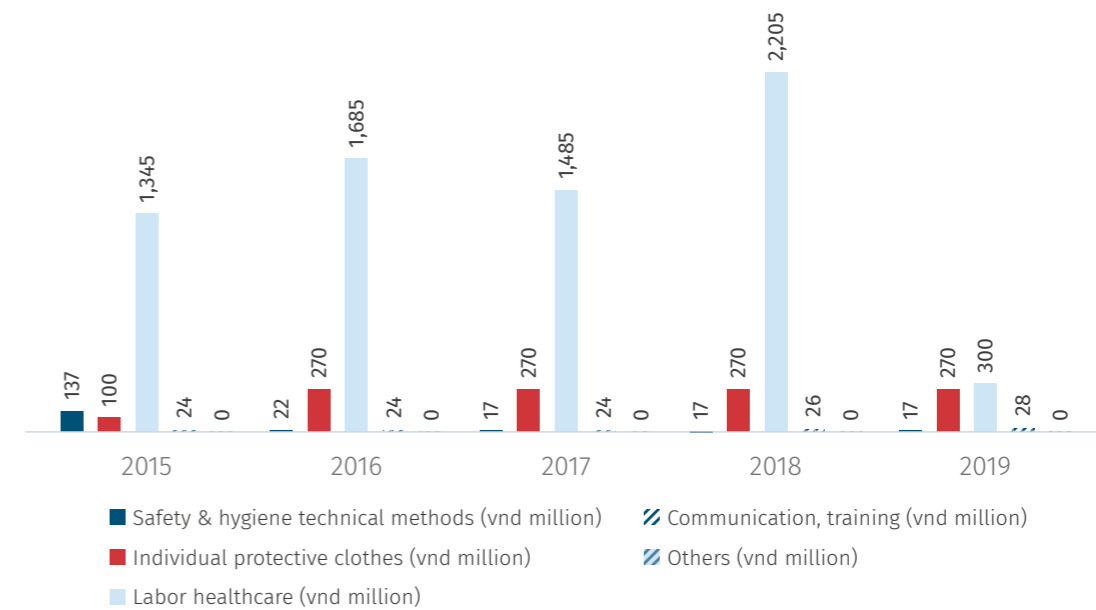
- + Health and safety network: **96 people** (male: 86 people, female: 10 people)
- + The percentage of the Company's employees having representation in the official occupational health and safety committees: **10%**

**III.12.2 TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES (GRI 403-2)**

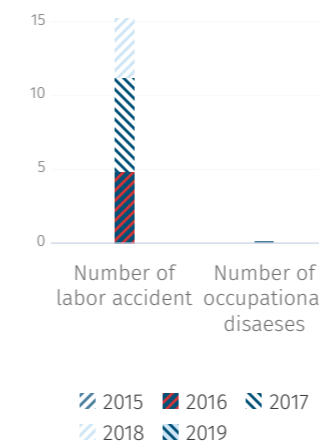
*Total number of employees are trained about health and safety knowledge*



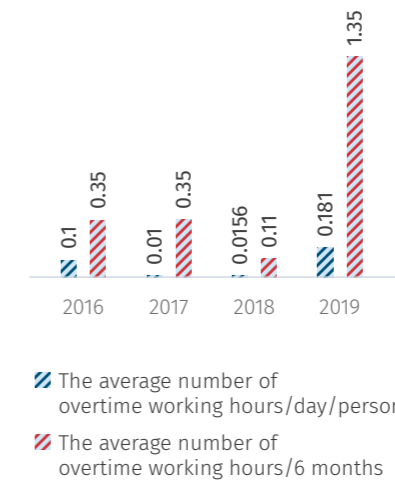
*The total actual cost of implementation of health and safety plan (VND million)*



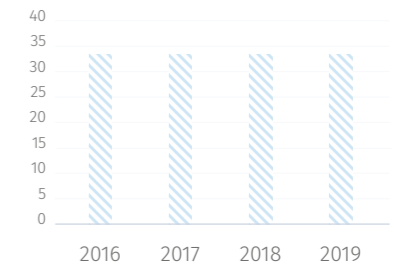
*The number of labor accident and occupational diseases (cases)*



*The average working hours*



*The machinery and equipment having strict requirement about health and safety*



In which,

|         | NUMBER OF LABOR ACCIDENT | TYPE OF INJURY AND RATE OF INJURY | OCCUPATIONAL DISEASES RATE | LOST DAYS RATE | ABSENTEEISM RATE | WORK-RELATED FATALITY RATE |
|---------|--------------------------|-----------------------------------|----------------------------|----------------|------------------|----------------------------|
| 0 cases | Male                     | None                              | 0%                         | 0%             | 0%               | 0                          |
|         | Female                   | None                              | 0%                         | 0%             | 0%               | 0                          |

(Pursuant to the Company's report of occupational health and safety in 2019 to the Department of Labor, War Invalids and Social Affairs of Ho Chi Minh City and Tay Ninh - January 9, 2020)



### III.12.3 WORKING ENVIRONMENT MEASUREMENTS

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

**Measuring method:** measure the indicators including microclimate, light, noise, dust, toxicant gas at certain technical positions in accordance with the standard measuring procedures developed by Institute for Occupational and Environmental Health – and published by the Medical Publishers in 2002.

**Applicable standards:**

- > Decision No.3733/2002/QĐ-BYT - Occupational Safety and Health Standards
- > Vietnam standard 5508:2009 – microclimate in working place.

**The testing result of working environment measurement report:**

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

### III.12.4 HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS (GRI 403-4)

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

### III.13 / Customer health and safety (GRI 416)

#### 2019's objectives:

- > Providing high quality and safety products to customers;

#### 2019's result:

- > Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period:
  1. No incidents of non-compliance with regulations resulting in a fine or penalty;
  2. No incidents of non-compliance with regulations resulting in a warning;
  3. No incidents of non-compliance with voluntary codes;

#### The management approach (GRI 103)

##### 1. Explanation of the material topic and its boundary (GRI 103-1)

STK is constantly improving and developing the quality of products and services, aiming to always bring to customer high quality products and services through investment in advanced production equipment and machinery which follow modern European standards and provided by reputable suppliers (such as Oerlikon Barmag) and periodical inspection and upgrading. The Company always uses high quality input materials provided by reputable manufacturers and actively changes suppliers to meet the changing quality needs of customers with strict compliance with regulations on using chemicals as well as strict production processes at the Company.

The material topics:

- + Assessment of the health and safety impacts of product and service categories;
- + Incidents of non-compliance concerning the health and safety impacts of products and services;

##### 2. The management approach (GRI 103-2)

With strategic aim at high-end segment, STK always focuses on investing in machineries and technology. Machineries and equipment are manufactured by Oerlikon Barmag, a leading European corporation. With the latest production technology, these machineries and equipment will ensure stable quality for finished products, energy-saving, environment protection and strengthen the product's price competitiveness.

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

#### Application of modern management tools:

- > **ISO 9001- 2015, ISO 27001:** to ensure that the production activities are in accordance with established procedures and the sector's standards.
- > **GRS V3.0:** To control and ensure that production and trading of recycled yarn are in accordance with the standards.
- > **5S:** to establish a safe, comfortable, clean, tidy working environment and eliminate unnecessary component/steps to enhance the results, reduce the waste time and set foundation to implement more sophisticated systems such as Kaizen and LEAN.
- > **Kaizen:** to continuously improve the process in order to enhance operational results and product quality.
- > **LEAN:** is systematic innovation and continuously elimination of waste during production, optimizing the resource usage, shorten the production circle and at the same time to improve the ability to dynamically meet the customers' constant changing and strict requirement..

|  |  |
|--|--|
| <b>Policies</b>  | Procedures and policies of ISO 9001-2015 system, Standards of GRS 4.0, 5S, Reach 168, OEKO – TEX 100   |
| <b>Commitments</b>   | The Company commits to provide high quality and safety products to customers   |
| <b>Goals and Targets</b>   | Satisfying the customer demand and enhancing the Company's prestige in the market.   |
| <b>Responsibilities</b>  | General managing director, Board of management   |
| <b>Management resources</b>  | Board of management, Administration team, ISO team, production section   |
| <b>Grievance mechanisms</b>  | Administration team  |
| <b>Specific actions, such as processes, projects, programs and initiatives</b> | The Company will conduct annual audits of quality certificates to ensure of health and safety compliance as well as none-usage of chemicals in production.<br>Replacing and applying with production machineries and equipment which are certified by EU standards.<br>Adhering to the health and safety procedure from the beginning of production process, during production process and before shipment to customers. |

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

With efforts of the production team, the Company's board of management recognized that the product quality was improved substantially while resource and material consumption declined, customers were satisfied more with lower complaining rate. The actual performance results met the annual targets in 2019.

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

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

#### QUALITY CONTROL IS CARRIED OUT BY THE FOLLOWING DEPARTMENTS:

- > **Purchasing department** is responsible to check and take over raw materials, identify and eliminate defect products prior to production, evaluate the quality of raw material during production to request the suppliers to fix the minor defects in order to ensure the stability of raw materials and product quality. Besides, the purchasing department has to ensure raw materials complied with Material Safety Data Sheet (MSDS).
- > **Production, Mechanical & Electrical and Maintenance departments** are responsible for controlling the quality of work and product in production process in order to identify the errors and eliminate the substandard products.
- > **Quality control departments (QC)** has 180 employees who will conduct 100% quality check for semi-finished product (POY) and finished product (DTY and FDY). Besides, QC is also responsible for controlling the technical specifications of the machines.

#### VIA AUDITING SYSTEMS:

- > **Reach 168:** the Company was granted by SGS a certification, confirming that its products conform to REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) on using toxic chemical material as stipulated by European Chemical.
- > **GRS:** the Company also got Global Recycle Standard (GRS) certificate. This is a product standard for tracking and verifying the content of recycled materials while ensuring strict production requirement. In December 2018, STK expand the GRS assessment for Cu Chi factory in order to raise the portion of recycled product in revenue in the coming months. In order to get this certificate, STK complies with strict standards on environment protection, occupational safety and commitment of non-usage of hazardous chemicals.
- > **OEKO-TEX 100:** to enhance the Company's prestige regarding product safety, STK also achieved OEKO-TEX 100 certificate for DTY and FDY. This is an independent certification system – established by International Association for Research and Testing in the Field of Textile Ecology (Oeko-Tex) of Zurich (Switzerland). The test result proves that STK's product met requirements for non-usage of toxic chemical and being eco-friendly and safe for human health. STK is committed to comply with stringent standards on environmental protection, occupational and consumable safety. All the testing and certifications are conducted by independent and qualified institutions.



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

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

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

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

In 2019, the total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period.

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





## III.14 / Local community (GRI 413)

### 2019's objectives:

- > Supporting the growth of local community;
- > Ensuring of anti-corruption;

### 2019's result:

- > Giving the scholarship to local colleges: 13 parts;
- > Recorded corruption cases: 0 case;

### The management approach (GRI 103)

#### 1. Explanation of the material topic and its boundary (GRI 103-1)

To develop the local community and enhance the living standards for local employees, STK has exerted to implement local community development projects, helping to increase the income and people's knowledge level, contributing to elimination of hunger and poverty at the local community as well as to improve the physical facilities and living conditions of local people.

The material topics:

- + Operations with local community engagement, impact assessments, and development programs;
- + Operations with significant actual and potential negative impacts on local communities;

#### 2. The management approach (GRI 103-2)

Towards balance between sustainable economic growth and activities benefiting to the community and society, the Company annually sets a budget for developing the community projects such as scholarship fund, children's gift giving program, supporting fund for the Company's employees who have difficult circumstances.

|                             |   |
|-----------------------------|---|
| <b>Policies</b>             | The policy of development local community following GRS standard 4.0  |
| <b>Commitments</b>          | The Company commits to contribute to the development of the local community where the Company is operating. |
| <b>Goals and Targets</b>    | Enhancing the average income, improving knowledge level and the living conditions of local workers.         |
| <b>Responsibilities</b>     | General managing director, Board of management  |
| <b>Management resources</b> | Administration team, Human resources team, Training section   |
| <b>Grievance mechanisms</b> | Human resources team, Trade Unions  |



#### Specific actions, such as processes, projects, programs and initiatives

Building scholarship fund for students studying at local colleges  
Continuously to expand the production capacity via the Company's new projects, aiming to creating more jobs for local people.  
Supporting and proactively applying new policies and regulations of the Government and Local authorities.

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

The Company's contribution to the local and community were well carried out, thanks to the Company's strong commitments to adhere with the governmental policies and guidance. In addition, the Company's contribution activities to the local and community were further enhanced by funding scholarships to local schools and colleges, creating more jobs for local workers from the Company's new projects.

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

**Social impact assessments, including gender impact assessments, based on participatory processes:** quarterly, the Company carries out periodical dialogue with its employees to share information and to foster better understanding between the employer and the employees to ensure democracy at working place. By that, the Company's employees could contribute their opinions and comments on labor-society matter.

**Environmental impact assessments and ongoing monitoring:** periodically, the industrial zone authority will conduct inspection and assessment on the environmental impacts of the Company. In addition, the Company also proactively make the environmental inspection report, aiming to ensure that all production and operation activities do not have bad impacts on the environment and the local community.

**Public disclosure of results of environmental and social impact assessments:** reports and related information on environmental and social matters are disclosed publicly on the Company's website - Sustainable development tab. In addition, related information on environmental and social matters is also presented in the Annual report and Sustainable report, disclosing to all related parties.

**Formal local community grievance processes:** the Company receives the contribution comments of related parties (including the local community) via emails and telephone publicizing on the Company's website. All comments of related parties are recorded, reviewed, and feed back to the Company's related parties.

In 2019, STK has built up a scholarship fund for students who are studying at local educational institutions to contribute for reducing illiteracy rate in the area with a budget of more than VND 13 million and more than 13 scholarships to Cu Chi vocational college, Tay Ninh Vocational College.



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

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

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

### III.14.2... ANTI-CORRUPTION AND BRIBERY

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

### III.14.3... OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

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



### III.15 / Traditional culture of the company

#### 2019's objectives:

- > Building a healthy cultural and traditional working environment;

#### 2019's result:

- > Continuing to keep the weekly "Vision-Mission" and "Books" presentations at the Company;
- > Developing further of debate and discussion activities among departments;

With aiming to build a continuous improvement and innovation culture, the Company maintains and continuously improves the format and content of the STK Presentation program which have two topics: "Vision-Mission" presentation by departments and "Book presentation", in order for creating a continuous improving and innovating culture. Every Monday morning, the Company will organize the Mission program as this is an effective sharing channel of the vision and mission of the related departments to have better understand in each other's activities and its difficulties or challenges. This activity also fosters the cooperation across departments to accomplish the Company's common goals.

### III.16 / Corporate culture standards

#### 2019's objectives:

- > Supporting employees who have difficult circumstances in the Company;
- > Well sharing and supporting colleagues;

#### 2019's result:

- > Giving gifts and scholarships to the Company's children who have outstanding studying performances: 100 scholarships and 500 gifts;
- > Giving gifts to employees who have difficult circumstances: 56 parts;

The Company always balances between working and resting times for employees, with the goal of improving the life's quality for its employees. In addition, in 2019, the Board of Management of the Company shown its care of its employee's family through activities such as: gift giving and gift for worker's children with excellent academic results on Children's day, in the Lunar New Year, Mid-Autumn Festival and other occasions with a budget of over VND 73.4 million and 100 scholarships.

Further more, at the end of 2019, the Company coordinated with its Trade Union to create a fund for giving meaningful gifts to employees having difficult circumstances. The Company has offered more than 56 gifts to employees working at the Company with a budget of more than VND 33.6 million.

### III.17 / Green capital market

#### 2019's objectives:

- > Developing green projects towards sustainability development;

#### 2019's result:

- > The Company has 3 green projects:
  - + The project of producing colour yarn;
  - + The project of recycling the waste yarn from production processes;
  - +The project of producing recycled yarn from recycling plastic water bottles;

From 2016, towards the development of green capital market in line with the Company's sustainable development goals, STK invested in and implemented green projects which will help the Company to achieve green growth, in particular

## PRODUCTION OF RECYCLED YARN

From Q3.2016 STK has started to produce Recycled Yarn. In 2019, the proportion of recycled yarn reached 35% in the total sales revenue, exceeding the year set target by 7.5%, gradually raising proportion of recycle yarn in the total sales revenue to 100% in 2025.

Using recycled PET chips and existing production facilities to produce recycle yarn which is of high quality and environmental friendly contributing to the eco-friendly consumptions and reducing the number of bottles discharged into the environment. Since the end of 2016 when the Company started recycled yarn production to the end of December 2019, STK has helped recycling 1.34 billion of waste water bottles, reducing the number of waste water bottles in the ocean.

## PRODUCTION OF DOPE DYED YARN

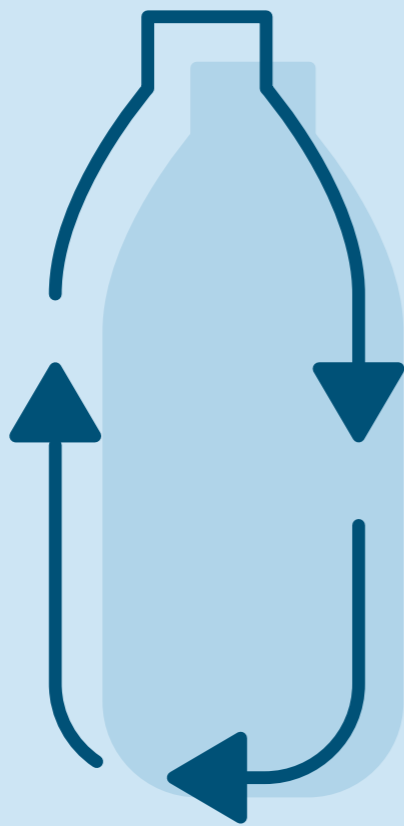
Regarding to the color yarn project (dope dyed yarn), the Company has produced and offered "dope dyed" yarn samples to customers. The Company has produced dope dyed yarn with black color and developing further with grey, blue navy and red colors. STK is taking step by step to launch the product to the market as well as expanding the consumption network of this product.

Color yarn will help replacing the traditional dyeing activities, limiting consumption of clean water and chemical and hence limiting discharge of waste water and hazardous chemical, protecting the environment. This is also a global trend that top leading fashion brands such as Nike, Adidas, Puma, H&M, Inditex are pursuing, aiming to restrict disposal of hazardous chemicals to the environment.

## RECYCLING THE WASTE YARN FROM PRODUCTION PROCESSES

The project was put into official production from Q4-2018.

In this project, the production capacity was increased by 5% (equivalent to 3,300 tons of DTY and 1,500 tons of recycled chip p.a.), raising the Company's profitability and cut cost of input material (through recycling waste yarn into PET chip).



# IV

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

| GRI STANDARDS                       | DISCLOSURE ITEMS  | PAGE |
|-------------------------------------|---|------|
| GRI                                 |   |      |
| <b>GRI 100: UNIVERSAL STANDARDS</b> |   |      |
| <b>ORGANIZATIONAL PROFILE</b>       |   |      |
| 102-1                               | Name of the organization  |      |
| 102-2                               | Activities, brands, products, and services                                    |      |
| 102-3                               | Location of headquarters  |      |
| 102-4                               | Location of operations  |      |
| 102-5                               | Ownership and legal form  |      |
| 102-6                               | Markets served  |      |
| 102-7                               | Scale of the organization   |      |
| 102-8                               | Information on employees and other workers                                    |      |
| 102-9                               | Supply chain  |      |
| 102-10                              | Significant changes to the organization and its supply chain                  |      |
| 102-11                              | Precautionary Principle or approach   |      |
| 102-12                              | External initiatives  |      |
| 102-13                              | Membership of associations  |      |
| <b>STRATEGY</b>                     |   |      |
| 102-14                              | Statement from senior decision-maker  |      |
| 102-15                              | Key impacts, risks, and opportunities   |      |
| <b>ETHICS AND INTEGRITY</b>         |   |      |
| 102-16                              | Values, principles, standards, and norms of behavior                          |      |
| 102-17                              | Mechanisms for advice and concerns about ethics                               |      |
| <b>GOVERNANCE</b>                   |   |      |
| 102-18                              | Governance structure  |      |
| 102-19                              | Delegating authority  |      |
| 102-20                              | Executive-level responsibility for economic, environmental, and social topics |      |

| GRI STANDARDS                 | DISCLOSURE ITEMS   | PAGE |
|-------------------------------|--|------|
| 102-21                        | Consulting stakeholders on economic, environmental, and social topics    |      |
| 102-22                        | Composition of the highest governance body and its committees            |      |
| 102-23                        | Chair of the highest governance body                                     |      |
| 102-24                        | Nominating and selecting the highest governance body                     |      |
| 102-25                        | Conflicts of interest  |      |
| 102-26                        | Role of highest governance body in setting purpose, values, and strategy |      |
| 102-27                        | Collective knowledge of highest governance body                          |      |
| 102-28                        | Evaluating the highest governance body's performance                     |      |
| 102-29                        | Identifying and managing economic, environmental, and social impacts     |      |
| 102-30                        | Effectiveness of risk management processes                               |      |
| 102-31                        | Review of economic, environmental, and social topics                     |      |
| 102-32                        | Highest governance body's role in sustainability reporting               |      |
| 102-33                        | Communicating critical concerns  |      |
| 102-34                        | Nature and total number of critical concerns                             |      |
| 102-35                        | Remuneration policies  |      |
| 102-36                        | Process for determining remuneration                                     |      |
| 102-37                        | Stakeholders' involvement in remuneration                                |      |
| 102-38                        | Annual total compensation ratio  |      |
| 102-39                        | Percentage increase in annual total compensation ratio                   |      |
| <b>STAKEHOLDER ENGAGEMENT</b> |  |      |
| 102-40                        | List of stakeholder groups   |      |
| 102-41                        | Collective bargaining agreements   |      |
| 102-42                        | Identifying and selecting stakeholders                                   |      |
| 102-43                        | Approach to stakeholder engagement                                       |      |
| 102-44                        | Key topics and concerns raised   |      |

| GRI STANDARDS                        | DISCLOSURE ITEMS   | PAGE |
|--------------------------------------|--|------|
| <b>REPORTING PRACTICE</b>            |  |      |
| 102-45                               | Entities included in the consolidated financial statements                     |      |
| 102-46                               | Defining report content and topic Boundaries                                   |      |
| 102-47                               | List of material topics  |      |
| 102-48                               | Restatements of information  |      |
| 102-49                               | Changes in reporting   |      |
| 102-50                               | Reporting period   |      |
| 102-51                               | Date of most recent report   |      |
| 102-52                               | Reporting cycle  |      |
| 102-53                               | Contact point for questions regarding the report                               |      |
| 102-54                               | Claims of reporting in accordance with the GRI Standards                       |      |
| 102-55                               | GRI content index  |      |
| 102-56                               | External assurance   |      |
| <b>GRI 103: MANAGEMENT APPROACH</b>  |  |      |
| 103-1                                | Explanation of the material topic and its Boundary                             |      |
| 103-2                                | The management approach and its components                                     |      |
| 103-3                                | Evaluation of the management approach  |      |
| <b>GRI 200: ECONOMIC STANDARDS</b>   |  |      |
| <b>GRI 201: ECONOMIC PERFORMANCE</b> |  |      |
| 201-1                                | Direct economic value generated and distributed                                |      |
| 201-2                                | Financial implications and other risks and opportunities due to climate change |      |
| 201-3                                | Defied benefit plan obligations and other retirement plans                     |      |
| 201-4                                | Financial assistance received from government                                  |      |
| <b>GRI 202: MARKET PRESENCE</b>      |  |      |
| 202-1                                | Ratios of standard entry level wage by gender compared to local minimum wage   |      |
| 202-2                                | Proportion of senior management hired from the local community                 |      |

| GRI STANDARDS                              | DISCLOSURE ITEMS  | PAGE |
|--|---|------|
| <b>GRI 203: INDIRECT ECONOMIC IMPACTS</b>  |   |      |
| 203-1                                      | Infrastructure investments and services supported                               |      |
| 203-2                                      | Significant indirect economic impacts   |      |
| <b>GRI 204: PROCUREMENT PRACTICES</b>      |   |      |
| 204-1                                      | Proportion of spending on local suppliers                                       |      |
| <b>GRI 205: ANTI-CORRUPTION</b>            |   |      |
| 205-1                                      | Operations assessed for risks related to corruption                             |      |
| 205-2                                      | Communication and training about anti-corruption policies and procedures        |      |
| 205-3                                      | Confirmed incidents of corruption and actions taken                             |      |
| <b>GRI 206: ANTI- COMPETITIVE BEHAVIOR</b> |   |      |
| 206-1                                      | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices |      |
| <b>GRI 300: ENVIRONMENT STANDARDS</b>      |   |      |
| <b>GRI 301: MATERIALS</b>                  |   |      |
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| 301-2                                      | Recycled input materials used   |      |
| 301-3                                      | Reclaimed products and their packaging materials                                |      |
| <b>GRI 302: ENERGY</b>                     |   |      |
| 302-1                                      | Energy consumption within the organization                                      |      |
| 302-2                                      | Energy consumption outside of the organization                                  |      |
| 302-3                                      | Energy intensity  |      |
| 302-4                                      | Reduction of energy consumption   |      |
| 302-5                                      | Reductions in energy requirements of products and services                      |      |

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

| GRI STANDARDS                                     | DISCLOSURE ITEMS  | PAGE |
|---|---|------|
| <b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT</b> |   |      |
| 308-1   | New suppliers that were screened using environmental criteria   |      |
| 308-2   | Negative environmental impacts in the supply chain and actions taken  |      |
| <b>GRI 400: SOCIAL STANDARDS</b>                  |   |      |
| <b>GRI 401: EMPLOYMENT</b>                        |   |      |
| 401-1   | New employee hires and employee turnover  |      |
| 401-2   | Benefits provided to full-time employees that are not provided to temporary or part-time employees                            |      |
| 401-3   | Parental leave  |      |
| <b>GRI 402: LABOR/MANAGEMENT RELATIONS</b>        |   |      |
| 402-1   | Minimum notice periods regarding operational changes  |      |
| <b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>    |   |      |
| 403-1   | Workers representation in formal joint management-worker health and safety committees   |      |
| 403-2   | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities |      |
| 403-3   | Workers with high incidence or high risk of diseases related to their occupation  |      |
| 403-4   | Health and safety topics covered in formal agreements with trade unions   |      |
| <b>GRI 404: TRAINING AND EDUCATION</b>            |   |      |
| 404-1   | Average hours of training per year per employee   |      |
| 404-2   | Programs for upgrading employee skills and transition assistance programs   |      |
| 404-3   | Percentage of employees receiving regular performance and career development reviews  |      |



| GRI STANDARDS  | DISCLOSURE ITEMS   | PAGE |
|--|--|------|
| <b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>                  |  |      |
| 405-1  | Diversity of governance bodies and employees   |      |
| 405-2  | Ratio of basic salary and remuneration of women to men   |      |
| <b>GRI 406: NON- DISCRIMINATION</b>                              |  |      |
| 406-1  | Incidents of discrimination and corrective actions taken   |      |
| <b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b> |  |      |
| 407-1  | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk             |      |
| <b>GRI 408: CHILD LABOR</b>                                      |  |      |
| 408-1  | Operations and suppliers at significant risk for incidents of child labor  |      |
| <b>GRI 409: FORCED OR COMPLUSORY LABOR</b>                       |  |      |
| 409-1  | Operations and suppliers at significant risk for incidents of forced or compulsory labor                                   |      |
| <b>GRI 410: SECURITY PRACTICES</b>                               |  |      |
| 410-1  | Security personnel trained in human rights policies or procedures  |      |
| <b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES</b>                     |  |      |
| 411-1  | Incidents of violations involving rights of indigenous peoples   |      |
| <b>GRI 412: HUMAN RIGHTS ASSESSMENT</b>                          |  |      |
| 412-1  | Operations that have been subject to human rights reviews or impact assessments  |      |
| 412-2  | Employee training on human rights policies or procedures   |      |
| 412-3  | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening |      |

| GRI STANDARDS                              | DISCLOSURE ITEMS  | PAGE |
|--|---|------|
| <b>GRI 413: LOCAL COMMUNITIES</b>          |   |      |
| 413-1                                      | Operations with local community engagement, impact assessments, and development programs      |      |
| 413-2                                      | Operations with significant actual and potential negative impacts on local communities        |      |
| <b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b> |   |      |
| 414-1                                      | New suppliers that were screened using social criteria  |      |
| 414-2                                      | Negative social impacts in the supply chain and actions taken                                 |      |
| <b>GRI 415: PUBLIC POLICY</b>              |   |      |
| 415-1                                      | Political contributions   |      |
| <b>GRI 416: CUSTOMER HEALTH AND SAFETY</b> |   |      |
| 416-1                                      | Assessment of the health and safety impacts of product and service categories                 |      |
| 416-2                                      | Incidents of non-compliance concerning the health and safety impacts of products and services |      |
| <b>GRI 417: MARKETING AND LABELING</b>     |   |      |
| GRI 417-1                                  | Requirements for product and service information and labelling                                |      |
| GRI 417-2                                  | Incidents of non-compliance concerning product and service information and labeling           |      |
| GRI 417-3                                  | Incidents of non-compliance concerning marketing communications                               |      |
| <b>GRI 418: CUSTOMER PRIVACY</b>           |   |      |
| GRI 418-1                                  | Substantiated complaints concerning breaches of customer privacy and losses of customer data  |      |
| <b>GRI 419: SOCIOECONOMIC COMPLIANCE</b>   |   |      |
| GRI 419-1                                  | Non-compliance with laws regulations in the social and economic area                          |      |

# Abbreviation

|              |   |                              |   |
|--------------|---|------------------------------|---|
| <b>BOD</b>   | THE BOARD OF DIRECTORS  | <b>QC</b>                    | QUALITY CONTROL   |
| <b>CIT</b>   | CORPORATE INCOME TAX  | <b>REACH</b>                 | REGISTRATION, EVALUATION, AUTHORISATION AND RESTRICTION OF CHEMICALS  |
| <b>DTY</b>   | DRAW TEXTURED YARN  | <b>SOP</b>                   | STANDARD OPERATION PROCEDURES   |
| <b>EAT</b>   | EARNINGS AFTER TAX  | <b>STK, CENTURY, COMPANY</b> | CENTURY SYNTHETIC FIBER CORPORATION                                   |
| <b>ERP</b>   | ENTERPRISE RESOURCE PLANNING                                      | <b>CPTPP</b>                 | COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP |
| <b>FDY</b>   | FULLY DRAWN YARN  | <b>USD</b>                   | US DOLLAR   |
| <b>FTA</b>   | FREE TRADE AGREEMENT  | <b>VCOSA</b>                 | VIETNAM COTTON AND SPINNING ASSOCIATION                               |
| <b>GPS</b>   | GENERALIZED SYSTEMS OF PREFERENCES                                | <b>VND</b>                   | VIETNAM DONG  |
| <b>GRI</b>   | GLOBAL REPORTING INITIATIVE                                       | <b>IM-EX</b>                 | IMPORT AND EXPORT   |
| <b>GRS</b>   | GLOBAL RECYCLE STANDARD   | <b>PET</b>                   | POLYESTER ETYLEN TEREPHTALAT  |
| <b>EVFTA</b> | EUROPE – VIETNAM FREE TRADE AREA                                  | <b>MWH</b>                   | MEGAWATT PER HOUR   |
| <b>HEPZA</b> | HO CHI MINH CITY EXPORT PROCESSING AND INDUSTRIAL ZONES AUTHORITY | <b>KWH</b>                   | KILOWATT PER HOUR   |
| <b>ILO</b>   | INTERNATIONAL LABOR ORGANIZATION                                  | <b>GRI</b>                   | GLOBAL REPORTING INITIATIVE   |
| <b>MSDS</b>  | MATERIAL SAFETY DATA SHEET  |                              |   |
| <b>POC</b>   | PLANT OPERATION CENTER  |                              |   |
| <b>POY</b>   | PARTIALLY ORIENTED YARN   |                              |   |