

**CÔNG TY CỔ PHẦN  
SỢI THÉ KỸ  
CENTURY SYNTHETIC FIBER  
CORPORATION**

**CỘNG HOÀ XÃ HỘI CHỦ NGHĨA VIỆT NAM  
Độc lập - Tự do - Hạnh phúc  
THE SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness**

Số/No: 217 -24/CV-CTTK

TP.HCM/Hochiminh city, ngày/date 27 tháng/month 06 năm/year 2024

**CÔNG BỐ THÔNG TIN  
TRÊN CÔNG THÔNG TIN ĐIỆN TỬ CỦA ỦY BAN  
CHỨNG KHOÁN NHÀ NƯỚC VÀ SỞ GIAO DỊCH  
CHỨNG KHOÁN TP.HCM**

**INFORMATION DISCLOSURE  
ON THE STATE SECURITIES  
COMMISSION AND HOCHIMINH STOCK  
EXCHANGE'S PORTAL**

Kính gửi/To: - Ủy ban Chứng khoán Nhà nước  
*The State Securities Commission*  
- Sở Giao dịch chứng khoán TP.HCM  
*Hochiminh Stock Exchange*

- Tên tổ chức: Công ty cổ phần Sợi Thế Kỹ  
*Organization name: Century Synthetic Fiber Corporation*
- Mã chứng khoán/Ticker: STK
- Địa chỉ trụ sở chính: Lô B1-1, Khu công nghiệp Tây Bắc Củ Chi, Huyện Củ Chi, TP.HCM  
*Headquarter office: Lot B1-1, North West Cu Chi Industrial Zone, Cu Chi District, HCMC.*
- Điện thoại/Tel.: (+84.276) 388 7565 Fax: (+84.276) 388 7566
- Người thực hiện công bố thông tin: Đặng Triệu Hòa - Chức vụ: Tổng giám đốc  
*Spokesman: Dang Trieu Hoa - Title: Managing Director*
- Loại thông tin công bố/Type of information disclosure:  
 định kỳ/periodic  bất thường/irregular  24h/24 hours  theo yêu cầu/on demand

**Nội dung thông tin công bố/Contents of information disclosure:**

Báo cáo Phát triển bền vững năm 2023 (Bản Tiếng anh)  
*2023 Sustainability Report (English version).*

Thông tin này đã được công bố trên trang thông tin điện tử của công ty vào ngày 27/06/2024 tại đường dẫn:  
<https://theky.vn>

*This information was published on the Company's website on 27/06/2024 at the link: <https://theky.vn>*

Tôi cam kết các thông tin công bố trên đây là đúng sự thật và hoàn toàn chịu trách nhiệm trước pháp luật về nội dung các thông tin đã công bố./

*We hereby declare to be responsible for the accuracy and completeness of the above information.*

**Tài liệu đính kèm/Attachments**

- Tài liệu liên quan đến việc CBTT.  
*Documents related to the information disclosure.*

**ĐẠI DIỆN TÓ CHỨC/ON BEHALF OF THE COMPANY**  
**NGƯỜI ĐẠI DIỆN THEO PHÁP LUẬT**  
**LEGAL REPRESENTATIVE**  
**TỔNG GIÁM ĐỐC/MANAGING DIRECTOR**



**ĐẶNG TRIỆU HÒA**



# SUSTAINABILITY DEVELOPMENT REPORT

# 2023

**CHALLENGES  
GO HAND IN HAND  
WITH OPPORTUNITIES**





# 2023 SUSTAINABILITY REPORT

## CONTENTS

### **OVERVIEW** *GRI 2* **OF SUSTAINABILITY REPORT**

- MANAGING DIRECTOR'S MESSAGE
- THE COMPANY'S PROFILE
- THE OVERVIEW OF THE 2023 SUSTAINABILITY REPORT
- MISSION-VISION
- THE COMPANY'S VALUES
- STK'S COMMITMENT
- STK'S KEY MILESTONES
- KEY UPDATES IN THE SUSTAINABILITY REPORT
- STK'S AWARDS
- STK'S ORGANIZATION CHART
- THE BOARD OF DIRECTORS MEMBERS TENURE 2018-2024
- THE ROLE AND RESPONSIBILITY OF THE BOARD OF DIRECTORS TO SUSTAINABLE DEVELOPMENT
- THE BOD'S ACTIVITIES
- STK'S BOARD OF MANAGEMENT
- STK'S BOARD OF SUPERVISORS
- PREVENTION OF INTEREST CONFLICT AND TRANSACTIONS WITH INTERESTED PARTIES.
- SUSTAINABLE DEVELOPMENT CONTEXT
- THE COMPANY'S ETHICAL VALUES
- CODE OF CONDUCT TO INTERESTED PARTIES
- THE CODE OF CONDUCT GRIEVANCE AND WHISTLEBLOWING PROCEDURES
- IDENTIFICATION OF INTERESTED PARTIES' PRIORITY
- CONSULT WITH STAKEHOLDER PARTIES
- ENGAGING STAKEHOLDER PARTIES
- DEFINING SUSTAINABLE DEVELOPMENT OBJECTIVES ON MEDIUM AND LONG TERM PERIOD 2019-2025
- THE SYSTEM OF INFORMATION COLLECTION AND SUPERVISION OF THE FULFILLMENT OF SUSTAINABLE DEVELOPMENT OBJECTIVES
- REPORT ASSURANCE BY THIRD PARTY

### **Sustainable Fashion**



# 2023 SUSTAINABILITY REPORT

## CONTENTS

### **ROLE OF THE HIGHEST GOVERNANCE BODY IN OVERSEEING THE MANAGEMENT OF IMPACTS** *GRI 2-12*

ROLE OF RISK MANAGEMENT IN CORPORATE RISK MANAGEMENT  
IMPLEMENTATION METHOD IDENTIFICATION OF KEY RISKS

### **MATERIAL TOPICS 2021** *GRI 3*

PROCESS TO DETERMINE MATERIAL TOPICS  
LIST OF MATERIAL TOPICS

### **ECONOMIC EFFICIENCY** *GRI 200*

STK'S 2022 ECONOMIC PERFORMANCE  
MARKET PRESENCE  
INDIRECT ECONOMIC IMPACT

### **ENVIRONMENT PROTECTION AND REDUCING CARBON FOOTPRINT** *GRI 300*

MATERIALS  
ENERGY  
WATER USAGE  
GREEN HOUSE GAS EMISSION  
POLLUTION PREVENTION - ENVIRONMENTAL COMPLIANCE

### **SOCIAL AND LABOR DEVELOPMENT** *GRI 400*

EMPLOYMENT  
OCCUPATIONAL HEALTH AND SAFETY  
EDUCATION AND TRAINING  
THE LOCAL COMMUNITY  
HEALTH AND SAFETY OF CUSTOMERS  
STK'S CULTURE AND TRADITIONS  
THE CORPORATE CULTURE NORMS  
GREEN CAPITAL MARKET  
REFERENCE TABLE TO GRI STANDARDS





## HIGHLIGHTS OF SUSTAINABILITY DEVELOPMENT ACHIEVEMENTS IN 2023



**CSI 100:** STK was ranked in Vietnam's Top 100 Sustainable Enterprises in 2023 (ranked 19<sup>th</sup> in nominating list) according to the CSI 100 Index (manufacturing sector). This is the 8<sup>th</sup> time in 8 consecutive years that that STK has received this honorable award (2016-2023).



We achieved the top 20 best annual reports in the non-financial group.

STK won the consolation prize for the Sustainable Development report.

The annual report 2023 also ranked in the top 10 best governance reports in the Mid-cap group.



STK won the 2023 Board of Directors award, as voted by the 6<sup>th</sup> Annual Forum on Corporate Governance (AF6), organized by the Board of Directors of the Vietnam Institute of Directors (VIOD).



2023 Sales revenue recorded VND **1,425 bil**

2023 Profit After Tax VND **87.7 bil**



Total number of employees **797** people

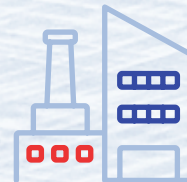


The number of waste water bottle indirectly recycled **0.51 bil** bottles in 2023, equivalent to **51.1 million** of T-shirts.



Using solar energy to reduce the carbon footprint emission

Reducing 13,626 tons of CO<sub>2</sub>, equivalent to planting 1,362,600 green trees.



Expanding production capacity

Establishing new automation Unitex factory with a capacity of (phase 1-36,000 tons/year; phase 2-24,000 tons/year)

# SUSTAINABILITY DEVELOPMENT MESSAGE (GRI 2-22) (MD)

## General Managing Director Message

Dear valued shareholders and investors,

Although the pandemic has ended, the world economy is gradually recovering, and there are positive forecasts for 2024, wars and geopolitical conflicts in Europe and the Middle East still remain. If prolonged, they could push the world economy into a new spiral of recession, with the risk of slowing economic growth and increasing inflation compared to the present.

2023 was a year with record high temperatures and consecutive heat waves in Europe and Africa, while rainstorms raged in Asia. These extreme weather events are proof that global climate change is becoming increasingly serious, and the mission of reducing greenhouse gases is becoming urgent for countries, including Vietnam. Governments, international organizations, and companies made stronger commitment than ever to combat climate change and protect the environment. Soi The Ky Joint Stock Company has specific strategies and commitments to reducing greenhouse gases in that context. The Company's Trang Bang factory has signed an SBTi commitment with a brand committed to reducing greenhouse gas emissions by 29.4% in the period 2023-2027; in addition, the Company is also consolidating operations, controlling risks, strengthening internal resources, and exploiting available advantages to maintain operations, while maintaining the world's common sustainable development goals.

Being consistent in implementing and maintaining STK's sustainable development strategy from early stage, particularly concentrating on developing and supplying high quality and environmentally friendly products to the market, which helped the Company to retain high value-added orders from high-end customers, thanks to customers' long-standing trust in the Company's manufacturing technology of high-value-added products and excellent customer service (short delivery times, pre- and post-delivery service). STK is still showing flexible adaptation, good resilience, and the ability to meet customer needs. For instance, we are attracting high-value-added recycled fiber orders from Japanese customers and continuing to expand our customer portfolio, adding 50 new customers in 2023.

In the long run, the Company will continue to maintain a sustainable development orientation in line with the common trend of Vietnam's textile and garment industry when more and more world fashion brands are strengthening their commitments against climate change, reducing greenhouse gas emissions, protecting the environment towards the United Nations' goal of zero-carbon footprint to 2050, and balancing social responsibility. Given the increasing scrutiny of regulators over sustainability claims and consumers' growing awareness regarding to the fashion industry's contribution to sustainability. Most top brands have commitments and have carried out more robust communication campaigns about their responsibility towards the environment, human rights, and society. Therefore, Vietnamese companies meeting ESG standards will have an excellent opportunity to become strategic supply partners for these brands, helping businesses reach out to development and integration as soon as market conditions are ripe. Brands highly appreciate STK concerning ESG criteria (GRS certificate, high score in ESG assessment by independent audits, efficient production coupled with saving energy and materials, rooftop solar system, and recognition by the local business communities). With the mentioned advantages and the additional ability to supply high-quality products (including recycled yarn, dope-dyed yarn, and specialty yarn), STK will actively capture these growing opportunities to boost its sales and optimize its profit.

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



General Managing Director - **DANG TRIEU HOA**

A handwritten signature in black ink, appearing to be 'Đ.T.H.' with a stylized flourish.



# OVERVIEW OF SUSTAINABILITY REPORT

## GRI 2

THE COMPANY PROFILE	9
COMPANY'S VISION AND MISSION	10
COMPANY'S VALUES	10
COMMITMENTS	10
PRODUCTION CAPACITY AND MARKET PRESENCE (GRI 2-6)	11
OVERVIEW OF 2023 SUSTAINABILITY DEVELOPMENT REPORT	12
CIRCULAR ECONOMY AND STK'S VALUE CHAINS TOWARD SUSTAINABILITY DEVELOPMENT	15
IMPLEMENTATION PROCESS OF THE COMPANY'S SUSTAINABLE VALUE CHAIN	16
KEY MILESTONES TOWARD SUSTAINABILITY DEVELOPMENT	17
REPORT IMPROVEMENTS (GRI 3-2)	20
COMPANY'S AWARDS AND RANKING	21
ORGANIZATION CHART (GRI 2-9)	22
MECHANISM FOR STRATEGY BUILDING, PLANNING, IMPLEMENTATION, AND REPORTING SUSTAINABLE DEVELOPMENT	23
BOARD OF DIRECTORS (GRI 2-9,2-10,2-11,2-17)	26
MANAGEMENT EXECUTIVE BOARD (GRI 2-9, 2-10,2-11,2-17)	28
BOARD OF SUPERVISORS (GRI 2-9,2-10,2-11,2-17)	29
COMPANY GOVERNANCE REPORT	30
PREVENTION OF INTEREST CONFLICT OF INTEREST AND TRANSACTIONS WITH INTERESTED PARTIES (GRI 2-15)	30



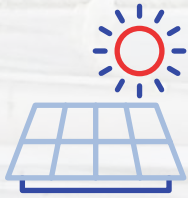
An aerial photograph of a large industrial facility, likely a textile mill, featuring a massive roof covered in solar panels. The building is surrounded by lush greenery and other industrial structures in the background.

## COMPANY OVERVIEW

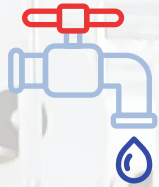
Established in 2000 as a limited liability company, Century Corporation has been focusing on the production of high-quality polyester filaments such as POY (Partially Oriented Yarn), DTY (Drawn Texturized Yarn), and FDY (Fully Drawn Yarn). The Company's products are the input material for the textile factories that produce the fabric to supply high-end sportswear brands. We have been doing these business activities for the past 23 years. The Company became a joint-stock company in 2005, creating a foundation for future capital raising to finance development. On September 30th, 2015, the Company was officially listed on Ho Chi Minh Stock Exchange with STK ticker. STK is one of the largest yarn manufacturers in Vietnam, with a capacity of over 60 thousand tons of yarn annually. The development strategy focuses on premium products, especially eco-friendly ones such as recycled and colored yarn. STK balanced the proportion of the exporting and domestic market in total revenue around 50%: 50%. Recycled yarn (made of recycled polyester chip, which comes from post-consumer-used plastic bottles) has been STK's key growth driver thanks to the growing demand for eco-friendly products. Tentatively, STK will increase the revenue proportion of recycled yarn up to 60-70% of the total revenue on existing factories by 2026-2027.



## CENTURY SYNTHETIC FIBER CORPORATION'S EFFORTS IN THE 23 YEARS PATHWAY TOWARDS SUSTAINABLE DEVELOPMENT (2000-2023)



Reducing the use of fossil energy sources through the use of renewable energy sources (Solar) with a capacity of 7.4 MWp for two existing plants. Signing and increasing solar capacity with DPPA<sup>1</sup> (Direct Power Purchase Agreement) Trang Bang project;



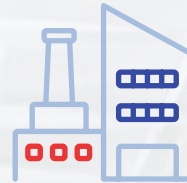
Reducing the use of clean water sources through the reuse of domestic water in production; increasing the recycling and reusing ratio of POY paper tubes in production;



Increasing the use of recycled materials, increasing the revenue proportion of recycled yarn up to 60-70% in the total revenue of existing factories by 2026-2027;



In 2023, the carbon footprint has decreased by 19.5% compared to 2022;



Expanding capacity and creating more jobs for local people through Unitex automation factory project with the scale of phase 1 (36,000 tons/year) and phase 2 (24,000 tons/year). Increasing average income for workers and developing local education foundation.



Developing more environmentally friendly products such as colored yarn using dope dyed technology, pushing demand for Recycled yarn by incorporating into recycled yarn with many special features;

<sup>1</sup> DPPA (Direct Power Purchase Agreement) is a direct agreement between the power producer and the power buyer on the purchase and sale of electricity without going through EVN's power companies. This contract is bilateral; the electricity price and duration are agreed upon by both parties. Therefore, businesses can manage electricity price fluctuations, reduce the amount of electricity bills, and enhance their reputation.



## THE COMPANY PROFILE

The Company's name	<b>Century Synthetic Fiber Corporation (GRI 2-1)</b>
Trading name	<b>Century Corp.</b>
Stock code	STK (Ho Chi Minh Stock Exchange)
Business scope	STK manufactures and trades polyester filament yarns, including DTY and FDY (GRI 2-6)
Legal form and ownership	Joint Stock Company (GRI 2-1)
Headquarter	B1-1 North West Cu Chi Industrial Zone, Cu Chi District, Ho Chi Minh City (GRI 2-1)
Branch	Street 8, Trang Bang Industrial Zone, Trang Bang District, Tay Ninh Province (GRI 2-1)
Representative office	102-104-106 Bau Cat, Ward 14, Tan Binh District, Ho Chi Minh City (GRI 2-1)
Chartered Capital	<b>VND 966,369,240,000</b>
Telephone	+84.028 3790 7565 / +84.276 389 9537
Fax	+84.028 3790 7566 / +84.66 389 9536
Email	<a href="mailto:csf@century.vn">csf@century.vn</a>
Website	<a href="http://www.theky.vn">www.theky.vn</a>
Tax Registration Number	0302018927 (GRI 2-1)
Ownership Equity (31/12/2023)	<b>VND 1,628.89 billions</b>



## **COMPANY'S VISION AND MISSION**

### **VISION**

To become a worldwide leading pioneer in the fiber/textile industry and develop into multi-business fields relevant to the development of our core business.

### **MISSION**

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

## **COMPANY'S VALUES**

### **SERVING CUSTOMERS**

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

### **UNITING OURSELVES**

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

### **IMPROVING CONTINUOUSLY**

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

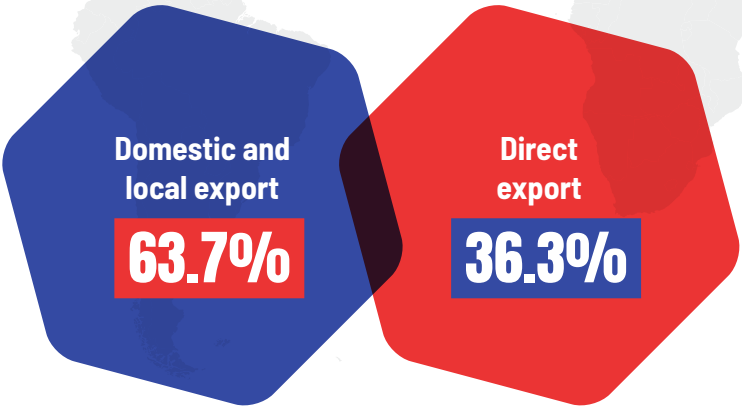
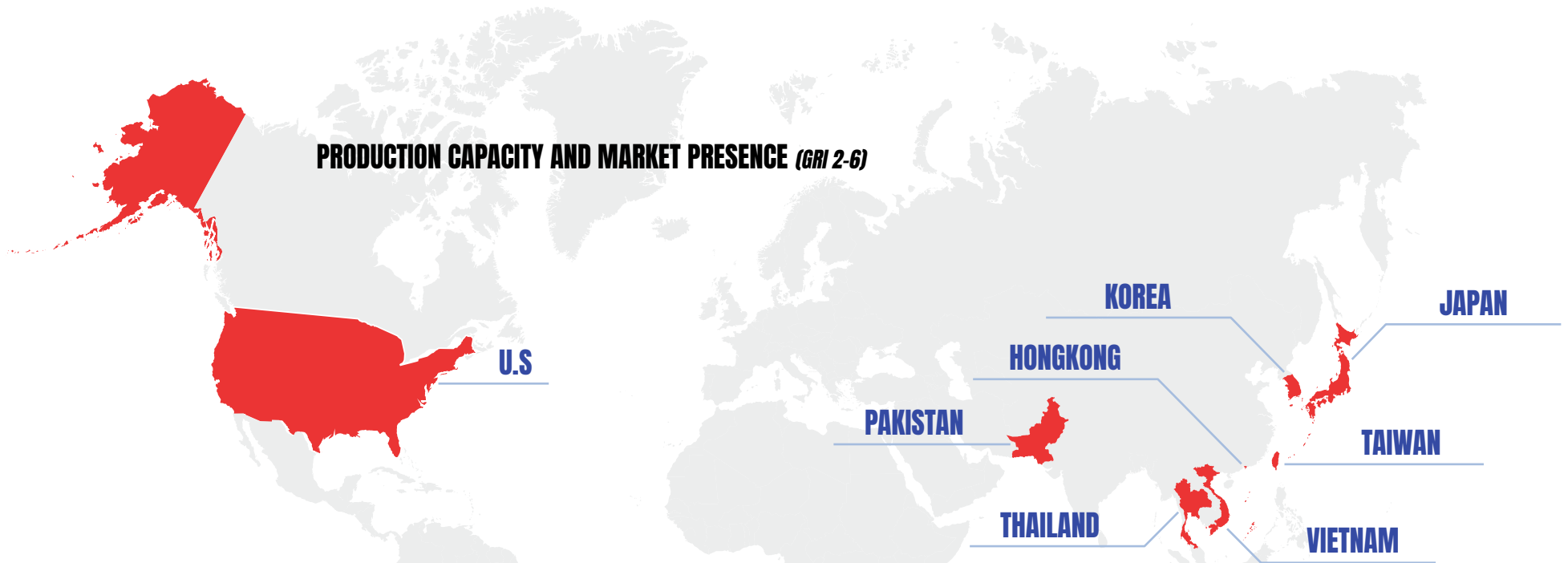
### **DEVELOPING TOGETHER**

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

## **COMMITMENTS**

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

**PRODUCTION CAPACITY AND MARKET PRESENCE (GRI 2-6)**



Century Fiber's market spreads around the world, focusing mainly on the Asia-Pacific region, including domestic exports and direct exports such as the US, Thailand, Korea, Japan, Hongkong, Pakistan...

**PRODUCTION CAPACITY (GRI 2-6)**

- The Company has two factories located in Cu Chi and Trang Bang district with a total land area of 80,000 m<sup>2</sup> and the total number of employees is currently 797 people. As on 31.12.2023, the total capacity of the Company was 63,300 tons of DTY and FDY.
- One pellet making line to recycle waste yarn into PET Chip with the capacity of 1,500 tons per year.
- In 2024, the Company's capacity is expected to increase by 56%, with the Unitex project (Thanh Thanh Cong Industrial Park) focusing on producing and developing high-quality and value-added yarns (with a capacity of 36,000 tons of yarn/year).

# OVERVIEW OF 2023 SUSTAINABILITY DEVELOPMENT REPORT

## SUSTAINABLE VALUES THAT STK CREATED FOR INTERESTED PARTIES

### STK RESOURCES



### BUSINESS MODEL

#### 4Ms Model:

**MACHINES:** Investment in cutting edge machinery (saving energy consumption, ensuring the product quality).

**MAN:** Focusing on the quality of new recruitment, continuously training on the technical knowledge, perfecting the labor's policies.

**MATERIALS:** Purchasing high-quality raw materials from trusted suppliers to ensure product quality.

**MANAGEMENT:** Applying a modern management regime, aiming to ensure product quality, customer service, and saving costs.

### CREATED VALUES



The number of post-consumer used bottles that STK indirectly recycled from 2016-2023



**Movement of Carbon footprint (CO<sub>2</sub>)** decreased by **19.5%** on the total electricity consumption in 2023



- The Sustainability Development Report of STK is compiled annually, primarily aiming to publicize and provide official information about the Company's business performance and the assessment on fulfillment of the Company's sustainable development objectives in the reported year and coming years. The Company's activities towards sustainable development are regularly shared with STK's stakeholders to identify their related concerns, which then are evaluated and considered by the Company's board of management about current business performance, the Company's sustainable development strategy, the national and global sustainable development context, to determine the critical reporting issues to be reviewed, improved as well as presented in the report. We always hope to receive constructive feedback to continuously review and improve in those matters of concern for the interested parties.
- The Company prepared the Sustainability Development Report separately from the Company's Annual Report to provide an overall picture of the Company's operating activities in 2023 as well as the Company's objectives and responsibilities towards sustainable development goals in 2024 and vision to 2026.
- The annual Sustainability Development report is also considered good practice for the Company to review and re-evaluate the effectiveness of its sustainable development activities in the year, as well as to provide advice and support to the Board of Directors and Board of Management members to fine-tune the Company's orientation and development strategies promptly.

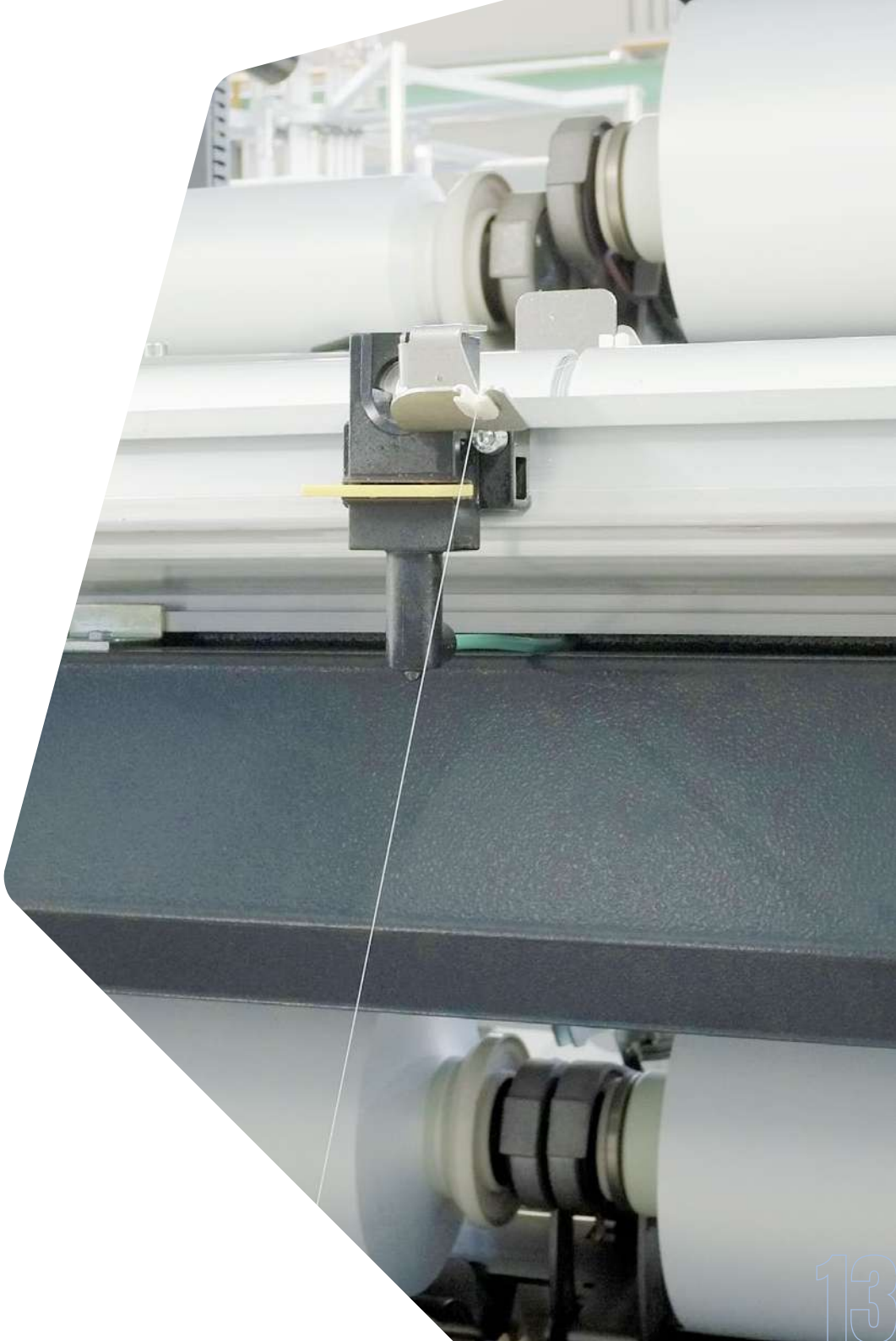
**1. Scope of report and boundary:** The report was prepared in Vietnam regarding the activities of Century Synthetic Fiber Corporation in the synthetic fiber and garment-textile industry.

**2. The application of report GRI standard:**

- The Company has many experienced years in making reports according to the Sustainability Reporting Standards - Global Reporting Initiative (GRI) - the latest version GRI Sustainability Reporting Standards, selection of reporting cores. This is the latest version with the highest international standards regarding to making the Sustainable Development Report. The Company applied latest standards in preparing its 2023 sustainability report.
- The GRI standards - a recognized international standard from Global Reporting Initiative Standards (GRI) under core contents. In 2019 the Company is also directly supported by The Competitive Trade Program (CSRCP)<sup>1</sup>, guiding preparation of sustainable development report in accordance with GRI standards and got certification that the Company's sustainable development report in the same year is in accordance with GRI standards.
- The report content is concentrated on 5 key matters: GRI 2 General Disclosures 2021; GRI 3 Material Topics 2021; GRI 200 Economic Issues; GRI 300 Environmental Issues; GRI 400 Social Issues.



<sup>1</sup> CSRCP is sponsored by GRI to improve the competitiveness and reporting quality of Vietnamese enterprises, helping those such as STK to strongly participate in the global value chains, enhancing the transparency and accountability of report.





**3. Reporting period:** the report is prepared based on the accounting period from 01/01/2023 to 31/12/2023 (GRI 2-3)

**4. Report quality:** STK is committed to providing accurate, certain, reliable, and up-to-date information within the report:

Report contents (rules)	Reporting quality
Aligning stakeholder interests with the Company	Accurate
Sustainable development context of the Company and the world	Clearly
The impact of interested party concerns on the Company	Comparable
Integrity of report content	Trusty
Reporting figures	Updated

**5. Criteria evaluated by the Company's internal departments include:**

- Average training hours per year (GRI - 404);
- Contribution activities to the local community (GRI - 413);
- Average salary of employees and minimum regional wage scale (GRI - 401);
- Training budget in the year (GRI - 404);
- The energy consumption and emission level; (GRI - 302,305)
- Water consumption; (GRI - 303)

**6. Reporting cycle:** annually performing.

**7. Contact address (if any question):**

**Investor Relation team – Century Synthetic Fiber Corporation**

**Address:** Street 8, Trang Bang Industrial Zone, Trang Bang Town, Tay Ninh Province

**Responsible for Edition:** Ngo Dinh Bao – Business Development Executive

**Responsible for editorial and content:** Ms. Nguyen Phuong Chi – Chief Strategy Office.

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

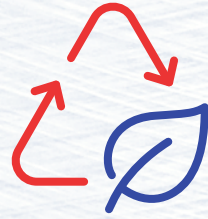
**Telephone:** (+84.276) 388 7565 (Ext: 113)



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

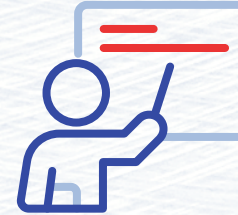
## RECYCLING AND REUSING

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



## STK'S RESOURCES

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



## Circular Economy



## SUPPLY AND DISTRIBUTION

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



## PRODUCTION

- Effective production, reducing consumption of electricity and water.
- Reducing the proportion of wasted yarn to protect the environment.
- Maximising green energy consumption in production.
- Reducing carbon footprint (CO<sub>2</sub> emission).



## R&D

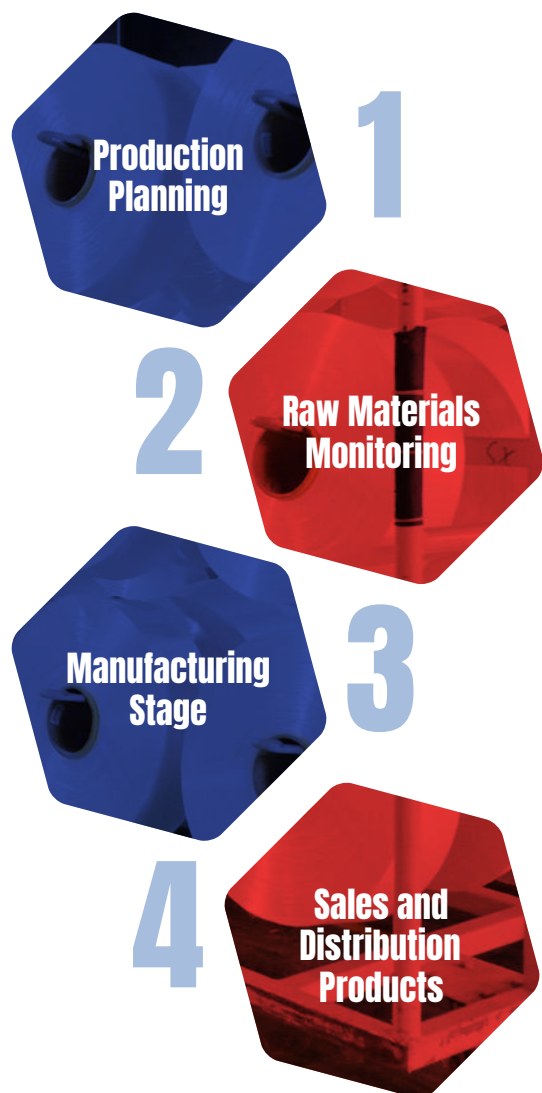
- Developing recycle-plus yarn (with more functions).
- Developing dope dyed yarn which helps customers to reduce consumption of dyeing chemicals and water.
- Installing solar power systems at factories.
- Initiatives to save energy and water use.





# IMPLEMENTATION PROCESS OF THE COMPANY'S SUSTAINABLE VALUE CHAIN

## SUSTAINABILITY DEVELOPMENT VALUE IN COMPANY ACTIVITIES



Environment Protection	Economic Development	Development of Society-labors
<ul style="list-style-type: none"> <li>• Setting norms for materials and energy consumption per 1 product unit.</li> <li>• Planning to reuse the production materials.</li> <li>• Developing a saving plan for electricity, water, and fuel usage.</li> </ul>	<ul style="list-style-type: none"> <li>• Proper arrangement of equipment and machinery to ensure production efficiency.</li> <li>• Ensuring the stable operation of machines, avoiding machines idle time to save cost.</li> </ul>	<ul style="list-style-type: none"> <li>• Planning training courses for working skills and technical knowledge enhancement.</li> <li>• Providing health and safety equipment to employees.</li> <li>• Planning to use the local raw materials supplies.</li> </ul>
<ul style="list-style-type: none"> <li>• Auditing the material suppliers according to environmental and social responsibility standards.</li> <li>• Inspection of the quality and origin of materials.</li> <li>• Repairing and reusing tools and equipment.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective price negotiation.</li> <li>• Arranging goods and optimizing warehouses to save costs.</li> <li>• Raw material checking to minimize the portion of imported low-quality materials.</li> </ul>	<ul style="list-style-type: none"> <li>• Providing professional knowledge for supplying team.</li> <li>• Using local transportation service.</li> </ul>
<ul style="list-style-type: none"> <li>• Saving electricity and water usage</li> <li>• Using effectively the energy resource.</li> <li>• Avoiding waste of materials and energy resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Minimizing the proportion of waste yarn.</li> <li>• Ensuring that the machinery is periodically maintained.</li> <li>• Enhancing the proportion of the high-quality product.</li> <li>• Developing new products with high-added value.</li> </ul>	<ul style="list-style-type: none"> <li>• Proper staffing arrangement.</li> <li>• Offering promotion opportunities for employees.</li> <li>• Building a safe working environment.</li> <li>• Cultivating good manners.</li> <li>• Ensuring fairness and equality.</li> </ul>
<ul style="list-style-type: none"> <li>• Providing user instruction for the product.</li> <li>• Combining shipments, avoiding usage of multiple vehicles.</li> <li>• Reusing the shipment pallets.</li> </ul>	<ul style="list-style-type: none"> <li>• Being flexible in using different shipping lines to save shipping costs.</li> <li>• Negotiate prices with suppliers to optimize shipping costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Providing training courses on sales and import-export practices to in-charge staff.</li> <li>• Developing KPI achievement incentive policies.</li> <li>• Raising income for local employees.</li> </ul>

## KEY MILESTONES TOWARD SUSTAINABILITY DEVELOPMENT

**2000**

**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.

**2003**

**Investment of capacity expansion.**

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

**2005**

**Converted into JSC. -A strategic reform.**

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

**2008**

**Completed fully-integrated chain.**

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

**2011**

**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.

**2014**

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

Expanding project for Trang Bang factory-Phase 3.

IPO by issuing 3 million shares.

**KEY  
MILESTONES  
TOWARD  
SUSTAINABILITY  
DEVELOPMENT  
(CONTINUED)**

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

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

**2015**

**2016**

**Began to produce Recycled yarn.**

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

**2017**

**Taking advantage of markets, harvesting success.**

Raising total capacity to 63,300 tons per year.

**2019**

**Consistently achieving targets.**

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

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



2020

**Overcoming difficulties**

2020's sales revenue target.

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

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

**KEY MILESTONES TOWARD SUSTAINABILITY DEVELOPMENT (CONTINUED)**

2022

**Risk management overcoming adversity**

Consistently with Company's economic development objective, completing 81% of sales revenue target and 80% of profit plan in 2022.

Start building Unitex factory.

**Challenges go hand in hand with opportunities.**

With the textile industry's general difficult situation, STK also encountered many challenges in 2023. However, the company still maintains production and strengthens the management system. The Unitex factory is expected to go into operation in the third quarter of 2024, contributing to increasing output and helping the company take advantage of new opportunities.

2023

**Restoring the sustainable development**

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

Capacity expansion through Unitex project, Yarn-Textile-Garment Alliance.

2021



## REPORT IMPROVEMENTS

Having learned experiences from 2022 sustainable development report, the Company made the following improvements to this year report:

- Adding the Smart factory project implementation helps improve factory efficiency and product quality.
- Updating the global sustainable development context, worldwide textile and garment industry, and Vietnam's textile industry in 2023.
- Updating Trang Bang factory's SBTi commitment with a brand customer.
- Assessing STK's carbon footprint and measures to reduce carbon emissions.
- Supplementing the automatic packaging system and quality control system.
- Supplementing the progress in implementing the Economic, Environmental, and Social goals of Century Fiber Joint Stock Company.
- Evaluating STK's Scope 1 and Scope 2 emissions based on ENERTEAM's methodology (the organization that did the greenhouse gas inventory for Trang Bang factory).
- Combined with AFC Vietnam Auditing Company Limited and members of STK's "Support to build Internal Audit" group to conduct an internal audit.
- CDP scoring assessment in 2023 and improvements in 2024.
- Supplementing ENERTEAM's proposal on solutions to save electricity consumption and reduce GHG for Trang Bang factory.
- Supplementing initiatives to save electricity, use renewable energy, and use recycled PET chips helps to reduce GHG emissions.



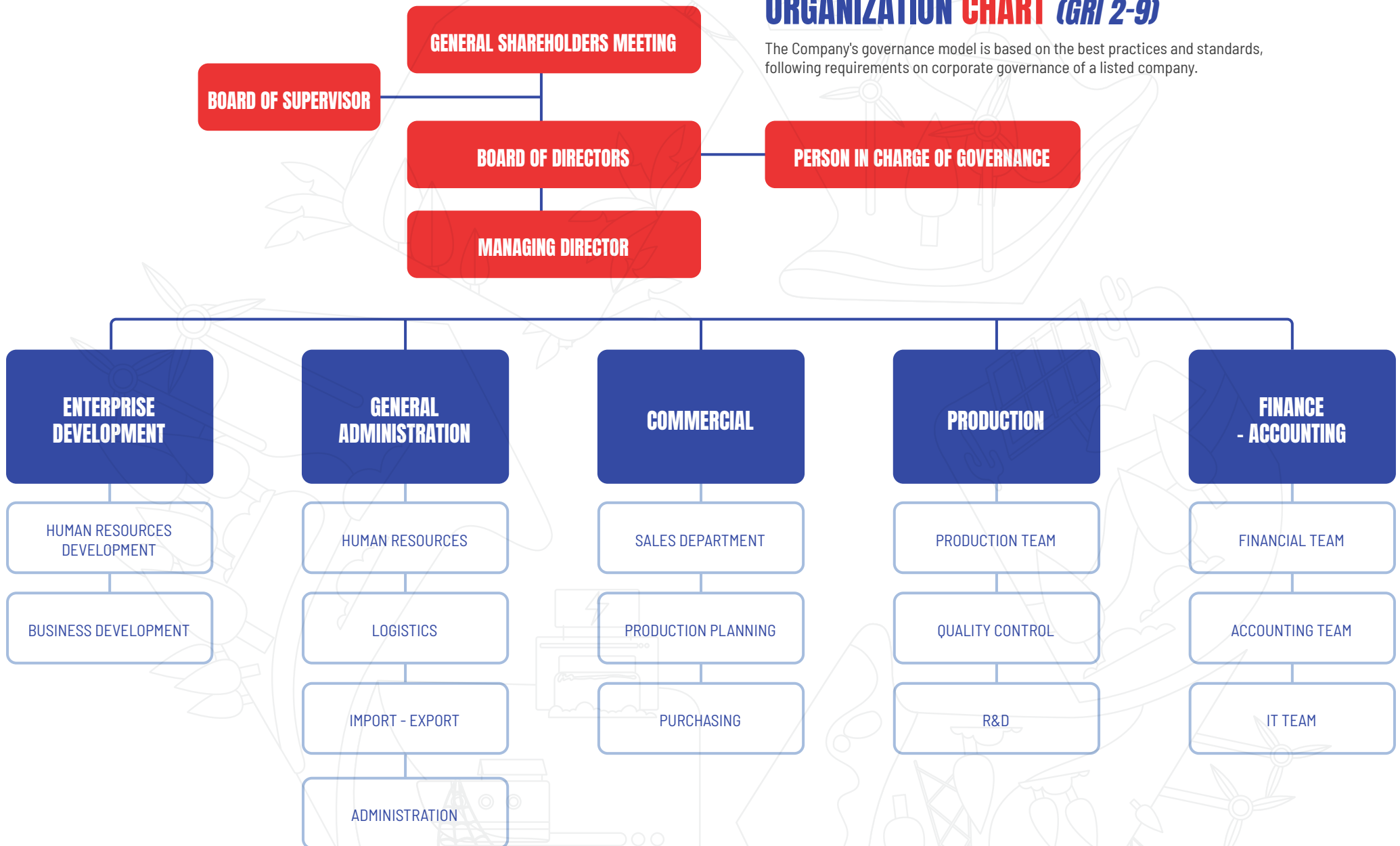
## COMPANY'S AWARDS AND RANKING

	CERTIFICATES AND AWARDS
2023	<ul style="list-style-type: none"> <li>Ranking in Vietnam's Top 100 Sustainable Enterprises in 2023 (ranked 19th in the nominating list) according to the CSI 100 Index. This is the 8th time in 8 consecutive years that STK has received this honorable award from 2016 to 2023.</li> <li>STK won the 2023 Board of Directors award, as voted by the 6th Annual Forum on Corporate Governance (AF6), organized by the Board of Directors of the Vietnam Institute of Directors (VIOD).</li> <li>Top 20 best annual reports in the non-financial group.</li> <li>STK won the consolation prize for the Sustainable Development report.</li> <li>Ranking in the top 10 best governance reports in the Mid-cap group.</li> </ul>
2022	<ul style="list-style-type: none"> <li>Ranking 1<sup>st</sup> prize of the 2022 best sustainability reports in the market of mid-cap companies group organized by the Ho Chi Minh Stock Exchange. In 6 consecutive years from 2017-to 2022, the STK sustainability report has always been in the top 10 best quality reports in the market.</li> <li>In addition, the annual report also ranked in the top 5 2022 best governance reports in the Midcap group organized by the Ho Chi Minh Stock Exchange.</li> <li>Top 100 Sustainable Development Enterprises 2022 (CSI 100)- Awarded by the Business Council for Sustainable Development (VBCSD), ranked 13th, this is the 7<sup>th</sup> time in 7 consecutive years, STK is honored to receive this award, a testament for STK's long-term sustainability strategy.</li> </ul>
2021	<ul style="list-style-type: none"> <li>Second prize for the best sustainability report in the market of mid-cap companies group organized by the Ho Chi Minh Stock Exchange, 5 years in a row</li> <li>Top 4 Best Annual Report 2021 in the group of Mid-cap companies organized by Ho Chi Minh Stock Exchange</li> <li>Ranking top 100 Sustainable Development Enterprises 2021 (CSI 100) in 6 consecutive years. The award was presented by the Business Council for Sustainable Development (VBCSD).</li> </ul>
2020	<ul style="list-style-type: none"> <li>Top 15 in the top 100 Sustainable Development Enterprises 2020 (CSI 100), for 5 consecutive years</li> <li>Awarding organization: VCCI Vietnam</li> <li>Top 3 Sustainable Development Reports -The most reliable report in the group of middle-cap companies organized by Ho Chi Minh Stock Exchange, 4 consecutive years</li> <li>Top 5 Annual Reports -The best corporate governance reports in the group of mid-cap companies organized by the Ho Chi Minh Stock Exchange.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Top 100 Sustainable Enterprises 2019 (CSI100) organized by VCCI for 4 consecutive years. Top 10 Sustainable Enterprise in the manufacturing sector in 2019.</li> <li>Top 10 Best Annual Reports in Vietnam Listed Company Award ("VLCA") 2019 organized by HOSE, HSX, VIR, and Dragon Capital.</li> <li>Top 10 Best Sustainability Development Report in VLCA 2019.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Top 100 Sustainable Enterprises 2018 (CSI100) for 3 consecutive years.</li> <li>Top 10 Sustainable Development Reports in VLCA 2018</li> <li>Top 90 Annual Reports in VLCA 2018.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Top 500 largest companies in Vietnam (VNR500): ranked 361 on the list of private enterprises in Vietnam.</li> <li>Awarding Organization: Vietnam Report and Vietnam net</li> <li>Top 100 Sustainable Businesses 2017 (CSI100)</li> <li>IR Award 2017 - Listed companies meet information disclosure standards</li> <li>Awarding Organization: VAFE and Tai Viet Joint Stock Company (Viet stock e-newspaper).</li> </ul>



## ORGANIZATION CHART (GRI 2-9)

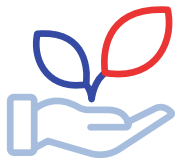
The Company's governance model is based on the best practices and standards, following requirements on corporate governance of a listed company.





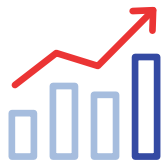
# MECHANISM FOR STRATEGY BUILDING, PLANNING, IMPLEMENTATION, AND REPORTING SUSTAINABLE DEVELOPMENT

## Build sustainable strategy with sustainable products



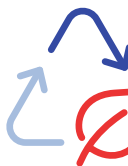
### ENVIRONMENT

- Advancing production technology to reduce material consumption.
- Using renewable energy (solar energy).
- Applying automation system in production, enhancing production efficiency, and reducing wasted product.



### ECONOMY

- Ensuring achievement of sales revenue and profit targets.
- Developing further eco-friendly products.
- Market expansion.



### RECYCLE

- Investment in recycling machines to recycle wasted products.
- Increasing the portion of recycled yarn in the total sales revenue.
- Increasing the reusing ratio of production materials such as POY tubes, packaging carton boxes, pallets, and circulating water in the production process.



### SOCIAL

- Sharing benefits with interested parties.
- Enhancing employee working skills through training courses.
- Improving working environment, ensuring health-safety working conditions for employees.



## ECO-FRIENDLY PRODUCTS SUCH AS RECYCLED YARN AND DOPE DYED YARN



To ensure the balance of interests among stakeholders as well as the balance of sustainable development polars, at Century Synthetic Fiber Corporation, the focus of the sustainable development strategy is to choose eco-friendly products which are commercially and financially viable. The recycled yarn is one of the key products that help the Company to develop further on its sustainable development path with high economic value, helping to recycle plastic bottles contributing to environmental protection (helps to reduce by 79%<sup>1</sup> carbon footprint as compared to virgin yarn products).

The Company is also developing colored yarn products (an alternative to the traditional dyeing process, helping customers to reduce water consumption, wastewater, and chemical emissions into the environment) and adding special features for recycled yarn products (such as hygroscopicity, high elasticity, etc.) to create added value for consumers and promote demand for recycled yarn.

We have achieved GRS (Global Recycle Standard) certification and OEKO-TEX 100 certification, which proves that the yarn ingredients do not contain harmful toxins. In addition to the list of environmentally friendly products, the Company also focuses on strategically investing in machinery using modern technology to reduce electrical energy consumption, reduce waste products as well as fostering technical improvement to reduce environmental pollution, consumption of raw materials, electricity, and water, reusing materials, recycling scrap and using renewable energy.

The company is implementing the Smart Factory project for Trang Bang 3 factory. Under this project, we will control the flow of goods in real-time, from monitoring carts to controlling errors that arise during the production process. Artificial intelligence (AI) will analyze and learn the error type. Through this learning, AI will know what the error type is without needing a human to do it, thereby predicting upcoming error trends to help the factory intervene in a timely manner. Timely intervention in the production process will help reduce the number of defective goods and indirectly save raw materials and energy.

In terms of labor and society, with the motto of developing together, the Company advocates sharing benefits with employees through constantly improving the remuneration regime, enhancing the capacity of employees, and creating a safe and comfortable working environment for employees.

<sup>1</sup> According to data from STK's PET chips suppliers, the Emission factors of recycled PET chips and virgin PET chips are 0.5 tons CO<sub>2</sub>e/ton of chips and 2.36 tons of CO<sub>2</sub>e/ton of chips, respectively.

## Planing and executing by the department of company

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

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

### THE ADMINISTRATION DEPARTMENT IS RESPONSIBLE FOR ENVIRONMENTAL MATTERS

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

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

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

### THE FINANCIAL DEPARTMENT IS RESPONSIBLE FOR ECONOMIC MATTERS

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

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

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

### PURCHASING DEPARTMENT IS RESPONSIBLE FOR RAW MATERIAL MATTERS

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

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

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

### UTILITY DEPARTMENT - IN CHARGE OF MANAGING ENERGY USAGE

- Operating and maintaining machinery and equipment using the correct method.
- Controlling and changing solutions on how to use energy to use energy more effectively.
- Researching and applying innovations to help save energy and use energy more effectively.



## SUSTAINABILITY DEVELOPMENT ACHIEVEMENTS IN 2023 (GRI 2-18)

### THE ASSESSMENT PROCESS:

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

### THE FREQUENCY OF EVALUATION:

Monitoring achievement of the Company's sustainable development goals through monthly and quarterly meetings and reports, as well as making the annual evaluation of its performance.

- Net sales revenue in 2023 achieved VND 1,425 billion, and fulfilled 66.3% of the plan in 2023.
- In 2023, the proportion of recycled yarn in total sales revenue, accounting for 49.5%, has decreased slightly compared to 2022, but the company aims to increase this proportion to 60%-70% by 2026-2027;
- The net profit after tax in 2023 achieved VND 87.7 billion and fulfilled 34.7% of the target in 2023;
- The Company's financial status improved in 2016-2022, with the Debt ratio decreasing from 1.5x in 2016 to 0.2x in 2022 and increasing to 0.63x recorded on December 31, 2023. The increased debt ratio in 2023 is due to debt financing the Unitex project;
- Company successfully developed yarns with high added value (such as Dope dye yarn, Soft package, Full dull, High CR, CD Mix, and Quick Dry yarn) for domestic and export markets such as Japan and Thailand;

## SUSTAINABLE ECONOMIC DEVELOPMENT

## SUSTAINABLE DEVELOPMENT OF LOCAL LABOR AND COMMUNITY

## ENVIRONMENT PROTECTION

- Due to the challenging situations in Vietnam's textile and garment industry, STK is no exception. In 2023, the Company did not have an employee salary increase policy. Weak market demand for the fashion industry led to no new orders, causing low production output and low income for the production group. In addition, as some employees with high seniority quitting their jobs, employees' average income in 2023 decreased slightly by 0.6% compared to 2022;
- Bonus with more than 1 month of average salary for employees on the occasion of the Lunar New Year;
- Periodically implementing the policy on skill assessment for promotion and creating promotion opportunities for employees;
- The company created more jobs directly for local workers and indirectly for suppliers through projects to expand production capacity;
- The Company has continued to improve the complaint and feedback mechanism based on the Company's Code of Conduct;
- Periodically inspecting and maintaining machinery and equipment;
- Ensuring labor safety for employees while working at the Company;

- Developing environmentally friendly yarn products: The proportion of recycled yarn has increased dramatically from 44% in the total sales revenue in 2020 to 54% in 2022 and decreased slightly to 49.5% in 2023. The company is aiming for a ratio of 60% - 70% in 2026-2027 on existing factories;
- Solar energy projects and electricity-saving initiatives helped STK reduce its 2021, 2022, and 2023 carbon footprint by 5,033 tons, 6,636 tons, and 6,860 tons of CO<sub>2</sub>, respectively. Cumulatively, from 2021-2023, there are 18,529 tons of CO<sub>2</sub>, equivalent to a reduction of 7.7% during this period. The company has signed a contract with a partner to purchase additional renewable energy with a total capacity of 75Mwp in the coming years;
- Recycling waste yarn into input PET chips, helping to reduce emissions to the environment; the recycling rate was more than 82% of waste yarn produced in the period;
- Development and commercialization of dope-dyed yarn, which helps to reduce the amount of consumed clean water, chemicals, and environmental protection;
- In 2023, the number of used POY paper tubes is 682,816 tubes and on average 1 POY paper tube can be reused 3.15 times, so the number of POY paper tubes saved is 2,150,872 tubes (without reusing, the number of POY tubes required could be 2,833,688);
- The carbon footprint of electricity decreased by 19.5% compared to 2022. This was primarily due to the temporary scaling down of production at our Cu Chi factory from 3Q2022 to the end of 2023. As a result, the amount of electricity used in 2023 was significantly lower than in 2022;
- From the beginning of the production of recycled yarns to the end of 2023, the Company has indirectly reused about 4.6 billion post-consumer-used PET plastic bottles thanks to the production of Recycled yarn, minimizing the impact on the environment;

## BOARD OF DIRECTORS (GRI 2-9,2-10,2-11,2-17)

### ROLE AND RESPONSIBILITIES OF THE BOD ON SUSTAINABLE DEVELOPMENT GOALS (GRI 2-13,2-14)

- The Company's BOD plays an important role in setting sustainable development goals. These goals are specified as objectives for each department. The Board of Directors will be responsible for monitoring, checking, and ensuring that the Sustainable Development Goals are implemented at the Company.
- The company's sustainable development goals are also quantified as indicators (KPI) to evaluate and measure the implementation results of the sustainable development goals from each department, ensuring adherence to the company's common goals.
- The Board of Directors continues to hold quarterly meetings to update and provide timely guidance for STK's operations and production activities.
- Each social-economic-environmental aspect will be presented directly to the Board of Directors by the Board of Management.
- The Company's BOD members will assess the achieved results and give directions to improve the Company's performance.
- The Board of Directors assigns the Board of Management and the Investor Relations Department to be responsible for implementing the sustainability report, ensuring that the report's content is built in accordance with international practices and regulations of Vietnam and reflects the Company's actual status.

#### MR. DANG TRIEU HOA (56 YEARS OLD)

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

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

Qualification: Business Administration.

Position at STK: **Vice-Chairman, CEO**

Date of appointment: Since 2020, Since 2005



### BRIEF INTRODUCTION OF BOD MEMBERS

#### MDM. DANG MY LINH (52 YEARS OLD)

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

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

Qualification: Business Administration.

Position at STK: **Chairwoman**

Date of appointment: Since 2020

#### MR. DANG HUONG CUONG (49 YEARS OLD)

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

Qualification: Business Administration.

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

Date of appointment: Since 2005





**MDM. CAO THI QUE ANH (58 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



**MR. CHEN CHE JEN (62 YEARS OLD)**

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

Education: Technology.

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

Date of appointment: 17/04/2018



**MR. VO QUANG LONG (46 YEARS OLD)**

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

Education level: Business Administration.

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

Date of appointment: 17/04/2018



**MR. NGUYEN QUOC HUONG (53 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



## MANAGEMENT EXECUTIVE BOARD (GRI 2-9,2-10,2-11,2-17)



### MR. Dang Trieu Hoa

**Vice Chairman, General Director**

Year of birth: 1969

Education: Business Administration

Working experience:

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



### Mdm. Nguyen Phuong Chi

**Chief Strategic Officer**

Year of birth: 1972

Education: Master of Applied Finance

Working experience:

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



### Mr. Phan Nhu Bich

**Deputy CFO / Chief Accountant**

Year of birth: 1970

Education: MBA

Working experience:

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



## BOARD OF SUPERVISORS (GRI 2-9,2-10,2-11,2-17)

### Mr. Nguyen Tu Luc

**Head of the BOS**

Year of birth: 1952 Male

Education: Bachelor of Accounting

Working experience:

1/2015 - present	Chief Mai Hoang Vu Co. Ltd.
2007 - present	Chief Supervision Committee, STK
2006 - present	Assistant to General 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. Ha Kiet Tran

**BOS Member**

Year of birth: 1986 Female

Education: Master

Working experience:

2013 - 2015	Investment Specialist - Dong A Securities Joint Stock Company
2015 - 2017	Head of IB Department, Treasury and Investment Division - Orient Commercial Joint Stock Bank.
2018 - present	Head of Investment Department - Huang Viet Investment Consulting Joint Stock Company.



### Mdm. Dinh Ngoc Hoa

**BOS Member**

Year of birth: 1979 Female

Education: Bachelor

Working experience:

2005 - present	Head of Planning-production department, STK
2002 - 2004	Accountant, Vi Hop Ltd,



## **COMPANY GOVERNANCE REPORT**

(Refer to *GOVERNANCE REPORT OF THE COMPANY - Annual Report 2023*)

## **PREVENTION OF INTEREST CONFLICT OF INTEREST AND TRANSACTIONS WITH INTERESTED PARTIES (GRI 2-15)**

(Refer to *Prevention of interest conflict of interest and transactions with interested parties - 2023 annual report*)



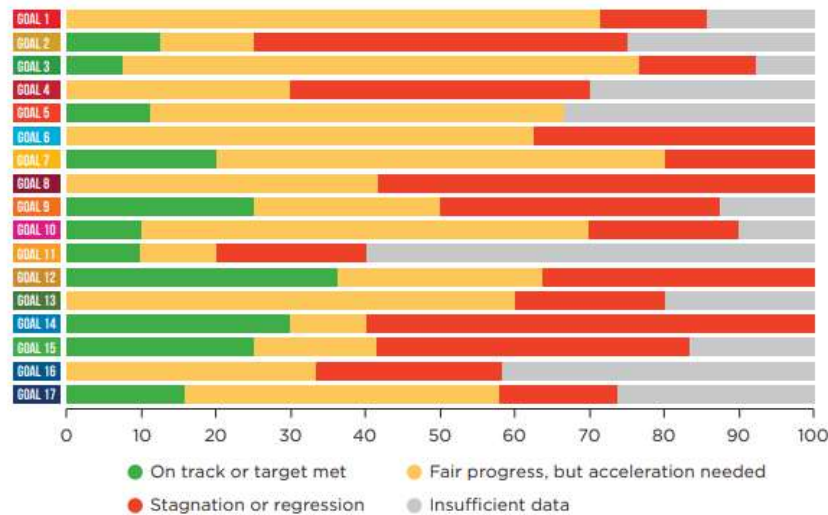
# 2023 SUSTAINABILITY REPORT

GLOBAL SUSTAINABLE DEVELOPMENT CONTEXT	32
SUSTAINABLE DEVELOPMENT OF THE WORLD'S TEXTILE AND GARMENT INDUSTRY	38
SUSTAINABLE DEVELOPMENT OF VIETNAM TEXTILE INDUSTRY	43
ETHICAL VALUES OF THE COMPANY (GRI 2-23)	53
CODE OF CONDUCT WITH STAKEHOLDERS (GRI 2-23)	53
THE ADVISORY AND GRIEVANCE MANAGEMENT FRAMEWORK ABOUT THE CODE OF CONDUCT AT THE COMPANY (GRI 2-26)	53
ENGAGING INTERESTED PARTIES IN COMPILING SUSTAINABILITY DEVELOPMENT REPORT	53

# GLOBAL SUSTAINABLE DEVELOPMENT CONTEXT

The 2023 United Nations Sustainable Development Summit, which took place in September in New York, is a critical opportunity for countries to assess progress and challenges and propose concrete actions to achieve the goals of the 2030 agenda. The 2023 Summit also points out that ongoing crisis events such as climate change, the COVID-19 pandemic, the war between Russia and Ukraine, and most recently, the armed conflict between Hamas and Israel have significantly delayed and, in some cases, even reversed progress on the Sustainable Development Goals (SDGs), affecting the most vulnerable countries and exacerbating inequalities existing equality. Recent data from the United Nations shows that only 12% of sustainable development goals are currently on track, and more than 30% of these goals are making no progress at all, or even worse, compared to the 2015 baseline. The Summit emphasized the urgent need to increase efforts to ensure the sustainable development goals (SDGs<sup>1</sup>) are on track and towards a sustainable future for everyone.

Progress assessment for the 17 Goals based on assessed targets, 2023 or latest data (percentage)



Source: The Sustainable Development Goals Report 2023-United Nations

Regarding Goal 13 - Climate action, "The Sustainable Development Goals Report 2023" has emphasized that the world is on the brink of a climate disaster, and current actions and plans to address the crisis are inadequate. Without transformative action starting now and within the current decade to reduce greenhouse gas emissions profoundly and rapidly in all sectors, the 1.5°C target will be at risk, and with it, the lives of more than 3 billion people.

<sup>1</sup> Sustainable Development Goals

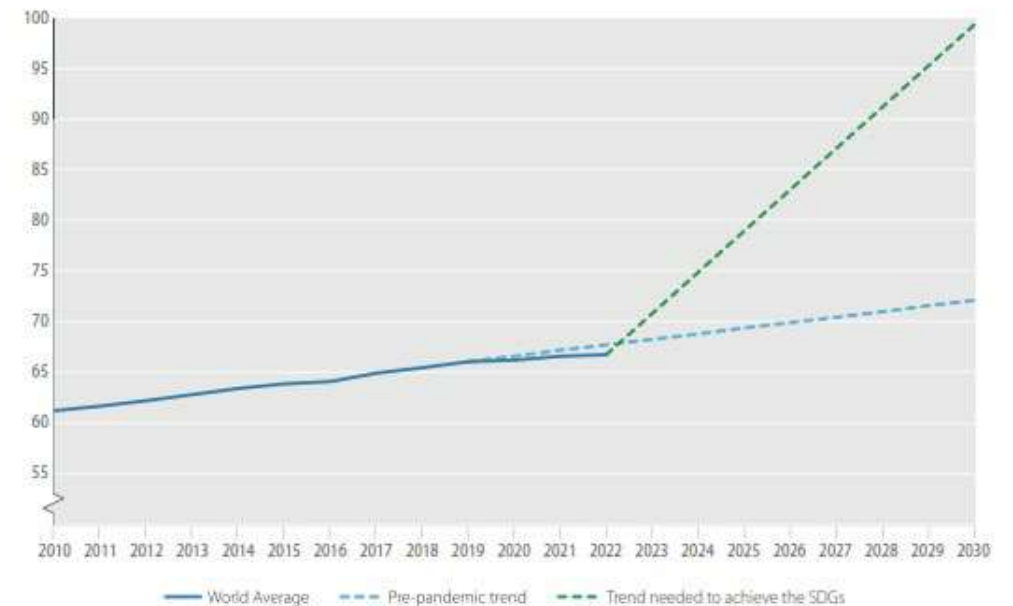
According to the report, the increase in global temperatures has already reached 1.1°C due to increasing global greenhouse gas emissions, which reached record highs in 2021. Real-time data from 2022 show that emissions continued an upward trend rather than downward to reach the target of limiting temperature increases to 1.5°C compared to pre-industrial times. The year 2023 recorded the highest temperatures. Many tourist attractions in Europe have had to close, and local authorities have warned people not to go out. Numerous tourists in Europe collapsed when temperatures exceeded 40°C, while some African countries even recorded temperatures reaching nearly 50°C.

According to the Organisation for Economic Co-operation and Development (OECD), total climate finance provided and mobilized by developed countries for developing countries amounted to \$83.3 billion in 2020, a 4 percent increase from 2019, but still short of the \$100 billion target, international finance flows to developing countries standing at 5 to 10 times below estimated needs.

The Sustainable Development Goals (SDGs) are seriously off track. SDG progress was already very slow in the five years to 2020. According to the annual SDG Index, global achievement of the SDGs rose only slightly, from 64 percent in 2015 to 66 percent in 2019 - far too slowly to meet the goals by 2030; then, progress stopped with the onset of the pandemic. As of 2022, the global SDG Index is below 67%. Many geopolitical crises in the world today will certainly place more obstacles on the path to the 2030 sustainability goals.

SDG index over time, world average (2010-2022) and forecast of SDG index to achieve the SDGs by 2030

SDG Index world average: pre-pandemic trend and trend needed to achieve the SDGs by 2030

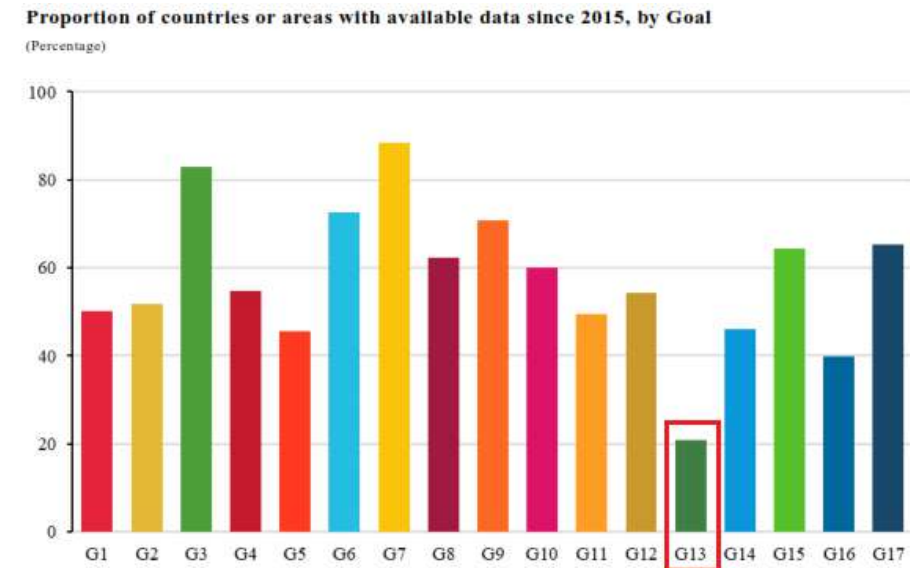


Source: SDGindex.org



According to the report on progress in implementing the 2023 sustainable development goals of the United Nations, "The Sustainable Development Goals Report 2023". Among the 17 primary goals, there are 169 sub-goals; within these sub-goals are additional indicators. While progress has been made in improving data for monitoring SDG goals, with the number of indicators included in the global Sustainable Development Goals database increasing from 115 in 2016 to 225 in 2022, and the number of data records in the database has increased from 330,000 in 2016 to 2.7 million as of May 2023. However, there are still significant gaps in geographic coverage, timeliness, and disaggregation.

In just seven years, the global SDG database has expanded significantly; however, only around 21 percent of countries have data for Goal 13 (climate action)—the lowest level of the 17 sustainable growth goals. The world is seriously off track to meet climate goals under the Paris Agreement. Global temperatures were even 1.2 degrees Celsius warmer than pre-industrial times in 2022 and continue to warm at more than 0.3 degrees Celsius per decade. At this rate, the possibility of exceeding 1.5 degrees Celsius in this decade is unavoidable, let alone by 2050.



Source: The United Nations

According to the United Nations report (The Sustainable Development Goals Report 2023), none of Goal 13's five major focuses (Climate action) is on track.



2023 could be the hottest year in 83 years, with floods, droughts, wildfires, and heat waves occurring with increasing frequency and severity worldwide. Developing countries suffer the most due to their lower resilience. The United Nations stated that the need and cost for annual climate change adaptation measures are forecast to be 10 to 18 times higher than the actual financial resources available. If countries do not implement action programs to help mitigate the effects of climate change, the price to pay will be much greater.

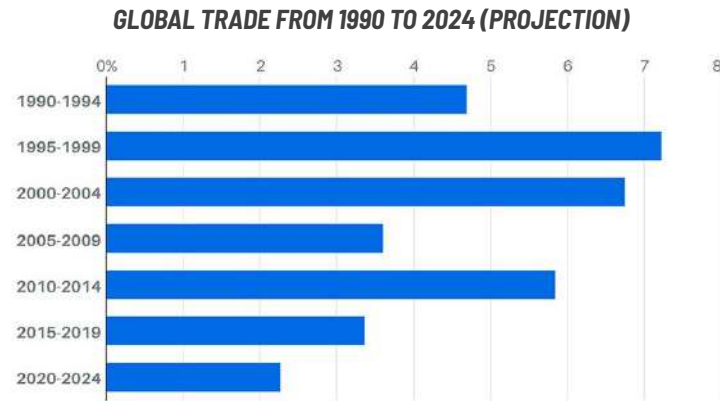
The latest synthesis report of the IPCC (Intergovernmental Panel on Climate Change) stated that human activities, especially over a century of burning fossil fuels, unsustainable energy and land use, and unsustainable production and consumption patterns, have caused global warming of 1.1°C above pre-industrial levels. This has led to an increase in extreme weather and climate events in every region. Despite contributing the least to climate change, vulnerable communities are disproportionately affected. Take Bangladesh as an example. Due to this country's terrain being located in a low-lying area, Bangladesh is one of the countries most vulnerable to the effects of climate change. According to a report by the World Bank (WB), it is predicted that by 2050, rising sea levels could cause 20 million Bangladesh is to be displaced, submerge a significant area of land, and cause severe impacts on the country's food production.

# Some of the world's achievements and challenges in economics, environment and society

## Economy

### GLOBAL TRADE IN 2023

In 2023, trade in goods and services increased slightly with a growth rate of about 0.2%, the slowest pace in 50 years if the global economic recession is not considered. It would be a complete decline without the growth of services trade. Trade in goods fell about 2%, the sharpest decline this century, excluding the global economic recession. Trade growth is forecast to improve this year but remains only half the average rate in the decade before the pandemic. By the end of 2024, global trade is predicted to record the slowest growth in a five-year period since the 1990s.

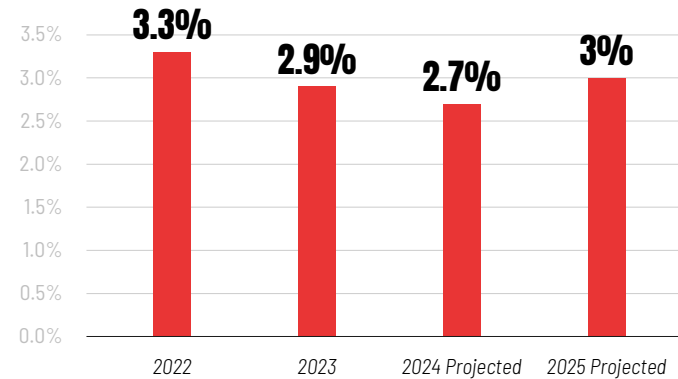


Source: The World Bank

### GLOBAL GDP GROWTH RATE

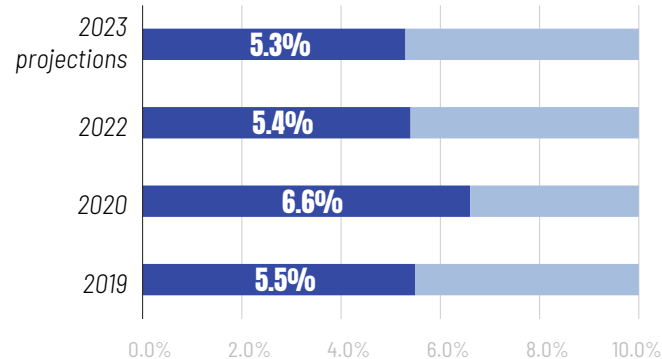
According to OECD, GDP growth in 2023 was 2.9%, lower than 3.3% in 2022. The global economy continued to face inflation challenges and low growth prospects. In addition, tighter financial conditions, weak trade growth, and lower business and consumer confidence were also reasons for the weakened global economy in 2023. According to OECD forecasts, the GDP growth rate in 2024 and 2025 is predicted at 2.7% and 3%, respectively.

### GLOBAL GDP GROWTH RATE IN 2023 AND FORECAST FOR 2024, 2025



Source: OECD

### GLOBAL UNEMPLOYMENT RATE



Source: The Sustainable Development Goals Report 2023

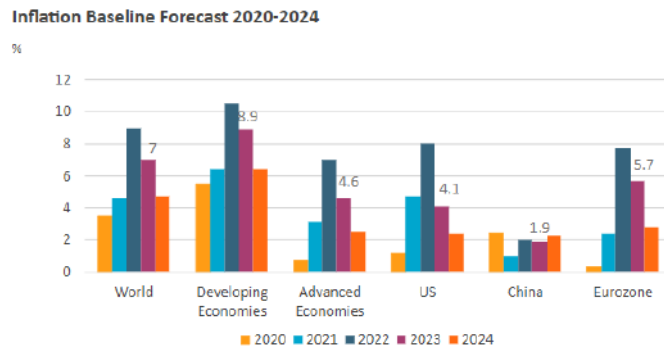
### UNEMPLOYMENT RATE

The global unemployment rate has declined significantly to 5.4% in 2022 from a peak of 6.6% in 2020 as the world economy begins to recover from the shock of the COVID-19 pandemic. The unemployment rate was 5.5% lower than in pre-pandemic 2019. The estimated number of unemployed people in 2022 is 192 million. The unemployment rate is forecast to decrease to 5.3% in 2023, equivalent to 191 million people.



## GLOBAL INFLATION RATE

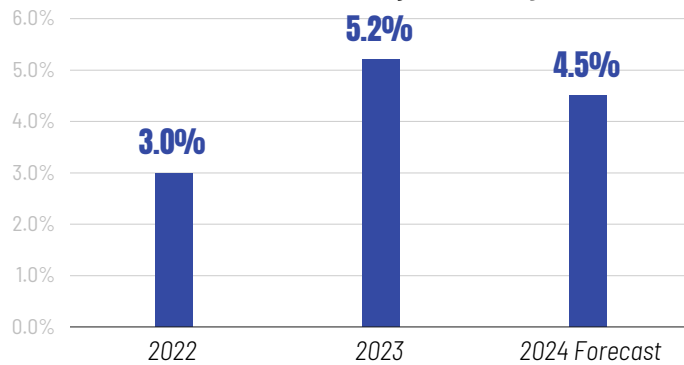
Global inflation tends to decrease in 2023. According to Euromonitor International, it is forecast to reach 7.0% in 2023 and 4.7% in 2024. Volatility in commodity markets and the labor market is one of the main risks adding to inflationary pressures. Rising energy and agricultural commodity prices could add to inflation in 1Q24, while solid labor market recovery in the largest economies continues to push up service prices to new highs.



Source: Euromonitor International

According to Fitch Ratings, China's economic growth was 5.2% in 2023 and is forecasted to reach 4.5% in 2024. The risk of slowing China's economic growth may drag down the global economy's overall growth momentum.

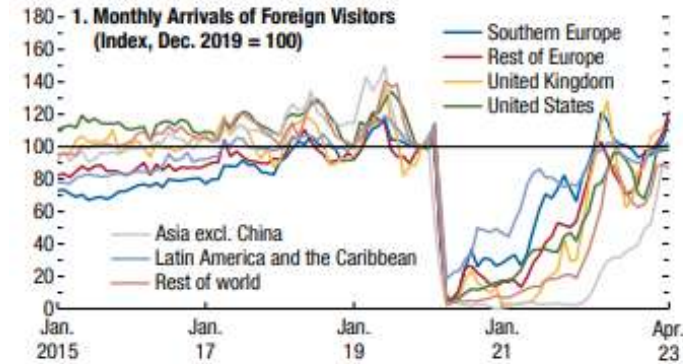
### China's growth in 2022, 2023 and forecast for 2024 by Fitch Ratings



Source: Reuters and Fitch Ratings

## TRAVEL IS RETURNING TO NORMAL

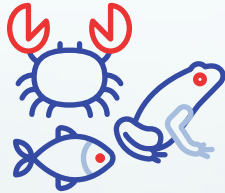
International tourist arrivals are approaching pre-pandemic levels in most countries and territories. The recovery in tourism in 2021-2023 has been accompanied by strong economic growth in economies with a large share of tourism in GDP.



# Environment



**2.4 billion** people are still living in **water scarcity**



**81%** of species that depend on wetlands have **declined** significantly since **1970**



**Water-related ecosystems** around the world are being degraded at **alarming rate**



Over the past **300 years**, **more than 85%** of the planet's wetlands **have been lost**.



**Rising global temperatures continue unabated**, leading to more extreme weather. Temperatures have **increased by 1.1 degrees Celsius** compared to pre-industrial times



**Total renewable energy** increased by a quarter (**25%**) between 2010 and 2019.



Globally, **the proportion of municipal solid waste** collected is **82%**.



In **2022**, global CO<sub>2</sub> emissions from energy combustion and industrialization **increased by 0.9%**, reaching a **record high of 36.8 billion tons**.



More than **10 million** hectares of forest are cleared each year, **almost 90% of global deforestation** is due to the expansion of agricultural production.



**Plastic pollution is choking the oceans**, more than **17 million tons** of plastic entering the oceans in 2021 which is expected to double or triple by 2040.





# Society



The number of people living in extreme poverty in 2022 was around 657-676 million people as compared with the pre-pandemic number of 581 million.



More than 600 million people worldwide are forecast to face hunger in 2030



25 million children are not vaccinated following the correct schedule, according to 2021 statistics



One in three people are struggling with hunger and facing severe food insecurity



Political conflict, COVID-19, climate change and growing inequality are contributing to undermining food security worldwide; one in ten people worldwide are hungry



More than 149.2 million children under 5 years old are stunted (2020)



Women accounted for 39% in all jobs in 2019, but they accounted for 45% in job losses globally by 2020



2.2 million people lack clean water to use



84 million children are at risk of dropping out of school by 2030



The rate of poor employment increased from 6.7% in 2019 to 7.2% in 2020



3.5 million people lack hygiene and safety



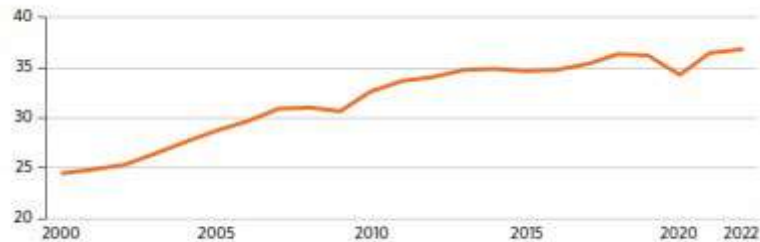
Over 300 million children lack basic reading, writing, and arithmetic skills

# SUSTAINABLE DEVELOPMENT OF THE WORLD'S TEXTILE AND GARMENT INDUSTRY

The textile industry is one of the most polluting industries. Due to its characteristics, it uses a lot of energy, fuel, and chemicals, causing high greenhouse gas emissions. Textile processing processes (yarns, fabrics, and garments) have the largest carbon footprint because of the water intensity of washing, rinsing, pre-treatment, dyeing, and post-treatment finishing. The training workshop on "Inventory and Implement Mitigation Measures of Greenhouse Gas Emission in the Textile and Garment Sector" was organized by the Japan International Cooperation Agency (JICA) and the Department of Climate Change (Ministry of Natural Resources and Environment) co-hosted on November 8, 2023. At the conference, Mr. Nguyen Tuan Quang, Deputy Director of the Department of Climate Change, said that some studies have shown that the textile and garment industry accounts for about 6-10% of global carbon emissions, equivalent to about 1.7 billion tons of carbon, according to World Wide Fund For Nature (WWF), each year the global fashion industry consumes about 1.5 billion liters of water, wastewater accounts for 20% of industrial wastewater. To reduce the environmental impact, brands actively have sustainable development strategies for their products to contribute to environmental protection.

In 2022, global CO<sub>2</sub> emissions from energy combustion and industrialization increased by 0.9%, reaching a record high of 36.8 billion tons. After falling more than 5% in 2020 during the pandemic, emissions rebounded more than 6% in 2021, surpassing pre-pandemic levels due to economic stimulus and a surge in coal demand.

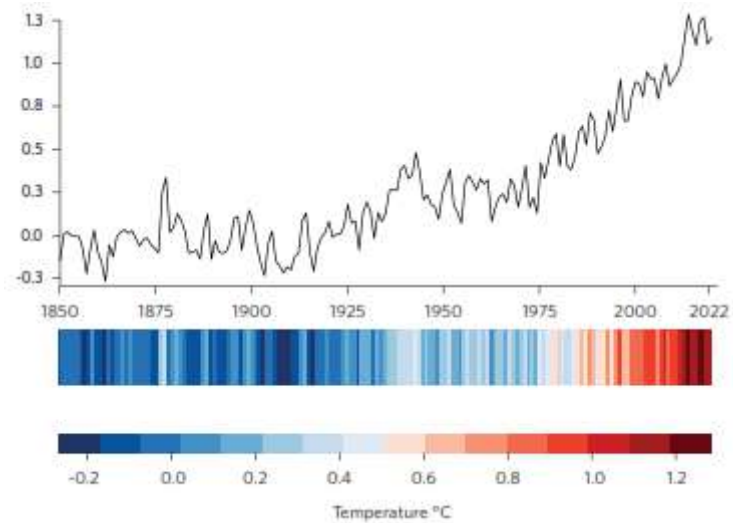
**Global CO<sub>2</sub> emissions from energy combustion and industrial processes, 2000-2022 (billion metric tons)**



Source: The Sustainable Development Goals Report 2023

Global temperatures are increasing, causing heat waves and unusual weather phenomena worldwide. The latest synthesis report on the Nationally Determined Contribution (NDC) of the United Nations Framework Convention on Climate Change (UNFCCC) shows that the combined climate commitments of 193 Parties under the Paris Agreement will achieve a slight decrease (0.3%) in GHG emissions by 2030 compared to 2019 levels. However, this falls well short of the 43% emissions reduction called for by the IPCC to be on the 1.5°C pathway and would propel the world to an unsustainable potential warming of around 2.5°C by the end of the century.

**Global annual mean temperature relative to pre-industrial levels, 1850-2022 (degrees Celsius)**



Source: The Sustainable Development Goals Report 2023

Because the fashion industry is one of the most polluting industries and contributes the most to carbon emissions, the fashion and textile industries and governments are taking specific actions to combat climate change. The fashion industry is making more progress in achieving the goal of reducing carbon emissions. Below are some specific actions by governments and fashion brands to respond to global warming and achieve the 2030 agenda.



## GOVERNMENT MEASURES

Up to 16 laws related to fashion and textiles were discussed in EU alone at the end of 2023 and will come into effect in 2024. These regulations cover the entire fashion value chain, including products designed for marketing, and will impact consumers and companies globally.

The EU's voluntary regulations on sustainable development are replaced by mandatory regulations

- EU's Strategies for Sustainable and Circular Textiles was introduced in June 2023 to achieve climate neutrality.
- EU's Ecodesign for Sustainable Product Regulation ("ESPR"), which will take full effect in 2025, sets minimum design standards for products sold in EU regarding recyclability, durability, reusability, repairability, and the use of hazardous substances.
- Digital product passport that contains information about the product to share with customers may be required.
- EU's Green Claim Directive: To prevent Greenwashing<sup>1</sup>, a sustainability-related declaration and statement should be specific, backed by evidence, verified by independent bodies, and communicated carefully.
- To raise the portion of recycled textile (which is currently 1%) and prevent landfill and incineration of textile products, under EU's amended Waste Framework Directive, Extended Producer Responsibility is imposed and companies are required to finance collection, sorting and recycling textile waste.
- To ensure the comparability of sustainable indicators by various brands, the Corporate Sustainability Reporting Directive ("CSRD") will require companies to make comprehensive public disclosure on ESG activities using a standardized framework.

US regulations

- Under California SB 253 (passed), Businesses with annual revenue over \$1 billion operating in California must report Scope 1 to Scope 3 emissions.
- Under New York Sustainability and Social Accountability Act (being proposed), apparel companies with annual global revenue of USD100 million operating in New York are required to provide supply chain transparency, ESG disclosure, and due diligence.

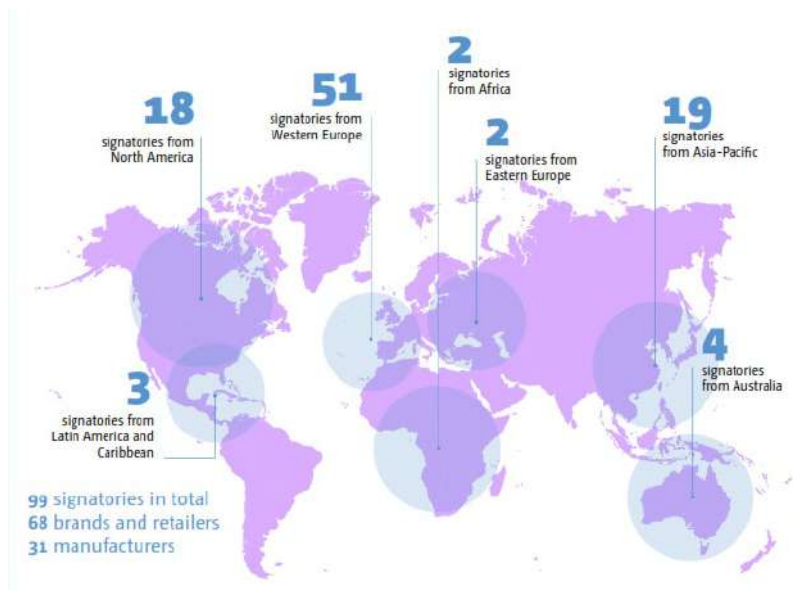
<sup>1</sup> Greenwashing is a concept that refers to the behavior of fashion brands that use sustainable fashion as a form of marketing for their business but do not fully commit to the strict standards of sustainable fashion.



## BRANDS' ACTIONS

The 2018 Intergovernmental Panel on Climate Change (IPCC) special report on global warming of 1.5°C emphasized the urgency and actions needed to keep the planet safe. On the dangerous brink of climate change, the fashion industry needs to take immediate action to achieve the goals of the Paris Agreement on climate change and aim for net zero emissions by the year 2050. The UN Climate Change has initiated a broader climate action plan, bringing together fashion stakeholders to develop a unified, coherent position about climate. Under that initiative, the Fashion Industry Charter for Climate Action, or Fashion Charter for short, was born. The charter's primary goal is to drive the fashion industry to net-zero Greenhouse Gas emissions no later than 2050. In addition, the charter program is an opportunity to connect stakeholders in the fashion industry, including raw materials manufacturers, textile manufacturers, apparel manufacturers, and brands, to identify new areas of action and expand existing initiatives to connect each other's value chains.

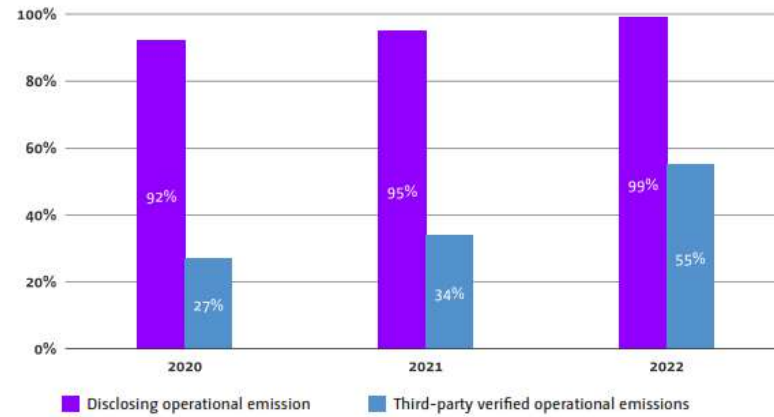
As of February 22, 2023, 99 companies, including brands, suppliers, and retailers, have committed to the goals of the Fashion Industry Charter for Climate Action.



Source: Climate Action-Fashion Industry Charter

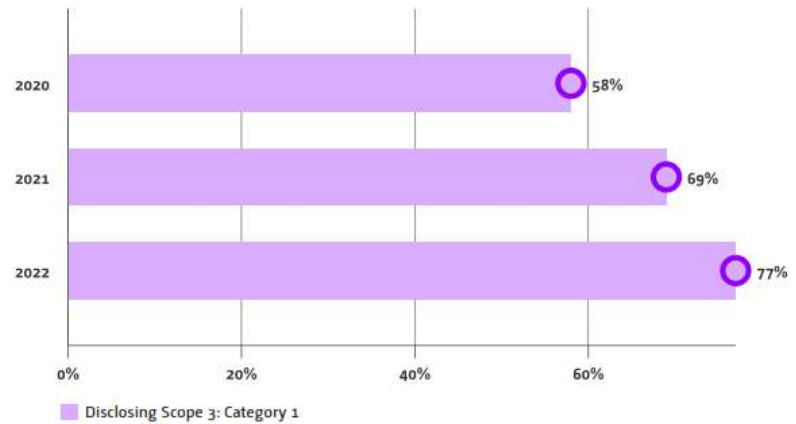
Signatories increasingly disclose "operational emissions" data (operational emissions-Scope 1 & Scope 2) and third-party confirmation of the data they disclose. In addition, over the years, signatories have reported an increase of about 20% in their Scope 3 Category 1 emissions. In 2022, 77% of signatories provided their Scope 3 estimates through CDP.

### Disclosing signatories providing operational emissions and verified data



Source: Climate Action-Fashion Industry Charter

### Signatories are increasingly disclosing Scope 3: Category 1 emissions

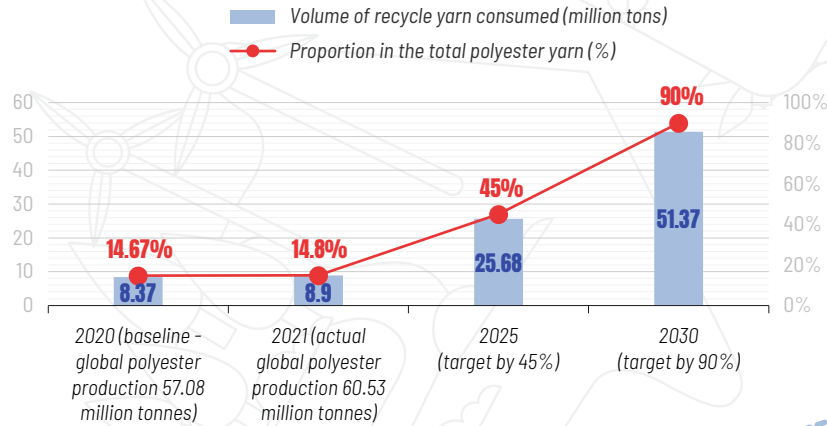


Source: Climate Action-Fashion Industry Charter



According to the "2025 Recycled Polyester Challenge - Textile Exchange" report as of 2021, there were 132 brands, including Nike, Adidas, Puma, Inditex, Old Navy, New Balance, H&M, Lululemon, VFGroup, Decathlon, Gap, Kering, Kmart have committed to a roadmap to increase the proportion of recycled yarn use until 2025. According to statistics from the Textile Exchange by 2021, the proportion of recycled polyester yarn in the total volume of polyester yarn consumed (60.53 million tons) reached 14.8% (equivalent to 8.9 million tons). The proportion of recycled polyester yarn is expected to increase from 14.8% (2021) to 45% (2025) and reach 90% by 2030. (source: Textile Exchange).

In addition, brands have committed to keeping global temperature rise to no more than 1.5 degrees Celsius compared to pre-industrial times, reducing GHG by 50% by 2030 and aiming for net-zero by 2050. To achieve those goals, brands are having strategies such as using energy efficiently, aiming to use 100% renewable electricity, aiming to use 100% recycled materials, and encouraging suppliers to accompany the implementation of common goals for sustainable development.

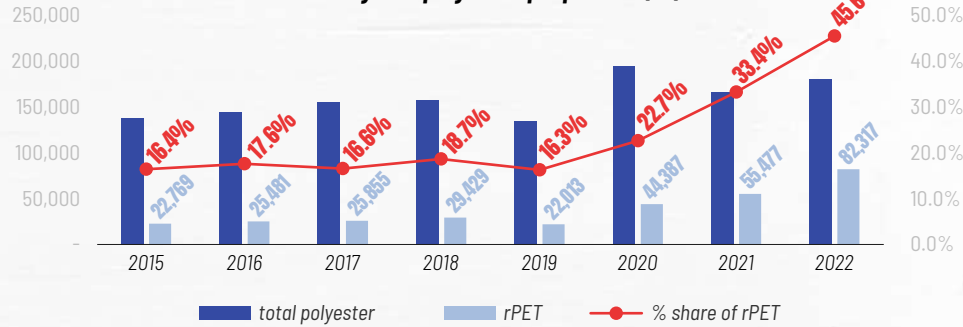


## Commitment road to using recycled materials of fashion brands



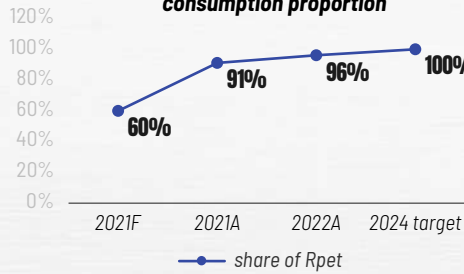
## ABSOLUTE VOLUME AND GROWTH RATE IN RECYCLED POLYESTER BY BRANDS IN RECENT YEARS

**Nike's total polyester consumption, recycled polyester consumption (tons), and recycled polyester proportion (%)**

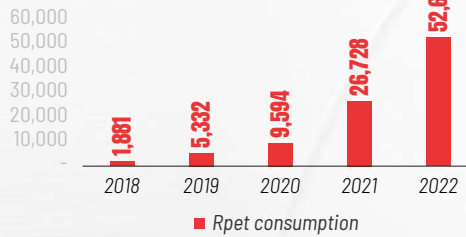


Source: Nike's Annual Report

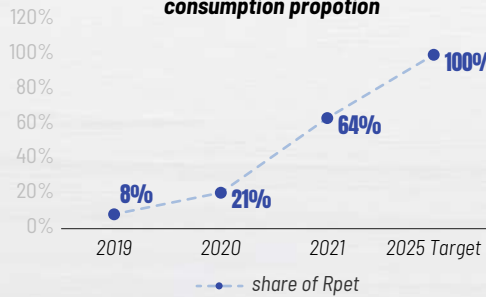
**Adidas's recycled polyester consumption proportion**



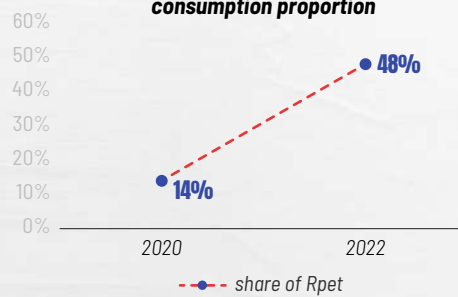
**Inditex's recycled polyester consumption over the years**



**H&M's recycled polyester consumption proportion**



**Puma's recycled polyester consumption proportion**



Source: Brands' Annual Reports

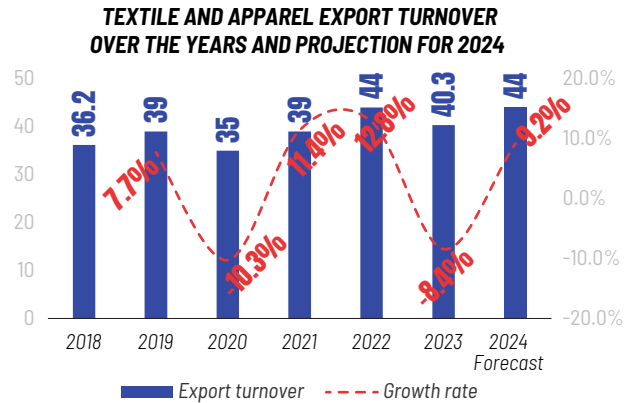


# SUSTAINABLE DEVELOPMENT OF VIETNAM TEXTILE INDUSTRY

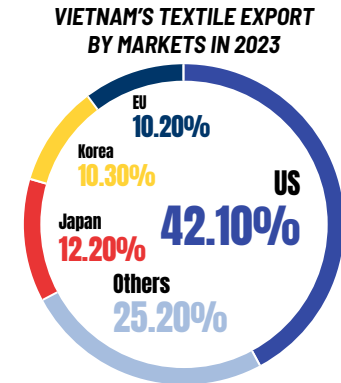


## Vietnam's textile and garment industry in 2023 Overview

According to the Vietnam Textile and Apparel Association Summary Conference 2023, organized by the Vietnam Textile and Apparel Association (VITAS) on December 16, 2023, Vietnam's textile and garment export turnover in 2023 reached about 40.3 billion USD, down 9.2% compared to 2022, due to unfavorable factors such as inflation and declining purchasing power in major textile and garment consuming markets such as the US and EU.



Source: Vietnam Textile and Apparel Association (VITAS)



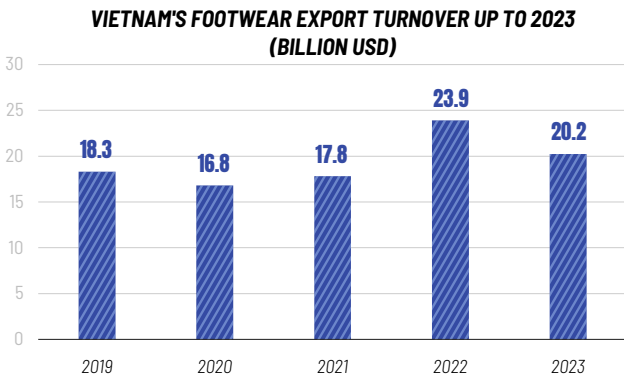
Source: Vietnam Textile and Apparel Association (VITAS)

However, according to UN Comtrade data in the first ten months of 2023, Vietnam still maintained market share and ranked 2nd place in garment exports in the US, Japan, and Canada markets, 5th in EU market, and 6th in the UK market. In addition, the decline in Vietnam's garment export turnover in EU, the UK, and Canada markets is lower than the decline in the general market; Vietnam even achieved a growth rate of +4.2% in the Japanese market. Accordingly, Vietnam's market share in these markets increased slightly.

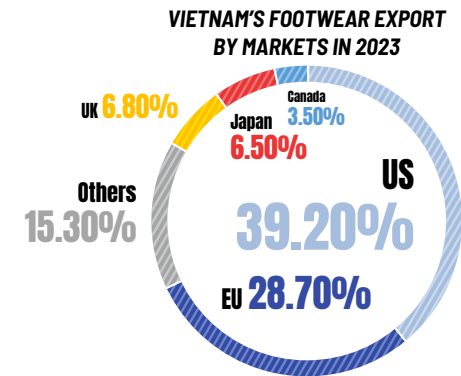
VITAS sets a target textile export turnover of 44 billion USD in 2024, an increase of 9.2% compared to 2023, based on the prospect of recovery of global demand in 2024.

## Vietnam Footwear 2023 Overview

According to data from the General Statistics Office, Vietnam's footwear export turnover reached 20.24 billion USD in 2023, down 15.3% compared to 2022, due to falling demand in major markets. However, Vietnam's decline is still lower than the average decline in the EU, Japan, and UK markets. Thanks to that, Vietnam still maintains the second position in the world footwear export market.



Source: General Department of Vietnam Customs

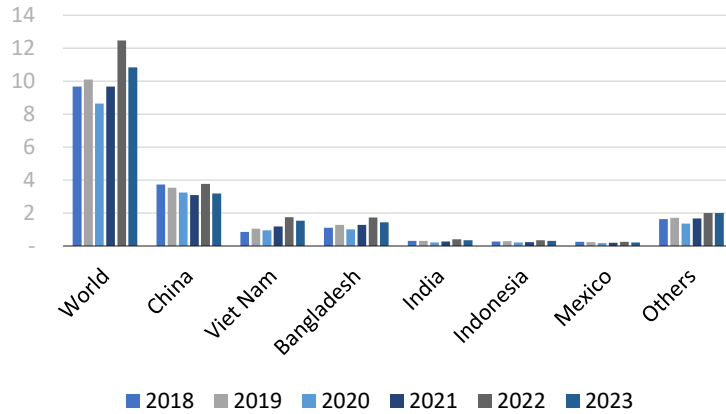


Source: GSO, UN COMTRADE

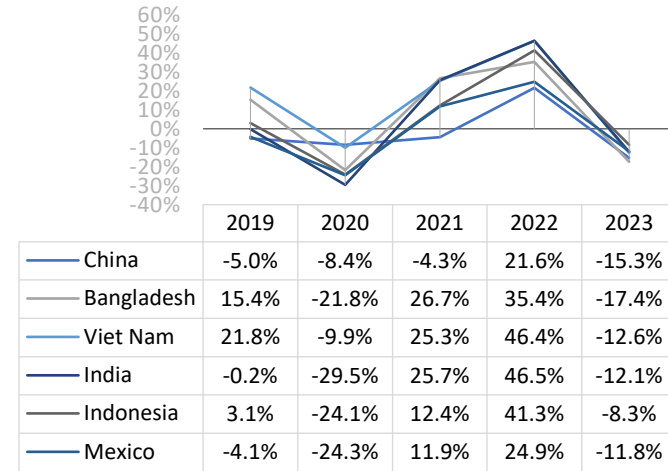
# Overview of Vietnam's key import markets for Apparel and Footwear up to 2023

## CANADA

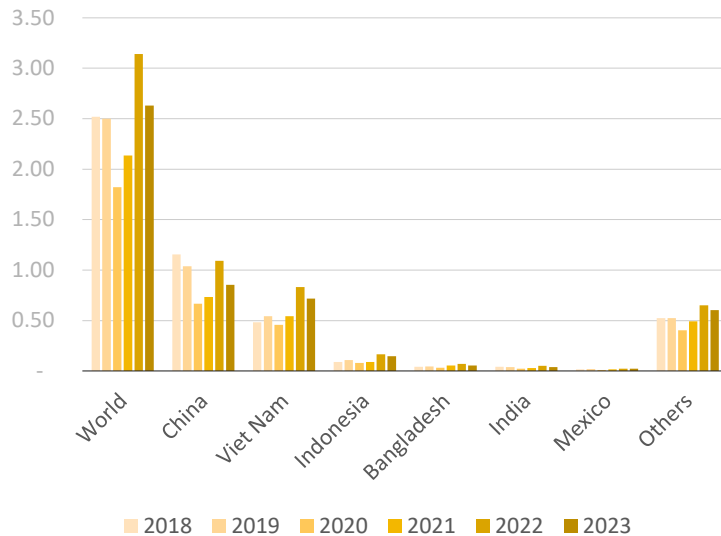
**CANADA'S APPAREL IMPORTS UP TO 2023  
(BILLION USD)**



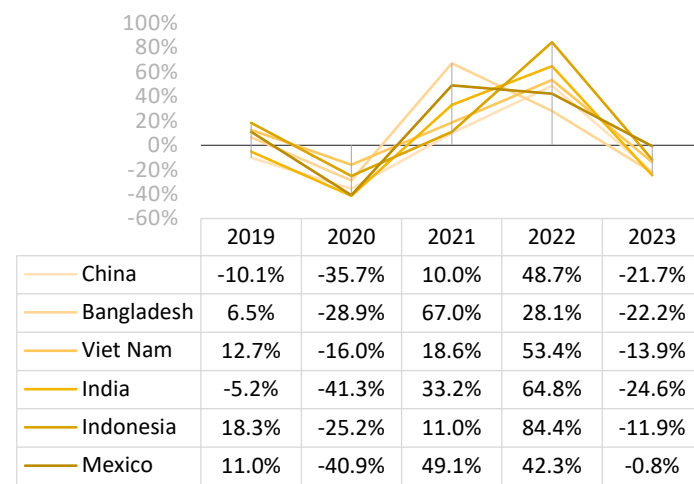
**GROWTH RATE OF COUNTRIES EXPORTING APPAREL TO CANADA**



**CANADA'S FOOTWEAR IMPORTS UP TO 2023  
(BILLION USD)**

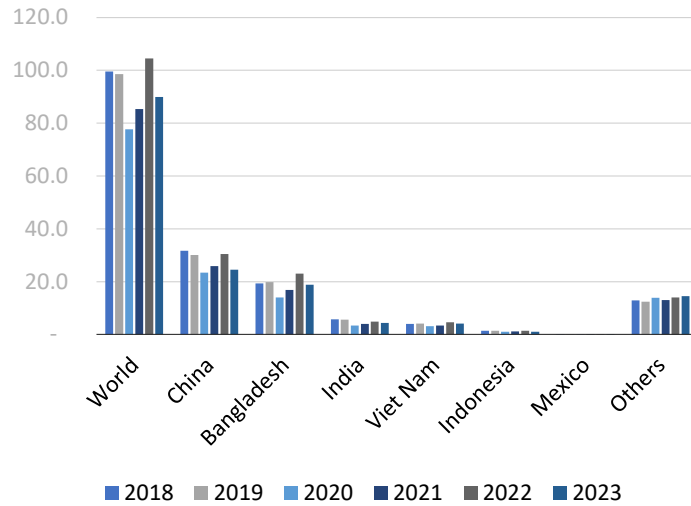


**GROWTH RATE OF COUNTRIES EXPORTING FOOTWEAR TO CANADA**

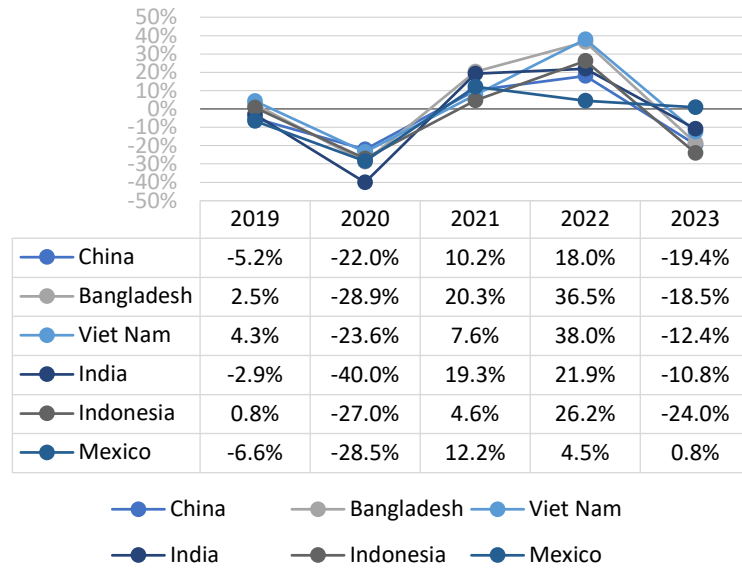


**EU**

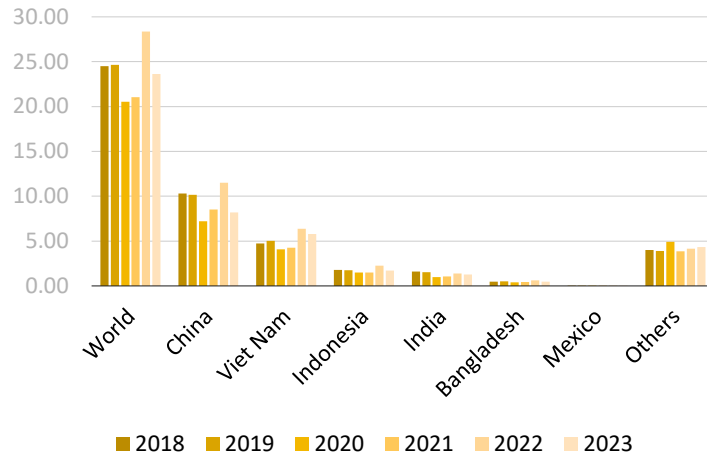
**EU'S APPAREL IMPORTS UP TO 2023  
(BILLION USD)**



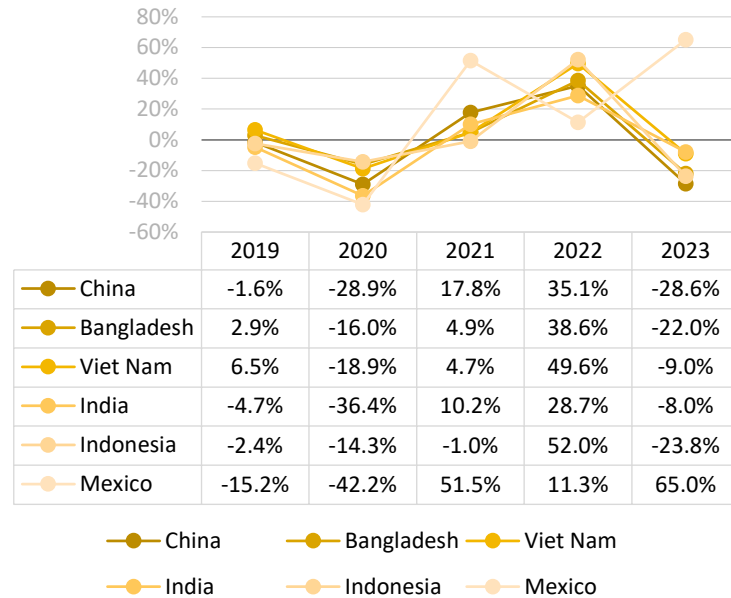
**GROWTH RATE OF COUNTRIES EXPORTING APPAREL TO EU**



**EU'S FOOTWEAR IMPORTS UP TO 2023  
(BILLION USD)**



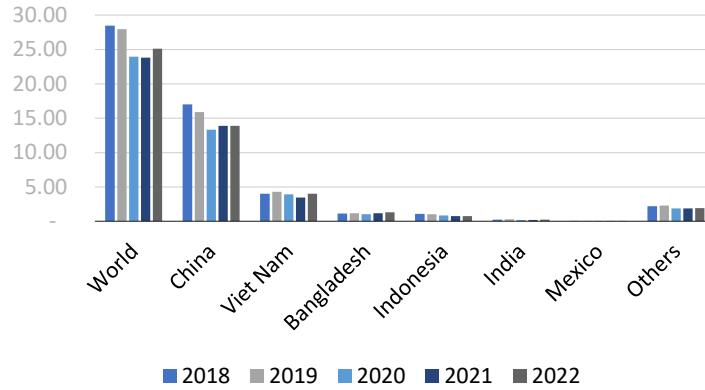
**GROWTH RATE OF COUNTRIES EXPORTING FOOTWEAR TO EU**



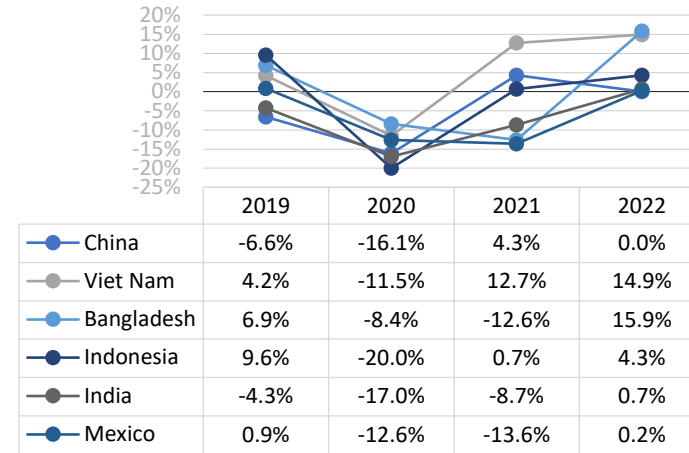


# JAPAN

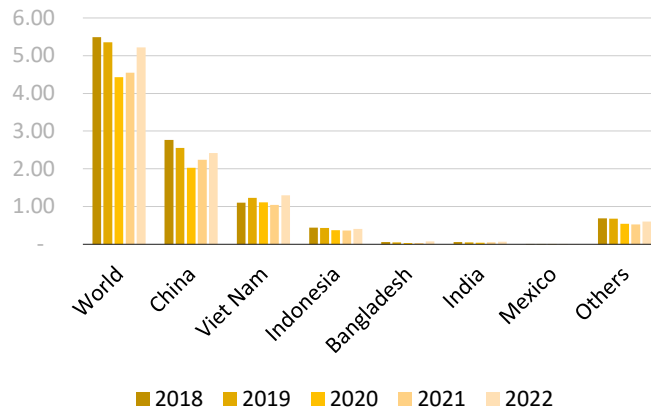
**JAPAN'S APPAREL IMPORTS UP TO 2022  
(BILLION USD)**



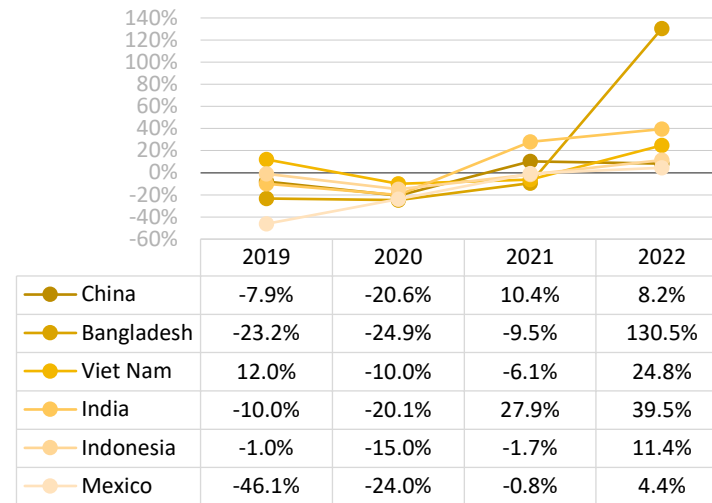
**GROWTH RATE OF COUNTRIES EXPORTING APPAREL  
TO JAPAN**



**JAPAN'S FOOTWEAR IMPORTS UP TO 2022  
(BILLION USD)**

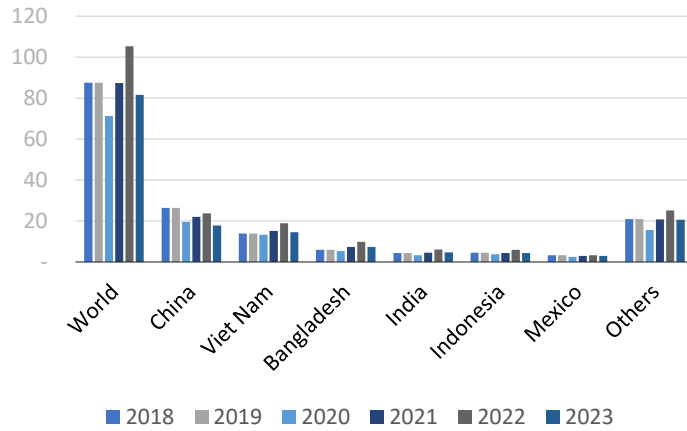


**GROWTH RATE OF COUNTRIES EXPORTING FOOTWEAR  
TO JAPAN**

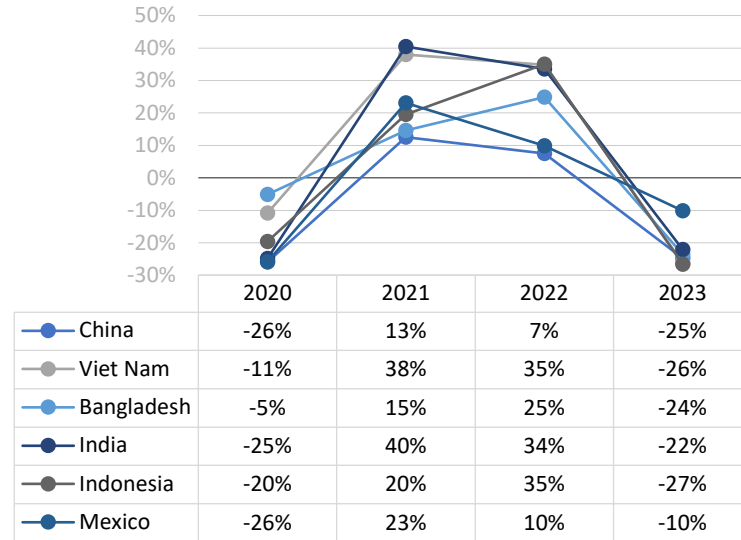


**US**

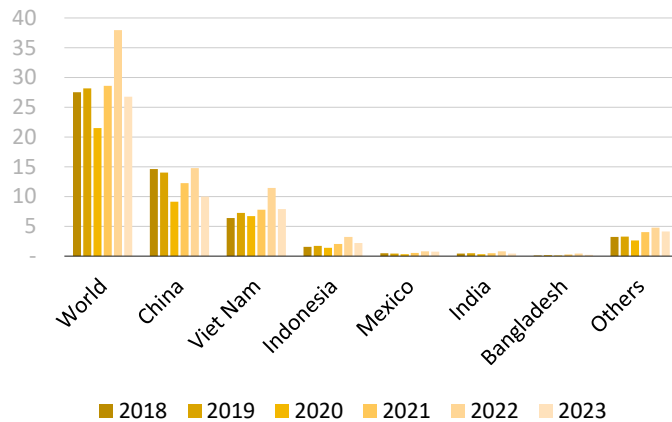
**US'S APPAREL IMPORTS UP TO 2023  
(BILLION USD)**



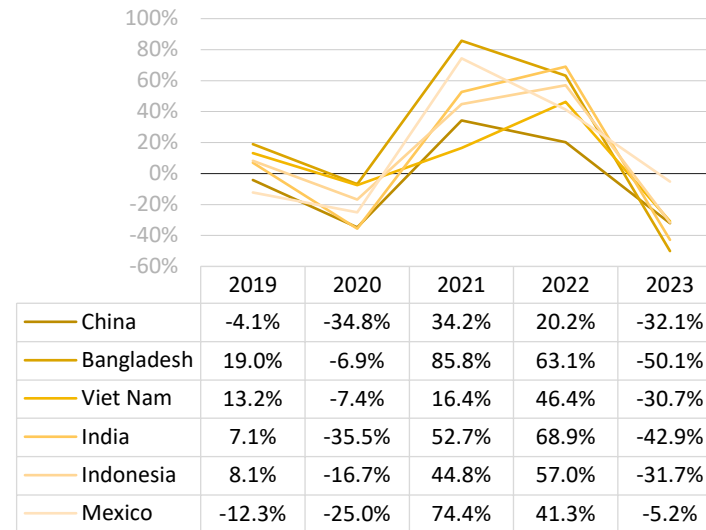
**GROWTH RATE OF COUNTRIES EXPORTING APPAREL TO US**



**US'S FOOTWEAR IMPORTS UP TO 2023  
(BILLION USD)**

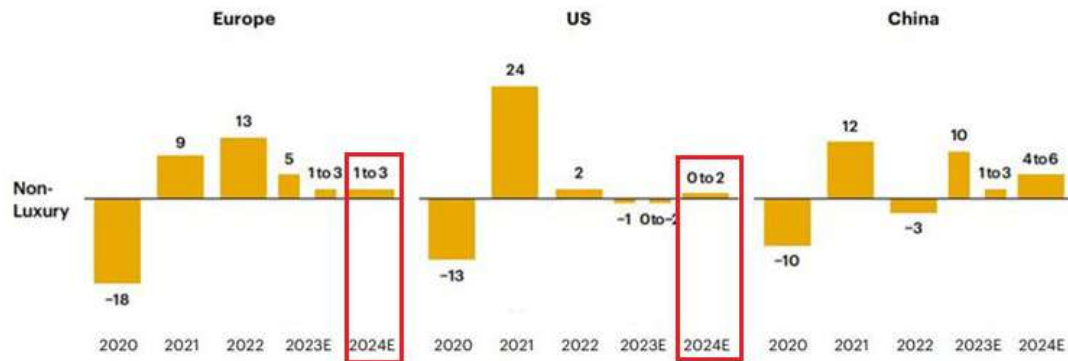


**GROWTH RATE OF COUNTRIES EXPORTING FOOTWEAR TO US**



According to McKinsey's "The State of Fashion 2024" report, although the textile industry still has many challenges, the industry's prospects in 2024 will be brighter than in 2023. McKinsey forecasts retail sales in the fashion industry. The popular segment will grow by about 1%-3% in the European market and 0%-2% in the US market. McKinsey also predicts that the growth rate of the sports and outdoor fashion segment will be higher than that of other fashion segments due to the trend of consumers increasingly paying attention to healthy lifestyles.

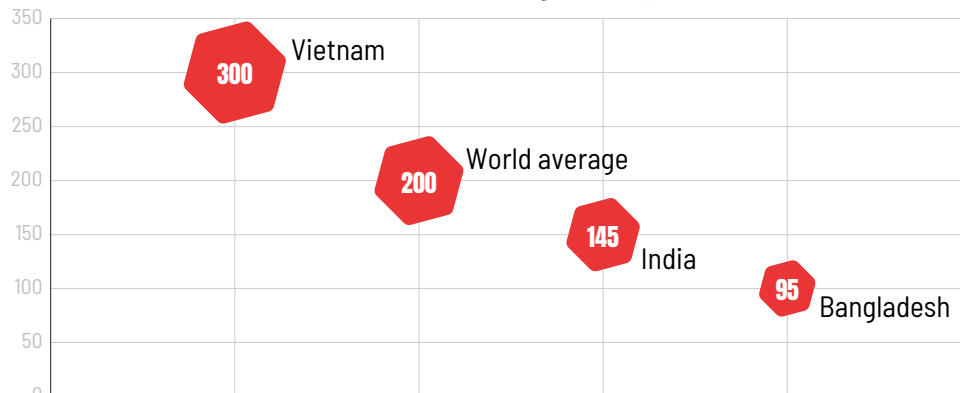
Retail sales year-on-year growth by region and segment, %



Source: MC Kinsey

Although the export value of the textile, garment, and footwear industries tended to decrease in 2023 for many objective reasons, one of the reasons was the shift of orders to countries with lower labor costs, such as Pakistan, Bangladesh, and India. According to statistics from Ministry of Industry and Trade, the average monthly wage of textile industry for workers in Vietnam is 300 USD, higher than the average of 200 USD/person in the world, especially the wages in the textile industry in Vietnam is many times higher than the wages in Bangladesh (95 USD/person/month) or India (145 USD/person/month).

### Labor costs in the textile industry (USD/person/month)



Source: Ministry of Industry and Trade





In the past, Vietnam's textile industry's advantage was abundant labor and low labor costs. With that advantage, textiles have become Vietnam's primary export industry, contributing over 10% to the total annual export turnover. Labor costs have gradually increased in recent years, limiting Vietnam's competitiveness. However, on the positive side, this drives Vietnam's textile industry to apply advanced production technologies that improve productivity and product quality. Although labor costs have increased, labor qualifications have also improved significantly.

According to US FIA report—strengths and weaknesses of outsourcing countries in the textile and garment industry. Although Vietnam's labor costs are more expensive than those of Bangladesh and Indonesia (the rating points of Vietnam, Bangladesh, and Indonesia are 3.5, 4.5, and 4, respectively), in terms of flexibility and quick adaptation, Vietnam has a higher rating than the other two countries, Bangladesh and Indonesia, with rating points of 4, 3.5, and 3.5 respectively.

**Table 2-1 Strengths and weaknesses of primary sourcing bases in 2023—by country**

Region	Sourcing destination	Speed to market	Sourcing cost	Flexibility and agility	Risk of labor and social compliance	Risk of environmental compliance
Western Hemisphere	USA	4.5	2.0	3.0	4.0	4.0
	Mexico	4.0	2.5	3.5	3.0	3.0
	CAFTA-DR	4.0	3.5	3.5	3.5	3.5
Asia	China	3.5	3.5	4.0	1.5	2.5
	Vietnam	3.0	3.5	4.0	2.5	2.5
	Bangladesh	2.0	4.5	3.5	2.5	2.5
	Indonesia	2.5	4.0	3.5	3.0	3.0
	India	2.5	3.5	3.5	3.0	2.5
	Sri Lanka	2.5	3.5	3.5	3.5	3.0
	Cambodia	2.5	3.5	3.0	2.5	3.0
Rest of the world	Europe	3.0	2.0	3.0	3.5	4.0
	Turkey	3.0	3.0	3.5	3.0	3.0
	AGOA	2.0	4.0	3.0	3.0	2.5
	Egypt	3.0	3.5	3.0	3.0	3.0

Source: US.FIA

According to surveys from brands and retailers, the assessment of the level of competition among suppliers also shows that. Vietnam has achieved a total score of 46, the highest among the six countries surveyed (Bangladesh, Cambodia, Laos, Nepal, China and Vietnam). Vietnam also achieved impressive scores in indicators such as product quality, the ability to create value-added for products, innovation and the ability to develop products with buyer requirements, efficiency, flexibility of order quantity, and political stability (mainly at a score of 4 to 4.5 and the highest score of the survey is 5). In addition, Vietnam is highly rated in the Compliance/Sustainability criterion, reaching 3.5 points, the highest among the six countries evaluated..

Criteria/Country	Bangladesh	Cambodia	Lao PDR	Nepal	China	Vietnam
Production quality	3.5	3.5	3.5	2	4.5	4.5
Ability to create value added products	3	3	2.5	2	4.5	4
Vertical integration/ability to source raw materials	2	2	2.5	3	5	3
Innovation and ability to develop products with buyers	3	2	2.5	2.5	4.5	4
Efficiency	3	3	2	3	4.5	4
Lead time	3.5	3	2	2	4	4.5
Price	4.5	4.5	3	3	3	4
Tariff advantages	3.5	2	3	3	2	3
Flexibility of order quantity	3	2.5	2.5	2.5	4	4
Financial stability	2	1.5	2	2	3	3
Political stability	2.5	3.5	3	3	2.5	4.5
Compliance/Sustainability	2	2.5	2	2	2	3.5
<b>Total</b>	<b>35.5</b>	<b>33.0</b>	<b>30.5</b>	<b>30.0</b>	<b>43.5</b>	<b>46.0</b>
<b>Benchmark</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>

Source: Textiles and clothing in Asia graduating LDCs - WTO

According to VITAS, although export turnover decreased sharply in 2023, Vietnam's textile and garment industry still had some breakthroughs in 2023, with the export of Vietnam's textile and garment products to most markets in recent years, to more than 104 countries and territories.

WTO also considers Vietnam's political and social environment more stable than Bangladesh and India, which are multi-party countries, and VND is stable compared to USD. The trade war between the US and China is another factor pushing international businesses to move their production facilities to Vietnam because many businesses are concerned about tariffs and trade restrictions they may face if their production remains in China.

From the above comments, Vietnam is still an ideal destination for outsourcing in the textile and garment industry.

With the current globalization trend, Free Trade Agreements (FTAs) are increasing rapidly. These FTAs help country members develop economies extensively, associate with sustainable development, and promote economic growth and global connectivity.



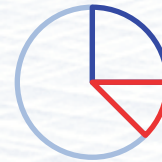
By August 2023, Vietnam had successfully negotiated and signed many Free Trade Agreements (FTAs) with trading partners worldwide.

16 FTAs have been successfully signed

3 FTAs are in the process of negotiating and starting negotiations



FTAs create tariff reduction incentives to help grow Vietnam's textile and garment exports, Textile and garment products will enjoy preferential import and export taxes of up to 0%, bringing significant competitive advantages.



Importing fabric and raw materials accounts for about 40% of the textile and garment export turnover value. 70% of imported fabrics are used for export purposes as textile products. The cost of importing raw materials accounts for about 30% of the businesses' total export value



The CPTPP Agreement took effect from December 30, 2018

In 2022, export value to CPTPP countries increased by 19.5%, reaching 542 million USD

The provisions in the CPTPP have promoted the increase in textile and garment export turnover and created conditions for developing Vietnam's textile and garment exports in the coming years



EVFTA has taken effect from August 1, 2021

Vietnam's export turnover to EU only accounts for about 6% of Vietnam's total textile and garment export turnover before 2021.

EVFTA regulations helped Vietnam's export turnover to EU increase by 8% in 2021. In particular, in 2022 there has been a rapid growth in export value to the EU, in which the main market, Germany, has increased by 57%.



RCEP took effect from January 1, 2022

Accounts for about 20% of total world textile and garment export turnover.

RCEP will also help increase textile and garment export turnover to 6 countries participating in CPTPP.



UKVFTA took effect from May 1, 2021

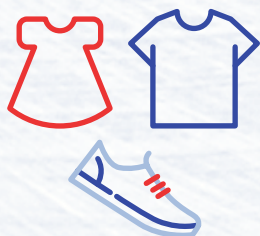
UK textile imports before 2021

21% from China

15% from Bangladesh

Only about 2% from Vietnam

In 2021, this value has reached 628 million USD, an increase of 5% compared to 2020.

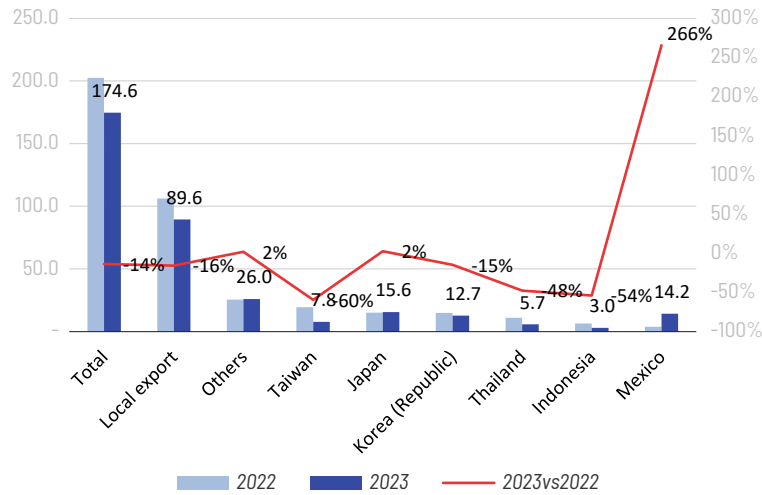


The rate of taking advantage is only 20-25%. The increase in textile and garment export turnover is mainly concentrated in Foreign Direct Investment (FDI) businesses, while domestic companies account for a small proportion.

Source: STK compiled from the website of Vietnam Institute of Strategy and Policy for Industry and Trade, the Ministry of Industry and Trade

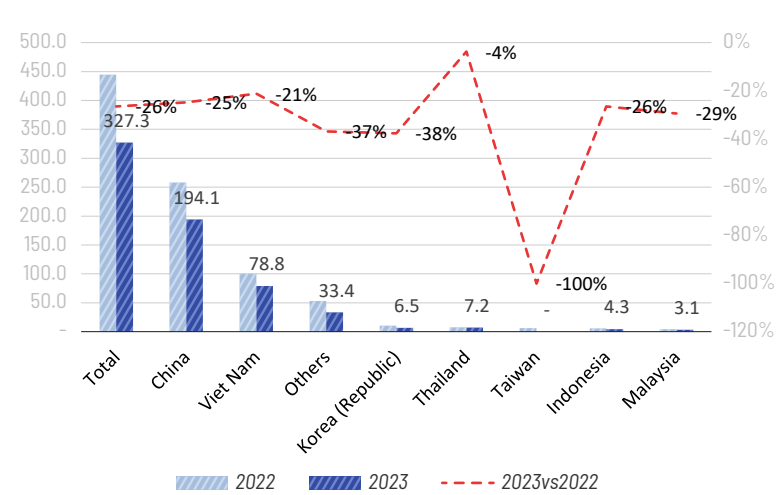
## Vietnam's polyester filament import and export status

### Vietnam's Polyester filament export volume in 2023 (thousand tons)



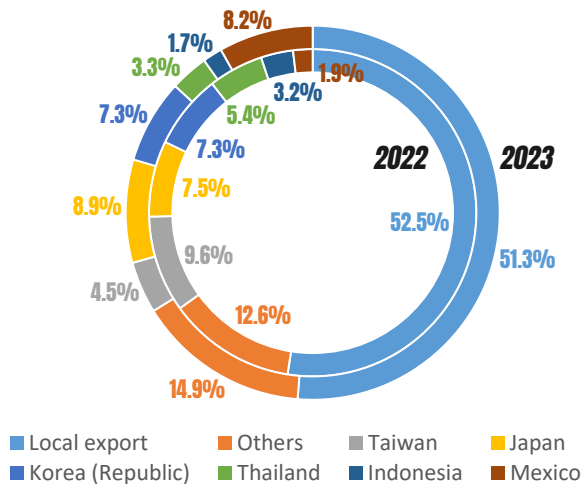
Source: STK compiled

### Vietnam's Polyester filament import volume in 2023 (thousand tons)



Source: STK compiled

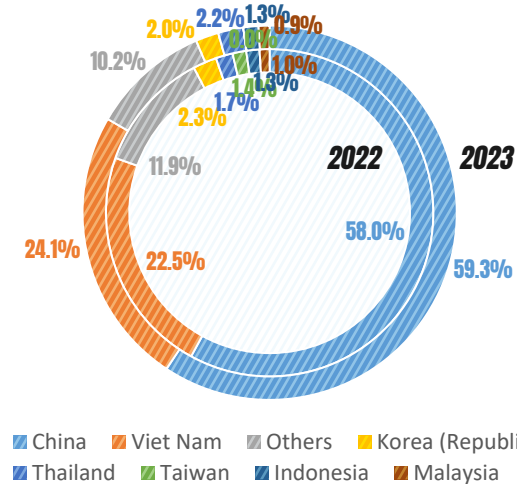
### Vietnam's Polyester filament export proportion in 2022 and 2023



Source: STK compiled

In terms of exports, local export still account for a high proportion of Vietnam's polyester filament export structure, with the proportion being 52.5% and 51.3% in 2022 and 2023. Vietnam's main direct export markets in 2023 are Japan (8.9%), Mexico (8.2%), Korea (7.3%), Taiwan (4.5%), and Thailand (3.5%).

### Vietnam's Polyester filament import proportion in 2022 and 2023



Source: STK compiled

In terms of imports, Vietnam's polyester filament import proportion from China is still high, at 58% and 59.3% in 2022 and 2023, respectively. In 2023, the proportion of local imports from Vietnam is 24.1%, and the import proportion in the Taiwan market is 10.2%.



"Greening" the textile industry is currently a global tendency. These "greening" factors are no longer an option but are gradually being required in key export markets of Vietnam's textile and garment industry. In the past few years, these standards were only related to chemicals and dyes used on fabrics, but now they require information about how much of the product is made from recycled materials, what percentage can be recirculated, and information about product longevity factors.

The proportion of recycled polyester in Vietnam's total export and import polyester is still low. The proportion of recycled polyester imported in the total volume of imported polyester in 2022 and 2023 was 12.2% and 13.1%, respectively. Regarding exports, the proportion of recycled polyester exported in the total volume of exported polyester was 12% and 6.2% in 2022 and 2023, respectively.

Import/Year	2022	2023
vPet import volume (tons)	390,577	284,504
rPet import volume (tons)	54,267	42,823
rPet import volume/ total polyester import volume	12.2%	13.1%

Export/Year	2022	2023
vPet export volume (tons)	178,182	163,849
rPet export volume (tons)	24,388	10,757
rPet export volume/ total polyester export volume	12.0%	6.2%

Source: STK compiled

These are both challenges and opportunities for Vietnamese textile and garment businesses to transform themselves to meet "greening" standards in textile and garment production. This will help companies meet the strict requirements of importers from major global markets. At the same time, it will also provide an opportunity for businesses to build business strategies towards sustainable development.

Embracing development opportunities in line with its sustainable development strategy, Century is gradually increasing the proportion of environmentally friendly yarns such as Recycled yarn. The proportion of recycled yarn in total sales revenue increased from 44% in 2020 to 55% in 2022. In 2023, the proportion of recycled yarn in total revenue decreased to 49.5% due to the difficulties and challenges of the textile industry. However, the company is still aiming for the target of 60%-70% by 2026-2027 on existing factories.

By 2023, Century has indirectly recycled 4.6 billion waste plastic bottles into recycled yarn, contributing to reduction of plastic bottle waste and protecting the environment.



In addition, STK has also developed colored yarns using dope dyed technology, creating an alternative to the traditional dyeing process, helping customers to reduce clean water consumption by up to 89%, and correspondingly reduce the discharge rate of wastewater and chemicals into the environment, contributing to their achievement of commitments in the ZDHC campaign. Although the colour yarn's contribution to revenue was still modest (0.9% in 2022, 0.83% in 2023), The company is also actively expanding its customer base to buy colored yarn products, and the proportion of these products is expected to increase in the coming years.

Zero Discharge of Hazardous Chemicals (ZDHC) is an organization specializing in the elimination of hazardous chemicals and sustainable chemical practices in the fashion sector. ZDHC's Roadmap to Zero program aims to lead the fashion industry in eliminating toxic chemicals from the global supply chain by building the foundation for more sustainable production to protect workers, consumers, and our planet's ecosystems.

In 2020, the number of active Suppliers on the ZDHC Portal increased by 41% compared to the previous year. There are now over 320 signatories from across the fashion industry, including brands, brands' suppliers, and chemical suppliers. Brands' participation in ZDHC indirectly increases the demand for colored yarn because colored yarn products help traditional dyeing factories reduce the amount of water used and toxic chemicals.

## **ETHICAL VALUES OF THE COMPANY (GRI 2-23)**

(Refer further to *Governance model - 2023 Annual Report*)

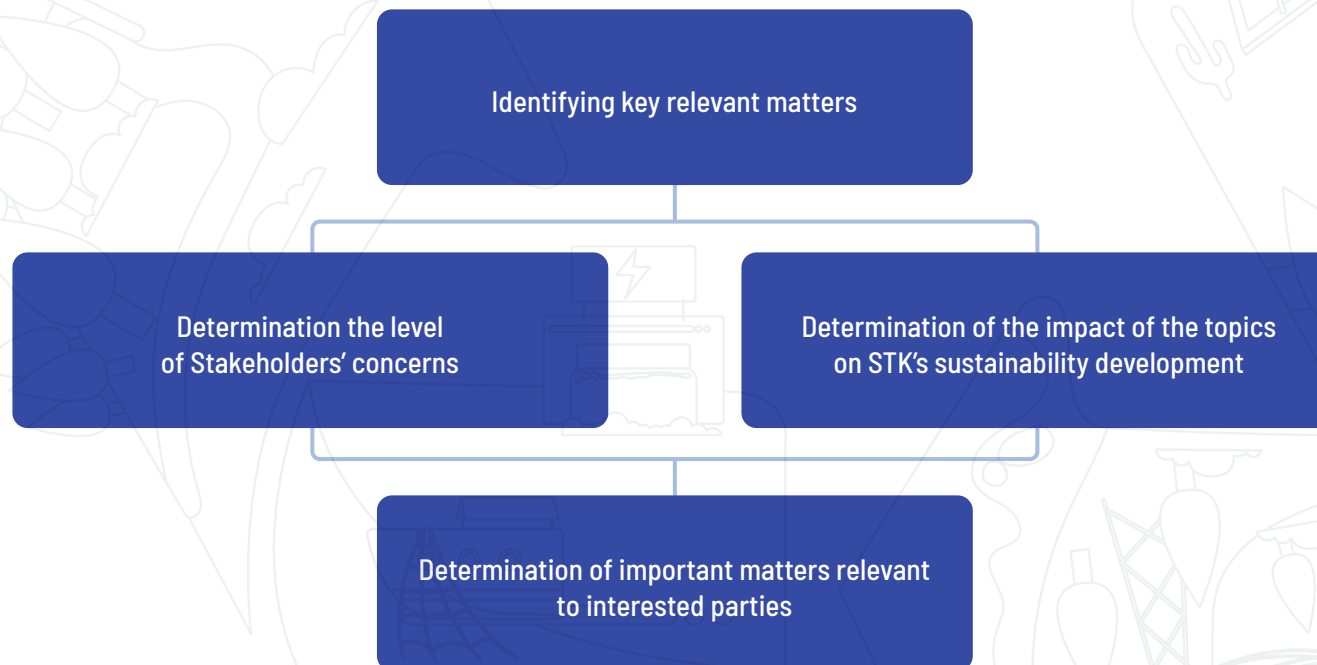
## **CODE OF CONDUCT WITH STAKEHOLDERS (GRI 2-23)**

(Refer further to *Governance model - 2023 Annual Report*)

## **THE ADVISORY AND GRIEVANCE MANAGEMENT FRAMEWORK ABOUT THE CODE OF CONDUCT AT THE COMPANY (GRI 2-26)**

The Company provides specific guidance to determine whether an individual is in violation of the Company's code of conduct, and establishes a mechanism to control compliance, make improvements and provide feedback to the related matters of Company's Code of Conduct. At STK, the code of conduct is systematized into SOP process and controlled under ISO standards, widely applied to all employees and stakeholders. The Company's business development department directly receives complaints related to the Code of Conduct within the Company and from interested parties, then coordinate with the human resources department to adjust or update human resource policies to make them more proper with the Company's stakeholders, especially employees.

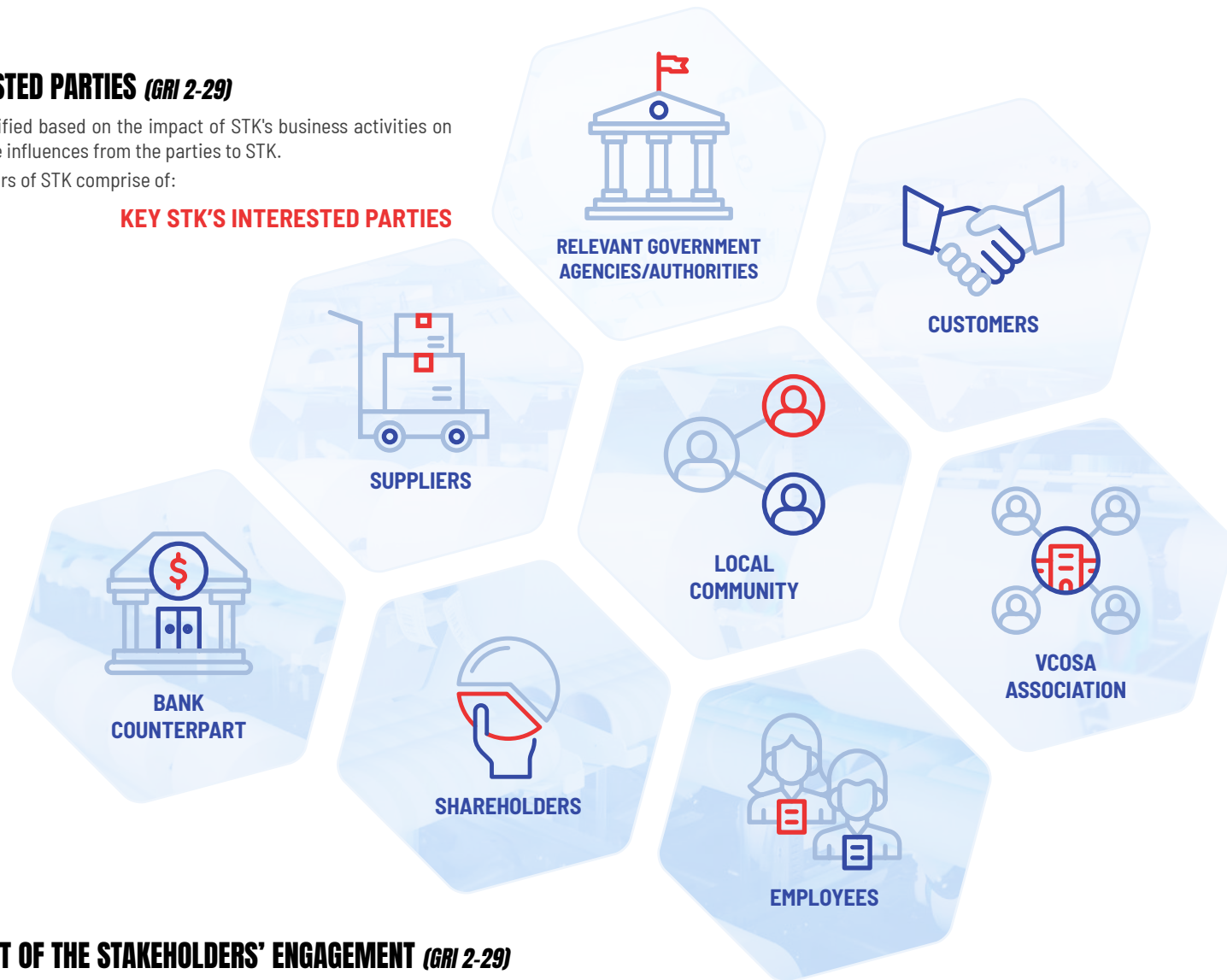
## **ENGAGING INTERESTED PARTIES IN COMPILING SUSTAINABILITY DEVELOPMENT REPORT**



## IDENTIFICATION OF INTERESTED PARTIES (GRI 2-29)

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

### KEY STK'S INTERESTED PARTIES



## RELENTLESS ENHANCEMENT OF THE STAKEHOLDERS' ENGAGEMENT (GRI 2-29)

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



Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of stakeholders
<p><b>Shareholders</b></p>	<ul style="list-style-type: none"> <li>- Via General Meetings of Shareholders.</li> <li>- Direct meetings with investors.</li> <li>- The Company's seminars and factory visits.</li> <li>- Shareholder survey in writing, phone calls, and emails.</li> <li>- IR newsletter, Investor Day, Analyst's meetings.</li> </ul>	<ul style="list-style-type: none"> <li>- Transparent information to shareholders.</li> <li>- Protection of investor interests.</li> <li>- Good corporate governance.</li> <li>- The Company's orientations for sustainable development.</li> <li>- Effective use of investment capital.</li> <li>- The Company's attention to social issues, environment, and community.</li> <li>- Dividends payment to investors.</li> <li>- The remuneration of BOD, BOS, and BOM.</li> <li>- The enterprise's value.</li> <li>- The share liquidity and investment opportunities.</li> <li>- Environmental protection and reducing carbon footprint.</li> </ul>	<ul style="list-style-type: none"> <li>- Sales revenue reached 1,425 billion VND, profit after tax was 87.7 billion VND, completing 66.3% and 34.7% of the plan, respectively.</li> <li>- Increasing the proportion of recycled yarn in total revenue to 57.1% in the first six months of 2023.</li> <li>- Paying dividends to shareholders in shares at the rate of 15% in fiscal year 2022. The equivalent value is 122.7 billion VND.</li> <li>- Developing new types of products with many features and environmentally friendly Recycle Plus.</li> <li>- Strictly complying with regulations on information disclosure.</li> <li>- Commitment to pay a minimum dividend of 15%/year.</li> <li>- Diversifying more information disclosure channels.</li> <li>- Monitoring and measuring carbon footprint emissions at the Company.</li> </ul>
<p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>- Direct exchange of information with customers.</li> <li>- Meetings, company visits by customers.</li> <li>- Customer survey and questionnaires.</li> <li>- The Company's website</li> <li>- Seminar, industry association forum.</li> <li>- Email, phone calls.</li> </ul>	<ul style="list-style-type: none"> <li>- Company's operation is stable, safe, and reliable (ensuring ESG standards)</li> <li>- High quality of products and services.</li> <li>- Competitive prices.</li> <li>- Attractive terms of the contract.</li> <li>- Outstanding customer service.</li> <li>- Good technical and operational capacity.</li> <li>- Professionalism in providing services.</li> <li>- High value-added products.</li> <li>- Safe products which do not contain toxic substances.</li> <li>- Environmental protection and reducing carbon footprint.</li> </ul>	<ul style="list-style-type: none"> <li>- Researching and producing more new yarn types with high fineness level, increasing the proportion of environmentally friendly products such as recycled yarns, dope dyed yarns.</li> <li>- Ensuring product quality is stable.</li> <li>- Strengthening professional knowledge of the Company's sales team and quality management team.</li> <li>- Delivery on time, fast, flexible, and no shortage of goods.</li> <li>- Continuously training domestic and export sales team resources.</li> <li>- Participating in the publication of information on sustainable development on platforms such as CDP, measuring the environmental impact of products.</li> <li>- Improving the quality of customer service activities.</li> <li>- The product is certified free of harmful substances (REACH 168).</li> <li>- Obtaining OEKO -TEX 100 certification, proving that the ingredients in the yarn do not contain harmful substances affecting to consumer health.</li> <li>- Obtaining GRS (Global Recycle Standard) certificate.</li> <li>- Highly appreciated by domestic and international customers for quality and service supply.</li> <li>- Using renewable energy – solar energy to reduce the amount of electricity consumed in the production process, helping to reduce annual greenhouse gas emissions.</li> </ul>

Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of 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>- Dialogue at the Employee Benefits Conference.</li> <li>- Direct communication with management level.</li> <li>- Direct communication with the 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 the 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> <li>- Occupational safety in the workplace.</li> <li>- Stable jobs and being instructed in work.</li> </ul>	<ul style="list-style-type: none"> <li>- Improving salary policy, bonus, welfare, training, promotion, and working environment for employees.</li> <li>- The number of people promoted to higher positions was 19 people in 2023.</li> <li>- The Executive Board is committed to democratic rights, the right to be treated fairly and respectfully of employees.</li> <li>- Ensuring the basic salary for employees is higher than the regional minimum wage and the industry's average salary.</li> <li>- Implementing 5s mechanism, to improve the working environment.</li> <li>- Ensuring safe working conditions, employees' health is taken care of.</li> <li>- Complying with the law on social responsibility.</li> <li>- Executing annual health check-up for employees - December 13th and 14th, 2023.</li> <li>- Receiving stable orders, maintaining stable jobs and incomes 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 a stable value chain.</li> <li>- Partners ensure the sustainable development activities-ESG, reducing greenhouse gas emissions carbon footprint.</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancing the quality of products and bringing benefits for both parties.</li> <li>- Ensuring equality and fair competition in selecting suppliers.</li> <li>- Frequent evaluation of suppliers to ensure effective cooperation.</li> <li>- Negotiating and offering solutions to improve the relationship between the Company and suppliers.</li> </ul>
<b>Authorities</b>	<ul style="list-style-type: none"> <li>- Through meetings and inspections.</li> <li>- Through periodic reports of HEPZA and TANIZA.</li> <li>- Exchanging of administrative documents.</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with policies and regulations.</li> <li>- Obtaining the necessary certificates and permits as requirements.</li> <li>- Supporting community development.</li> <li>- Deploying and supporting the government's policies.</li> <li>- Green business, reducing greenhouse gas emissions and protecting the environment.</li> </ul>	<ul style="list-style-type: none"> <li>- Complying with government policies and regulations.</li> <li>- Committing no breach or non-compliance violations.</li> <li>- Preparing and submitting reports to HEPZA and TANIZA regarding the Company's operation, safety-environment- health protection.</li> <li>- Supporting and implementing the government's policies.</li> <li>- Making full tax payment.</li> <li>- Supporting local development.</li> <li>- Using renewable energy - solar energy to reduce the amount of electricity consumed in the production process, helping to reduce annual greenhouse gas emissions. Increase the proportion of eco-friendly products to reduce the impact and protect the environment.</li> </ul>

Stakeholders	Approaches for interaction and feedback	Scope of consultation and expectation of stakeholders	STK's actions to meet the expectation of 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> <li>- Using renewable energy and reduce annual greenhouse gas emissions.</li> </ul>	<ul style="list-style-type: none"> <li>- Improving the Company's corporate governance.</li> <li>- Making full and timely repayment of loan principles and interest payments.</li> <li>- Regularly monitoring the implementation of credit contracts with banks.</li> <li>- Using renewable energy – solar energy to reduce the amount of electricity consumed in the production process and hence the annual greenhouse gas emissions.</li> </ul>
<b>Local Community</b>	<ul style="list-style-type: none"> <li>- Via meetings, exchanging correspondence with the local associations, and participating in social activities, the Company can understand the concerns and expectations of the local community.</li> </ul>	<ul style="list-style-type: none"> <li>- To be responsible, to share and to join hand to develop the 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> <li>- Using renewable energy and reduce annual greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancing the annual average income of local labors.</li> <li>- Raising funds to support the Company's employee's children.</li> <li>- Giving scholarships to local colleges.</li> <li>- Contributing to the development of the local economy.</li> <li>- Developing rural urbanization through the construction of new infrastructure from new factory projects such as Unitex, Yarn-Fabric-Garment alliance.</li> <li>- Using renewable energy – solar energy to reduce the amount of electricity consumed in the production process, helping to reduce annual greenhouse gas emissions. Increase the proportion of eco-friendly products to reduce the impact and protect the environment.</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>- Providing information support and actively cooperating with industry associations.</li> <li>- Paying annual membership fee.</li> <li>- Participating as a member of the Executive Committee of the Vietnam Cotton and Yarn Association (VCOSA).</li> </ul>



## MATERIAL TOPICS (GRI 3-1, GRI 3-2, GRI 3-3)

Upon assessing the correlation between the degree of the interested parties' concerns in certain matters and the matters' impact level on the Company's operation, STK identified critical matters about economic, environmental, social, and the Company's operation activities in 2023.

### PROCESS TO DETERMINE MATERIAL TOPICS (GRI 3-1)

#### STEP 1

Identifying critical matters that can affect STK's sustainable development

- Surveying and researching information regarding the fiber, garment and textile sectors.
- Making risk assessment of disease outbreaks in the world.
- Analysing import and export data, assessing the competitive situation in key markets.
- Recognizing and analyzing opinions collected from meetings/communication channels with interested parties.

#### STEP 2

Selecting important matters which are concerns of interested parties

- Selecting major matters of interested parties.
- Consulting the Board of Management and the Board of Directors on major matters.
- Balancing and ensuring interest of interested 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.

#### STEP 3

Finalizing the list of key matters

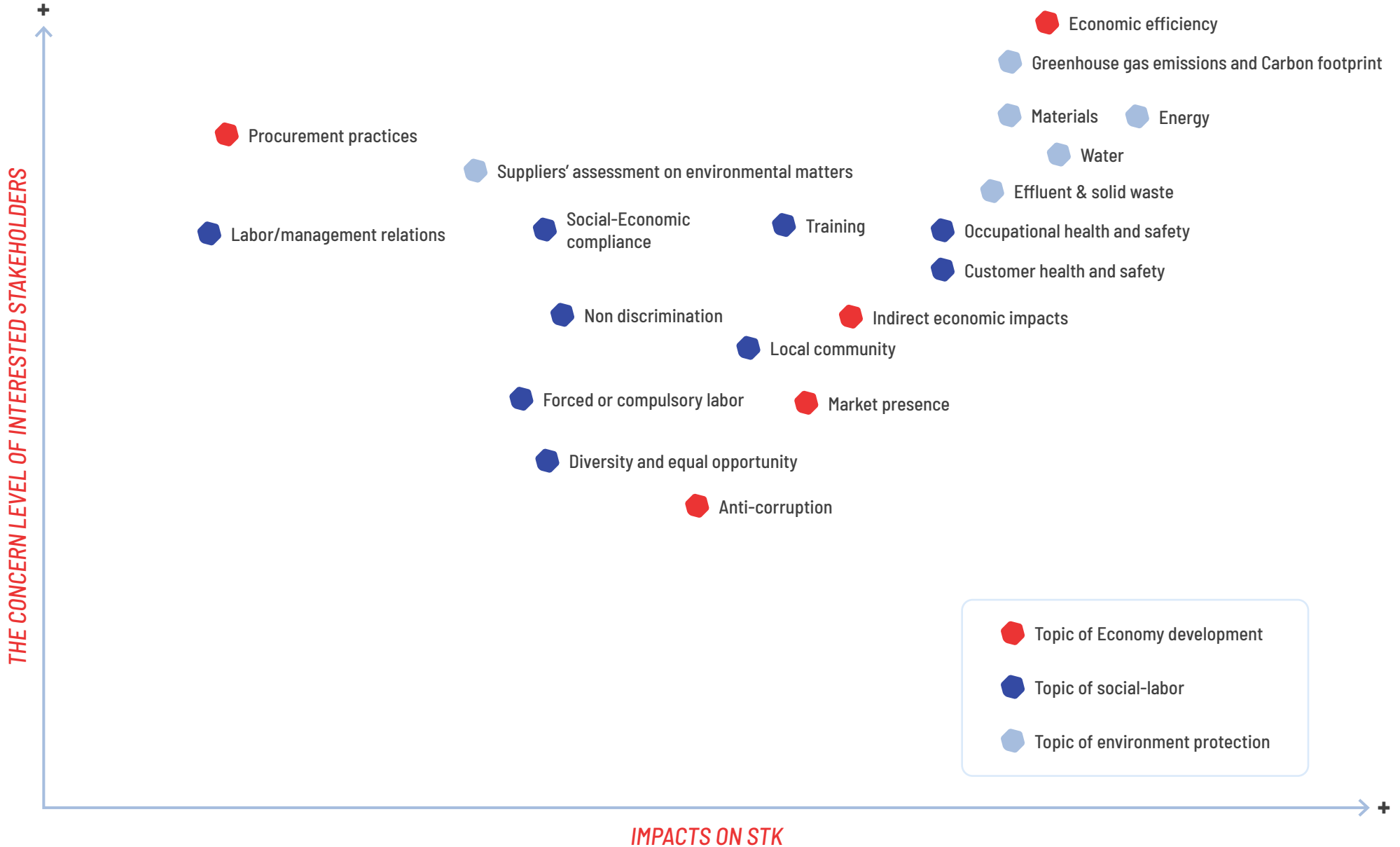
- Constructing matrix of key matters.
- Identifying matters which have the highest level of concern and impact for STK.
- Determining the priority level for implementing key matters.

#### STEP 4

Review

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

# MATRIX OF MATERIAL TOPICS





## List of material topics in 2023 (GRI 3-2)

### ECONOMY

#### Contribution to SDGs objectives



#### FOCUSING MATTERS

- Ensuring the stable economic development of the Company.
- Developing further markets and cooperating with interested parties.
- Enhancing selling of recycled yarn and high value-added yarns.
- Increasing the average income of employees and supporting the local economic development.

#### KEY MATTERS

- 2023 Economic performance
- Indirect economic impacts
- Market presence
- Anti-corruption

### ENVIRONMENT

#### Contribution to SDGs objectives



#### FOCUSING MATTERS

- Effectively using materials and energy resources.
- Saving electricity and water in operating activities of the Company.
- Using renewable energy.
- Reducing greenhouse emissions and developing recycled-reused materials.
- Ensuring a healthy and safe working environment for employees.

#### KEY MATTERS

- Greenhouse gas emissions and Carbon footprint
- Materials
- Water
- Energy
- Emissions
- Effluent and waste
- Environmental compliance

### LABOR - COMMUNITY

#### Contribution to SDGs objectives



#### FOCUSING MATTERS

- Ensuring employee benefits.
- Ensuring employee welfare policies and health protection.
- Ensuring stable employment for employees.
- Creating a safe, transparent, and fair working environment.
- Ushering promotion and developing opportunities for employees.

#### KEY MATTERS

- Stable Employment
- Training
- Promotion and career development opportunities
- Customer health and safety
- Local community

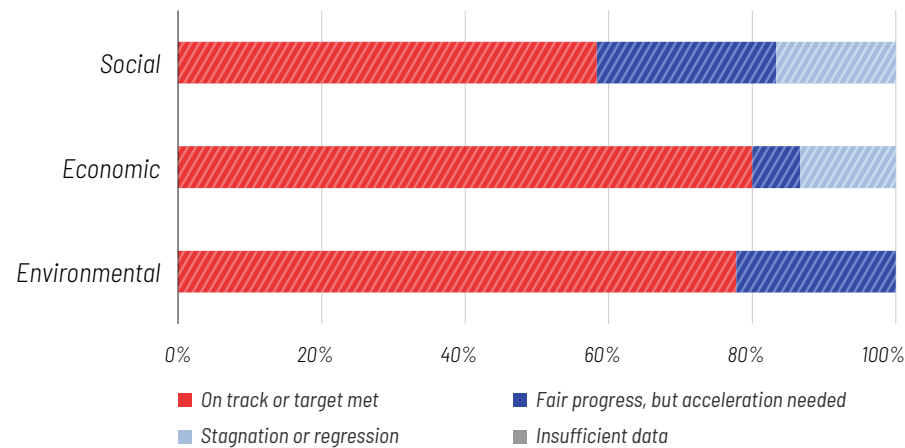


## EVALUATING THE RESULTS OF IMPLEMENTING THE SUSTAINABLE DEVELOPMENT STRATEGY

STK has chosen the base year of 2021 because there is sufficient data on the implementation plan and actual performance of the economic, environmental, and social criteria that the Company has set. Specific indicators for each criterion are as follows:

Environmental	Economic	Social
The average rate of reusing of POY paper tubes	The revenue	Employee turnover rate
The rate of using circulating water of the total amount of water used	Profit after tax	Failed recruitment rate
Target water consumption m <sup>3</sup> /kg of yarn	Maintaining the average salary increase	Meeting human resource needs
Target electricity consumption Kw/kg yarn	Paying a minimum dividend of 15%/par value	Salary Budget Management
Increasing/decreasing the carbon footprint of electricity.	Year-end bonus of 1-month average salary for employees	
The proportion of recycled yarn in total sales revenue		

**Progress assessment for STK's SDG Goals**



STK has implemented its sustainable development goals well. The company's economic goals are still on track, with a performance rating of 80%, and environmental goals are still on track, with a 77.8% performance rating. However, the company's social goals need more appropriate strategies in the coming years so that the percentage of assessments on "on track" can increase. From 2021 to 2023, the portion of STK's social indicators, that were "on track" was 58.3%, while the portion of "fair progress, but the acceleration needed" was 25%, and "stagnation or regression" was 16.7%.



## DEFINING SUSTAINABLE DEVELOPMENT OBJECTIVES ON MEDIUM - AND LONG-TERM PERIOD 2024 - 2026

### Medium-Long Term Sustainable Development Goals 2024-2026

- The Company continues to expand its production scale with new factories (Unitex, Yarn-Textile-Garment Alliance project) to gain the advantage of scale.
- Implementing solar projects for Unitex factory (rooftop solar and DPPA).
- Focusing on development of **environmentally friendly yarns** (Recycle, Dope dye, Recycle Plus...) to meet the needs of domestic and export customers.
- Raising the proportion of environmentally friendly products in total output and sales revenue.
- Raising the proportion of recycled yarn in the total sales revenue of existing factories with the tentative target from **49.5%** in 2023 to **60%-70%** in 2026-2027.
- Reducing carbon footprint through reducing consumption of electrical energy at the plant.
- Adopting AI systems in production, deploying POC software - production control center in POY and DTY factories, helping to increase production efficiency and reduce waste.
- Applying automation technology in quality checking and packaging process.
- Researching and implementing an energy monitoring project to monitor total power consumption. The project is expected to save **3-5%** of electricity consumption each year.
- Conducting monitoring and measurement of the product's environmental impact (Life Cycle Assessment (LCA)).

### Short-Term Sustainable Development Goals 2024

- Putting Phase 1 of Unitex factory (**36,000 tons/year**) into operation to optimize production capacity from the end of **Q3.2024**.
- Increasing the capacity of solar energy projects for 2 factories in Trang Bang and Cu Chi by signing a DPPA contract with a strategic partner for Trang Bang factory.
- Promoting and selling Recycled yarn products and improving product quality.
- The proportion of recycled yarn revenue on total revenue in 2024 is forecast to be **44.1% for Trang Bang and Cu Chi factories** and **62.4% for Unitex factory**.
- Pushing for research and development of new products with outstanding features such as recycled plus yarn, quick-dry (hygroscopic), CD yarn, soft package, AAA products.
- Developing new colors of dope-dyed yarn, environmentally friendly products.
- Thoroughly complying with production standards of **REACH 168, OEKO-TEX 100, GRS**, and standards of brands to protect the health of consumers.
- Diversifying more customer portfolios to reduce the risk of having to depend on a few customers.
- **Applying Smart Factory** to improve factory efficiency, helping reduce errors and reducing defective goods, thereby saving raw materials and energy.
- Applying an automatic packaging and quality control system helps shorten time compared to conventional packaging, significantly reducing the workforce required for packaging. It also overcomes risks of dirty yarn, abraded yarn, and human errors.



Aligning the objectives of economic development, environment protection, and society into the Company's sustainable development orientation and consistently pursuing set targets, STK has selected and integrated the following sustainable development objectives into the Company's sustainable development orientation for the period 2024-2026, in detail:



## A better living

- Creating more jobs.
- Increasing income for employees.
- Contributing to the development of the local economy.
- Building a safe working environment.
- Ensuring safety and health for workers.
- Commitment to equality policies in hiring employees.
- Maintaining fairness and equal treatment between men and women.
- Effective use of raw materials,
- Increasing the use of recycled materials.
- Reusing and recycling materials.
- Operating transparently, with integrity, say no to corruption, tax evasion and violations of the law.

## A better environment

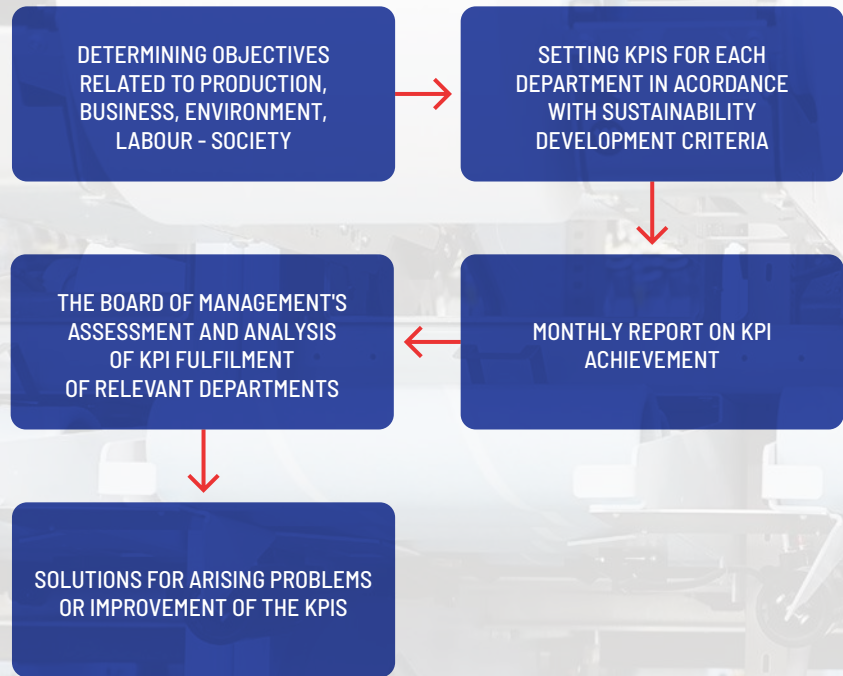
- Using water savingly and efficiently.
- No harmful chemicals are used.
- Reusing of circulated water in production.
- Developing colored yarn products, helping the textile and dyeing industry to limit the use of clean water and discharge of toxic chemical wastes.
- Use energy savingly.
- Use of solar energy.
- Initiatives to save electricity.
- Reducing greenhouse gas emissions carbon footprint.
- Using renewable, green and clean energy sources.
- Signing SBTi commitment commits to cutting 213,792 tons of CO<sub>2</sub> by 2027.
- Smart Factory project helps monitor errors and reduce the number of defective goods, indirectly saving input materials.

## A better growth

- Creating a friendly and safe working environment for employees. Ensuring fair treatment and no discrimination to employees.
- Acting in transparently, honestly, and ethical way, saying no to corruption, tax evasion, and law violations.
  - Actively cooperating with other strategic partners to promote the development of a circular economy.



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



KPIs in detail:

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



## REPORT ASSURANCE BY THIRD PARTY (GRI 2-5)

- › STK adheres to the principles of honesty, accuracy, and transparency regarding the disclosure of the data in the reports.
- › The following data on STK's operations have been assured by the third party in terms of the accuracy, reliability, and comprehensiveness of the statistics:
  - Information on operational procedures, compliance with labor and environmental regulations, operational performance indicators (environmental- safety - labor compliance policies, labor policy, welfare, remuneration and commitments on social responsibility, the volume of recycled chips consumption, and the output of recycled yarn) are guaranteed by the GRS - Global Recycle Standard.
  - The operation process and the management system are inspected every 2 years according to ISO 9001: 2015.
  - Social responsibility indicators are periodically audited and evaluated according to the standards of some of the world's leading fashion brands.
  - Information on non-toxic products and production processes such as raw materials origins, CO<sub>2</sub> emission, the quantity of raw materials in production is assured by Oekotex100 and REACH.
  - Information on Waste Treatment (volume of wastewater, solid waste, and treatment, and disposal costs) is verified by wastewater and hazardous waste service companies.
  - Information on utility saving (electricity, water consumption, and usage costs) audited by HCMC Energy Conservation Center.
  - Information on working environment inspection results (microclimate, light, noise, dust concentration, toxic gas) are guaranteed by the Consultancy Center of Occupational Safety Health and Environmental Technology.
  - Information on the environmental inspection indicators that have been certified by the Center for Environment and Technology Services.
  - Financial information (sales revenue, profit, taxes, bonus, and welfare fund) audited by Ernst & Young.
  - Social-labor standard information (male / female ratio, labor education level, age, average income, salary and bonus, HR turnover rate, training courses and training cost budgets, the budgeted scholarship fund, the number of individuals being promoted, the budget for giving gifts to workers) is evaluated by internal audit and guaranteed according to the labor reports sent to TANIZA and HEPZA.
  - In early 2024, STK's Trang Bang factory cooperated with the World Wide Fund For Nature in Vietnam (WWF-Vietnam), and the Energy Conservation Research and Development Center (ENERTEAM) is the consulting partner in charge of implementing greenhouse gas inventory activities for the factory. This activity aims to promote sustainable energy solutions and reduce carbon emissions, aligning with the world's common goal of zero emissions in 2050. At the same time, ENERTEAM has proposed energy-saving solutions to reduce CO<sub>2</sub> emissions and a detailed roadmap for those solutions. These solutions contribute to minimizing climate change following Vietnam's and world's regulations



# ROLE OF RISK MANAGEMENT IN SUSTAINABLE DEVELOPMENT STRATEGY

THE ROLE OF RISK MANAGEMENT IN THE BUSINESS	70
METHOD TO IMPLEMENT RISK MANAGEMENT IN THE COMPANY	71
ANALYSIS ON KEY RISKS	72

# THE ROLE OF RISK MANAGEMENT IN THE BUSINESS

In the context that the economy and market are heavily affected by unpredictable factors such as inflation, energy crisis, political conflicts and wars, which lead to negative impacts on the business operation activities of many businesses, Century has proactively forecasted and analyzed changes in the business environment and identified hidden risks that could create difficulties and challenges for businesses' production and operation activities.

Risk management in the Company plays a very vital role as a tool to help businesses maintain and continue to implement sustainable development activities in accordance with the goals of Sustainable Development Strategy. Through the management and settlement of potential risks, the Company's production and business activities are ensured continuously, thereby stabilizing the sustainable development balances such as economic development efficiency, environmental protection and social responsibility.

## The importance of risk management for Century Synthetic Fiber Corporation:



# METHOD TO IMPLEMENT RISK MANAGEMENT IN THE COMPANY

At Century, the risk management system is implemented according to the principle of 3 lines of defense:

1 <sup>st</sup> line of defence	2 <sup>nd</sup> line of defence		3 <sup>rd</sup> line of defence
			
<p><i>Managing daily activities according to SOPs system</i></p> <p><i>Internal control of compliance, Company's department heads are responsible for developing and implementing the process</i></p>	<p><i>Financial control</i></p> <p><i>Control security, safety, hygiene, environment</i></p> <p><i>Production quality risk management</i></p> <p><i>Company-wide compliance check</i></p>	<p><i>Financial team</i></p> <p><i>Administrative team</i></p> <p><i>ISO team, Quality management, QA.</i></p> <p><i>Administrative team - internal control team</i></p>	<p><i>Internal audit</i></p> <p><i>Independent audit agency (external)</i></p>

In 2023, Century Fiber Joint Stock Company (STK) combined with AFC Vietnam Auditing Company Limited (AFC) and members of STK's "Internal Audit Construction Support" group to conduct an internal audit. AFC conducted an audit for STK from September 26, 2023, to October 30, 2023, to assess the suitability, completeness, and effectiveness of the DTY yarn production process related to the activities of departments and production planning departments in the DTY production process.

AFC surveyed the accounting and finance departments, discovered limitations in the company's current pricing calculation process, and proposed measures to improve it.

Internal audit plays a vital role in improving and overcoming the limitations of STK's corporate governance system. Many case studies have proven that companies with internal audit departments operate more efficiently and transparently and achieve better business results.

Besides, an internal audit will help Century comply with policies, plans, procedures, laws, financial regimes, and accounting regulations that can significantly impact the Company. It will help check and confirm the quality and reliability of economic information, financial information in financial reports, and management accounting reports before submitting them for approval. In addition, internal audits help minimize risks related to the Company's transactions, especially transactions with related persons and transactions that significantly impact quarterly or annual financial statements.



# ANALYSIS ON KEY RISKS

(Refer further to *Risk management report – 2023 Annual Report*)

In addition to the list of key risk topics covered in the 2023 annual report, Century also conducts its own risk assessment related to environmental, social and governance (ESG) factors, which is adapted from IFC’s Environmental and Social (E&S) Performance Indicators for Capital Markets.

ENVIRONMENT AND SOCIAL RISKS ASSESSMENT		Likelihood of risks occurring		
		Rarely = 1	Sometimes = 2	Frequently = 3
Level of impact on risks (Consequence)	Low: 1	1	2	3
	Medium: 2	2	4	6
	High: 3	3	6	9

Classification of risks according to the severity	Risk < 6	6 ≤ Risk ≤ 9	Risk > 9
		Low	Medium

Indicators	Level of impacts on risks	Likelihood of risks occurring	Type of risk	Performance metrics	Response approach
<b>BASED ON PERFORMANCE STANDARD 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACT</b>					
<b>1. Emergency preparedness</b>	2	1	2	There is an Emergency Response Plan or Procedure.	The Company actively conducts exercises to develop awareness and teach the company's employees how to react quickly when crises occur in order to respond to force majeure events in business that may occur, such as natural disasters, fires, and epidemics. The Company periodically performs drills on fire prevention, first aid, emergency exits, and rescue activities at two plants in Cu Chi and Trang Bang annually in order to improve awareness and train all staff on the procedures in the event of a catastrophe.
<b>2. E&amp;S capacity commensurate with sector risk.</b>	3	1	3	There is E&S in-house/external capacity (E&S unit/department, in-house qualified E&S staff to identify and monitor E&S risk associated with development of new assets and operations, formal process for outsourcing E&S due diligence to qualified external consultants).	The company has officially assigned personnel in charge of OSH. The responsibility of these individuals is daily following OSH activities. The Company periodically collaborates with the assessment team to evaluate Environment Assessment, train all the employees on OSH procedures.

Indicators	Level of impacts on risks	Likelihood of risks occurring	Type of risk	Performance metrics	Response approach
<b>3. Identification of E&amp;S risks and impacts</b>	3	1	3	There are policies and procedures to identify E&S risks and impacts of Company operations, especially expansion of operations.	The company has implemented business risk assessment and management, including Social and Environment risks (annually updated). <i>Refer to <b>Risk Management section - 2023 Annual Report.</b></i>
<b>4. Statement of intention regarding E&amp;S</b>	2	1	2	There is an Environmental & Social Policy approved by senior management.	The company has officially established written commitment on Social and Environmental Policy following to GRS 4.0.
<b>5. Affected Community knowledge of impacts and opportunities.</b>	3	1	3	Information is disclosed to Affected Communities.	Officially listed since 2015, The Company has developed a wide and transparent approach for disclosing information, including Annual report and Sustainable Development report. In details: <ul style="list-style-type: none"> <li>• Disclose information through Annual General Shareholders Meeting.</li> <li>• Disclose information through updating on the Company's website, HOSE and SSC.</li> </ul> In addition, the Company has also developed the Sustainable Development tab on website to disclose information of sustainable development matters including Sustainable Development report (since 2015 up to now). Links: <ol style="list-style-type: none"> <li>1. <a href="http://theky.vn/cen/bao-cao-thuong-nien">http://theky.vn/cen/bao-cao-thuong-nien</a>.</li> <li>2. <a href="http://theky.vn/cen/phat-trien-ben-vung/">http://theky.vn/cen/phat-trien-ben-vung/</a></li> <li>3. <a href="http://www.hsx.vn">http://www.hsx.vn</a></li> </ol>
<b>6. Stakeholder feedbacks</b>	3	1	3	Feedback mechanism for information from stakeholders.	The Company has continuously diversified communication channels with Stakeholders. Poignantly touching key matters. Using various communication channels which are suitable with characteristics of different stakeholders. STK has committed to fully recognizing the feedback and issues raised by stakeholders. The company actively considers and assesses stakeholder feedback and updates its actions and policies as necessary. <i>Refer to <b>Sustainable Development Report 2023 - Information feedback channels from interested parties.</b></i>

Indicators	Level of impacts on risks	Likelihood of risks occurring	Type of risk	Performance metrics	Response approach
<b>BASED ON PERFORMANCE STANDARD 2: LABOR AND WORKING CONDITIONS</b>					
<b>7. Protection of contract workers</b>	3	1	3	There are no public controversies, including legal actions involving third party or contract workers.	All employees working in STK are contract workers. Based on the working position and the employee's capability, the Company will define the probation contract from 6-60days; training contract from 30-60days; term labor contract (for workers who have passed the probation or training time); infinite labor contract (for workers who have devoted for the company for more than 3 years).
<b>8. Worker health and safety</b>	3	1	3	Promulgate regulations and procedures to ensure occupational safety and hygiene.	The company implemented and strictly complied with OSH annual training plan for all employees of the Company according to Decree 44/2016/NĐ-CP.
<b>9. Injury and fatality</b>	3	1	3	There is no information on work related fatalities of direct and/or contract workers.	Twice a year, the Company establishes OSH Report, including information about Injury and fatality, occupational diseases and submits to HCMC and Tay Ninh province Labor, War Invalid and Social Affairs.  <i>Refer to <a href="#">Appendix 7 - 2023 Occupational Social Health Report</a></i>
<b>10. Gender Equality</b>	1	1	1	Workforce composition is available by gender.	The Company complies with the regulations for female workers and assures gender equality through the Company' written policies.
<b>11. Non discrimination &amp; equal opportunity</b>	2	1	2	There is a formal policy to avoid discrimination on hiring, wages, promotions.	The Company has committed to assure non-discrimination, harassment through the Company' written policies.
<b>12. Compliance with national labor and employment law</b>	3	1	3	There are no public controversies, including legal actions involving working conditions (associations, collective agreements, labor laws, discrimination, equal remuneration, lack of equal opportunity, harassment).	The Company has not had any lawsuits related to working conditions (associates, boards, committees...).
<b>13. Workers' organizations</b>	2	1	2	The Company's practices do not restrict or obstruct workers' rights to join workers' organizations and mechanisms to express their grievances on working conditions and terms of employment.	The Company published equal policy at working place and conduct dialogue periodically.



Indicators	Level of impacts on risks	Likelihood of risks occurring	Type of risk	Performance metrics	Response approach
<b>14. Formal provisions to avoid sexual harassment at work</b>	2	1	2	There are formal arrangements to avoid sexual harassment at work, including a sexual harassment policy with, at a minimum, a mechanism to file complaints anonymously and confidentially and trained HR staff to review sexual harassment cases.	The Company has commitment on non-discrimination, harassment and abuse policy at working place.
<b>15. Workers' feedback and recourse</b>	2	1	2	There is a worker grievance mechanism.	The Company has implemented and applied progress of receive and resolve feedbacks from the employees.
<b>Specific risks of the industry: supply chains in countries or sectors with a risk of forced or child labor (agriculture, textiles, construction, agribusiness).</b>					
<b>16. Forced and child labor in the Company</b>	3	1	3	There are no public controversies, including legal actions involving forced and child labor in the Company's operations.	The Company has implemented a commitment not to used underage workers and strictly complied with this policy.
<b>17. Forced and child labor in the primary supply chain</b>	3	1	3	There are no public controversies, including legal actions involving forced and child labor in the Company's primary supply chain.	The Company has been focusing on production of polyester filament, main suppliers of the company are PET chip supplier, who all achieved GRS Certification - in which, the most importance prerequisite is commitment of not using child and underage workers.
<b>18. Safe worker accommodation</b>	2	1	2	There are no public controversies, including legal actions involving accommodation (camps, dorms, etc.) such as health and safety (e.g. fire, water, sanitation, overcrowding).	Instead of constructing dormitory for workers, the Company rents dormitory in Cu Chi, these dormitories are self-contained with full kitchen, toilets and security guarantee. The employees don't need to pay rent, and partially support with water and electricity bills.
<b>BASED ON PERFORMANCE STANDARD 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION</b>					
<b>19. Impacts to water used by others</b>	2	1	2	There are no public controversies, including legal actions involving past or on-going impacts to water used by others.	The Company doesn't use groundwater and discharge them directly to the natural water resource. Water resource used at the Company is provided by The Industrial Zone Management Board and out-put quality is assured before discharged to Industrial Zone Water Treatment System.
<b>20. Pollution prevention and risks</b>	2	1	2	There are no public controversies, including legal actions involving past or on-going pollution risks (e.g. air or water emissions, soil or groundwater contamination, waste disposal) from the Company/project.	The Company conducts Environment Assessment quarterly and issues written report, according to that, indicators of wastewater, emission, dust density ... all adapted to present regulations.

Indicators	Level of impacts on risks	Likelihood of risks occurring	Type of risk	Performance metrics	Response approach
<b>21. GHG emissions</b>	3	1	3	There is information on GHG emissions: Scope 1 and 2 (t), Scope 3 if relevant to business activity, intensity (GHGs released in energy consumption for production / normalization factor [usually production or sales]).	The Company started monitoring and evaluating CO <sub>2</sub> , GHG emissions since 2016 based on the Company's total electricity consumption in each year (Scope 2), and took initiatives to reduce GHG emission, including the use of renewable energy (Solar energy) and raising the proportion of environmentally friendly fibers in the sales mix.  <i>Refer to <b>Sustainable Development Report 2023 - Carbon footprint Management.</b></i>
<b>22. Resource efficiency</b>	1	1	1	There are electricity and water-saving initiatives, cleaner production initiatives, and resource efficiency indicators (e.g., energy, water, other resources, and material inputs).	The Company reused POY paper tubes in order to reduce deforestation. In 2023, POY paper tubes reused ratio reached 3.15 times. Besides that, Trang Bang phase 5 expansion project also incorporated a pellet making line of 1,500 tons/year which recycle waste yarn into re-Pet chip for re-use in production, contributing to profit enhancement, and significantly improving production saving efficiency. 82% of waster-yarn is recycled and reused.  <i>Refer to <b>Sustainable Development Report 2023 - Raw Material Consumption Efficiency.</b></i>
<b>BASED ON STANDARD 4: COMMUNITY HEALTH, SAFETY AND SECURITY</b>					
<b>23. Security force impacts to a community</b>	3	1	3	There are no public controversies, including legal actions associated with major security incidents involving the local community, including but not limited to gender-based violence and a statement, policy or code on security forces and interaction with local community, including but not limited to gender-based violence.	Complies with present regulations, incorporates with The Area's Board Management to assure the area's security.
<b>24. Contribution to health impacts upon a community</b>	3	1	3	There are no public controversies, including legal actions involving contribution to an increase of disease (HIV/Aids, malaria, etc.) to a community.	Not applicable
<b>25. Support local labor</b>	2	1	2	Support local labor.	Through expanding capacity project, the Company could create more jobs, push income, and use more local supply services.  <i>Refer to <b>Sustainable Development Report 2023 - INDIRECT ECONOMIC IMPACTS.</b></i>

Indicators	Level of impacts on risks	Likelihood of risks occurring	Type of risk	Performance metrics	Response approach
<b>26. Infrastructure failures that have resulted in harm to the public</b>	3	1	3	If the Company constructs or operates infrastructure (bridges, dams, tailing dams, or ash ponds) harm to the public.	Not applicable
<b>27. Fires or structural damage that have harmed the public</b>	2	1	2	If the Company constructs or operates publicly accessed buildings or structures, there are public controversies, including legal actions indicating harm to the public.	Not applicable

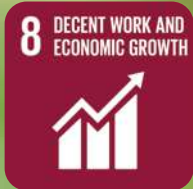


# CONTENT OF SUSTAINABILITY REPORT

RESPONSIBILITY TO IMPROVE ECONOMIC EFFICIENCY (GRI 201)	79
THE MARKET PRESENCE (GRI 202)	80
INDIRECT ECONOMIC IMPACTS (GRI 203)	81
MATERIALS (GRI 301)	85
WATER (GRI 303)	86
ENERGY (GRI 302)	88
EMISSIONS (GRI-305)	90
EFFLUENT AND SOLID WASTES (GRI 306)	102
ENVIRONMENT COMPLIANCE (GRI 307)	103
EMPLOYMENT (GRI 401)	106
TRAINING AND EDUCATION (GRI 404)	110
OCCUPATIONAL HEALTH AND SAFETY (GRI 403)	113
CUSTOMER HEALTH AND SAFETY (GRI 416)	115
LOCAL COMMUNITY (GRI 413)	117
TRADITIONAL CULTURE OF THE COMPANY	118
COMMUNITY SPIRIT/SOLIDARITY OF COMPANY	118
COMPANY'S GREEN PROJECTS	119
REFERENCE TABLE OF REPORT CONTENTS TO GRI STANDARDS	121



# RESPONSIBILITY FOR **ECONOMIC DEVELOPMENT** - GRI 200



*With an effort to maintain high value-added orders from high-end customers thanks to the long-term relationship built with customers in terms of quality assurance and good product delivery time, Century has maintained its sales revenue and profit after tax targets despite the difficult market*

## 2023 objectives

- Sales Revenue: VND2,149 billion; Profit after tax: VND253.1 billion;
- Ensure the basic salary is higher than the regional minimum wage;
- Increasing contributions to society and the local community;
- Expanding production capacity, developing higher value-added products;
- Improving the salary and welfare regime for employees;
- Year-end bonus of 1-month average salary for employees;
- Paying a minimum dividend of 15%/par value;
- Raising capital to contribute to Unitex subsidiary.

## 2023 results

- Completed 66.3% of the sales revenue plan, reaching VND 1,425 billion;
- Completed 34.7% of the profit after tax plan, reaching VND 87.7 billion;
- Year-end bonus of more than 1 month's average salary, the number of employees participating in social insurance reaches 100%;
- The lowest salary at STK is 47%-53% higher than the regional minimum wage;
- Paid 15% stock dividend for the fiscal year 2022 - equivalent to VND122.7 billion;
- Completed tax obligations, paid VND113.01 billion of tax to the state budget;
- Implementing the Untiex project phase 1, overall construction progress by the end of December 2023 is 90%.



## 1. Management approach (GRI 2-12)

To achieve the goal of sustainable economic growth while maintaining the balance and creating conditions for the Company's sustainable development activities to be continuously carried out in the context of market difficulties due to the impact of the market economy downturn and complex geopolitical conflicts globally. In 2023, the Company has effectively applied business strategy and customer approach to satisfy customers' needs, gradually expanding domestic and export market share.

<b>POLICIES</b>	<ul style="list-style-type: none"> <li>• Business plan in 2023, sales policy, customer service policy, annual marketing policy;</li> <li>• The Company's salary and bonus policy and commitment no. CS-06 (issuing date: 01/03/2016);</li> <li>• The Company's latest wage scale and payroll no. 282- 18/CV -TK;</li> <li>• Expansion projects of the Company (Unitex, Yarn-Textile-Garment alliance);</li> <li>• Annual training budget for the sales team;</li> </ul>
<b>COMMITMENTS</b>	<ul style="list-style-type: none"> <li>• The Company is committed to having fair competition; all operation and economic development activities adhere to prevailing laws;</li> <li>• The Company commits to execute the salary and bonus policy in accordance with Decree no. 38/2022/NĐ-CP stipulating the regional minimum wages for workers working under labor contracts;</li> <li>• 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;</li> </ul>
<b>GOALS AND TARGETS</b>	<ul style="list-style-type: none"> <li>• Developing the Company's sales revenue and profit in accordance with the set target;</li> <li>• Ensuring the payment to employees in accordance with the Company's wage scale and payroll;</li> <li>• Creating more jobs and incomes, improving the living standard and enhancing the professional knowledge for local labors;</li> <li>• Expanding the market shares in domestic and export markets;</li> </ul>
<b>RESPONSIBILITIES</b>	<ul style="list-style-type: none"> <li>• General Untie Director, Board of management;</li> </ul>
<b>MANAGEMENT RESOURCES</b>	<ul style="list-style-type: none"> <li>• Board of management, marketing and sales team, financial team...</li> <li>• Human Resources department, Training team;</li> </ul>
<b>GRIEVANCE MECHANISMS</b>	<ul style="list-style-type: none"> <li>• Process of resolving customer complaints (form: QA-QT-01);</li> <li>• Periodic customer survey;</li> <li>• Employee complaint / grievance process;</li> </ul>

## 2. Evaluation of the management approach (GRI 2-18)

- In 2023, the global economic downturn and prolonged geopolitical conflict had a negative impact on Vietnam's textile and garment industry. Although STK's 2023 business results were not as expected, the Board of Management and all the staff have strived hard to bring the best business results, building a foundation during 2023 to achieve the best breakthroughs in 2024.
- The Company still maintained the salary, bonus, and welfare regimes, which were paid on time and by the prior commitments to employees. Even though the Company had to temporarily reduce production at the Cu Chi factory and stop operations from Q3&4-2022 to the end of 2023 due to declining market demand, the Company still tried to create jobs by organizing multi-skilled training classes for employees, maintaining a stable income and providing the 2023 Lunar New Year bonus based on the Company's business results at the end of the year to employees.
- Maintaining and promoting direct and indirect local community development activities.



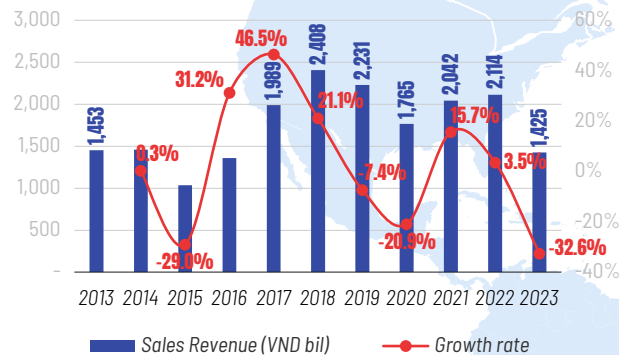
# RESPONSIBILITY TO IMPROVE ECONOMIC EFFICIENCY (GRI 201)

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

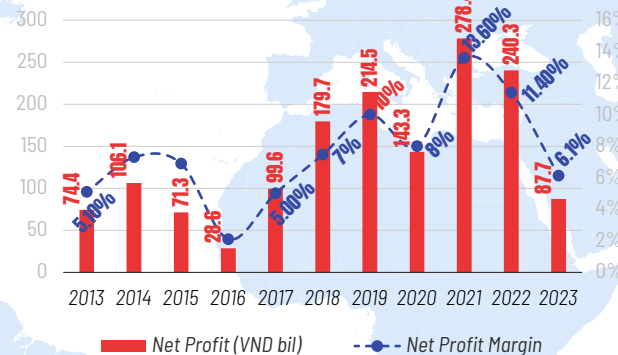
Although the world economy has recovered, the recovery speed is still slow in 2023. The prolonged Russia-Ukraine war and geopolitical tensions affected international trade. High inflation and instability in global financial markets have caused global purchasing power to decline. Vietnam's textile and garment industry also cannot avoid that difficulty when Vietnam's textile and garment export turnover in 2023 reached about 40.3 billion USD, decreasing 9.2% compared to 2022. New markets and orders are probably the most significant difficulties Vietnam's textile and garment enterprises have encountered in 2023. STK was able to keep high value-added orders from high-end customers thanks to customers' long-term trust in of the Company's technical capacity for manufacturing high-value-added products and excellent customer service (short delivery times, good pre- and post-purchase service). Although the volume of those orders was small, the profitability was high, helping the Company maintain a stable price gap. STK still retains its goal of maintaining good customer service, expanding new customer base, and consistently meeting complex technical requirements of high-added value orders.

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

**NET SALES REVENUE**



**PROFIT AFTER TAX, NET PROFIT MARGIN**



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

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

- Ensure the welfare regime with the participation of employee in social insurance was 100%;
- Dividend payment: 15% stock dividend for the Company's shareholders for the fiscal year 2022, equivalent to VND 122.7 billion;
- Maintaining production activities during the difficult period of the market, contributing to job creation for local people, upgrading recruitment policies and good remuneration for workers;
- Salary and bonus payment to employees in 2023 was estimated at VND101.8 billion;
- Bonus with more than 1-month average salary on Lunar New Year 2023;
- 24-hour insurance policy for all employees with a participation rate of 100%;
- The Company supported employees by providing in-kind toxic allowances for workers in hazardous environment, a free transportation, accommodation support, telephone allowances, Company trip, and Tet's gifts;



## THE MARKET PRESENCE (GRI 202)

### THE STANDARD ENTRY LEVEL WAGE AS COMPARED TO THE REGIONAL MINIMUM WAGES AND GENDER COMPOSITION RATIO (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).

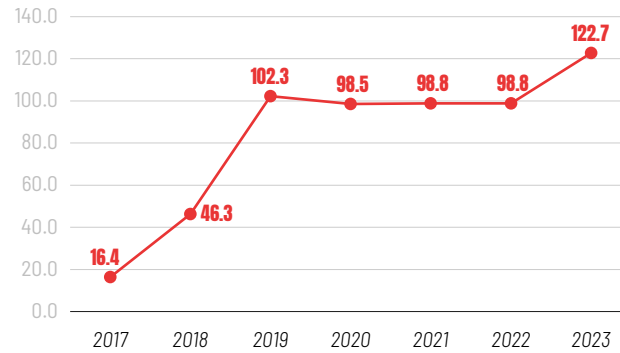
	HCM CITY (VND)	TAY NINH TOWN (VND)
Regional minimum wage	4,680,000 VND/month	4,160,000 VND/month
The lowest salary at STK	7,141,000 VND/month	6,455,000 VND/month

Location	The male (%)	The female (%)
HCM city	73%	27%
Tay Ninh town	84%	16%

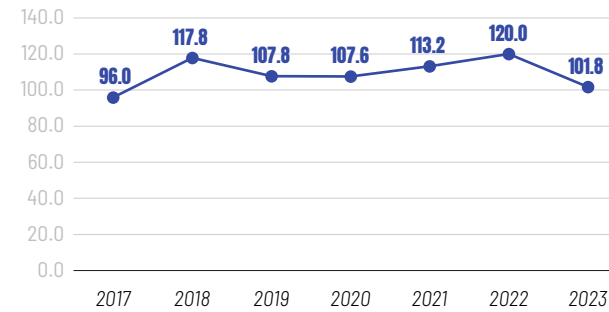
## INDIRECT ECONOMIC IMPACTS (GRI 203)

### STK'S INDIRECT CONTRIBUTIONS TO THE SOCIETY AND LOCAL COMMUNITY IN 2023

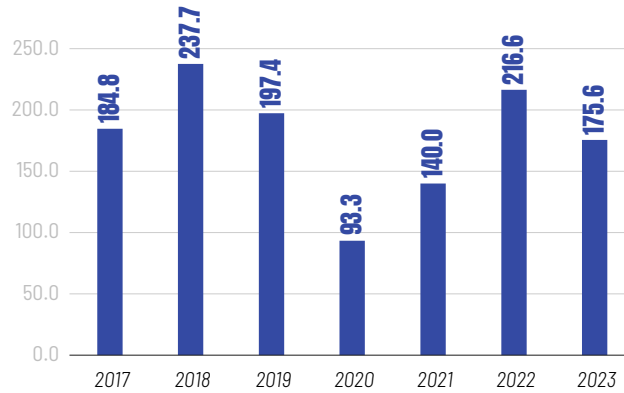
**DIVIDEND PAYMENT TO COMPANY'S SHAREHOLDERS  
(VND BILLION)**



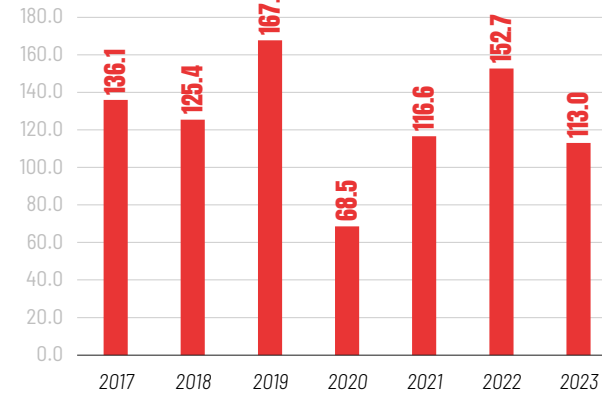
**TOTAL REMUNERATION (SALARY AND BONUS)  
PAID TO EMPLOYEES (VND BILLION)**



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



**TOTAL ANNUAL TAX PAYMENT 2023  
(VND BILLION)**







Despite the effects of high inflation and economic recession, the Company still maintains its contribution to the local economy and society. In 2023, the total salary and bonus payments to employees was more than 101 billion VND, contributing to the improvement of the local people's living standards. In addition, STK's indirect contributions to the local economy and society were also reflected in the tax payment budget and transaction value with domestic suppliers, 113 billion and 175.5 billion in 2023, respectively.

## ECONOMIC DEVELOPMENT TARGETS IN 2024

- **Sales Revenue growth: VND 2,703.5 billion, increased by 90% as compared to actual 2023;**
- **Profit growth: VND 300.6 billion, an increase of 242% as compared to actual 2023;**
- **Increase the percentage of value-added yarn (recycled yarn): 53.25% of total revenue;**
- **Ensuring to maintain bonuses for employees according to year-end business results;**
- **Paying dividends to Company shareholders 15%/par value**

# RESPONSIBILITY TO PROTECT THE ENVIRONMENT - GRI 300



“ STK is still on the right track in implementing environmental goals. The company steadfastly implements measures to reduce energy and water consumption and limit water waste to maintain stable and efficient production and business operations, helping STK get closer and closer to the goal of "greening" the fashion industry.

## 2023 objectives

- Efficient consumption of raw materials;
- Increasing the proportion of recycled materials used;
- Increasing the rate of reusing packaging materials;
- Using water resources rationally and savingly;
- Reusing of water in production;
- Using energy reasonably and saving;
- Reducing electricity costs;
- Reducing emissions;
- Reducing greenhouse gas emissions;
- Do not violate environmental laws regarded waste and wastewater;
- No violations of safety-sanitary-environmental incidents, fire prevention and environmental protection;
- Using renewable energy sources;
- Complying with current regulations and laws on environment;
- The average rate of reusing of POY paper tubes is 3.15 times;
- The rate of using circulating water reaches 2% of the total amount of water used;
- Target water consumption m<sup>3</sup>/kg of yarn: 0.0023;
- The rate of renewable energy accounts for 10% of the total energy demand;
- The proportion of recycled yarn in total sales revenue is 64%;
- Target electricity consumption Kw/kg yarn: POY: 1.26 kw/kg yarn; DTY: 1.86 kw/kg yarn; FDY: 1.41 kw/kg yarn;
- Occurrence of violations on OSH, Fire Prevention and Environment when the inspection team of the State agency came to inspect the company: 0 cases;

## 2023 results

- The rate of reusing of POY paper tubes is 3.15%;
- Rate of water being circulated and reused: 3.1%;
- Water consumption unit (m<sup>3</sup>/kg yarn): 0.0032
- Total energy consumption decreased by 19%, electricity consumption unit (Kw/kg yarn): POY:1.07 kwh/kg yarn; DTY:1.97 kwh/kg yarn; FDY: 1.23 kwh/kg yarn;
- Implementing electricity saving solutions in 2023, reducing 425.2 Mwh/year;
- The carbon footprint of electricity is reduced by 19.5%;
- The total amount of electricity used from the solar energy project is 6,857 Mwh, accounting for more than 6.5% of the total energy consumption;
- The carbon footprint of DO oil for forklifts is reduced by 100%;
- The percentage of recycled yarn accounts for 49.5% of total revenue;
- No case of violation of regulations regarded waste and wastewater treatment, safety-sanitation-environment, and fire prevention and fighting;
- The measured environmental indicators and inspection reports were in accordance with the environmental laws and regulations;

## 1. The management approach (GRI 2-12)

To ensure the goal of sustainable economic growth, maintain the balance, and create favorable conditions for the Company's sustainable development activities to be continuously implemented in the problematic market context due to the influence of the market economic downturn and complex geopolitical conflicts globally. In 2023, the Company has tried to maintain its business strategy, applied a customer approach method to satisfy customer needs, stabilized product quality, and maintained domestic and export market share.

<b>POLICIES</b>	<ul style="list-style-type: none"> <li>• Policy on evaluation and selection of raw material suppliers at the Company according to MM-QT-02;</li> <li>• Supplier evaluation and control process;</li> <li>• Regulation on quality assurance of input water from the industrial park QCVN -02-2009/BYT;</li> <li>• Periodic water quality monitoring reports and environmental impact assessment reports;</li> <li>• Policy on energy saving;</li> <li>• Internal rules to turn off electrical equipment when not in use;</li> <li>• 5-year energy saving implementation plan;</li> <li>• Policy on management and treatment of waste at the Company, stipulating water quality standards with value C, Column B - QCVN 40:2011/BTNMT;</li> <li>• Environmental policy according to GRS 4.0 standards, environmental protection law No: 72/2020/QH14;</li> </ul>
<b>COMMITMENTS</b>	<ul style="list-style-type: none"> <li>• The Company prioritizes quality suppliers which can ensure the quality as well as comply with the environmental protection regulations;</li> <li>• The Company commits to provide qualified water for daily production and operation activities and reduce the water resources consumption via water-saving initiatives;</li> <li>• Optimizing the use of the energy resource, reducing the greenhouse gas emission, limiting global warming, protecting the environment, and optimizing costs;</li> <li>• The Company commits to effectively use and save energy resources, contributing to the reduction of greenhouse gas emissions (CO<sub>2</sub>);</li> <li>• The Company commits to strictly manage the wastewater and wastes in daily production and operation activities, ensuring of no impact on the surrounding environment;</li> </ul>
<b>GOALS AND TARGETS</b>	<ul style="list-style-type: none"> <li>• Ensuring the stability and high quality of the product;</li> <li>• Providing qualified water resources to daily production and sanitation, aiming to protect the employee's health;</li> <li>• Reducing the greenhouse gas emissions (CO<sub>2</sub>) and protecting the environment;</li> </ul>
<b>RESPONSIBILITIES</b>	<ul style="list-style-type: none"> <li>• General footprint Director, Board of management</li> </ul>
<b>MANAGEMENT RESOURCES</b>	<ul style="list-style-type: none"> <li>• Board of management, Purchasing team, ISO team, Utility team, Administration team, Production team, financial team, the Company's employees.</li> </ul>
<b>GRIEVANCE MECHANISMS</b>	<ul style="list-style-type: none"> <li>• Purchasing team, Utility team, Administration team, Production team, Health and Safety committee.</li> </ul>

## 2. Evaluation of the management approach (GRI 2-18)

- In 2023, the volume of recycled materials used (PET chip recycle) accounts for more than 44.3% of the total amount of PET chips used by the Company, mainly because the Company focuses on developing and promoting the recycled yarn strategy according to market demand for environmentally friendly textile products.
- The amount of water used in 2023 decreased by 14% compared to 2022 because the Company scaled down production activities at the Cu Chi factory from Q3.2022 to the end of 2023, leading to less production output in 2023 compared to 2022, which in turn led to less water consumption. In addition, the rate of circulating and reused water increased to 3.1% in 2023 from 2.7% in 2022, which is also a reason for the decrease in water use.
- The electricity consumption per 1kg of yarn of DTY, FDY, and POY increased by 16.8%, 12.1%, and 10%, respectively, over the same period in 2022, mainly because the contraction of production activities led to a 25% decrease in production output in 2023 compared to the same period in 2022 while auxiliary systems such as compressed air and air conditioners still operated at 100% capacity. In addition, the company has yet to reach production efficiency according to the set quality KPIs and the higher production output of more special yarns, leading to higher energy consumption per 1kg of yarn.
- In 2021, the company operated two rooftop solar power systems with a total capacity of 7.4 MwP. In the coming years, it has signed a contract with a partner to purchase additional renewable electricity with a total capacity of 75 MwP.
- The carbon footprint by electricity consumption has decreased by 19.5% as compared to 2022.
- There is no record of any spills or leaks of waste water and garbage.
- The measured environmental indicators and inspection reports are in accordance with the environmental laws and regulations.



# MATERIALS (GRI 301)

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

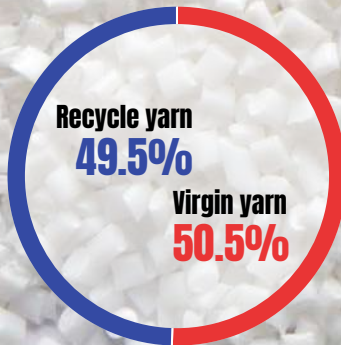
- The Company's materials are imported from Korea, Japan, Taiwan, and Germany, with advanced production processes, modern and environmentally friendly technologies, contributing to the reduction of greenhouse gas emissions to the environment.
- The Company encourages suppliers to protect the environment by making a written commitment to comply with environmental protection, applying innovative measures in business activities to reduce greenhouse gas emissions, fight against Climate Change.

MATERIALS CATEGORY	STT	MATERIALS	IMPORTING REGIONS
NON-RENEWABLE MATERIALS USED	1	Polyester Chip	US, South Korea, Taiwan, Japan
	2	Oil	Taiwan, Japan, Germany
RENEWABLE MATERIALS USED	3	Paper tubes	Vietnam, Taiwan
		Carton boxes	Vietnam

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

- To produce environmentally friendly recycled yarn, the Company uses recycled PET chips as input material, the proportion of recycled yarn in total revenue in 2023 was more than 49.5%.
- The Company also invested in a pellet making line to recycle waste yarn into recycled PET chips for the Company's usage with a capacity of 1,500 tons/year, contributing greatly to the reduction of environmental impact, increasing the Company's profits, cutting the production cost as well as providing reasonable prices to customers.

### REVENUE STRUCTURE BY PRODUCT 2023



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

- In addition to the efficiency of using main raw materials, the Company has coordinated with reputable and quality partners to provide production of paper tubes with high quality. Therefore, the average current POY paper tubes after 1st time using could be reused more with 3.15 times, lessening the impact on the environment by reducing the number of paper tubes used in production. In addition, the Company also reuses wooden pallets in delivery activities, production items and components such as filters, spinnerets in the POY production process, aiming to reduce consumption and use of natural resource.
- In 2024, the reuse rate of paper tubes is expected to reach 3.0. According to the POY production division, because POY is a semi-finished product for further production of DTY yarn and to control errors in the DTY production process, the number of times the paper tube is reused must be reduced. Because using paper tubes many times can cause dents or stains on the paper tubes and not meet the standards for the DTY division, reducing the rate of using paper tubes by three times ensures that the tube is not protruding during the winder process and does not affect the following stages.
- In 2023, the number of used POY paper tubes is 682,817 tubes and on average 1 POY paper tube can be reused 3.15 times; Therefore, the reusing rate of materials (paper tubes) in 2023 is:

$$\begin{aligned}
 \text{The proportion of reuse} &= \frac{\text{Volume of reused material}}{\text{Total volume of material used in year}} \\
 &= \frac{\text{Volume of POY tubes} \times \text{reusing time}}{\text{Volume of POY tubes} \times \text{reusing time} + \text{volume of DTY tubes} + \text{volume of FDY tubes}} \\
 &= \frac{682,817 \times 3.15}{682,817 \times 3.15 + 11,215,901} = 16\%
 \end{aligned}$$

The proportion of reused materials (POY paper tubes) in 2023 was

**16%**

# WATER (GRI 303)

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



SURFACE WATER INCLUDING WATER FROM SWAMP, RIVER, LAKE, OCEAN: **0 M<sup>3</sup>** (NOT APPLICABLE)



GROUND WATER: **0 M<sup>3</sup>** (NOT APPLICABLE)



RAIN WATER THAT THE COMPANY COLLECTS AND USES: **0 M<sup>3</sup>** (NOT APPLICABLE)



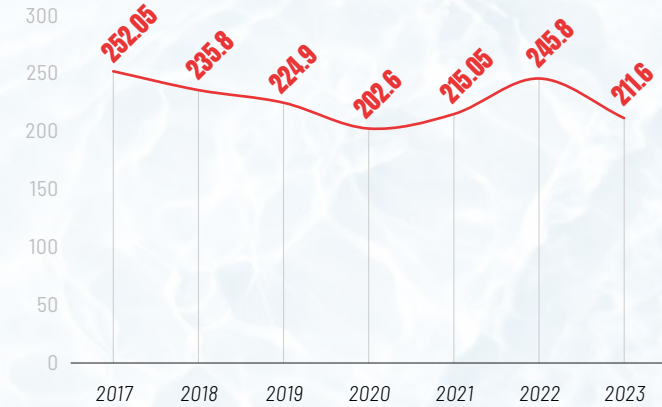
DISCHARGED WATER FROM OTHER PARTIES: **0 M<sup>3</sup>** (NOT APPLICABLE)



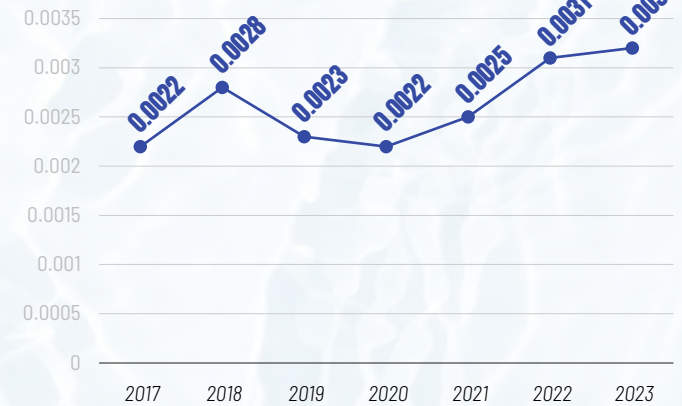
MUNICIPAL OR OTHER PUBLIC OR PRIVATE SUPPLIES: THE INPUT WATER OF THE COMPANY IS SUPPLIED AND ASSURED BY INDUSTRIAL ZONE (IZ).

## WATER CONSUMPTION (GRI 303-1)

WATER CONSUMPTION (THOUSAND M<sup>3</sup>)



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



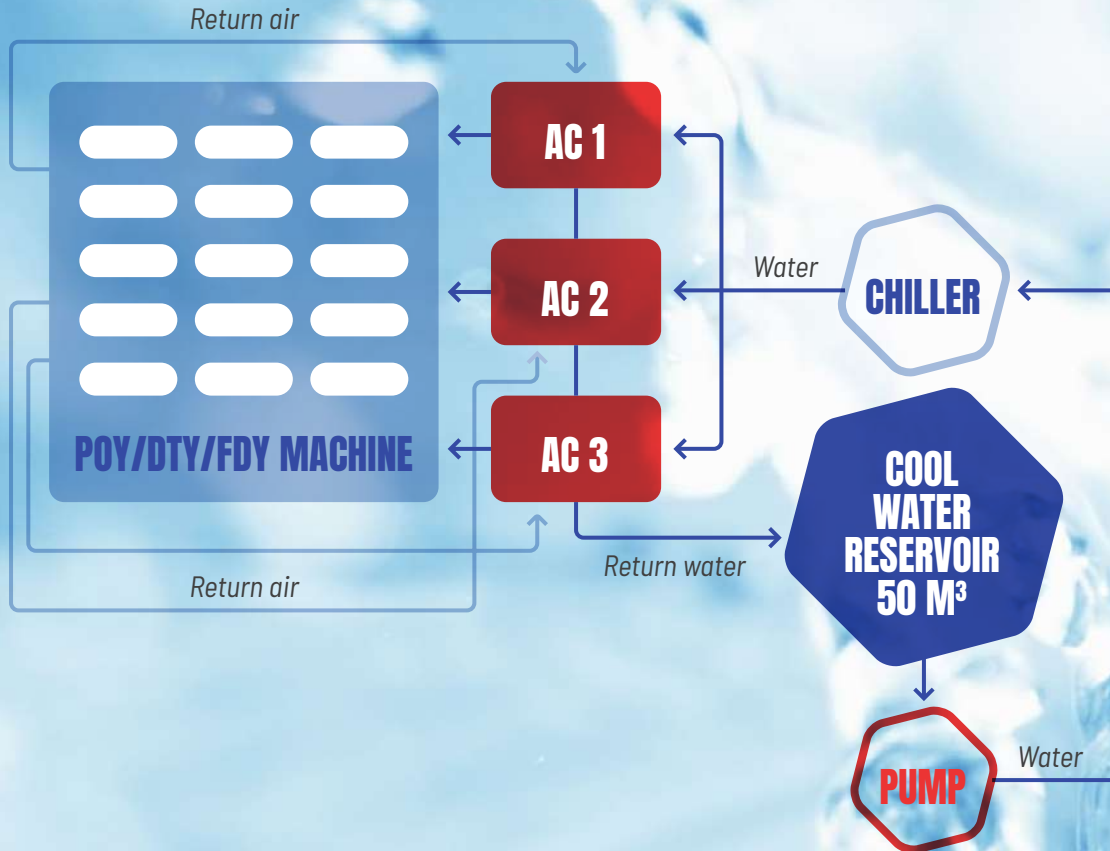
In 2023, water consumption increased by 14% compared to 2022, mainly because the decrease in water consumption was much smaller than the decrease in output (production output decreased by 25% in 2023). Hence, the water consumption per kg of yarn in 2023 increased slightly by 3.2% compared to 2022 (0.031 m<sup>3</sup>/kg yarn in 2022 and 0.032 m<sup>3</sup>/kg yarn in 2023). In addition, the Company also continuously exerted to implement and improve water-saving plans used in production activities such as maintaining and reusing condensate water at AC cooling towers of Cu Chi and Trang Bang factories, helping the Company to save costs more than 21.65 million VND in 2023.





## RECLAIMING AND REUSING WATER (GRI 303-3)

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



## THE PROPORTION OF RECLAIMED AND REUSED WATER 2023

$$= \frac{\text{The volume of reclaimed and reused water}}{\text{The total volume of used water at Company}} \times 100 = \frac{6,571}{211,622} \times 100 = 3.1\%$$

In 2023, the company continued to implement water conservation measures:

Solutions	Results
<ul style="list-style-type: none"> <li>Recovering compressor discharge water 3,4 at Trang Bang 3 factor.</li> </ul>	<ul style="list-style-type: none"> <li>Saving 3m<sup>3</sup>/day and night equals saving 7,560,000 VND/year.</li> </ul>
<ul style="list-style-type: none"> <li>Recovering condensate water from AC6 Cu Chi to the collection pond for reuse.</li> </ul>	<ul style="list-style-type: none"> <li>Saving 2m<sup>3</sup>/day and night equals saving 6,534,000 VND/year.</li> </ul>



# ENERGY (GRI 302)

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

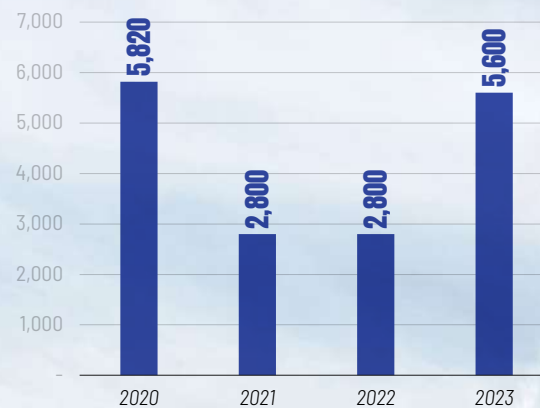
- The Company only uses electricity and Diesel oil (DO) in its production activities. In there:
- Non-renewable energy: DO and EVN electricity. The volume of DO used in 2023 was 4.48 tons, equivalent to 5,600 liters. DO is used for two primary purposes: to run the generator during a power outage and a small amount to charge the fire pump. The amount of electricity EVN used in 2023 was 99.2 million kWh.
- Renewable energy-Solar power. The amount of solar power used in 2023 was 6.9 million kWh.

### TOTAL ENERGY CONSUMPTION AT THE COMPANY IN 2023

AMOUNT OF ENERGY CONSUMPTION (Mwh)



AMOUNT OF OIL USED OVER THE YEARS (LITERS)



Energy sources	2023	Conversion factor to MJ	Mj
Total electricity consumption (Solar and EVN-Kwh)	106,052,949.46	3.6	381,790,618
Diesel oil (DO -LITERS)	5,600	36.845	206,332

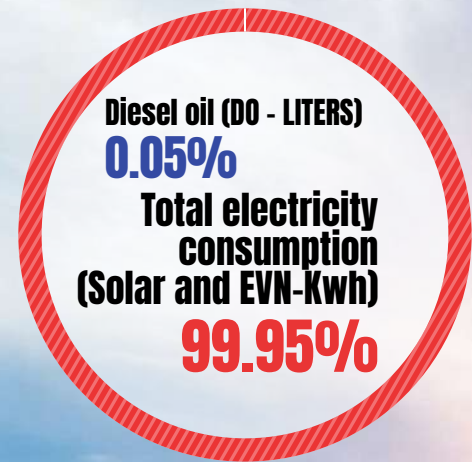
**Notes:**

- <https://convertlive.com/vi/u/chuy%E1%BB%83n%C4%91%E1%BB%95i/kilowattgi%E1%BB%9D/%C4%91%E1%BB%83/megajoules#83815848> (Electricity's Conversion factor to MJ)
- <https://veia.com.vn/he-so-chuyen-doi-don-vi-nang-luong-mj-cua-mot-so-nhien-lieu-pho-bien> (DO's Conversion factor to MJ)
- <https://convertlive.com/vi/u/chuy%E1%BB%83n-%C4%91%E1%BB%95i/megajoules/%C4%91%E1%BB%83/kilojoules> (Conversion from Mj to Kj)

The total energy consumption at STK  
= Used volume of non-renewable energy  
+ Used volume of renewable energy  
=

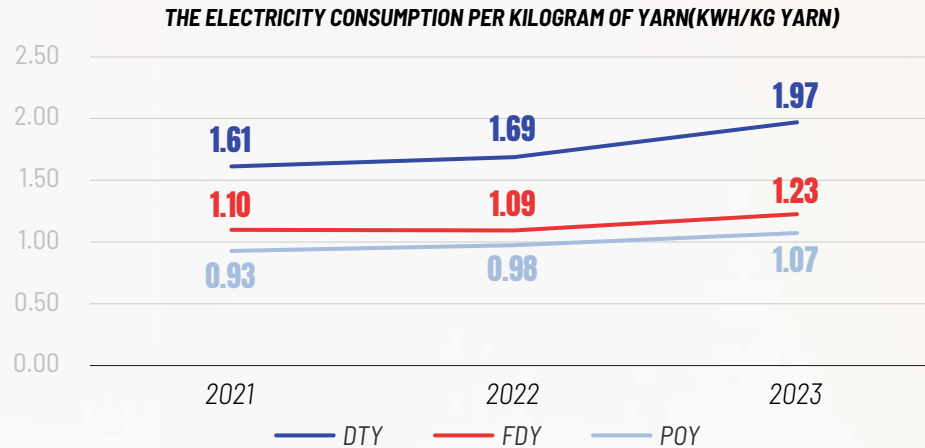
**382 billion KJun**

STK'S ENERGY CONSUMPTION PROPORTION IN 2023



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

- The Company mainly consumes the electricity to manufacture products. At present, the Company has 3 products: POY, DTY and FDY.
- The Company establishes a regime to monitor and measure energy consumption (kwh) on each kilogram of yarn. In particular, the energy consumption per kilogram of yarn is as follows:



Notes: Output has been converted to the standard denier for each type of yarn: DTY, FDY, and POY.

- Total electricity consumption in 2023 decreased by 19% compared to 2022, mainly because the Company narrowed production of Cu Chi factory from Q3.2022 to the end of 2023, so the total amount of electricity used in 2023 was lower than in 2022. However, the electricity consumption per 1kg of yarn of DTY, POY, and FDY also increased by 16.8%, 10%, and 12.1%, respectively, over the same period, mainly because of the contraction of production, production output in 2023 decreased by 25% compared to the same period in 2022 while auxiliary systems such as compressed air and air conditioners still operated at 100% capacity. In addition, the Company has yet to achieve production efficiency according to the set quality KPIs and the production of more special yarns, leading to higher energy consumption.

## ENERGY-SAVING PLAN IN 2024

In 2024, the Company is going to implement the following measures to save electricity costs:

Solutions	Results
<ul style="list-style-type: none"> <li>Installing inverter for waste oil motor of DTY machine (3 machines).</li> </ul>	<ul style="list-style-type: none"> <li>Expected saving of 89.5 million VND/year.</li> </ul>
<ul style="list-style-type: none"> <li>Aligning fan blades AC 1,2,3 for Trang Bang 2 factory.</li> <li>Installing inverter for exhaust fan motor, AC blower fan 1,2,3.</li> </ul>	<ul style="list-style-type: none"> <li>Expected saving of 787.8 million VND/year.</li> </ul>



# EMISSIONS (GRI-305)

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

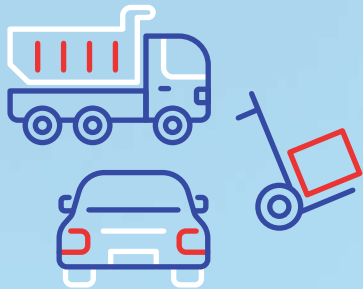
Some measures which are conducted to minimize emission pollution:



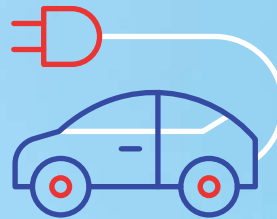
**Periodically**, the Company conducts measurements at outdoor areas and production areas **every 6 months to have solutions to remedy emission pollution (if any) immediately.**



In addition, the Company also submits to relevant authorities' environmental emission measurement reports **every 6 months in accordance with the current law.**



**Controlling the operation** of vehicles in the Company such as **container trucks, trucks, forklifts, cars.** There are measures to stop operating the above vehicles if they cause emissions.



**Reducing the use of gasoline and diesel oil** by using **electric vehicles**



**Regularly maintaining** vehicles, machines, equipment using fuel, DO oil to minimize emission pollution.





# CARBON NET ZERO



Implementation method towards reducing GHG

## Reducing greenhouse emissions

The Company does not generate emissions from using boilers or coal because it does not use them in production.

STK is one of the leading Polyester Filament yarn enterprises in Vietnam. The company steadfastly implements measures to reduce energy and water consumption. In addition, STK is always limiting the rate of emissions and waste products to maintain stable production and effective business, helping STK get closer and closer to the goal of "greening" the fashion industry.

In addition, the Company has taken a comprehensive approach and deployed solutions to achieve sustainable development goals, aligning with the general goal of net zero emissions by 2050.



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

### SCOPE 1 Direct

*Greenhouse gas emissions from sources owned or controlled by the company.*

*STK does not own boilers or use coal materials to generate steam and produce greenhouse gases. The company only uses a small amount of DO oil to run the generator during power outages and to charge fire protection pumps.*

### SCOPE 2 Indirect

*Greenhouse gas emissions from electricity purchased by the company.*

*The company operates in the field of manufacturing Polyester Filament yarn from PET chips. The Company's factories only use electrical energy as the main source of energy to operate the production machine.*

### SCOPE 3 Indirect

*GHG emissions from sources not directly owned or controlled by the company but related to its operations.*

*The company has recently increased the proportion of recycled PET chips in production.*



In late 2023 and early 2024, STK's Trang Bang factory cooperated with the World Wide Fund For Nature in Vietnam (WWF-Vietnam), and the Energy Conservation Research and Development Center (ENERTEAM) is the consulting partner in charge of implementing greenhouse gas inventory activities for the factory. This activity aims to promote sustainable energy solutions and reduce carbon emissions, aligning with the world's common goal of zero emissions in 2050. At the same time, ENERTEAM has proposed energy-saving solutions to reduce CO<sub>2</sub> emissions and a detailed roadmap for those solutions. These solutions contribute to minimizing climate change following Vietnam and world regulations.

With the actual field survey and data provided by the Company at the request of ENERTEAM. They have calculated the GHG emissions for Trang Bang factory in 2023 as follows:

#### Trang Bang Factory's Emissions in 2023

	The types of emissions	GHG emissions (tons CO <sub>2</sub> e)				Total GHG emissions (tons CO <sub>2</sub> e)	Proportion
		CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs		
<b>1</b>	<b>Scope 1: Direct emissions</b>	<b>14.32</b>	<b>62.46</b>	<b>0.03</b>	<b>62.42</b>	<b>139.23</b>	<b>0.26%</b>
1.1	Emissions from stationary combustion sources	13.38	0.02	0.03	-	13.43	0.03%
1.2	Emissions from waste-water treatment systems	-	62.45	-	-	62.45	0.12%
1.3	Emissions from the cooling systems	-	-	-	62.42	62.42	0.12%
1.4	Emissions from fire extinguishers	0.94	-	-	-	0.94	0.00%
<b>2</b>	<b>Scope 2: Indirect emissions</b>	<b>52,765.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,765.40</b>	<b>99.74%</b>
2.1	Emissions generated from purchased electricity	52,765.40	-	-	-	52,765.40	99.74%
	<b>Total</b>	<b>52,779.72</b>	<b>62.46</b>	<b>0.03</b>	<b>62.42</b>	<b>52,904.63</b>	<b>100.00%</b>

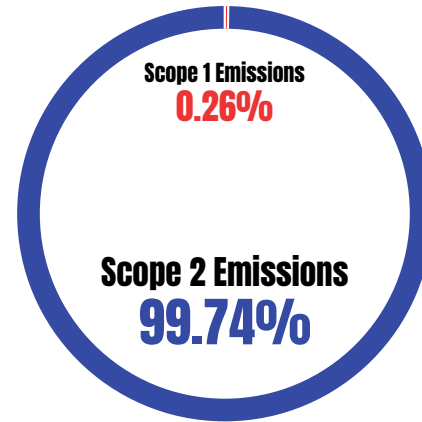
Source: 2023 GHG inventory report for Trang Bang factory by ENERTEAM







**Scope 1 and Scope 2 emissions proportion of Trang Bang factory in 2023**



**Cu Chi Factory's Emissions in 2023**

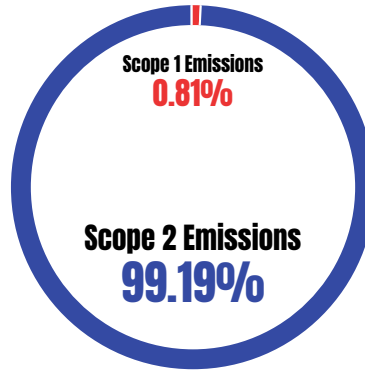
	The types of emissions	GHG emissions (tons CO <sub>2</sub> e)				Total GHG emissions (tons CO <sub>2</sub> e)	Proportion
		CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs		
<b>1</b>	<b>Scope 1: Direct emissions</b>	<b>1.88</b>	<b>34.95</b>	<b>0.004</b>	<b>83.23</b>	<b>120.06</b>	<b>0.81%</b>
1.1	Emissions from stationary combustion sources	1.606	0.002	0.004	-	1.61	0.01%
1.2	Emissions from waste-water treatment systems	-	34.95	-	-	34.95	0.24%
1.3	Emissions from the cooling systems	-	-	-	83.23	83.23	0.56%
1.4	Emissions from fire extinguishers	0.27	-	-	-	0.27	0.00%
<b>2</b>	<b>Scope 2: Indirect emissions</b>	<b>14,712.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,712.55</b>	<b>99.19%</b>
2.1	Emissions generated from purchased electricity	14,712.55	-	-	-		
<b>Total</b>		<b>14,714.43</b>	<b>34.952</b>	<b>0.004</b>	<b>83.23</b>	<b>14,832.62</b>	<b>100.00%</b>

Source: STK calculated according to ENERTEAM methodology

### Scope 1 and Scope 2 emissions proportion of Cu Chi factory in 2023

It can be seen that Scope 2 (emissions generated from consumed electricity) accounted for a high proportion of more than 99% of the GHG emissions of Trang Bang and Cu Chi factories.

Based on ENERTEAM's methodology of calculating GHG emissions for the Trang Bang factory in 2023, STK calculated the GHG emissions for Cu Chi and Trang Bang factories for four years from 2020 to 2023.



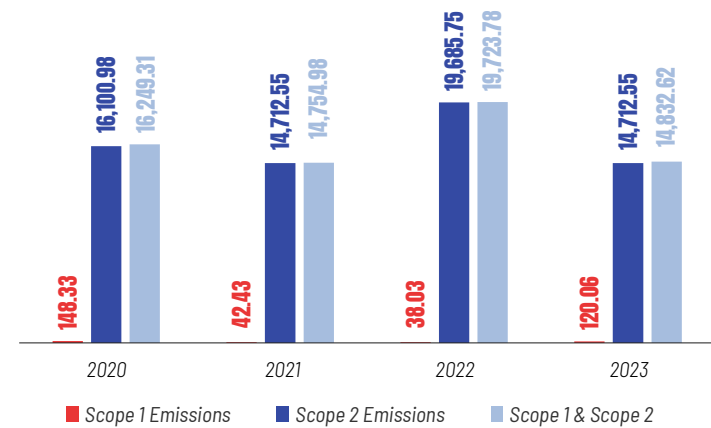
### Cu Chi Factory's Scope 1 and Scope 2 Emissions

Cu Chi Factory's Emissions

Ton CO<sub>2</sub>e

No	The types of emissions	2020	2021	2022	2023
<b>1</b>	<b>Scope 1: Direct emissions</b>	<b>148.33</b>	<b>42.43</b>	<b>38.03</b>	<b>120.06</b>
1.1	Emissions from stationary combustion sources	1.61	0.00	0.00	1.61
1.2	Emissions from waste-water treatment systems	42.40	42.16	37.76	34.95
1.3	Emissions from the cooling systems	104.04	0	0	83.232
1.4	Emissions from fire extinguishers	0.27	0.27	0.27	0.27
<b>2</b>	<b>Scope 2: Indirect emissions</b>	<b>16,100.98</b>	<b>14,712.55</b>	<b>19,685.75</b>	<b>14,712.55</b>
2.1	Emissions generated from purchased electricity	16,100.98	14,712.55	19,685.75	14,712.55
<b>Total</b>		<b>16,249.31</b>	<b>14,754.98</b>	<b>19,723.78</b>	<b>14,832.62</b>

CU CHI FACTORY'S SCOPE 1 AND SCOPE 2 EMISSIONS (tons CO<sub>2</sub>e)



Source: STK calculated according to ENERTEAM methodology

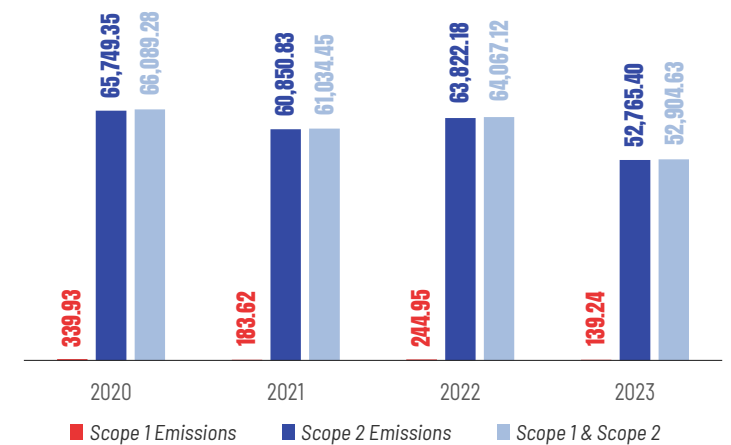
### Trang Bang Factory's Scope 1 and Scope 2 Emissions

Trang Bang Factory's Emissions

Ton CO<sub>2</sub>e

No	The types of emissions	2020	2021	2022	2023
<b>1</b>	<b>Scope 1: Direct emissions</b>	<b>339.93</b>	<b>183.62</b>	<b>244.95</b>	<b>139.24</b>
1.1	Emissions from stationary combustion sources	14.02	7.52	7.52	13.43
1.2	Emissions from waste-water treatment systems	75.28	71.12	70.02	62.45
1.3	Emissions from the cooling systems	249.70	104.04	166.46	62.42
1.4	Emissions from fire extinguishers	0.94	0.94	0.94	0.94
<b>2</b>	<b>Scope 2: Indirect emissions</b>	<b>65,749.35</b>	<b>60,850.83</b>	<b>63,822.18</b>	<b>52,765.40</b>
2.1	Emissions generated from purchased electricity	65,749.35	60,850.83	63,822.18	52,765.40
<b>Total</b>		<b>66,089.28</b>	<b>61,034.45</b>	<b>64,067.12</b>	<b>52,904.63</b>

TRANG BANG FACTORY'S SCOPE 1 AND SCOPE 2 EMISSIONS (tons CO<sub>2</sub>e)

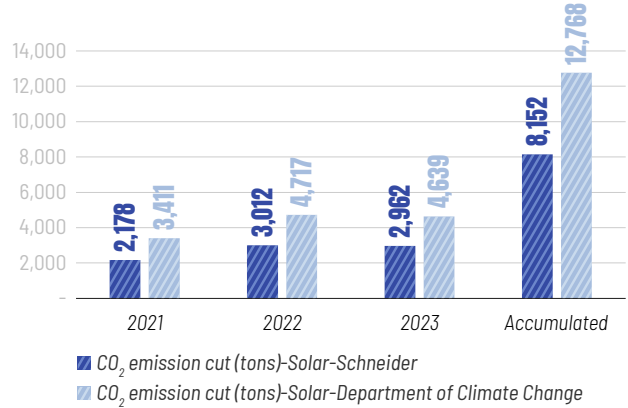


Source: STK calculated according to ENERTEAM methodology

In addition, in recent years, STK has implemented measures to contribute to GHG reduction, such as electricity-saving initiatives, using renewable energy, and using recycled PET chips.

**Details of scope 2: Carbon footprint reduction due to electricity saving measures and using renewable electricity.**

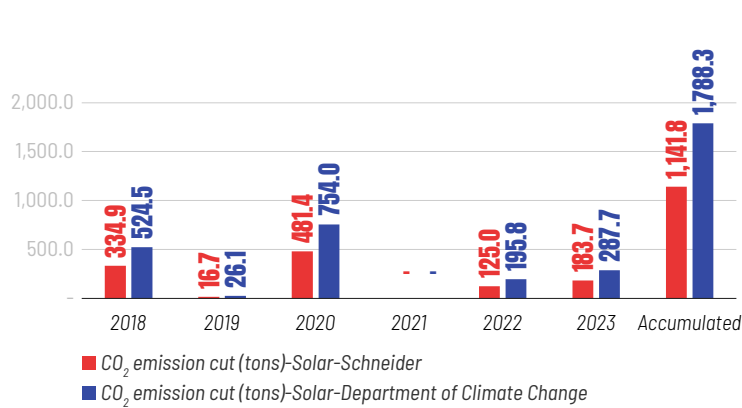
**CARBON FOOTPRINT CUT THROUGH USING RENEWABLE ENERGY (tons CO<sub>2</sub>e)**



Thanks to the use of renewable energy, the cumulative carbon footprint reduction by 2023 was 8,512 ton CO<sub>2</sub>e, according to Schneider's emission factor<sup>1</sup> and 12,768 ton CO<sub>2</sub>e, according to the Department of Climate Change's emissions factor<sup>2</sup>.

<sup>1</sup> Schneider Electric's emission factor is 0.432 tons CO<sub>2</sub>/Mwh.  
<sup>2</sup> Department of Climate Change's emissions factor is 0.6766 tons CO<sub>2</sub>/Mwh.

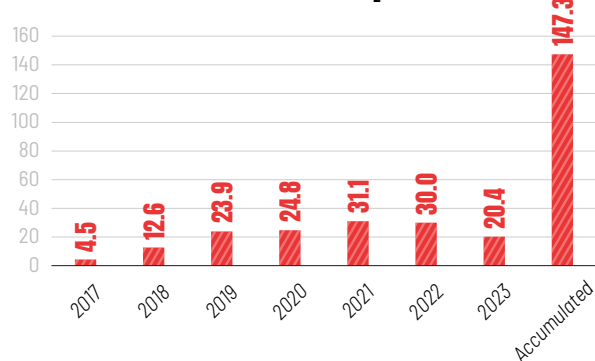
**CARBON FOOTPRINT CUT FROM INITIATIVES (tons CO<sub>2</sub>e)**



Thanks to electricity-saving initiatives, the cumulative carbon footprint reduction by 2023 was 1,142 ton CO<sub>2</sub>e, according to Schneider's emission factor and 1,788 ton CO<sub>2</sub>e, according to the Department of Climate Change's emissions factor.

**Details of scope 3: carbon footprint reduced by using recycled PET chips**

**Carbon footprint reduced by using recycled PET chips (Million tons CO<sub>2</sub>)**



**Notes:** According to STK's PET chips suppliers, the emission factors of recycled PET chips and virgin PET chips are 0.5 tons CO<sub>2</sub>e/ton of chips and 2.36 tons of CO<sub>2</sub>e/ton of chips, respectively.

The cumulative carbon footprint reduction from 2017 to 2023 due to using recycled PET chips was 147.3 million tons CO<sub>2</sub>e



## STK'S CARBON FOOTPRINT INDEX IN 2023 AS BELLOWS:

### Carbon emissions (Schneider Electric)

	Consumption amount in 2023	Emission factor CO <sub>2</sub> (Schneider Electric)	Carbon emissions 2021	Carbon emissions 2022	Carbon emissions	Increase/Decrease (%) 2023/2022
<b>Electricity Consumption volume</b>	106,053 MWh/year	2023	57,081 (tCO <sub>2</sub> e/year)	56,545 (tCO <sub>2</sub> e/year)	45,802 (tCO <sub>2</sub> e/year)	-19%
<i>In which, carbon emission per 1 kilogram of polyester filament yarn (Scope 2)</i>						
<b>DTY</b>	1.82 kwh/kg	0.432 (kgCO <sub>2</sub> e/kWh)	0.67 (kgCO <sub>2</sub> e/kWh)	0.69 (kgCO <sub>2</sub> e/kWh)	0.79 (kgCO <sub>2</sub> e/kWh)	+14.3
<b>FDY</b>	1.12 kwh/kg	0.432 (kgCO <sub>2</sub> e/kWh)	0.45 (kgCO <sub>2</sub> e/kWh)	0.45 (kgCO <sub>2</sub> e/kWh)	0.48 (kgCO <sub>2</sub> e/kWh)	+6.6%
<b>POY</b>	1.01 kwh/kg	0.432 (kgCO <sub>2</sub> e/kWh)	0.39 (kgCO <sub>2</sub> e/kWh)	0.40 (kgCO <sub>2</sub> e/kWh)	0.44 (kgCO <sub>2</sub> e/kWh)	+8.1%

**Notes:** Electricity consumption/kilogram of yarn (Electricity consumption does not include solar power because the emission factor of solar power is 0).

### Carbon emissions (The Department of Climate Change - DCC)

	Consumption amount in 2023	Emission factor CO <sub>2</sub> (DCC)	Carbon emissions 2021	Carbon emissions 2022	Carbon emissions	Increase/Decrease (%) 2023/2022
<b>Electricity Consumption volume</b>	106,053 MWh/year	0.6766 (tCO <sub>2</sub> e/MWh)	89,402 (tCO <sub>2</sub> e/year)	88,587 (tCO <sub>2</sub> e/year)	71,756 (tCO <sub>2</sub> e/year)	-19%
<i>In which, carbon emission per 1 kilogram of polyester filament yarn (Scope 2)</i>						
<b>DTY</b>	1.82 kwh/kg	0.6766 (kgCO <sub>2</sub> e/kWh)	1.05 (kgCO <sub>2</sub> e/kWh)	1.08 (kgCO <sub>2</sub> e/kWh)	1.23 (kgCO <sub>2</sub> e/kWh)	+14.3
<b>FDY</b>	1.12 kwh/kg	0.6766 (kgCO <sub>2</sub> e/kWh)	0.71 (kgCO <sub>2</sub> e/kWh)	0.71 (kgCO <sub>2</sub> e/kWh)	0.76 (kgCO <sub>2</sub> e/kWh)	+6.6%
<b>POY</b>	1.01 kwh/kg	0.6766 (kgCO <sub>2</sub> e/kWh)	0.61 (kgCO <sub>2</sub> e/kWh)	0.63 (kgCO <sub>2</sub> e/kWh)	0.69 (kgCO <sub>2</sub> e/kWh)	+8.1%

**Notes:** Electricity consumption/kilogram of yarn (Electricity consumption does not include solar power because the emission factor of solar power is 0).

The carbon footprint in terms of electricity consumption per kilogram of DTY and FDY and POY yarn increased as compared to 2022 (POY increased by 8,1%, DTY increased by 14,3%; FDY increased by 6,6%), primarily because the Company has not reached production efficiency according to the set quality KPIs in the year along with the production of more special yarns, leading to higher energy consumption per unit of product.

## CARBON FOOTPRINT REDUCTION GOAL

### 1. THROUGH USING RENEWABLE ENERGY- SOLAR ENERGY

Rooftop solar project at Cu Chi and Trang Bang factories with a capacity of 7.4 Mwp. The company has cooperated with a partner to install rooftop solar power systems for both Cu Chi and Trang Bang factories since 2020. In the coming time, the Company plans to increase the proportion of renewable energy use by signing with a strategic partner to deploy rooftop solar power projects at Unitex factory and DDPA<sup>1</sup> projects at Trang Bang and Unitex factories.

From the beginning of the project to the end of 2023	
Amount of CO <sub>2</sub> (tons) reduced by the solar system	25,262
Electricity generated by solar system (Mwh)	18,870
From 2024 to the end of the project lifecycle	
Amount of CO <sub>2</sub> (tons) reduced by the solar system	926,152
Electricity generated by the solar system (Mwh)	691,817
Amount of CO <sub>2</sub> (tons) reduced by the solar system (DPPA TB)	2,259,099
Electricity generated by the solar system (Mwh)(DPPA TB)	1,687,500
Total CO <sub>2</sub> reduction:	
Amount of CO <sub>2</sub> (tons) reduced by the solar system	3,185,252
Electricity generated by the solar system (Mwh)	2,379,317

**Note:** Indefol/Aurora emission factor: 1.3387ton CO<sub>2</sub>e/Mwh

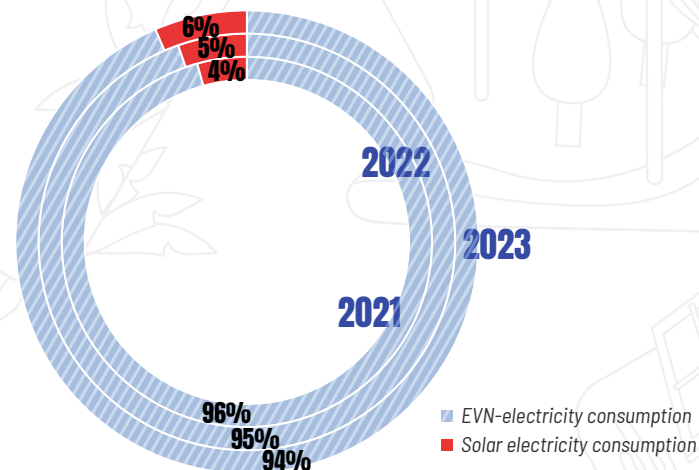
### 2. THROUGH LIFTING THE TARGETED CONTRIBUTION OF RECYCLED YARN IN TOTAL SALES REVENUE BY 2026-2027

The company aims to increase the proportion of consumption of environmentally friendly products- "Recycle yarn," from 49.5% in 2023 to 60%-70% in 2026-2027 in existing factories.

	2023	2026-2027
The proportion of Recycled yarn in total sales revenue	49.5%	60%-70%
The amount of CO <sub>2</sub> (tons) can be reduced by using recycled materials - Recycle PET chips from post-consumer-used plastic bottles.	20.35 million tons	around 123.05 million tons

<sup>1</sup> DPPA (Direct Power Purchase Agreement) is a direct agreement between the power producer and the power buyer on the purchase and sale of electricity without going through EVN's power companies. This contract is bilateral; the electricity price and duration are agreed upon by both parties. Therefore, businesses can manage electricity price fluctuations, reduce the amount of electricity bills, and enhance their reputation.

Electricity consumption proportion in the period 2021-2023



### 3. PARTICIPATE IN CARBON DATA REPORT AND ASSESSMENT INVENTORIES

In 2022, in order to improve and monitor activities related to environmental impact, the Company has participated in the Carbon Disclose Project (CDP) program. The company provides relevant information and data through detailed questionnaires on climate change topics (emission data scope 1,2,3), announcement of system administration methods for identifying risks and opportunities of the enterprise, corporate governance mechanism, matters of energy consumption and development strategy of the Company.



With the above results, the Company has identified areas where it needs to improve in the coming time: increasing the reliability of carbon footprint scope 1,2 and 3 emissions data through assessment and certification by reputable organizations, strengthening the implementation of energy planning and energy efficiency initiatives at the organization, increasing the engagement of supply chain participation in the commitment to reduce carbon emissions and the strategy to combat climate change.

In 2023, the Company continued to publish its carbon data on CDP's portal. Periodic publication and scoring by CDP will help the Company identify the current status of the fields, encourage the Company to measure and manage environmental impacts, and assist the Company in setting up integrated strategies for economics and environmental protection toward the common goal of net zero in 2050.

No	Categories	2022 Scoring	2023 Scoring
1	Value chain engagement	B	C
2	Targets	B-	C
3	Scope 3 emissions (incl. verification)	D	D-
4	Scope 1 & 2 emissions (incl. verification)	D	C
5	Risk management processes	B-	C
6	Risk Disclosure	B	C
7	Opportunity Disclosure	B	C
8	Governance	A-	C
9	Energy	B-	C
10	Emissions reduction initiatives	A-	D
11	Business Strategy, Financial Planning & Scenario Analysis	A-	C

Most of the categories evaluated by CDP have decreased their scores in 2023. The reason is that CDP updated new scoring criteria yearly, while STK's feedback to CDP in 2023 remained almost the same as in 2022. In addition, CDP's questionnaire in 2023 has updated some new questions, but the Company still needs to update them in time and has yet to respond to those questions to CDP. One of CDP's criteria is comprehensive and detailed disclosure. Incomplete disclosure may be the reason for a score decrease in 2023. In addition, CDP will change the scoring criteria each year to motivate companies to disclose their impacts on the environment and natural resources and take action to reduce negative impacts. In 2024, STK will closely follow CDP's guidance in responding to questions and providing detailed and complete information according to CDP's regulations. At the same time, The Company will focus more on categories with high-scoring weights, such as Targets, Scope 1 & 2 emissions, and Governance, and pay more attention to categories that were significantly decreased in 2023, such as Emissions reduction initiatives, Business Strategy, Financial Planning & Scenario Analysis



#### 4. WE SIGNED THE SBTI COMMITMENT WITH A BRAND CUSTOMER



# SCIENCE BASED TARGETS

## DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

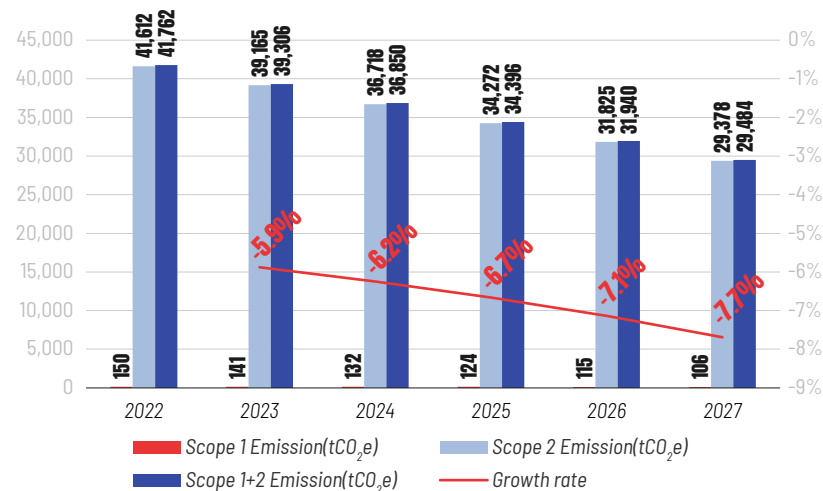
In addition, the Company's Trang Bang Factory has joined with Decathlon brand to commit to SBTi<sup>1</sup> in 2023, accompanying this brand in setting greenhouse gas reduction goals. STK recognized the critical role of the business communities in minimizing the risks caused by climate change to the planet's future.

Details of the SBTi commitment between Decathlon and the company's Trang Bang factory. The target is to reduce greenhouse gas emissions by 2027.

Base year 2022		Target year 2027	
Scope 1 Emission (tCO <sub>2</sub> e)	150	Scope 1 Emission (tCO <sub>2</sub> e)	106
Scope 2 Emission (tCO <sub>2</sub> e)	46,612	Scope 2 Emission (tCO <sub>2</sub> e)	29,378

<sup>1</sup> SBTi stands for "Science Based Targets Initiative." SBTi's goal is to ensure that businesses, organizations, and governments establish their greenhouse gas reduction targets based on the science of climate change.

#### COMMITMENT TO REDUCE GHG OF STK'S TRANG BANG FACTORY



The Company provided data about the energy consumption of the Trang Bang factory on the "Resource Advisor" platform to verify whether the greenhouse gas reduction results at the factory are following the commitment roadmap. This disclosure will help the Company make timely and appropriate adjustments to achieve its initial commitment to reduce emissions.

## 5. ENERTEAM'S PROPOSALS ON SOLUTIONS TO CUT ELECTRICITY CONSUMPTION AND REDUCE GREENHOUSE GAS EMISSION

No	Solutions	Annually electricity saving (kWh)	Reduce GHG emissions				Saving (million VND/year)	Investment (Million VND)	Payback Period (Years)
			Scope 1 (tons CO <sub>2</sub> e)	Scope 2 (tons CO <sub>2</sub> e)	Total (tons CO <sub>2</sub> e)	Emission reduction rate			
1	Using high-performance LED lights	63,878	-	43.2	43.2	0.08%	115	62	0.5
2	Replacing belt drive fans with direct drive fans	127,258	-	86.1	86.1	0.16%	228	Not much	Immediately
3	Installing inverters to control the oil suction fans	197,012	-	133.3	133.3	0.25%	354	45	0.1
4	Reducing the inlet temperature of the air compressor at TB 3&4	225,400	-	152.5	152.5	0.29%	405	0	Immediately
5	Using electromagnetic induction heating instead of resistance	296,609	-	200.7	200.7	0.38%	532	1,102	2.1
6	Installing inverter to control pump/fan in AC areas	1,490,603	-	1,008.5	1,008.5	1.91%	2,676	859	0.3
7	Energy efficient controls for cooling tower pumps and fans	595,143	-	402.7	402.7	0.76%	1,068	477	0.4
8	Building an energy management system	838,158	-	567.1	567.1	1.07%	1,504	532	0.4
9	Buying carbon credits or purchasing electricity from renewable energy electricity suppliers	-	-	13,329.0	13,329.0	25.19%	-	296	-
<b>Total</b>		<b>3,834,061</b>	<b>-</b>	<b>15,923.1</b>	<b>15,923.1</b>	<b>30.10%</b>	<b>6,882</b>	<b>3,372</b>	<b>-</b>
<b>Savings rate/Emission reduction rate</b>		<b>4.57%</b>	<b>-</b>	<b>30.18%</b>	<b>30.10%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: 2023 GHG inventory report for Trang Bang factory by ENERTEAM

Proposed implementation time of GHG reduction solutions:

No	Solutions	The duration of implementing solutions	
		The start time	The completion time
<b>Priority 1</b>			
1	Using high-performance LED lights	1/4/2024	1/4/2027
2	Replacing belt drive fans with direct drive fans	1/4/2024	1/5/2030
3	Installing inverters to control the oil suction fans	1/4/2024	1/8/2024
4	Reducing the inlet temperature of the air compressor at TB 3&4	1/4/2024	1/8/2024
5	Building an energy management system	1/4/2024	<b>1/1/2026</b>
6	Energy efficient controls for cooling tower pumps and fans	1/4/2024	1/4/2025
7	Installing inverter to control pump/fan in AC areas	1/4/2024	1/5/2025
<b>Priority 2</b>			
8	Using electromagnetic induction heating instead of resistance	1/4/2025	1/4/2027
<b>Priority 3</b>			
9	Buying carbon credits or purchasing electricity from renewable energy electricity suppliers	1/4/2027	1/4/2028

### PARAMETERS AND RESULTS OF EMISSION MONITORING IN 2023

(See more results of [air quality monitoring](#) in [Appendix 1](#))

# EFFLUENT AND SOLID WASTES (GRI 306)

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

		Unit	2016	2017	2018	2019	2020	2021	2022	2023
Wastewater	Cu Chi	m <sup>3</sup>	6,137	6,188	6,173	8,304	5,843	8,607	5,541	4,885
	Trang Bang 1, 2	m <sup>3</sup>	9,462	12,988	11,222	9,496	14,907	11,802	13,744	12,481
	Trang Bang 3	m <sup>3</sup>	17,724	12,786	9,537	8,817	13,520	8,224	13,807	11,015
	Total	m <sup>3</sup>	33,323	31,961	26,932	26,617	34,269	28,633	33,092	28,380

The Company's wastewater comes from two primary sources: domestic wastewater from employees and production wastewater. In 2023, there was a contraction of production at the Cu Chi factory from Q3.2022 to the end of 2023; output decreased by 25% over the same period, indirectly reducing the Company's water usage from 245.8 thousand m<sup>3</sup> in 2022 to 211.6 thousand m<sup>3</sup> in 2023, equivalent to a decrease of 14%. In addition, the Company continued to maintain water-saving policies that reduce the amount of water used, leading to lower wastewater volume in 2023.

## THE PARAMETERS AND RESULT OF WASTEWATER INSPECTION IN 2023:

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

## TOTAL AMOUNT OF WASTE BY TYPE AND TREATMENT METHODS (GRI 306-2)

Waste types	Hazardous waste code	Quantity (kg)	Organizations and individuals receiving waste
<b>TRANG BANG</b>			
Fuel oil	170601	29,548	Sen Vang Environmental Company Limited Moi Truong Xanh Vietnam Joint Stock Company Tan Thien Nhien Environmental Joint Stock Company
Metal waste rigid packaging	180103	196	
Plastic waste rigid packaging	180103	43,760	
Membrane	070109	0	
Rubbish dust	180201	1,240	
Waste bulbs	160106	0	
Waste ink cartridges	080204	0	
<b>Total quantity</b>		<b>74,690</b>	
<b>CU CHI</b>			
Plastic waste rigid packaging	180103	7,620	Sen Vang Environmental Company Limited
Metal waste rigid packaging	180102	210	
Waste oil	170601	2000	Moi Truong Xanh Vietnam Joint Stock Company
<b>Total quantity</b>		<b>8,830</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 has signed contracts with waste collecting Companies, in which:
  - *Collection, transportation and treatment of hazardous waste – Responsible Service: Sen Vang Environmental Company Limited, Moi Truong Xanh Vietnam Joint Stock Company, and Tan Thien Nhien Environmental Joint Stock Company.*
  - *Collecting, transporting and treating domestic and industrial solid waste – responsible Service: Cuchi District Public Services Company Limited. and Hien Luong Garbage Collection One Member Limited Company.*
- The Company also makes the waste management report and submits it to the department of natural resources and environment of Ho Chi Minh city and Tay Ninh province.
- The Company registered as the hazardous waste owner with registration no.- QLCTNH79,002938, T (3rd issuance).

## SIGNIFICANT SPILLS (GRI 306-3)

- The Company did not have any record of chemical spilling or wastewater leaking in 2023.
- 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.

## TRANSPORT OF HAZARDOUS WASTE (GRI 306-4)

- For hazardous waste, the Company has separate storage with a hazardous warning sign under the regulations.
- For hazardous waste, the Company has separate storage with a hazardous warning sign under the regulations.
- The Company signs contract with hazardous waste-collecting Companies – Tan Thien Nhien Environment Ltd, Company to collect and process the hazardous wastes – refer further to [THE TOTAL VOLUME OF WASTES BY TYPES AND TREATMENT APPLICATIONS \(GRI 306-2\)](#).



## ENVIRONMENT COMPLIANCE (GRI 307)

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

- As shown in the environmental measurement reports which are prepared quarterly (conducted 4 times/year) and the annual environmental impact assessment of STK, measured environmental indicator are within the acceptable range under environmental laws.
- The Industrial Management Board and local environmental officers did not record any violations of environmental regulations.
- The cases of violation of environmental regulations and laws: **0 case.**

Occurrence of violations on OSH, Fire Prevention and Environment when the inspection team of the State agency came to inspect the company: 0 cases;

## ENVIRONMENTAL PROTECTION TARGETS IN 2024

The reuse rate of POY paper tubes is 3.0 times;

Target water consumption level  $m^3/kg$  yarn: 0.0023;

H<sub>2</sub>O

NATURAL 100%

The portion of renewable energy in the total energy used is 10%;

The contribution of recycled yarn in total sales revenue is 53.25%;

Circulated water accounts for 2% of the total amount of water used;

Target electricity consumption kW/kg yarn:  
POY: 1.26kW/kg yarn; DTY: 1.86 kW/kg yarn; FDY: 1.41 kW/kg yarn

# LABOUR AND SOCIAL RESPONSIBILITY - GRI 400



“Continuously improving labor policies, improving working skills and developing careers for employees, the Company focuses on attracting and maintaining a stable workforce for production activities”

## 2023 objectives

- Ensuring welfare policy for employees; reduce employee turnover rate;
- Increasing average training hours; developing many advanced training programs for employees;
- Creating promotion opportunities for employees; reducing the number of cases of labor accidents and occupational diseases;
- Ensuring that all employees are equipped with occupational safety-sanitation-knowledge and a safe working environment for employees;
- Providing quality and safe products for customers;
- Local community development; ensuring anti-corruption;
- Employee turnover rate 25%;
- Failed recruitment rate 20%;
- Meeting 95% of human resource needs;
- Salary Budget Management 97%;

## 2023 results

- Tet bonus for more than 1 month's average salary for employees;
- The employee turnover rate in 2023 is 46.7% compared to 42.5% in 2022. The average training hours decreased by 18.6% compared to the previous year;
- Organizing more than 38 training courses to improve employee skills; the ratio of employees assessed for career development is 89.5%;
- Number of accidents and occupational diseases: 0 cases; rate of employees trained in occupational safety, health and hygiene: 100%;
- The inspection report results are qualified with the standards of the working environment according to the regulations of the State;
- There have been no incidents of non-compliance regarding the health and safety impacts of products and services;
- Number of corruption cases: 0 cases;
- Employee turnover rate 46,7%;
- Failed recruitment rate 24,7%;
- Meeting human resources needs 79,3%;
- Salary Budget Management 97%;

## 1. The management approach (GRI 2-12)

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

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

<b>POLICIES</b>	<ul style="list-style-type: none"> <li>Recruitment policy and procedure at the Company;</li> <li>Reward regulations in 2023;</li> <li>Training plan in 2023;</li> <li>Safety - hygiene - labor policies according to GRS 4.0 standards;</li> <li>Regulations on occupational safety according to Decree 44/2016/ND-CP;</li> <li>Procedures and policies of the system ISO 9001-2015, GRS v4.0, 5s, Reach 168, OEKO - TEX 100;</li> <li>Local community development policy according to GRS v4.0 social responsibility standards;</li> </ul>
<b>COMMITMENTS</b>	<ul style="list-style-type: none"> <li>The Company commits to provide a transparent recruitment process and an impartial working environment to the candidates;</li> <li>The Company commits to provide the most comfortable and safest working environment to all employees;</li> <li>The Company commits to provide high quality and safe products to customers;</li> <li>The Company commits to contribute to the development of the local community where the Company is operating;</li> </ul>
<b>GOALS AND TARGETS</b>	<ul style="list-style-type: none"> <li>Ensuring stable human resources for the Company;</li> <li>Conserving and developing stable human sources with good working skills for the Company;</li> <li>Reducing the labor safety risks for employees working at the Company;</li> <li>Satisfying the customer demand and enhancing the Company's prestige in the market;</li> <li>Enhancing the average income, improving knowledge level and the living conditions of local workers;</li> </ul>
<b>RESPONSIBILITIES</b>	<ul style="list-style-type: none"> <li>General City Director, Board of management</li> </ul>
<b>MANAGEMENT RESOURCES</b>	<ul style="list-style-type: none"> <li>Administration team, Human resources team, Training team, Board of management, ISO team, production team, Recruitment team, Full-time in-charge person of occupational health and safety, health and safety network, Trade Union.</li> </ul>
<b>GRIEVANCE MECHANISMS</b>	<ul style="list-style-type: none"> <li>Human resources team;</li> </ul>

## 2. Evaluation of the management approach (GRI 2-18)

- Due to the problematic situation in Vietnam's textile and garment industry, and STK being no exception, in 2023, the Company did not have a salary increase policy for employees. Weak market demand also caused low output and low wages for production groups. In addition, as several employees with high seniority quits their jobs, the average income of employees in 2023 decreased slightly by 0.6% compared to 2022. The Company always creates convenient working environment, encourages and improves employees' living standards, creating opportunities for employees to work as well as aligning with the Company's interests with employees.
- The staff turnover rate in 2023 was 46.73%, fluctuating quite strongly compared to the target of 25%, mainly due to the downsizing of the Company's total production scale as a result of the market downturn.
- The training programs/courses organized by the Company helped enhancing employees' productivity and achieving the Company's targeted KPIs.
- The number of labor accidents recorded as well as the average overtime working hours of employees decreased significantly over the years;
- Community and local contributive activities were executed through sponsoring scholarship funds at local vocational schools and creation of more jobs for local workers by the Company's new projects.



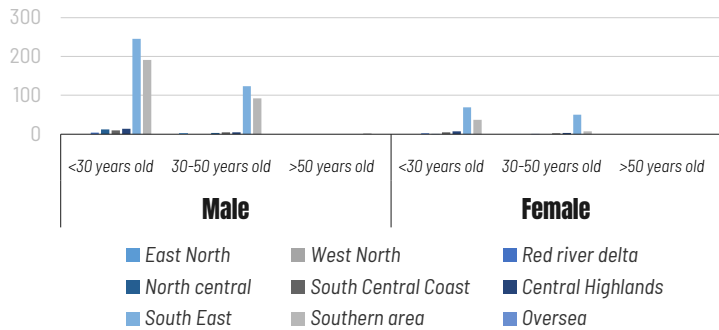
# EMPLOYMENT (GRI 401)

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

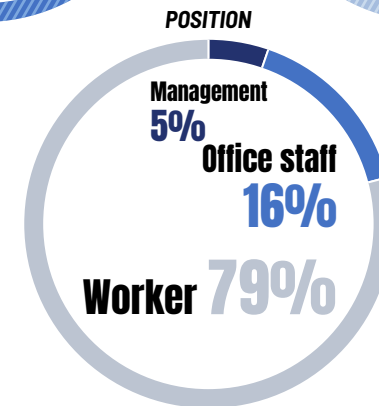
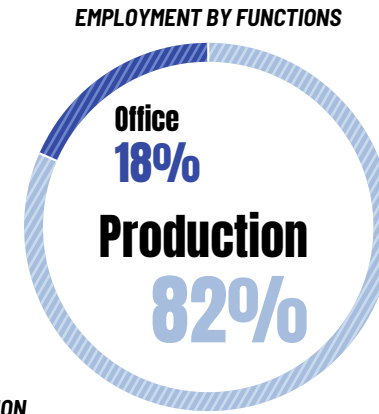
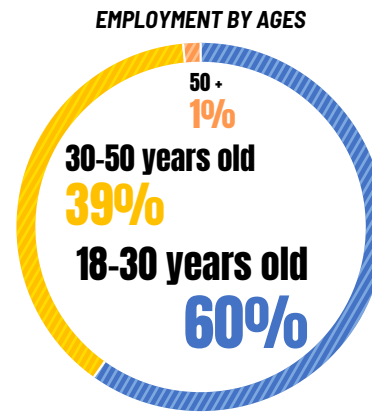
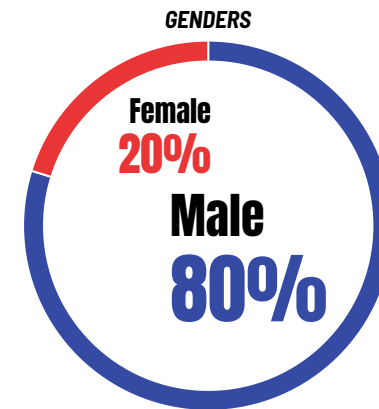
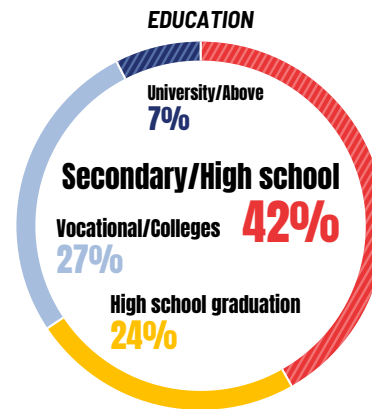
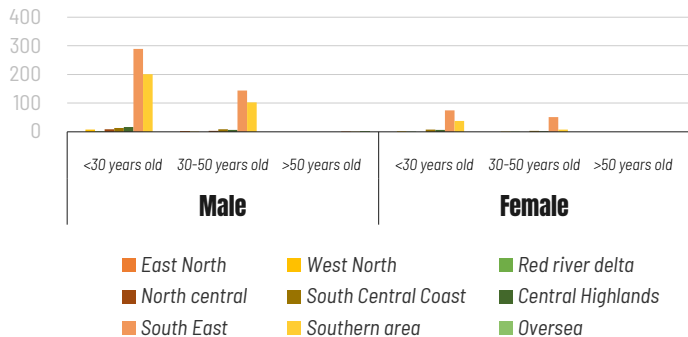
In 2023, the difficulties of the global economy continued, and the market demand for the fashion industry was still weak, leading to a lack of new orders. Coping with that situation, the Company has narrowed the production scale at Cu Chi factory (from Q3/2022) and Trang Bang factory. The downsizing of the Company's total production scale led to reduced number of working hours, which means employees' income is lower than before. Many employees have chosen to quit their jobs to find other jobs with higher incomes than the old ones. In addition, in 2023, the Company applied an automatic packaging and quality control system. This system helps shortening time compared to conventional packaging, significantly reducing the workforce for packaging. Despite the fact that the impact was not much, it was also a reason to explain the decrease in number of headcounts in 2023.



THE TOTAL NUMBER OF NEW HIRES IN THE REPORTING PERIOD



THE NUMBER OF EMPLOYEES LEAVING IN REPORTING PERIOD









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

### **POLICY ON WORKING TIME**

- The company does not use part-time and temporary employees.
- The Company commits that all of the Company's employments adhere to Vietnam's labor law.
- 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 the nature of production (24 hours per day), the production staff will work on Sundays, holidays, and the TET festival on 03 shifts. The workers will then have compensatory leaves on other days in a week.
- At some points in time, due to the need to speed up production schedule or, fulfill contracted orders or other unplanned requirements, working overtime is performed in accordance with the following principles: (1) Based on worker's voluntary; (2) Not frequent and not over 12 hours per week; (3) Total number of over-times working hours should not exceed 200 hours per year; (4) Salary paid for over-time working should be higher than the one for official working time and complies with the laws.

### **BASIC SALARY POLICY**

- The Company always sets and updates salary scales based on a prevailing minimum basic salary of the region and regulations. The basic salary is updated annually to be aligned with the market conditions and the government regulations
- The basic salary to calculate insurance contribution is based on the Company's salary scales.
- Commitment not to apply the form of deduction of staff salaries for labor disciplinary measures, except for material compensation for causing damage according to the judgment of the Board of Disciplinary of Company and the Trade Union at the grassroots level.

### **BONUS POLICY**

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

- *Performance bonus*
- *Bonus for compliance with working rules*
- *Bonus for the fulfillment of duties*
- *Extra performance bonus for production workers*
- *Bonus paying in kind*
- *Extra performance bonus for sales staff*
- *Extra performance bonus for purchasing staff*
- *Extra performance bonus of stevedoring/ warehouse/ forklift truck driver's positions*
- *Bonus on national holidays*

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

- *Tet holidays bonus*
- *Bonus on annual business performances;*

### **INSURANCE POLICY**

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

### **WELFARE POLICY**

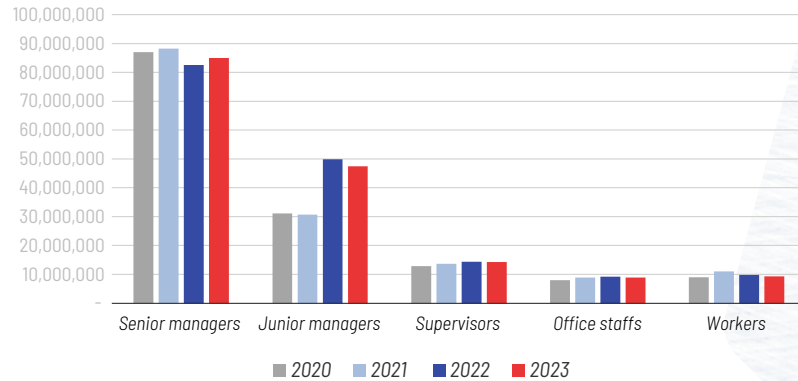
- Provision of free accommodation to the employee whose home is more than 30 kilometers from the workplace.
- The Company also provides meals between work shifts, supplementary foods and drinks for heavy and/or hazardous jobs, annual leaves, periodic health examination... and all kinds of allowances: night shift, phone bill, gasoline, etc.
- The Company signed and registered the collective labor agreement with the Labor Administration Authority in accordance with the laws.
- At STK, all the policies on salaries, bonuses, rewards and welfares are promulgated in writing and reflected fully in the collective labor agreement, in accordance with the current regulations and announced publicly.
- Vacation trip to all employees.

### **ACTUAL SALARY POLICY**

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



### AVERAGE INCOME OF EMPLOYEES AT STK (VND/YEAR)



The average income of the Company's production workers in 2023 decreased by 5.8% compared to 2022, mainly because the Company narrowed production activities at Cu Chi factory from Q3.2022 to the end of 2023. Thus, total output and production efficiency in 2023 were lower than in 2022, while the income of the production workers depended on output. Low output in 2023 led to lower incomes in the production sector.

In 2023, although the world economy recovered, the recovery speed was still slow, the inflation rate remained high, and brands' inventories tended to decrease from 2023. There were not many new orders, which also directly affected Vietnam's textile and garment industry. Although 2023 is an unfavorable market condition year, the Company still strived to maintain production and business activities, preparing for new opportunities when the textile and garment industry is expected to recover in 2024. Besides, the Company always pays on-time salaries and bonuses for employees and ensures job security and stability.

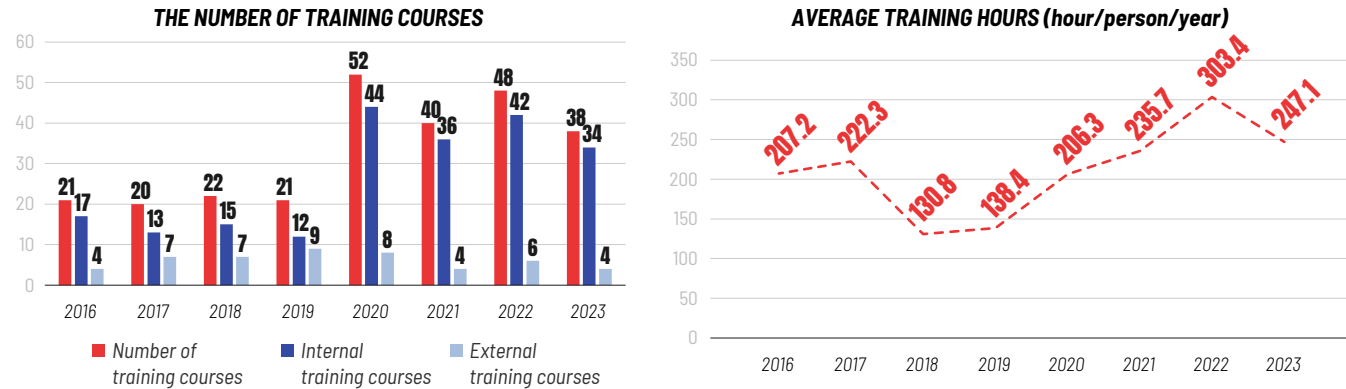
### MATERNITY LEAVING (GRI 401-3)

Total number of employees that were entitled to maternity leave, by gender	Male	31
	Female	17
Total number of employees that took maternity leave, by gender	Male	31
	Female	19
Total number of employees that returned to work in the reporting period after maternity leave ended, by gender	Male	31
	Female	4
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	23
	Female	3
The return-to-work rate or the employee's retention rate after maternity leave	Male	87%
	Female	19%

# TRAINING AND EDUCATION (GRI 404)

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

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



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

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

Training form: internal training and external training.

In addition to the standard training programs, in 2023 the Company offered special training courses as follows:

Training courses	Trained divisions	Training hours (hours)	Number of participants (person)						Form of training	
			Managers		Office staffs		Workers		Internal	External
			QTY	TIME	QTY	TIME	QTY	TIME		
Skill training for new joiners in the production	POY division	332.8					647	215322	1	
Training of Company's internal regulation for new joiners	All	0.5	10	5	103	51.5	754	377	1	
Training on occupational safety standards according to SOP - POY division	POY division	0.33					171	57	1	
Training on chemical safety standards according to SOP - POY division		0.33					171	57	1	
Training on fire safety standards according to SOP - POY division		0.33					171	57.0	1	
Training standards on 5S POY division		0.25					171	42.8	1	
Training regulations on respecting production products POY		0.25					171	42.8	1	

Training courses	Trained divisions	Training hours (hours)	Number of participants (person)						Form of training	
			Managers		Office staffs		Workers		Internal	External
			QTY	TIME	QTY	TIME	QTY	TIME		
Training on occupational safety standards according to SOP - DTY division	DTY division	0.33					487	162.3	1	
Training on chemical safety standards according to SOP - DTY division		0.33					487	162.3	1	
Training on fire safety standards according to SOP - DTY division		0.33					487	162.3	1	
Training standards on 5S SX DTY		0.25					487	121.8	1	
Training on regulations on respecting production products DTY		0.25					487	121.8	1	
Training on occupational safety standards according to SOP - QC	Quality Control	0.33					71	23.7	1	
Training on chemical safety standards according to SOP - QC		0.33					71	23.7	1	
Training on fire safety standards according to SOP - QC		0.33					71	23.7	1	
Training standards on 5S QC		0.25					71	17.8	1	
Training on Regulations on Product Respect QC		0.25					71	17.8	1	
Training on occupational safety standards according to SOP - Electrical	Utility	0.33					25	8.3	1	
Training on chemical safety standards according to SOP - Electrical		0.33					25	8.3	1	
Training on fire safety standards according to SOP - Electrical		0.33					25	8.3	1	
Training standards on 5S - Electricity		0.25					25	6.3	1	
Training on Regulations on respecting products - Electricity		0.25					25	6.3	1	
Training on occupational safety standards according to SOP - Office	Office	0.33	10	3.3	103	34.3			1	
Training on chemical safety standards according to SOP - Office		0.33	10	3.3	103	34.3			1	
Training on fire safety standards according to SOP - Office		0.33	10	3.3	103	34.3			1	
Training standards on 5S Office		0.25	10	2.5	103	25.75			1	
Training Regulations on respecting products-Office		0.25	10	2.5	103	25.75			1	





Training courses	Trained divisions	Training hours (hours)	Number of participants (person)						Form of training	
			Managers		Office staffs		Workers		Internal	External
			QTY	TIME	QTY	TIME	QTY	TIME		
Social policies	All	0.25			145	71	783	195.75	1	
Fire protection training	All	8					60	480		1
First Aid Training	All	8					60	480		1
Occupational safety training for groups 1 - 4	All	8					660	5280		1
Chemical Safety Training	All	16					30	480	1	
Advanced training, multi-skilled training QC	All	332.8					2	665.6	1	
Multi-skilled training FDY WINDER	All	56					3	168	1	
Training on production differences between Cu Chi and Trang Bang plants	All	56					9	504	1	
Multi-skilled training DTY	All	56					50	2800		
POY production process training	Sales	1.5			34	51			1	
DTY production process training	Sales	1.5			34	51			1	
Training course about improving management skills	All	24	42	1008						1

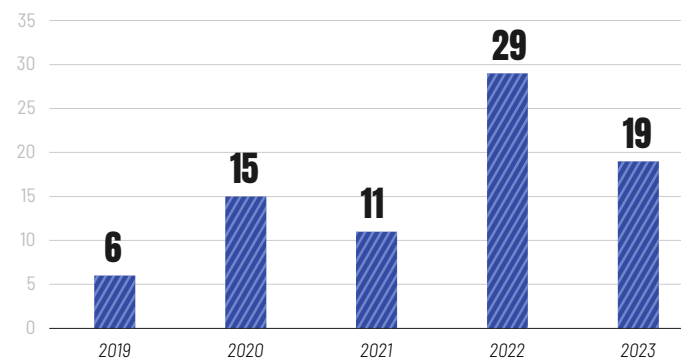
## PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS (GRI 404-3)

### Promotion policy:

- STK always encourages and maintains a fair promotion policy for all employees.
- Qualified employees can apply for higher positions. The HR department will coordinate with the manager to monitor, orient and evaluate the candidate's ability for a new position. If their skills reach 70% of the standards, they will be trained and placed on probation for 2 or 3 months before being officially appointed to higher positions.
- In 2023, 19 employees were promoted to higher positions, 8 at Cu Chi factory and 11 at Trang Bang factory.

The proportion of employees receiving regular performance and career development reviews: 89,5%

THE NUMBER OF PROMOTED EMPLOYEES OVER THE PERIOD (PERSON)

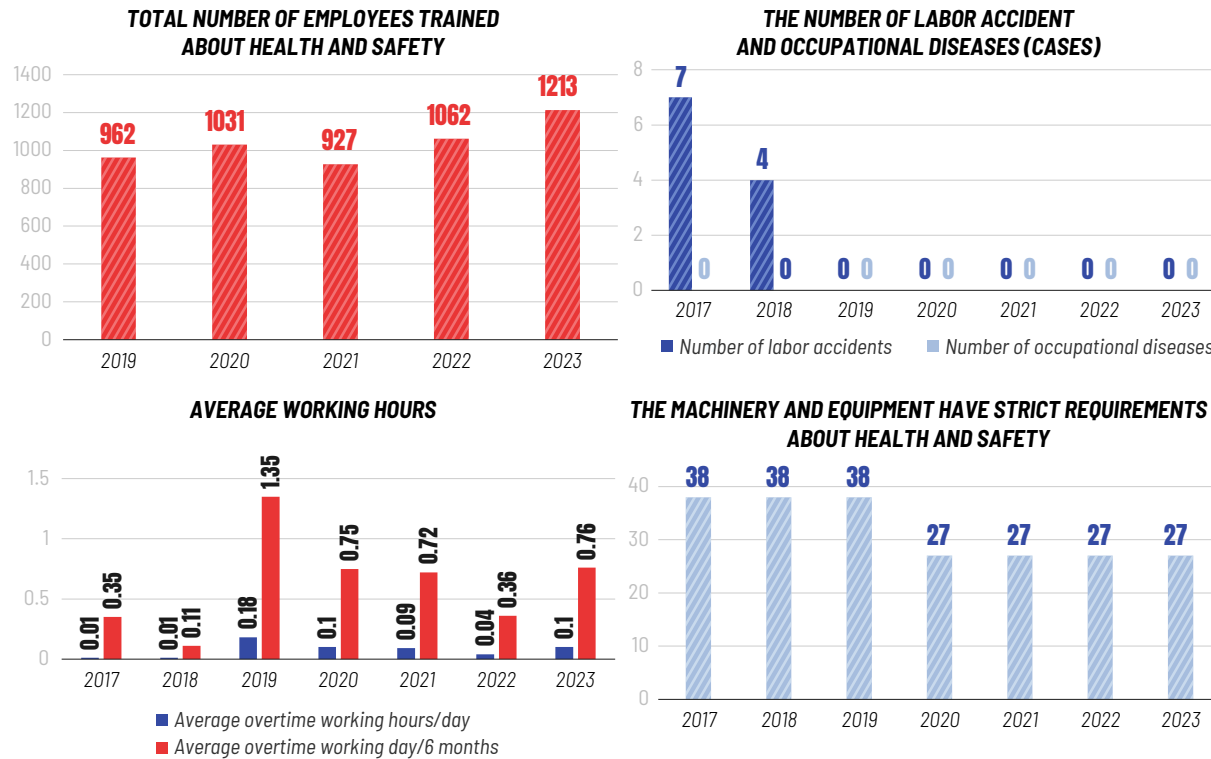


# OCCUPATIONAL HEALTH AND SAFETY (GRI 403)

## WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY (GRI 403-1)

- The Company's health and safety committee consist of one full-time occupational safety officer and the occupational safety network.
- The Company's health and safety committee are responsible to ensure that all production and operation activities at the Company comply with the health and safety regulations and policies.
- Periodically, the occupational health and safety committee will organize training and propaganda regarding labor safety at workplaces, fire drills, first aid drills and periodic health checks for the Company's employees; preparing health and safety report of the Company to submit to the Department of Labor, War Invalids and Social Affairs of Ho Chi Minh City and Tay Ninh about labor safety activities and the number of labor accident cases of the Company.
- + Health and safety network: 38 members (males: 32 people, females: 6 people)
- + The percentage of the Company's employees having representation in the official occupational health and safety committees: 100%.

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



The number of machinery and equipment having strict requirements about safety in 2023 was the same as in 2022. The Company did not have new machinery and equipment with strict requirements on OSH management in 2023.

Number of labor accident in 2023		Type of injury and rate of injury	Occupational diseases rate	Lost days rate	Absenteeism rate	Work-related fatality rate
0 case	Male	None	0%	0%	0%	0
	Female	None	0%	0%	0%	0

(Under the Company's report of occupational health and safety in 2023 to the Department of Labor, War Invalids and Social Affairs of Ho Chi Minh City and Tay Ninh - December 31<sup>st</sup>, 2023).

## WORKING ENVIRONMENT MEASUREMENTS

- STK proactively implements measurement of the working environment to prevent occupational diseases and ensure health for employees.
- In 2023, the Company cooperated with the Southern Environmental Health Joint Stock Company to conduct an assessment of the working environment to identify the risks, hence proposing measures to minimize the impact of these risks in the working environment.

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

### Applicable standards:

- Decision No.3733/2002/QĐ-BYT - Occupational Safety and Health Standards
- Vietnam standard 5508:2009 - microclimate in working place.
- Standard QCVN 24: 2016 / BYT

### The testing result of the working environment measurement report in 2023:

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

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

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



## **CUSTOMER HEALTH AND SAFETY (GRI 416)**

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

STK's commitment to providing high-quality products is demonstrated through strict quality control of raw material input, production process, a quality check of finished products to ensure meeting the order requirements.

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

#### **PURCHASING DEPARTMENT**

They are responsible for checking and taking over raw materials, identifying and eliminating defective materials before production, evaluating the quality of raw materials during production, and requesting the suppliers to fix minor defects to ensure the stability of raw materials and product quality. Besides, the purchasing department has to ensure that raw materials meet the requirements set out in Material Safety Data Sheet (MSDS).

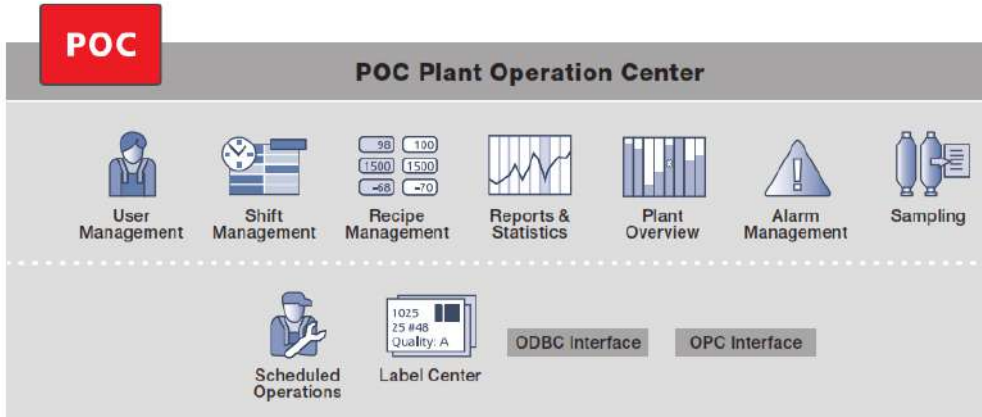
#### **PRODUCTION, MECHANICAL & ELECTRICAL AND MAINTENANCE DEPARTMENTS**

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

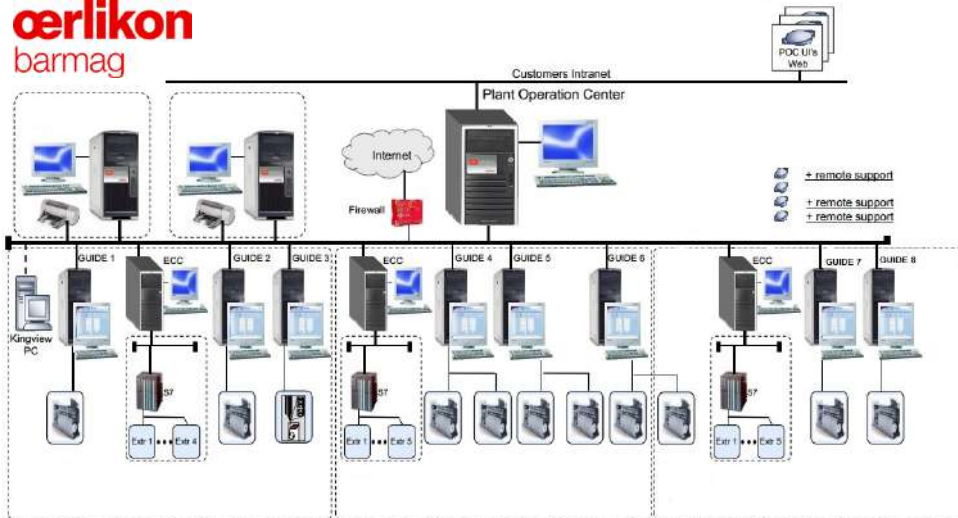
#### **QUALITY CONTROL DEPARTMENTS (QC)**

They have 80 employees who will conduct 100% quality checks for the semi-finished product (POY) and finished product (DTY and FDY). Besides, QC is also responsible for controlling the technical parameters of the machines.

## THROUGH INVESTMENT IN MODERN MACHINERY AND PRODUCTION MANAGEMENT SYSTEM (POC)



**oerlikon**  
barmag



Our existing factories are equipped with machines from Oerlikon Barmag, Germany. The production quality in terms of tension and yarn breakage is monitored by Unitens and actual output is controlled by the Plant Operations Center ("POC"). The POC and Unitens systems are the premise to upgrade our existing factories into smart factories, helping the production department to achieve higher production efficiency by eliminating errors right in the production process.

The collection of production data over time from Unitens and POC will be integrated and gradually transferred to the AI function as the "Smart factory", the system will learn from production experiences based on which it could know exactly what kind of manufacturing defect and how to fix it without direct technical experts onsite, furthermore, Smart factory with AI function could greatly help Company in ensuring product quality by remembering data production over time, it is possible to know exactly which production settings are best for which production products, helping the Company to maintain a consistently high quality in products.

## VIA QUALITY ASSURANCE AUDITING SYSTEMS



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

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

In 2023, the total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period:

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

## LOCAL COMMUNITY (GRI 413)

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

#### 1. Social impact assessments, including gender impact assessments, based on participatory processes:

- Quarterly, the Company carries out periodical dialogue with its employees to share information and to foster better understanding between the employer and the employees to ensure democracy at working place.

#### 2. Environmental impact assessments and ongoing monitoring:

- Periodically, the industrial zone authority will conduct inspection and assessment on the environmental impacts of the Company,
- The Company also proactively makes the environmental inspection report, aiming to ensure that all production and operation activities do not have bad impacts on the environment and the local community.

#### 3. Public disclosure of environmental and social impact assessments:

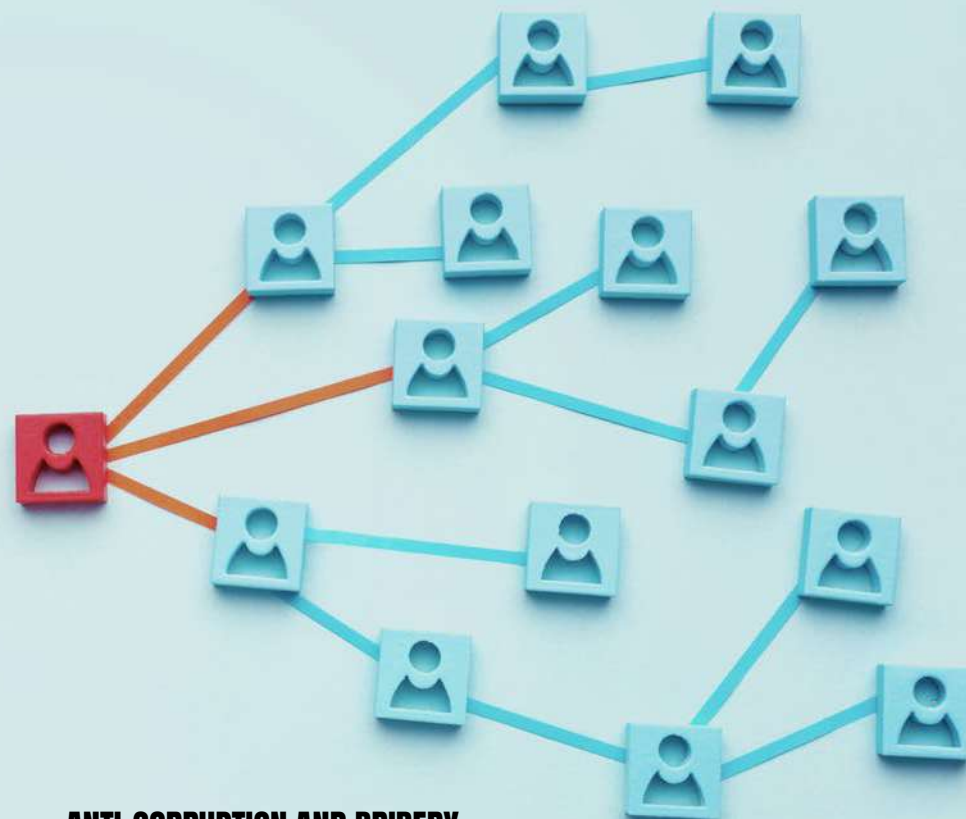
- Reports and related information on environmental and social matters are disclosed publicly on the Company's website - Sustainable development tab.
- Related information on environmental and social matters is also presented in the Annual report and Sustainable report, disclosing to all interested parties.

#### 4. Formal local community grievance processes:

- The Company receives the contributed comments of interested parties (including the local community) via emails and telephone number as posted on the Company's website.

#### 5. Comply and support the government policy:

- STK is committed to and strictly adhered to the government's policies and regulations.
- In addition, with commitments from the General Director, STK has always strictly and fully complied with the requirements regarding social policies, the Laws of Vietnamese and other business codes of conduct:
  - Commitment to comply with the policy of voluntary workers, no deposit, no bond;
  - Commitment to comply with a policy of no child labor;
  - Commitment to comply with a policy of freedom to establish associations and collective negotiation;
  - Commitment to comply with a policy of no discrimination, sexual harassment and abuse;
  - Commitment to a policy on health and occupational safety;
  - Commitment to comply with a policy on salary-reward in accordance with the regulations;
  - Commitment to a policy on working hours and break hours;



### ANTI-CORRUPTION AND BRIBERY

- STK commits to doing business honestly and ethically, acting professionally, fairly and with integrity in all business dealings and relationship.
- In the entire operating system, the Company always ensures compliance with the regulations of the law as well as the basic ethical principles to create integrity in operations.
- Any staff found receiving bribes or improper benefits or asking for personal benefits from customers and suppliers will be strictly disciplined. Periodically, the Company requests its suppliers to sign a commitment for not making bribery to the Company's staffs.

### OPERATIONS WITH SIGNIFICANTLY ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

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



## TRADITIONAL CULTURE OF THE COMPANY

### Evaluation of results 2023

- The Company designed the vision & mission program in 2023, besides with evaluating the performance of each department's work performance, the departments also experienced the opportunity to give a presentation to share more topics about the good and bad virtues of Vietnamese people, thereby applying that useful information to improve the actual working environment inside the Company.

## COMMUNITY SPIRIT/SOLIDARITY OF COMPANY

### Objectives in 2023

- Support to employee having difficult circumstances working at the Company;
- Helping and supporting other colleagues;

### Result in 2023

- Trade Union provided gifts to Company employees: Tet bonuses and Tet gifts for employees;
- Raising funds to support some employees with difficult circumstances after getting traffic accident

### LABOR-COMMUNITY DEVELOPMENT TARGETS IN 2024

Staff turnover rate of 25%;

Unsuccessful recruitment rate of 20%;

Meeting 95% of staffing demand;

Increase average salary by more than 10% for employees;

Management of Salary Budget by 97%;

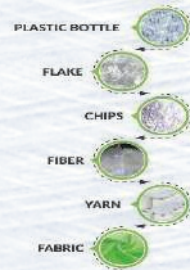


## COMPANY'S GREEN PROJECTS

Towards the green capital market in line with the Company's sustainable development goals, STK has strongly invested and implemented green projects for the purpose of building and developing the Company in the direction of contributing to green growth, enhancing the value of economic development and protect and reduce the impact on the environment, in which:

### RECYCLED YARN

Recycled STK has been producing Recycled Yarn since 2016. In 2023, the proportion of recycled yarn on total sales revenue reached 49.5%. Through the production of recycled yarn, the Company has indirectly recycled 4.6 billion used bottles, contributing to environment protection from plastic bottle waste, which is one of the globe's alarming environmental problems.



### DOPE DYED YARN

The Company continues to develop further dope dye yarn with more colors such as gray, black, and blue navy (dope dyed yarn sales revenue accounted for 0.9% and 0.83% of total revenue in 2022, 2023, respectively), provided more product samples to domestic and export customers. The Dope dyed will meet the market demand for environmentally friendly products. This is also a global trend that top leading fashion brands such as Nike, Adidas, Puma, H&M, and Inditex have been pursuing to limit the disposal of hazardous chemicals to the environment.



### RECYCLING THE WASTE YARN FROM PRODUCTION PROCESSES

The Company has continued to maintain a production line of 1,500 tons of recycled PET chips/ year, raising the Company's profitability, cutting the cost of input material (through recycling waste yarn into PET chips), and protecting the environment. The recycling proportion of wasted yarn reached 82% of the total wasted yarn produced.

### SOLAR PROJECT

Since 2020, the Company has cooperated with a strategic partner to install rooftop solar power systems for Cu Chi and Trang Bang factories. The rooftop solar power system has an actual capacity of 7.4 Mwp/year. By 2023, the rooftop solar power system met about 6% of the Company's electricity needs. The Company plans to expand solar energy capacity by 15 Mwp/year for Trang Bang factory and 15 Mwp/year for Unitex factory through the DPPA project with strategic partners.



## ABBREVIATION LIST

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

NVVP:	OFFICE STAFF
QL:	MANAGERS
SPINNING:	DRAWING MACHINE
SSR:	RESISTOR
STK, CENTURY:	CENTURY SYNTHETIC FIBER CORPORATION
SXKD:	MANUFACTURING AND OPERATION
TCVN:	VIETNAM STANDARD
TCVS:	SANITARY STANDARDS
TCVSLĐ:	LABOR HYGIENE STANDARDS
TGD:	GENERAL DIRECTOR
BOD:	BOARD OF DIRECTOR MEMBERS
BOS:	SUPERVISOR COMMITTEE MEMBERS
TNCN:	PERSONAL INCOME
TNDN:	CORPORATE INCOME
TNHH:	LIMITED
DOPE DYE:	COLOR YARN
CARBON FOOTPRINT:	CO <sub>2</sub> EMISSION
WINDER:	WINDING MACHINE
SGDCK:	STOCK EXCHANGE AGENCY
HOSE:	HO CHI MINH STOCK EXCHANGE
QC:	QUALITY CONTROL
SOP:	STANDARD OPERATION PROCEDURES
PDCA:	PLAN-DO-CHECK-ACT
ESOP:	EMPLOYEE STOCK OWNERSHIP PLAN
DPPA	DIRECT POWER PURCHASE AGREEMENT



# REFERENCE TABLE OF REPORT CONTENTS TO GRI STANDARDS

GRI standards	Disclosure items	Page
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
2-1	Organizational details	
2-2	Entities included in the organization's sustainability reporting	
2-3	Reporting period, frequency and contact point	
2-4	Restatements of information	
2-5	External assurance	
2-6	Activities, value chain and other business relationships	
2-7	Employees	
2-8	Workers who are not employees	
2-9	Governance structure and composition	
2-10	Nomination and selection of the highest governance bod	
2-11	Chair of the highest governance body	
2-12	Role of the highest governance body in overseeing the management of impacts	
2-13	Delegation of responsibility for managing impacts	
2-14	Role of the highest governance body in sustainability reporting	
2-15	Conflicts of interest	
2-16	Communication of critical concerns	
2-17	Collective knowledge of the highest governance body	
2-18	Evaluation of the performance of the highest governance body	
2-19	Remuneration policies	
2-20	Process to determine remuneration	
2-21	Annual total compensation ratio	
2-22	Statement on sustainable development strategy	SUSTAINABILITY DEVELOPMENT MESSAGE FROM MD

GRI standards	Disclosure items	Page
2-23	Policy commitments	
2-24	Embedding policy commitments	
2-25	Processes to remediate negative impacts	
2-26	Mechanisms for seeking advice and raising concerns	
2-27	Compliance with laws and regulations	
2-28	Membership associations	
2-29	Approach to stakeholder engagement	
2-30	Collective bargaining agreements	
<b>GRI 3: MATERIAL TOPICS 2021</b>		
3-1	Process to determine material topics	
3-2	List of material topics	
3-3	Management of material topics	
<b>GRI 200: ECONOMIC STANDARDS</b>		
<b>GRI 201: ECONOMIC PERFORMANCE</b>		
201-1	Direct economic value generated and distributed	
201-2	Financial implications and other risks and opportunities due to climate change	
201-3	Defied benefit plan obligations and other retirement plans	
<b>GRI 202: MARKET PRESENCE</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
<b>GRI 203: INDIRECT ECONOMIC IMPACTS</b>		
203-1	Infrastructure investments and services supported	
203-2	Significant indirect economic impacts	
<b>GRI 204: PROCUREMENT PRACTICES</b>		
204-1	Proportion of purchase from local suppliers	

GRI standards	Disclosure items	Page
<b>GRI 205: ANTI-CORRUPTION</b>		
205-1	Operations assessed for risks related to corruption	
205-2	Communication and training about anti-corruption policies and procedures	
205-3	Confirmed incidents of corruption and actions taken	
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
<b>GRI 300: ENVIRONMENT STANDARDS</b>		
<b>GRI 301: MATERIALS</b>		
301-1	Materials used by weight or volume	
301-2	Recycled input materials used	
301-3	Reclaimed products and their packaging materials	
<b>GRI 302: ENERGY</b>		
302-1	Energy consumption within the organization	
302-3	Energy intensity	
302-4	Reduction of energy consumption	
302-5	Reductions in energy requirements of products and services	
<b>GRI 303: WATER</b>		
303-1	Water withdrawal by source	
303-2	Water sources significantly affected by withdrawal of water	
303-3	Water recycled and reused	
<b>GRI 304: BIODIVERSITY</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
304-2	Significant impacts of activities, products, and services on biodiversity	
304-3	Habitats protected or restored	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	



GRI standards	Disclosure items	Page
<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)	<i>Not applicable</i>
305-7	Nitrogen oxides (NO <sub>x</sub> ) sulfur oxides (SO <sub>x</sub> ), 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	<i>No records</i>
306-4	Transport of hazardous waste	
306-5	Water bodies affected by water discharges and/or runoff	<i>No records</i>
<b>GRI 307: ENVIRONMENTAL COMPLIANCE</b>		
307-1	Non-compliance with environmental laws and regulations	
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
308-1	New suppliers that were screened using environmental criteria	
308-2	Negative environmental impacts in the supply chain and actions taken	<i>No records</i>
<b>GRI 400: SOCIAL STANDARDS</b>		
<b>GRI 401: EMPLOYMENT</b>		
401-1	New employee hires and employee turnover	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
<b>GRI 402: LABOR/MANAGEMENT RELATIONS</b>		
402-1	Minimum notice periods regarding operational changes	<i>The Company commits to notice time in accordance with the labor law</i>

GRI standards	Disclosure items	Page
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>		
403-1	Worker's representation in formal joint management-worker health and safety committees	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
403-3	Workers with high incidence or high risk of diseases related to their occupation	None
403-4	Health and safety topics covered in formal agreements with trade unions	
<b>GRI 404: TRAINING AND EDUCATION</b>		
404-1	Average hours of training per year per employee	
404-2	Programs for upgrading employee skills and transition assistance programs	
404-3	Percentage of employees receiving regular performance and career development reviews	
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>		
405-1	Diversity of governance bodies and employees	
405-2	Ratio of basic salary and remuneration of women to men	
<b>GRI 406: NON- DISCRIMINATION</b>		
406-1	Incidents of discrimination and corrective actions taken	No records
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No records
<b>GRI 408: CHILD LABOR</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	The Company commits not to use employees <18 years old
<b>GRI 409: FORCED OR COMPLUSORY LABOR</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No records
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES</b>		
411-1	Incidents of violations involving rights of indigenous peoples	No records

GRI standards	Disclosure items	Page
<b>GRI 412: HUMAN RIGHTS ASSESSMENT</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	
412-2	Employee training on human rights policies or procedures	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
<b>GRI 413: LOCAL COMMUNITIES</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	
413-2	Operations with significantly actual and potential negative impacts on local communities	No records
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b>		
414-1	New suppliers that were screened using social criteria	
414-2	Negative social impacts in the supply chain and actions taken	No records
<b>GRI 416: CUSTOMER HEALTH AND SAFETY</b>		
416-1	Assessment of the health and safety impacts of product and service categories	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No records
<b>GRI 417: MARKETING AND LABELING</b>		
GRI 417-1	Requirements for product and service information and labelling	
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	No records
GRI 417-3	Incidents of non-compliance concerning marketing communications	
<b>GRI 418: CUSTOMER PRIVACY</b>		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No records
<b>GRI 419: SOCIOECONOMIC COMPLIANCE</b>		
GRI 419-1	Non-compliance with laws regulations in the social and economic area	No records



# APPENDIX 1: AIR MONITORING RESULTS AT THE COMPANY

Parameters and results of air quality monitoring:

COMPANY GATE AREA					
No	Parameter	Standard-QCVN 05:2023/BTNMT	Standard-QCVN 26:2010/BTNMT	Unit	2023
<b>A CU CHI</b>					
1	Temperature	-		°C	30.8
2	Noise level	-	70(")	dBA	68.6
3	Dust	0.3		mg/m <sup>3</sup>	0.22
4	NO <sub>2</sub>	0.2		mg/m <sup>3</sup>	0.164
5	SO <sub>2</sub>	0.35		mg/m <sup>3</sup>	0.075
6	CO	30		mg/m <sup>3</sup>	Not detected
<b>B TRANG BANG 1,2</b>					
1	Temperature	-		°C	31.4
2	Noise level	-	70(")	dBA	66.5
3	Dust	0.3		mg/m <sup>3</sup>	0.27
4	NO <sub>2</sub>	0.2		mg/m <sup>3</sup>	0.079
5	SO <sub>2</sub>	0.35		mg/m <sup>3</sup>	0.083

COMPANY GATE AREA					
No	Parameter	Standard-QCVN 05:2023/BTNMT	Standard-QCVN 26:2010/BTNMT	Unit	2023
6	CO	30		mg/m <sup>3</sup>	Not detected
<b>B TRANG BANG 3</b>					
1	Temperature	-		°C	30.1
2	Noise level	-	70(")	dBA	67.6
3	Dust	0.3		mg/m <sup>3</sup>	0.16
4	NO <sub>2</sub>	0.2		mg/m <sup>3</sup>	0.089
5	SO <sub>2</sub>	0.35		mg/m <sup>3</sup>	0.079
6	CO	30		mg/m <sup>3</sup>	Not detected

→ The results of air monitoring parameters at the Company's gate area meet the standards of QCVN 05:2023/BTNMT and QCVN 26:2010/BTNMT.

MANUFACTURER AREA					
No	Parameter	Standard	Unit	2023	
				POY Section	DTY Section
<b>CU CHI</b>					
1	<b>Temperature</b>	≤32	°C	29.4	31.0
		Standard - QCVN 26:2016/BYT		31.2	30.8
2	<b>Noise level</b>	≤85	dBA	75.5	83.6
		Standard - QCVN 24:2016/BYT		82.1	77.5
3	<b>Dust</b>	8	mg/m <sup>3</sup>	0.28	0.31
		QCVN 02:2019/BYT		0.22	0.22
4	<b>NO<sub>2</sub></b>	5	mg/m <sup>3</sup>	0.085	0.072
		QCVN 03:2019/BYT		0.083	0.069
5	<b>SO<sub>2</sub></b>	5	mg/m <sup>3</sup>	0.148	0.081
		QCVN 03:2019/BYT		0.099	0.153
6	<b>CO</b>	20	mg/m <sup>3</sup>	Not detected	Not detected
		QCVN 03:2019/BYT		Not detected	Not detected
7	<b>VOC</b>	-	mg/m <sup>3</sup>	Not detected	Not detected
				Not detected	Not detected
<b>TRANG BANG 1,2</b>					
1	<b>Temperature</b>	≤32	°C	29.2	31.5
		QCVN 26:2016/BYT			
2	<b>Noise level</b>	≤85	dBA	82.4	84.4
		QCVN 24:2016/BYT			
3	<b>Noise level</b>	8	mg/m <sup>3</sup>	0.25	0.23
		QCVN 02:2019/BYT			
4	<b>Noise level</b>	5	mg/m <sup>3</sup>	0.091	0.086
		QCVN 03:2019/BYT			
5	<b>Dust</b>	5	mg/m <sup>3</sup>	0.087	0.051
		QCVN 03:2019/BYT			
6	<b>Dust</b>	20	mg/m <sup>3</sup>	Not detected	Not detected
		QCVN 03:2019/BYT			
7	<b>VOC</b>	-	mg/m <sup>3</sup>	Not detected	Not detected

MANUFACTURER AREA					
No	Parameter	Standard	Unit	2023	
				POY Section	DTY Section
<b>TRANG BANG 3</b>					
1	<b>Temperature</b>	≤32	°C	27.6	31.5
		QCVN 26:2016/BYT			
2	<b>Temperature</b>	≤85	dBA	84.5	82.3
		QCVN 24:2016/BYT			
3	<b>Noise level</b>	8	mg/m <sup>3</sup>	0.28	0.26
		QCVN 02:2019/BYT			
4	<b>Noise level</b>	10	mg/m <sup>3</sup>	0.107	0.083
		QCVN 03:2019/BYT			
5	<b>Dust</b>	10	mg/m <sup>3</sup>	0.109	0.091
		QCVN 03:2019/BYT			
6	<b>Dust</b>	40	mg/m <sup>3</sup>	<6	<6
		QCVN 03:2019/BYT			
7	<b>VOC</b>	-	mg/m <sup>3</sup>	Not detected	Not detected

→ The results of the air monitoring parameters in the production area all meet the standards QCVN 26:2016/BYT, QCVN 26:2016/BYT, QCVN 02:2019/BYT and QCVN 03:2019/BYT10.

## APPENDIX 2: RESULTS OF MONITORING THE COMPANY'S WASTEWATER QUALITY IN 2023

No	Name of parameters	Column B-QCVN 40:2011/BTNMT	Unit	SYSTEM WASTE WATER AFTER TREATMENT 2023
<b>CU CHI FACTORY</b>				
1	pH	5.5-9	-	7.13
2	BOD5	50	mg/l	48
3	COD	150	mg/l	122
4	TSS	100	mg/l	67
5	Copper (Cu)	2		Not detected
6	Total N	40	mg/l	29.8
7	Total P	6	mg/l	2.8
8	Total Coliform/100ml	5,000	MPN	3,500
<b>TRANG BANG 1,2 FACTORY</b>				
1	pH	5.5-9	-	6.81
2	BOD5	50	mg/l	43
3	COD	150	mg/l	92
4	TSS	100	mg/l	65
5	Copper (Cu)			Not detected
6	Total N	40	mg/l	24.5
7	Total P	6	mg/l	2.6
8	Total Coliform/100ml	5,000	MPN	4,600

No	Name of parameters	Column B-QCVN 40:2011/BTNMT	Unit	SYSTEM WASTE WATER AFTER TREATMENT 2023
<b>TRANG BANG 3 FACTORY</b>				
1	pH	5.5-9	-	6.97
2	BOD5	50	mg/l	47
3	COD	150	mg/l	134
4	TSS	100	mg/l	71
5	Copper (Cu)			Not detected
6	Total N	40	mg/l	35.1
7	Total P	6	mg/l	2.4
8	Total Coliform/100ml	5,000	MPN	4,500

→ Parameter results of wastewater analysis after the treatment system, before connecting to the general wastewater collection system of the industrial park, are completely up to standard.



# APPENDIX 3: TEST RESULTS OF THE COMPANY'S WORKING ENVIRONMENT IN 2023

## - DUST CONCENTRATION - MICROCLIMATE - LIGHT - NOISE - TOXIC GASES

### DUST CONTENTS IN THE AIR

No	LOCATION OF MEASUREMENTS	Total dust (mg/m <sup>3</sup> )							
		CU CHI Factory		TRANG BANG 1,2 Factory		TRANG BANG 3 Factory		TRANG BANG 5 Factory	
		Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards
	<b>Factory DTY area#1</b>								
1	Workshop head area	0.14		0.7					
3	Workshop end area	0.11		0.37					
<b>4</b>	<b>Factory DTY area #2</b>								
5	Workshop head area	0.25		0.27		0.17		0.28	
6	Workshop middle area	0.23		0.19		0.2		0.28	
7	Workshop end area	0.38		0.28		0.15		0.27	
<b>8</b>	<b>Winder workshop middle area</b>			<b>0.21</b>		<b>0.11</b>			
<b>9</b>	<b>Spinning workshop middle area</b>								
	Workshop head area	0.04		0.18		0.08			
	Workshop end area	0.09		0.24		0.08			
<b>10</b>	<b>Inspection area</b>							<b>0.27</b>	
<b>11</b>	<b>Packaging area</b>							<b>0.61</b>	
<b>12</b>	<b>Finished product area</b>								
<b>13</b>	<b>Recycle area</b>							<b>0.41</b>	
	<b>Total</b>	<b>07</b>		<b>07</b>		<b>06</b>		<b>06</b>	
<b>OSH STANDARDS</b>									
(Decision No. 3733/2002/QĐ-BYT)									
Maximum permissible concentration value of non-silicon dust		4.0							

## MICROCLIMATE

No	LOCATION OF MEASUREMENTS	TIME (h)	TEMPERATURE (°C)		HUMIDITY (Hr %)		WIND SPEED (m/s)	
			Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards
	Season when measuring : 09h30 December 14, 2023							
<b>CU CHI Factory</b>								
	Outside		31.2		59.9		0.9	
<b>Factory DTY area#1</b>								
1	Workshop head area		31.7		62.5		0.3	
2	Workshop middle area		30.1		68.0		0.2	
<b>Factory DTY area #2</b>								
3	Workshop head area		32.0		65.5		0.3	
4	Workshop middle area		32.0		67.7		0.2	
5	Workshop end area		32.0		59.3		0.5	
<b>Winder workshop</b>								
<b>Spinning workshop</b>								
8	Workshop head area		29.5		53.4		0.2	
09	Workshop end area		28.7		55.4		0.4	
	<b>Total</b>		<b>07</b>		<b>07</b>		<b>07</b>	
<b>TRANG BANG 1,2 Factory</b>								
	Outside 09h30		31.5		75.2		1.6	
<b>Factory DTY area#1</b>								
1	Workshop head area							
2	Workshop end area							
<b>Factory DTY area #2</b>								
4	Workshop head area		30.4		66.8		0.4	
5	Workshop middle area		32.0		63.5		0.2	
6	Workshop end area		30.2		66.7		0.2	
<b>Winder workshop</b>								
7	Workshop head area		29.4		70.4		0.2	
8	Workshop end area		29.9		71.8		0.3	
<b>Spinning workshop</b>								
9	Workshop head area		31.1		56.3		0.4	
10	Workshop end area		32.0		62.8		0.2	
	<b>Total</b>		<b>07</b>		<b>07</b>		<b>07</b>	

No	LOCATION OF MEASUREMENTS	TIME (h)	TEMPERATURE (°C)		HUMIDITY (Hr %)		WIND SPEED (m/s)	
			Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards
<b>TRANG BANG 3,4 Factory</b>								
	Outside							
	<b>Factory DTY area#1</b>							
1	Workshop head area							
2	Workshop end area							
	<b>Factory DTY area #2</b>							
3	Workshop head area		30.2		72.8		0.3	
4	Workshop middle area		30.4		69.6		0.3	
5	Workshop end area		30.5		73.3		0.2	
	<b>Winder workshop</b>							
6	Workshop head area		29.6		59.1		0.2	
7	Workshop end area		30.2		63.0		0.3	
	<b>Spinning workshop</b>							
8	Workshop head area		31.9		56.1		0.2	
09	Workshop end area		32		55.8		0.2	
	<b>Total</b>		<b>07</b>		<b>07</b>		<b>07</b>	
<b>TRANG BANG 5 Factory</b>								
	Outside							
1	DTY workshop		29.7		70.1		0.3	
2	Inspection area		29.8		72.9		0.2	
3	Packaging area		30.4		75.5		0.2	
4	Finished product area		30.4		75.3		0.2	
5	Recycle area		30.7		75.3		0.6	
	<b>Total</b>		<b>05</b>		<b>05</b>		<b>05</b>	
<b>TCVN 3733:2002</b>								
Requirements for temperature, humidity, air movement speed at the working position			18-32		40-80		0.2-1.5	



## THE LIGHT

No	LOCATION OF MEASUREMENTS	THE LIGHT (Lux)		Allowed exposure to noise >=300
		Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	
<b>CU CHI Factory</b>				
<b>Factory DTY area #1</b>				
1	Workshop head area	305.7		
2	Workshop middle area	301.5		
3	Workshop end area	302.9		
<b>4</b>	<b>Factory DTY area#2</b>			
5	Workshop head area	306.6		
6	Workshop end area	302.1		
<b>10</b>	<b>Spinning workshop</b>			
11	Workshop head area	300.9		
12	Workshop end area	300.6		
	<b>TOTAL</b>	<b>07</b>		
<b>TRANG BANG 1,2 Factory</b>				
<b>Factory DTY area#1</b>				
1	Workshop head area			
2	Workshop end area			
<b>3</b>	<b>Factory DTY area #2</b>			
4	Workshop head area	302.8		
5	Workshop middle area	303.5		
6	Workshop end area	302.6		
<b>7</b>	<b>Winder workshop</b>			
8	Workshop head area	300.1		
9	Workshop end area	302.8		
<b>10</b>	<b>Spinning workshop</b>			
11	Workshop head area	301.7		
12	Workshop end area	302.4		
	<b>Total</b>	<b>07</b>		

No	LOCATION OF MEASUREMENTS	THE LIGHT (Lux)		Allowed exposure to noise >=300
		Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	
<b>TRANG BANG 3,4 Factory</b>				
<b>DTY area</b>				
1	Workshop head area	303.3		
2	Workshop middle area	342.6		
3	Workshop end area	331.9		
<b>4</b>	<b>Factory DTY area #2</b>			
5	Workshop head area			
6	Workshop middle area			
7	Workshop end area			
<b>8</b>	<b>Winder workshop</b>			
9	Workshop head area	305.2		
10	Workshop end area	305.2		
<b>11</b>	<b>Spinning workshop</b>			
12	Workshop head area	305.4		
13	Workshop end area	307.2		
<b>14</b>	<b>Total</b>	<b>07</b>		
<b>15</b>	<b>TRANG BANG 5 Factory</b>			
16	DTY workshop	303.3		
17	Inspection area	1000.6		
18	Packaging area	301.5		
19	Finished product area	302.6		
20	Recycle area	304.5		
	<b>Total</b>	<b>05</b>		

### OSH STANDARDS

Decision No. 3733/2002/QĐ-BYT

\* Noise

- Area where workers work in workshops and in factories

\* The light

- Textile industry

+ Spinning, winding, dyeing

300

## POISONOUS GAS

No	LOCATION OF MEASUREMENTS	Carbon dioxide (mg/m <sup>3</sup> ) <=9,000	Etylen (mg/m <sup>3</sup> ) <=1,150
<b>CU CHI Factory</b>			
1	DTY Workshop	673.2	
3	Spinning workshop		
	Workshop head area	702.0	
	Workshop end area	703.8	
4	Laboratory area	750.6	2.56
5	Test dyeing room	748.8	4.05
	<b>Total</b>	<b>05</b>	<b>02</b>
<b>TRANG BANG 1,2 Factory</b>			
1	DTY Workshop	709.2	
2	Winder workshop middle area	747.0	
3	Spinning workshop middle area	772.2	
4	Laboratory area	1101.6	3.15
5	Test dyeing room	745.2	6.52
	<b>Total</b>	<b>05</b>	<b>02</b>

No	LOCATION OF MEASUREMENTS	Carbon dioxide (mg/m <sup>3</sup> ) <=9,000	Etylen (mg/m <sup>3</sup> ) <=1,150
<b>TRANG BANG 3 Factory</b>			
1	DTY Workshop	700.2	
2	Winder workshop middle area	716.4	
3	Spinning workshop middle area	698.4	
4	Test dyeing room	747.0	6.12
	<b>Total</b>	<b>04</b>	<b>01</b>
<b>TRANG BANG 5 Factory</b>			
1	DTY Workshop	700.2	
2	Inspection area	817.2	
3	Packaging area	799.2	
4	Finished product area	754.2	
5	Recycle area	732.6	
	<b>Total</b>	<b>05</b>	<b>0</b>
<b>OSH STANDARDS</b> (Decision 3733/2002/QĐ-BYT) Limit values of chemicals in the air in the working area: -Average 8 hours (TWA) - Each time maximum (STEL)		<= 9,000	1,150 -

## NOISE

No	LOCATION OF MEASUREMENTS	General sound level (dBA)	SOUND LEVELS IN FREQUENCIES (Hz)							
			63	125	250	500	1K	2K	4K	8K
<b>CU CHI Factory</b>										
<b>DTY Workshop</b>										
1	Machine# 15	90.6	50.4	65.9	66.65	71.1	78.0	79.3	81.1	79.3
2	Machine# 14	93.7	53.2	65.3	67.2	70.8	77.4	79.4	82.1	81.2
3	Machine# 10	95.7	54.8	63.1	72.0	75.9	79.8	80.8	91.7	81.7
4	Machine# 04	90.1	56.3	59.2	74.3	76.3	79.3	80.0	79.0	78.5
5	Machine# 06	94.3	55.6	61.6	70.3	78.7	81.3	81.7	82.5	79.8
<b>7 Spinning workshop</b>										
	Production line 1	89.5	52.4	61.3	72.9	82.2	82.0	77.5	78.5	66.0
	Production line 3	89.1	51.5	61.7	70.8	81.1	81.9	78.6	80.0	69.9
<b>TRANG BANG 1,2 Factory</b>										
<b>DTY Workshop</b>										
1	Machine# 18	88.5	55.7	59.7	65.0	74.2	76.8	78.8	82.3	84.7
2	Machine# 17	88.1	54.5	59.3	66.4	75.8	79.1	80.8	82.1	82.6
3	Machine# 19	88.5	55.9	60.1	66.0	67.5	78.0	78.2	80.6	81.2
4	<b>Winder workshop</b>	<b>84.1</b>	<b>46.1</b>	<b>57.2</b>	<b>68.9</b>	<b>73.8</b>	<b>78.1</b>	<b>77.1</b>	<b>78.6</b>	<b>76.0</b>
5	<b>Spinning workshop</b>	<b>76.9</b>	<b>42.7</b>	<b>56.0</b>	<b>67.7</b>	<b>68.6</b>	<b>69.1</b>	<b>67.5</b>	<b>69.9</b>	<b>69.1</b>
<b>TRANG BANG 3,4 Factory</b>										
<b>DTY Workshop</b>										
1	Machine# 43	78.7	44.6	54.8	60.5	67.7	74.1	73.3	71.6	67.1
2	Machine# 49	87.1	52.5	58.7	64.8	71.9	79.2	78.5	80.0	81.2
3	Machine# 39	87.3	51.4	60.8	64.7	71.9	60.1	79.0	80.1	80.6
4	<b>Winder workshop middle area</b>	<b>87.3</b>	<b>54.9</b>	<b>59.6</b>	<b>64.2</b>	<b>71.9</b>	<b>76.8</b>	<b>83.3</b>	<b>82.8</b>	<b>82.9</b>
5	<b>Spinning workshop middle area</b>	<b>78.4</b>	<b>41.6</b>	<b>50.3</b>	<b>62.0</b>	<b>64.2</b>	<b>68.5</b>	<b>66.6</b>	<b>66.3</b>	<b>60.8</b>

No	LOCATION OF MEASUREMENTS	General sound level (dBA)	SOUND LEVELS IN FREQUENCIES (Hz)							
			63	125	250	500	1K	2K	4K	8K
<b>TRANG BANG 5 Plant</b>										
1	DTY Workshop									
2	Machine# 54	86.9	52.2	62.9	66.8	67.5	78.0	78.2	80.6	81.2
3	Machine# 53	86.9	53.1	58.9	65.7	75.8	79.2	78.5	80.6	80.6
4	Machine# 55	82.8	49.0	54.6	64.2	72.8	74.8	75.4	79.4	71.8
5	Recycle area	74.5	49.1	60.6	64.6	68.7	68.1	67.0	65.7	62.6
<b>Occupational hygiene standards</b>										
Decision 3733/2002/QĐ-BYT										
* Noise										
- Area where workers work in workshops and in factories										



## SUMMARY RESULTS OF MEASUREMENT AND INSPECTION OF THE LABOR ENVIRONMENT:

No	Measuring and checking factors	CU CHI Factory			TRANG BANG Factory		
		Total number of samples	Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards	Total number of samples	Number of samples meeting the OSH standards	Number of samples not meeting the OSH standards
1	Microclimate						
2	Temperature	11	11	0	32	32	0
3	Humidity	11	11	0	32	32	0
4	Wind speed	11	11	0	32	32	0
5	The light	11	11	0	32	32	0
6	Noise	11	02	09	32	20	12
7	Frequency analysis noise	11	02	09	25	25	0
8	Total dust	11	11	0	26	26	0
9	Poisonous gas						
10	- Cacbon dioxit	08	08	0	15	15	0
11	- Etylen	02	02	0	04	04	0