

VCS ADVANCED QUARTZ STONE JOINT STOCK COMPANY

**VCS STONE**

SUSTAINABLE DEVELOPMENT  
**REPORT**

**2016**



**VICOSTONE®**  
QUARTZ SURFACES

*The Art of*  
**Quartz**

**15** LIMITED  
WARRANTY  
year **VICOSTONE®**



Microbial Resistance  
ASTM D 6329-98





## TABLE OF CONTENTS

VCS STONE

	OVERVIEW .....	05
<b>Chapter I:</b>	<b>SUSTAINABLE DEVELOPMENT STRATEGY AND OVERVIEW OF VCS STONE .....</b>	<b>07</b>
I	VCS STONE'S SUSTAINABLE DEVELOPMENT STRATEGY .....	08
	Vision .....	08
	Mission .....	08
	Strategic orientation .....	08
	Core values .....	08
	Code of conduct .....	09
	Key factors .....	10
II	OVERVIEW OF VCS STONE .....	12
	General information on VCS Stone's activities .....	14
	Business performance from 2014 – 2016 .....	19
<b>Chapter II:</b>	<b>CONTENTS OF SUSTAINABLE DEVELOPMENT REPORT .....</b>	<b>23</b>
I	VCS STONE'S SUSTAINABLE DEVELOPMENT STRUCTURE .....	24
II	BUILDING A RISK MANAGEMENT SYSTEM FOR THE SUSTAINABLE DEVELOPMENT .....	25
	Orientations of risk management system at VCS STONE.....	25
	Principles of VCS STONE risk management .....	26
	Goals of VCS STONE risk management system .....	26
III	ENGAGEMENT WITH THE STAKEHOLDERS .....	27
IV	ENVIRONMENTAL MANAGEMENT .....	30
	HSEQ standards .....	30
	Identify the expectations of stakeholders - Environmental management activities .....	31
V	KEY ISSUES .....	36
	Responsibilities for the products .....	36
	Effective energy management .....	42
	Effective water management .....	45
	Emission and wastewater management .....	46
	Assurance of the human resources for the sustainable development strategy .....	50
	Social and community activities .....	58





## OVERVIEW

VCS STONE's Sustainable Development Report is prepared for the fiscal year ended on 31 December 2016 and provides shareholders, investors and other stakeholders with the results of execution of the Company's sustainable development strategies and plans in 2016; policies, solutions and results in terms of ensuring the environmental sustainability and interests of employees and social activities.

VCS STONE's Sustainable Development Report 2016 was based on the general economic context, VCS STONE's main field of activities, impacts of business activities on the economy, environment and society, level of interest of the Company and its stakeholders, including: investors, shareholders, employees, partners, customers, state management authorities and press agencies. To ensure the completeness and scientificness, this Report was prepared on the Guidelines for Sustainable Development Report produced by the State Securities Commission of Vietnam (SSC) in collaboration with the International Finance Corporation (IFC), the Reporting Guidelines of the Global Reporting Initiative (GRI) and Guidelines 4 - Construction and Real Estate Sector Supplement. The following key issues will be analyzed in the Report:

- Responsibility for the products
- Effective energy management
- Effective water management
- Emission and waste management
- Sustainable supply management
- Responsibility for the employees
- Community support

This Report was prepared for VCS STONE's scope of operations, excluding its associated companies (parent company and affiliated company). The environmental impacts which were analyzed in this Report are mainly derived from the plants' production activities.

The financial data were extracted from VCS STONE's consolidated financial statements ended on 31 December 2016. The information and figures on products, energy consumption, environment, society, employees, etc. were gathered from the Company's functional units and verified by the Editor Team. The figures mentioned above are guaranteed in term of objectivity and accuracy by the relevant third parties such as Ernst & Young Vietnam Ltd. Co., National Working Environment Monitoring Station and Bach Khoa Energy Conservation Joint Stock Company.

VCS STONE's Sustainable Development Report 2016 was prepared under a strict process. The Management Board directly manages and assigns tasks to relevant functional departments to prepare contents and provide information on issues for which they are responsible, the Editor Team is responsible for coordinating, gathering, verifying information and compiling. However, the Report may not adequately cover the necessary information and contents that stakeholders are interested in, therefore, the Company would like to receive feedback from readers to make the Report more and more complete.

In case of any comments or questions related to VCS STONE's Sustainable Development Report, please contact:  
**Board of Shareholder Relations - VCS Advanced Quartz Stone Joint Stock Company**  
Address: Hoa Lac Hi-Tech Park, Thach Hoa Commune, Thach That District, Hanoi Vietnam.  
Tel: 0433 685 827      Fax: 0433 686 652      Email: [quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com)  
Contact person: **Mr. Do Quang Binh**      Mobile: 0983 213 968



## CHAPTER I: SUSTAINABLE DEVELOPMENT STRATEGY AND OVERVIEW OF VCS STONE

### I. VCS STONE'S SUSTAINABLE DEVELOPMENT STRATEGY

1. VISION
2. MISSION
3. STRATEGIC ORIENTATION
4. CORE VALUES
5. CODE OF CONDUCT
6. KEY FACTORS

### II. OVERVIEW OF VCS STONE

1. GENERAL INFORMATION ON VCS STONE'S  
ACTIVITIES
2. BUSINESS PERFORMANCE FROM 2014 – 2016





I. VCS STONE'S SUSTAINABLE DEVELOPMENT STRATEGY



1. VISION

"Pioneer in development of advanced technology and eco-friendly materials to create long-term competitive advantage and ensure sustainable growth; becoming a regional and global leading manufacturer in hi-tech and eco-friendly products."



2. MISSION

"Realize all commitments to satisfy the customers' highest expectations, ensure strong and sustainable growth to offer long-term mutual benefits to shareholders, partners, employees and the society."



3. STRATEGIC ORIENTATION

"Our core business is industrial manufacturing. Our key products are eco-friendly materials and hi-tech products. In the long-term, we aim to increase our value in the supply chain of manufacturing hi-tech products."

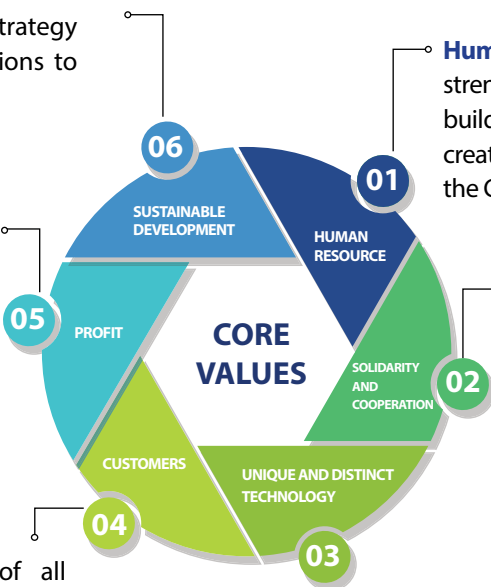


4. CORE VALUES

**Sustainable development** strategy and more and more contributions to the society.

**Profit** is an effective measurement of business performance, as well as vital condition for the Company's vitality and development;

**Customers** are the center of all works. The product and service quality oriented at customer requirements is our top priority, simultaneously taking the initiative and being ahead in orienting customers to the new and unique aesthetic trends;



**Human resource** is the Company's strength, providing intelligence to build successfully brand name and creating reputation and vitality for the Company;

**Solidarity and cooperation** in works, discipline, industrial style and integrity in all activities are the core values, together with high quality human resource to form the Company's invisible and invaluable properties;

**Unique and distinct technology;** the products are continuously improved and satisfied with the best quality, friendly with the environment, and meet the top requirements of customers. It is also the factor to create the Company's reputation and sustainable development;



5. CODE OF CONDUCT

*\* Honesty*

Always comply with the ethical standards, be honest in every work, friendly in dealing with other people and objective in the work, respect and protect the fact, truth and right, and be courageous to admit the mistake.

*\* Respect*

TAways respect each other, irrespective of rank, age and gender, encourage expressing personal opinions, listen to and note all comments and ideas, especially those which naturally contribute to the common work

*\* Courage*

Courage is not afraid of hardship and danger, prepared to cope with the difficulties and challenges, take risks and persevere to pursue the planned objectives. Courage is also to be enterprising and willing to defend the right and express one's own opinions.

*\* Cooperation*

Always cooperate, instruct (if possible) and support colleagues to perform assigned tasks, do not elude and pass responsibility to colleagues, always look towards to the Company's common interests and set the Company's interests over the individual and group interests.

*\* Discipline*

Discipline is proved by respecting the laws and the Company's regulations; have a high sense of responsibility in the work.

*\* Integrity is not compromised*

Be transparent and straightforward at work and in dealing with problems in the Company and life.

6. KEY FACTORS

Sustainable development is the strategy throughout VCS STONE’s business activities. In order to achieve the desired goals of sustainable development strategy, VCS STONE well grasps the importance of linking three key factors for the long-term and sustainable development, including **economy, environment and society** and ensures the balance of interests of stakeholders to reach the most important goal that is to develop without harming the current and future environment in the long term.



**- Economy:** The efficiency of economic activities is one of the goals that VCS STONE always gives priority to and focuses on. The economic efficiency is a prerequisite for VCS STONE to expand its scale, offer stable income and a favorable working environment for employees, fulfill its obligations to the government and make more and more contributions to the social community. To achieve this goal, VCS STONE has constantly innovated its technology and equipment to improve the product quality, develop variety of engineered stone series and meet all requirements of customers and consumers to the best.



**- Environment:** Keep consistency in the goal of ensuring the sustainable environment towards ecological materials, always comply with the environmental laws and do not adversely affect the environment through the activities such as :

- Develop the eco-friendly products by using bio resin – a type of plant-based and eco-friendly adhesive;
- Manage the energy consumption effectively and economically;
- Manage the effective use of water resources by investing in the closed recirculating water treatment system;
- Recycle the waste from production lines to produce the eco-friendly building materials;
- Treat all emissions and gases generated from the production lines and ensure no toxic emissions and gases to be released into the environment;
- Ensure a green, clean, beautiful and non-dust working environment for employees. In addition to the compliance with Vietnam’s environmental laws, VCS STONE’s environmental management activities are also ensured to comply with the international standards such as ISO 14000, GreenGuard, NSF, etc., especially IFC’s international standards on environment.



**- Society and Community:**

**Employees:** Create a favorable working environment along with high incentives for employees is essential to ensure their long-term engagement with the Company, specifically as follows:

- Health safety: Create a safe working environment where workers are offered with adequate knowledge and skills on health safety and proper labor protection equipments. VCS STONE ensures not only health safety for employees but also a safe environment for contractors, suppliers, partners and customers by strictly following the safety regulations and standards.
- Training: Create conditions on time and budget for employees to attend the training courses on improving the professional qualifications and skills; Focus resources on developing the qualified personnel in the Company’s key areas.
- Equal opportunity for employees: Treat all employees equally in all respects regardless of gender, ethnicity, age, religion or other factors.

**Responsibility for the community:** VCS STONE’s growth has always been with the develop-

ment of the local community. Over the years, the Company has made a lot of practical contributions to the locality’s development such as vocational training, creating jobs for local employees, making contributions to education, poverty reduction activities, environmental protection activities, etc.

**Responsibility for the products:** VCS STONE always strives to ensure the best and safest product quality under the international standards and give customers with satisfaction and reliability upon using its products. The product information is clearly displayed and easily identified on the label to help customers easily know the properties of the products and use them effectively.

Basing on the above key factors, VCS STONE concentrates its resources on some issues that it considers important and crucial to achieving its sustainable development goals; develop specific action plans for identified key issues. The Company’s identifying the following key issues was conducted after having reviewed and evaluated the concerns of the stakeholders.







II. OVERVIEW OF VCS STONE

**Company’s name:** CÔNG TY CỔ PHẦN ĐÁ THẠCH ANH CAO CẤP VCS

**International name:** VCS ADVANCED QUARTZ STONE JOINT STOCK COMPANY

**Abbreviated name:** VCS STONE

**The Certificate of Business** Registration No.: 0500469512 issued for the first time on 02 June 2005 by the Hanoi Department of Planning and Investment and registered for the 15th amendment on 11 November 2016.

**Charter capital:** VND 600,000,000,000 (Six hundred billion Vietnamese dong).

**Address:** Hoa Lac Hi-Tech Park, Thạch Hoa Commune, Thạch Thất District, Hanoi, Vietnam.

**Tel:** 04 3368 5827

**Fax:** 04 3368 6652

**Website:** <http://vicostone.com>

**Email:** [quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com)

**Representative Leader of the Social Responsibility:**

Full name: **Mr. PHAM ANH TUAN**

Position: General Director

Tel: 04 33 685 825

Fax: 04 33 686 652

Email: [fattuan@vicostone.com](mailto:fattuan@vicostone.com)



1. GENERAL INFORMATION ON VCS STONE’S ACTIVITIES

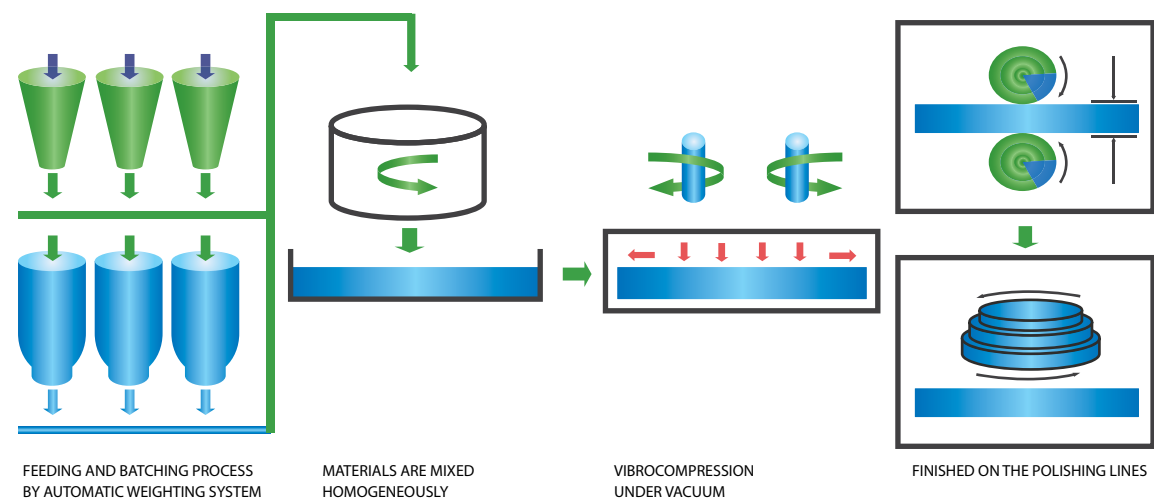
VCS STONE was established on 19 December 2002 and is a subsidiary of A&A Green Phoenix Group Joint Stock Company (Phenikaa Group) - one of the world’s leading quartz-based stone manufacturers. During their operation, Phenikaa Group in general and VCS STONE in particular have made positive contributions to the economy and social community through activities such as fulfilling tax obligations, creating jobs for local employees, training and developing high-quality human resources and executing the social and charity activities well.

1.1. Field of activities

VCS STONE’s core business is the production and trading of advanced engineered quartz stones under VICOSTONE® brand (engineered stone brand of Phenikaa Group - Parent Company). VCS STONE is also the main unit in charge of export and domestic sales of engineered quartz stones for the whole Group.

1.2. Technology

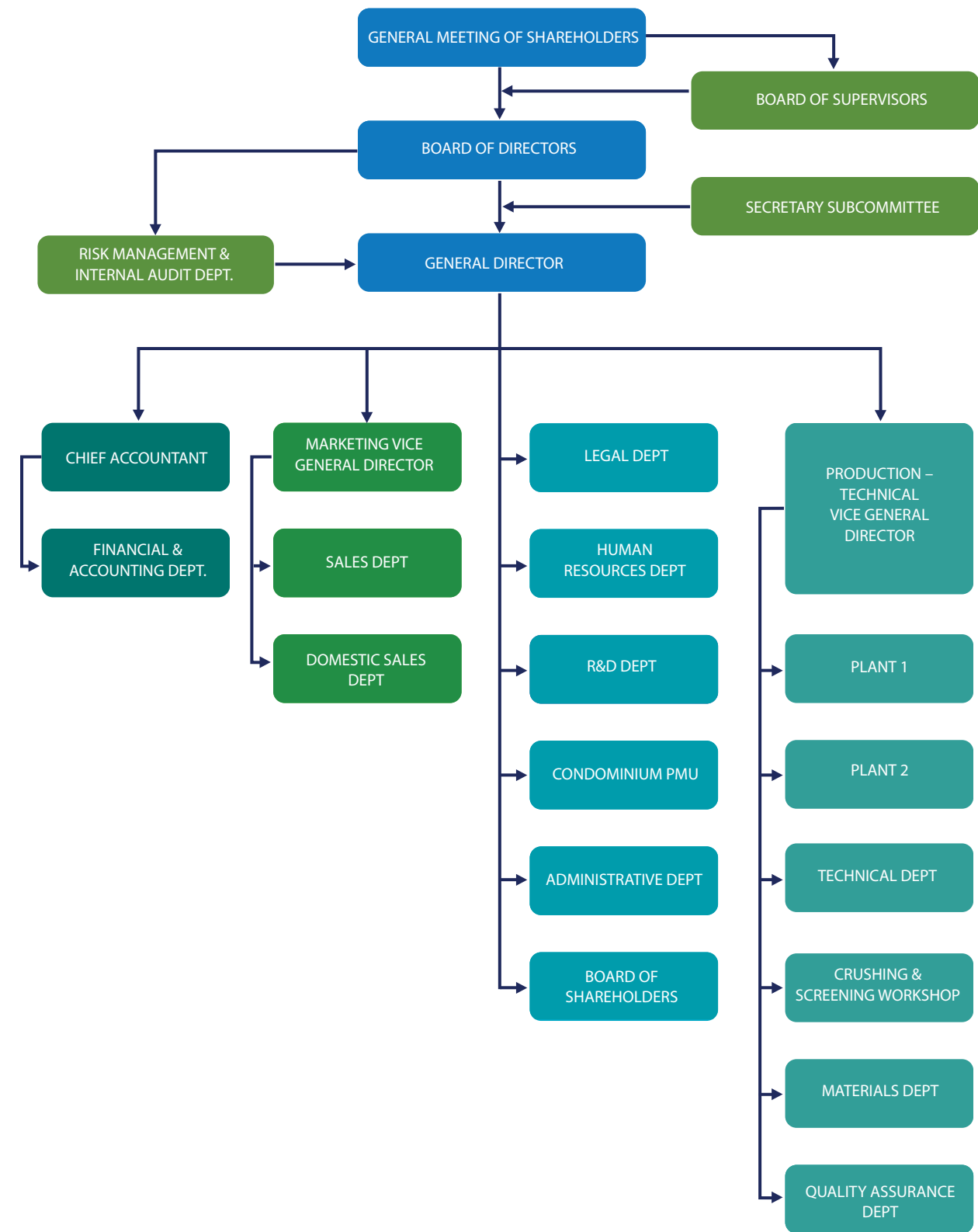
VICOSTONE® products are produced by “**Compaction by Vibrocompression Under Vacuum**” technology. This technology allows the admixture of dry aggregate particles with specialized adhesives, vibrates and compresses under vacuum to product types of engineered stones owning both superior technical characteristics and high aesthetics which engineered tile materials manufactured by other technologies can not afford.



VCS STONE’S ENGINEERED STONE PRODUCTION PROCESS

1.3. . Organizational structure and human resources

a. Organizational structure





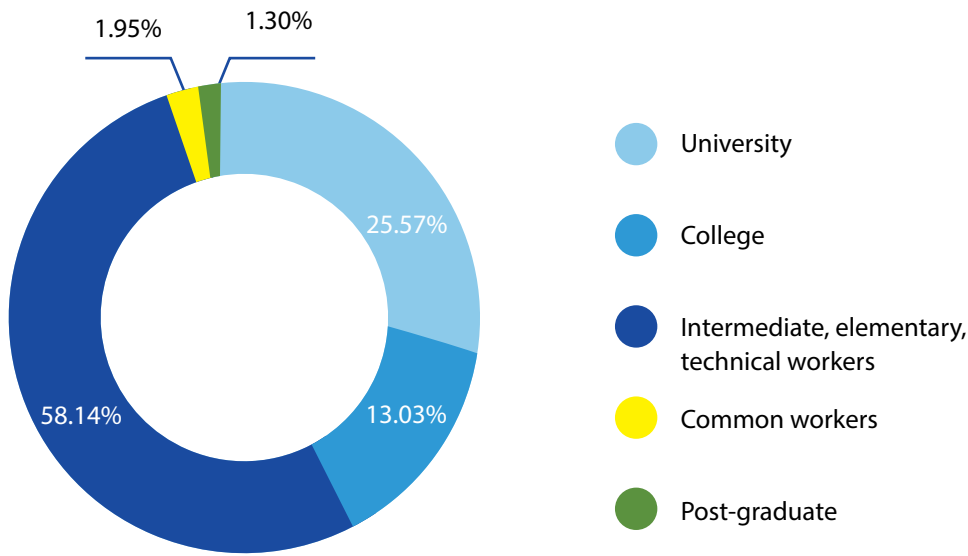
1. GENERAL INFORMATION ON VCS STONE’S ACTIVITIES (cont)

b. Labor force structure

Total number of employees in VCS STONE was 614 as of 31 December 2016. VCS STONE’s labor force is mainly young employees with the age of under 35 (~ 68.89%), male employees (85%) and has been trained (98 %).

Labor force structure by qualifications

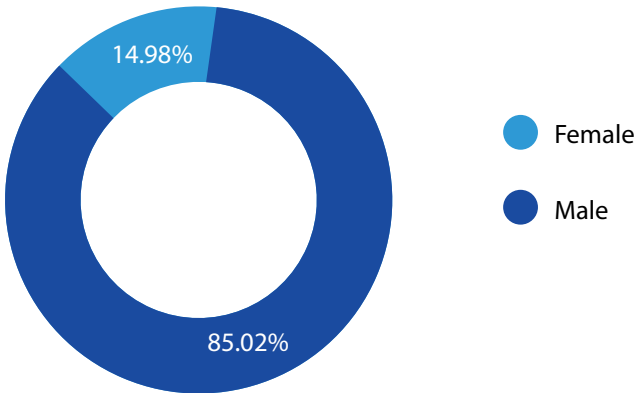
No.	Qualifications	2014		2015		2016		Increase rate in 2016 compared to 2014 (%)
		Number (person)	Rate (%)	Number (person)	Rate (%)	Number (person)	Rate (%)	
1	Post-graduate	12	1.99	9	1.55	8	1.30	-33.33
2	University	167	27.65	148	25.47	157	25.57	-5.99
3	College	79	13.08	72	12.39	80	13.03	1.27
4	Intermediate, elementary, technical workers	337	55.79	344	59.21	357	58.14	5.93
5	Common workers	9	1.49	8	1.38	12	1.95	33.33
	Total	604	100	581	100	614	100	



LABOR FORCE STRUCTURE BY QUALIFICATIONS (2016)

Labor force structure by genders

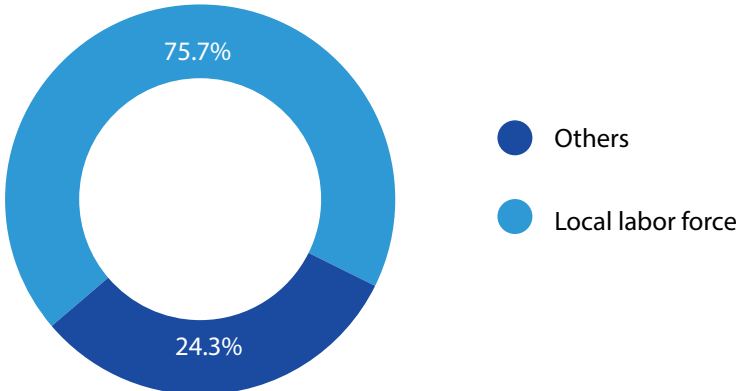
No.	Gender	2014		2015		2016		Increase rate in 2016 compared to 2014 (%)
		Number (person)	Rate (%)	Number (person)	Rate (%)	Number (person)	Rate (%)	
1	Male	505	83.61	492	84.68	522	85.02	3.37
2	Female	99	16.39	89	15.32	92	14.98	-7.07
	Total	604	100	581	100	614	100	



LABOR FORCE STRUCTURE BY GENDERS (2016)

Labor force structure by regions

No.	Region	2014		2015		2016	
		Number (person)	Rate (%)	Number (person)	Rate (%)	Number (person)	Rate (%)
1	Local labor force	436	72.2%	418	71.9%	465	75.7%
2	Others	168	27.8%	163	28.1%	149	24.3%
	Total	604	100%	581	100%	614	100%



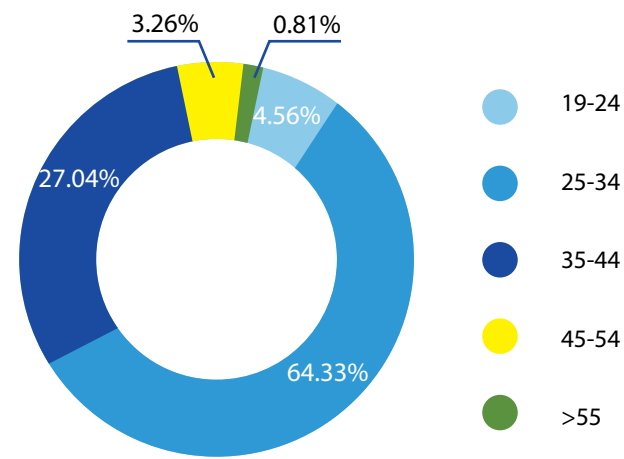
LABOR FORCE STRUCTURE BY REGIONS (2016)



1. GENERAL INFORMATION ON VCS STONE’S ACTIVITIES (cont)

Labor force structure by age

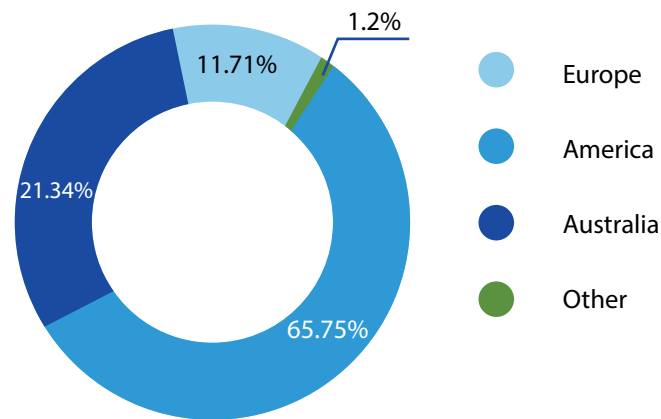
No.	Age	2014		2015		2016	
		Number (person)	Rate (%)	Number (person)	Rate (%)	Number (person)	Rate (%)
1	19-24	47	7.78	31	5.34	28	4.56
2	25-34	435	72.02	396	68.16	395	64.33
3	35-44	100	16.56	128	22.03	166	27.04
4	45-54	19	3.15	22	3.79	20	3.26
5	>55	3	0.50	4	0.69	5	0.81
		604	100	581	100	614	100



LABOR FORCE STRUCTURE BY AGE (2016)

1.4. Market structure

Up to now, VICOSTONE® engineered stones have been exported to over 40 countries on 5 continents through direct and indirect distribution channels with the local distributors. In addition, VCS STONE has been built and run 5 direct distribution branches in North America (USA and Canada).



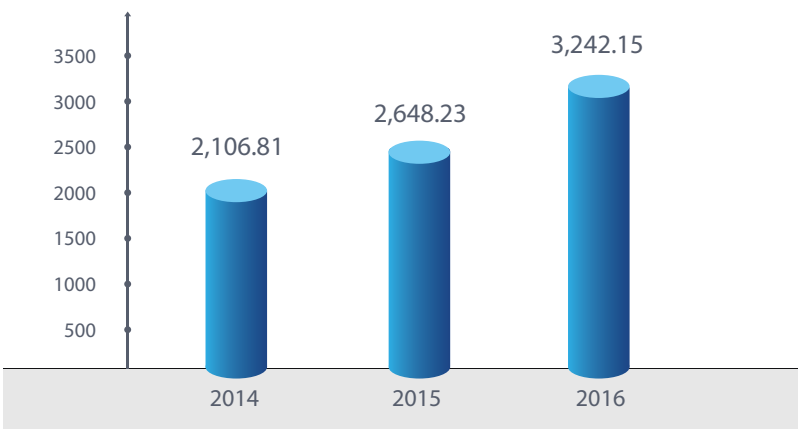
REVENUE STRUCTURE BY MARKET IN 2016

2. BUSINESS PERFORMANCE FROM 2014 – 2016

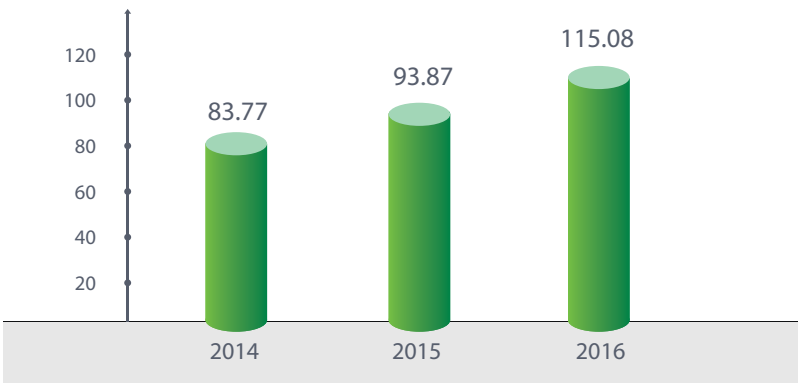
The following key indicators reflect the level of socio-economic impacts of VCS STONE:

Indicators	Unit	2014	2015	2016
Gross revenue	Billion VND	2,106.81	2,648.23	3,242.15
Export turnover	Million USD	83.77	93.87	115.08
Net profit after tax	Billion VND	212.19	404.63	675.98
Payables to the State budget	Billion VND	113.88	187.92	214.82
Employees & Salary				
- Employees available at the end of the reporting period	Person	604	581	614
- Per capita income/month	1,000 VND	12,953	15,179	16,128

(Source: VCS STONE’s audited consolidated financial statements)



Gross revenue (2014 – 2016), Unit: Billion VND

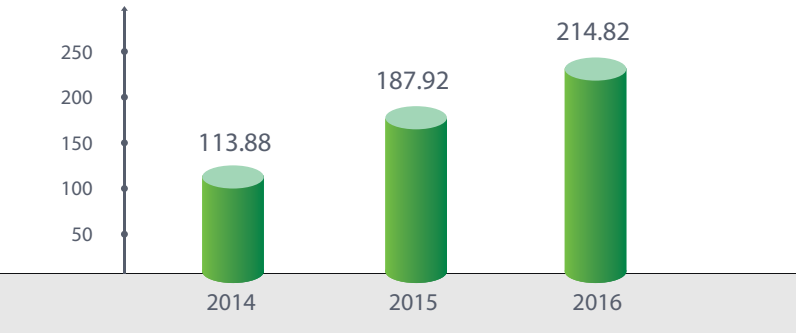


Export turnover (2014 - 2016), Unit: Billion VND

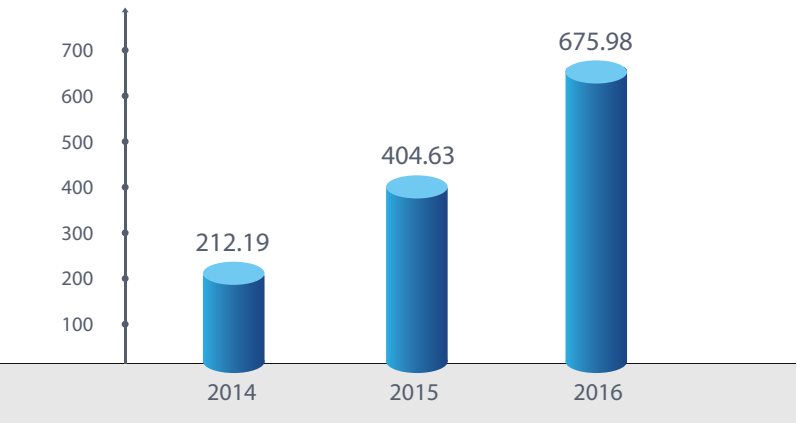




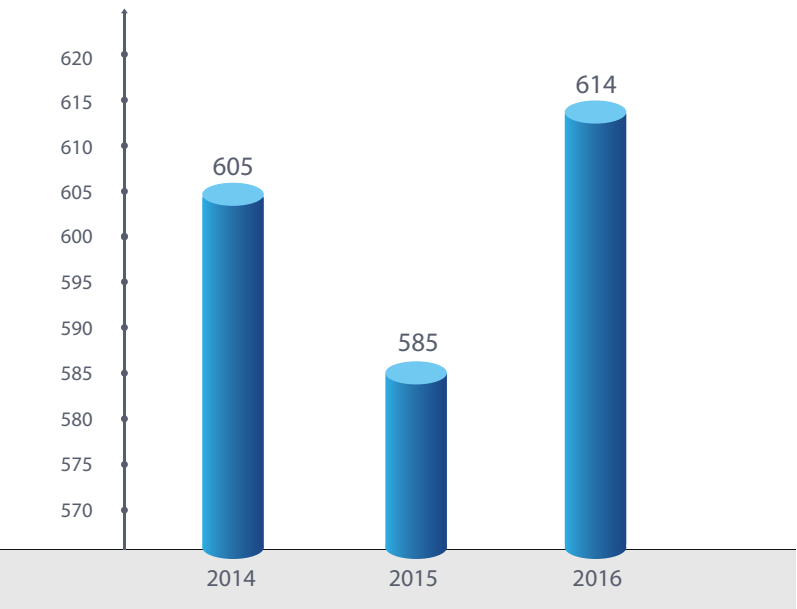
2. BUSINESS PERFORMANCE FROM 2014 – 2016 (cont)



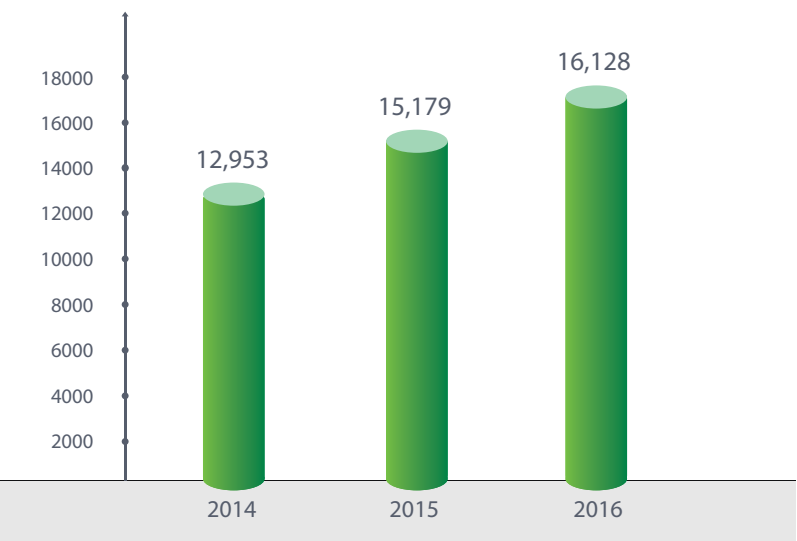
Payables to the State budget from 2014-2016 (Unit: Billion VND)



Net profit after tax (2014 – 2016), Unit: Billion VND



Total employees (2014 – 2016), Unit: Person



Per capita income/month (2014 – 2016), Unit: 1,000 VND



CHAPTER II:

**CONTENTS OF SUSTAINABLE  
DEVELOPMENT REPORT**

- I. VCS STONE'S SUSTAINABLE DEVELOPMENT  
STRUCTURE
- II. BUILDING A RISK MANAGEMENT SYSTEM FOR  
THE SUSTAINABLE DEVELOPMENT
- III. ENGAGEMENT WITH THE STAKEHOLDERS
- IV. ENVIRONMENTAL MANAGEMENT
- V. KEY ISSUES



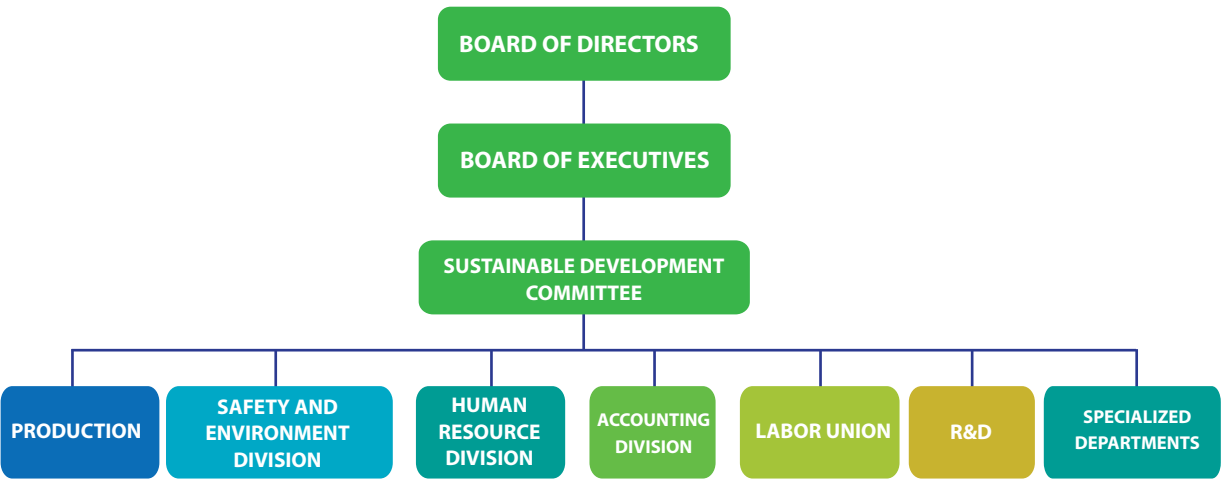


I. VCS STONE'S SUSTAINABLE DEVELOPMENT STRUCTURE

At VCS STONE, the Board of Directors is a strategic planning body, orients the sustainable development and controls the execution of sustainable development activities with the assistance of the Sustainable Development Strategy Subcommittee.

The General Director directly directs the execution of production and business plans under the sustainable development requirements.

Heads of departments and Labor Union are responsible for fulfilling the sustainable development requirements.



II. BUILDING A RISK MANAGEMENT SYSTEM FOR THE SUSTAINABLE DEVELOPMENT

1. ORIENTATIONS OF VCS STONE RISK MANAGEMENT SYSTEM

**“Leading the risks for a sustainable development”** is the guideline for the implementation of the risk management system at our Company. This orientation reflects our active response in managing risks at all levels of management and in every production process.

VCS STONE risk management system is built on the basis of the international standard systems for risk management such as ISO 31000:2009, COSO Enterprise Risk Management Framework, etc. includes the following key elements:

- 1 Ensure a effective information system throughout the Company;
- 2 Acknowledge completely each individual’s role and responsibility;
- 3 Concentrate on training and communication;
- 4 Offer adequate resources, select appropriate individuals and empower individuals who have strong leadership skills and promising growth prospects.

II. BUILDING A RISK MANAGEMENT SYSTEM FOR THE SUSTAINABLE DEVELOPMENT (cont)

2. PRINCIPLES OF VCS STONE RISK MANAGEMENT

VCS STONE risk management system is built and operated on the following basic principles:

- 1 Acknowledge that risk management is a non-separable segment of VCS STONE's business and production procedures.
- 2 Accept certain risks to grasp business opportunities and create added value.
- 3 Consider risk prevention as the core of the risk management at VCS STONE.
- 4 Recognize risk management as both the requirement and the feature of VCS STONE's culture.

These principles express the viewpoint of "prevention rather than cure" in VCS STONE risk management. VCS STONE risk management activities aim at the self-consciousness of each employee in all processes on the basis of optimizing the benefits between risks and opportunities.

3. GOALS OF VCS STONE RISK MANAGEMENT SYSTEM

With the orientation of "Leading the risk for a sustainable development", VCS STONE risk management system is built and operated to achieve the following goals:

- 1 Risk management is integrated into all processes of the Company from strategic planning to daily operating;
- 2 Risk management is proactively carried out by all functional units and all employees in the Company regardless of their positions or titles;
- 3 All risks are strictly controlled at all levels and regularly audited through the internal audit system to ensure the appropriateness and adequacy of risk management activities in each specific context.

The goals of risk management system are aimed to ensure that all risks are effectively controlled, and enhance the Company's ability to achieve its strategic goals.

In addition, opportunity recognition and benefit optimization between risks and opportunities based on the risk tolerance are important goals to create more value to the Company.

VCS STONE risk management system is closely monitored, continuously adjusted and improved in order to enhance the appropriateness and effectiveness in controlling risks in all activities.

III. ENGAGEMENT WITH THE STAKEHOLDERS

Stakeholders play an important role in executing VCS STONE sustainable development strategies. Stakeholders are determined based on their role and influence level on the Company's production and business activities.

Key stakeholders in VCS STONE are:

- Shareholders and Investors;
- Employees;
- Customers & Consumers;
- Suppliers;
- Society and local community;
- Govermental authorities;
- Press agencies;



By reviewing and evaluating the particularities of each stakeholder and identifying accurately the issues concerned by the stakeholders as well as the Company's goals to be achieved, VCS STONE defines the most relevant and effective methods to approach the stakeholders and develop the engagement and communication plans.



Stakeholders	Concerned issues	Purposes and goals	Approach method
Shareholders and investors	<ul style="list-style-type: none"> <li>- Business efficiency;</li> <li>- Information transparency;</li> <li>- Transparency in the use of capital, ensuring the interests of shareholders and investors;</li> <li>- Values of the Company and its stock.</li> </ul>	<ul style="list-style-type: none"> <li>- Maintain and expand relationships with shareholders and investors;</li> <li>- Strictly comply with the information disclosure laws and ensure the transparency in all work.</li> </ul>	<ul style="list-style-type: none"> <li>- Hold direct meetings;</li> <li>- Collect comments in writing from shareholders;</li> <li>- Organize the Annual and Extraordinary General Meetings of Shareholders;</li> <li>- Receive comments from shareholders via email or telephone;</li> <li>- Publish the quarterly/mid-year/full year financial statements as prescribed;</li> <li>- Publish the irregular information as prescribed;</li> <li>- Publish other necessary information to ensure the transparency and respect the interests of Shareholders</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Salary, bonus and other welfare policies;</li> <li>- Opportunities for training and promotion;</li> <li>- Working environment, engagement among employees and between employees and the Company;</li> <li>- Timely recognition of employee's contributions.</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen the solidarity and cooperation in work, discipline and industrial manner for employees;</li> <li>- Strengthen and enhance the engagement and loyalty of employees;</li> <li>- Evaluate and improve the employee welfare policies;</li> <li>- Propagandize all employees to participate in the community activities.</li> </ul>	<ul style="list-style-type: none"> <li>- Hold annual employee meetings;</li> <li>- Use internal communication channels: internal newsletters, short newsletters, facebook pages, etc., hold events (8/3, 20/10, meetings at the end of a year or meetings at the beginning of a new year, etc.);</li> <li>- Hold training sessions for employees;</li> <li>- Through the Company's Labor Union - the representative body for the employees.</li> </ul>
Customers and Consumers	<ul style="list-style-type: none"> <li>- Prestige of the Company's products;</li> <li>- Products with diverse designs, attractions and quality advantages;</li> <li>- Quality of sales, warranty, after-sales service, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen and expand the distribution system;</li> <li>- Maintain and intensify the loyalty to the brand name;</li> <li>- Improve the level of satisfaction of customers and consumers with the Company's products.</li> </ul>	<ul style="list-style-type: none"> <li>- Gather the customer feedbacks from the Company's sales executives, agencies and distributors.</li> <li>- Conduct market researches and surveys;</li> <li>- Direct meetings;</li> <li>- Attend the specialized fairs and exhibitions;</li> <li>- Via electronic media such as website, social networks (facebook, twitter, etc.);</li> <li>- Receive comments directly via the Company's email and phone number.</li> </ul>

Stakeholders	Concerned issues	Purposes and goals	Approach method
Suppliers	<ul style="list-style-type: none"> <li>- Benefits that they will achieve;</li> <li>- Their confidential information must not be disclosed to their competitors;</li> <li>- Equal competition between suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthen and expand the supplier system and create a sustainable value chain;</li> <li>- Ensure the mutual benefits;</li> <li>- Ensure the execution and compliance with relevant obligations;</li> </ul>	<ul style="list-style-type: none"> <li>- Exchange information through the contract negotiation.</li> <li>- Direct meetings;</li> <li>- Assess the suppliers' performance annually, especially paying particular attention to the safety and environment protection;</li> <li>- Attend the specialized fairs and exhibitions;</li> <li>- Receive comments directly via the Company's email and phone number.</li> </ul>
Society and local community	<ul style="list-style-type: none"> <li>- The local environment is not adversely affected by the Company's operation;</li> <li>- Employment issues of local people;</li> <li>- Local economic development;</li> <li>- The Company's contributions to the society.</li> </ul>	<ul style="list-style-type: none"> <li>- Coordinate with the local authorities to receive feedback on the Company.</li> </ul>	<ul style="list-style-type: none"> <li>- Participate in the environmental activities and other activities for the local community;</li> <li>- Continue to maintain the preferential policies for recruiting the local employees;</li> </ul>
Governmental authorities	<ul style="list-style-type: none"> <li>- Comply with the laws in general and the decisions of local authorities in particular;</li> <li>- The Company's active participation in activities organized by the governmental authorities;</li> </ul>	<ul style="list-style-type: none"> <li>- Take part in the completion of regulations related to the Company's field of operation;</li> <li>- Build the Company's prestige to create favorable conditions during the operation;</li> </ul>	<ul style="list-style-type: none"> <li>- Continuously update new legal documents related to the Company's field of operation;</li> <li>- Ask for consultation on issues related to the Company's production and business activities;</li> <li>- Give feedback on the policies and regulations of the government;</li> <li>- Participate in activities organized by the governmental authorities;</li> </ul>
Press agencies	<ul style="list-style-type: none"> <li>- Provide information to the press quickly and honestly;</li> </ul>	<ul style="list-style-type: none"> <li>- Actively exchange and share information with the press agencies to build the image of prestigious and transparent corporate;</li> </ul>	<ul style="list-style-type: none"> <li>- Hold press conferences;</li> <li>- Inform the Company's business performance.</li> </ul>

IV. ENVIRONMENTAL MANAGEMENT

1. HSEQ STANDARDS

For the goals of ensuring safety, health and wellness for employees and protecting the environment sustainably, VCS STONE has established, maintained and improved continuously the HSEQ (Health - Safety - Environment – Quality) standards, ensuring not only the supply of quality and safe products to consumers but also benefits, welfare and working environment for employees. The HSEQ standards are applied at VCS STONE include:

- Occupational Health and Safety Management System **OHSAS 18001:2007**;
- Corporate Social Responsibility Management System **SA 8000:2014**;
- Environmental Management System **ISO 14001:2004**;
- Quality Management System **ISO 9001:2008**.



No.	Standards	Date of first certification	Date of current certification	Date of incoming certification	Certificate No.	Certifying organization
1	ISO 14001:2004	25/10/2006	20/10/2015	19/10/2018	00063315/15/E	DAS
2	SA 8000:2014	21/12/2010	21/12/2016	30/06/2017	SA569249	BSI
3	OHSAS 18001:2007	20/10/2015	20/10/2015	20/08/2018	00063315/O/15	DAS
4	ISO 9001:2008	05/11/2012	20/10/2015	20/08/2018	63315/VN/Q	DAS

With the simultaneous application of above standard systems, it can be affirmed that all key aspects related to the management of employee health and safety and environmental protection are strictly controlled and complied with Vietnam’s laws and IFC’s international environment standards.

2. IDENTIFY THE EXPECTATIONS OF STAKEHOLDERS - ENVIRONMENTAL MANAGEMENT ACTIVITIES

The assessment of environmental impacts and risks is the backbone of the Environmental Management System ISO 14001:2004. This is the most important step in the environmental management throughout the Company. Accordingly, each production stage determines impacts that can affect the environment including waste, sewage and emissions to the surrounding environment.

The identified environmental risks are mainly related to: probable claims by the local residents about the waste emissions into the surrounding environment; punishment for violating the environmental laws because the Company’s environmental parameters exceed the permitted standards. The identification of critical risks is to provide measures on minimizing emissions at sources that affect the environment.

VCS STONE has also identified the expectations of both internal and external major stakeholders,;

INTERNAL/EXTERNAL	EXPECTATIONS
Residents of Thach Hoa commune - Thach That district - Hanoi	Be not affected by: noise, discharge of wastewater, emissions, dust, odor from production activities
Local authorities: Hanoi Environment and Natural Resources Department Environmental Police Department Hoa Lac Hi-Tech Park Management Unit Natural Resources and Environment Department of Thach That District	Comply with the Company’s commitments in the Report on Environmental Impact Assessment Perform adequate frequency of environment monitoring, specifically: + For wastewater: 04 times/year + For the air of surrounding area and production area: 02 times/year All parameters of wastewater, emissions and ambient air are in accordance with Vietnamese regulations and standards. All regular solid and hazardous wastes are controlled in accordance with the laws: + The Company collects, transports and processes all types of waste in accordance with the laws; + Storage and gathering areas are in accordance with the laws. + No environmental problems occur
Customers	Products are environmental friendly
Management Board	Attach the Company’s development with the protection of the ecological environment and creation of a green, clean and safe working environment
Employees	The environment around the Company is green, clean and non-dusty and its working environment is safe and effective.

The identification of exact expectations of stakeholders is an important prerequisite for the Company to develop and execute the environmental safety procedures, regulations and guidelines, and to take optimal measures to meet all expectations of stakeholders as well as reach the most effective environmental management.



Summary of environmental management activities:

Type of waste	Applied environmental protection measures/improvements	Responsibility for implementation	Responsibility for supervision and inspection
Dust, emissions, odors	Air conditioning and ventilating systems; In 2016, the Company invested in the odor absorption system with a total investment of nearly VND 3 billion.	Safety Department and related units	Hoa Lac Hi-Tech Park Management Unit
Stormwater runoff	The sewage collection systems are regularly checked once a month and dredged every 6 months.		
Wastewater	According to the established scheme, the Company has invested in upgrading wastewater treatment system with AAO + MBR technology, allowing wastewater discharged from the system to meet requirements of QCVN 14:2008/BTNMT from column B to column A, with total investment of nearly VND 2 billion.		
Domestic wastes / production wastes	- Hire the solid waste transporting and treatment units; - The production waste is recycled or treated by the hired functional units		Hoa Lac Hi-Tech Park Management Unit and competent authorities
Hazardous solid wastes	These wastes are collected and gathered in the hazardous waste storage areas, transported and treated by the experienced units in accordance with regulations.		
Fire incidents	Take fire prevention measures seriously, use labor protection tools and supervise the execution of preventive measures in case of incidents.		



No.	Significant environmental aspects	Risks to be controlled	Control measures	
			Current control measures	Control measures to be supplemented (opportunities for improvement)
1	Normal industrial wastes (sludge, spilled materials, covers, plastic liner, barrel covers, chemical cans, wooden pallets)	The wastes, especially nylon, are not fully classified by the units	Monitor the waste classification in the units	Set norms for transportation of normal waste
2	Noise	From the grinders in the grinding lines From the vibrocompressor	Always close the door upon grinding Always equip the vibration cap when producing the products Take the environment monitoring periodically: 02 times/year (April and October) Equip ear muffs for staff working in these areas	Monitor daily the production in the vibrocompressor area Take the environment monitoring in April and October 2016
3	Emissions from mixing materials	Emissions resulted from the mixing of materials in the mix, ring and hopper areas	Equip the filters SP 53; Equip the styrene absorbers	Establish specific rules and regulations on closing these areas when producing
4	Dust from feeding materials and operating the forklifts	Cover tightly the open conveyor belts that generate dust	Industrial cleaning	Make sealed gaskets so that powders are not spilled out
		During the discharge of powder from the bottom of the discharge valve of Silos A and B, valves are often stuck so that the amount of powder to be released can not be controlled upon discharging	Industrial cleaning	Replace the current valves with butterfly ones with grades that regulate the amount of powder to be released
		Dust from operating the forklifts to transport materials in the material feeding and color mixing areas	Industrial cleaning	
		Dust dispersed from crushing quartz		Cover the grinder area









No.	Significant environmental aspects	Risks to be controlled	Control measures	
			Current control measures	Control measures to be supplemented (opportunities for improvement)
5	Vibration	From the vibrocompressor	Take the environment monitoring for the vibration periodically: 02 times/year (April and October) Equip ear muffs for staff working in these areas	Monitor daily the production in the vibrocompressor area Maintain the annual environment monitoring;
6	Using gas (natural fuel)	Use gas for curing the products	Product norms: 0.25 kg/m <sup>2</sup>	Monitor closely the production activities in the kiln area
7	Risk of fire	Due to short circuit or violation of chemical safety regulations; due to burning	Equip fire protection and fighting equipment Regulations on chemical gathering Train staff to use the fire fighting equipment and drill the professional competence for the fire fighting teams Practise the fire prevention and fighting activities	Daily check the fire safety; Organize the firefighting profession training in April 2017
8	Overflow of toxic chemicals and gases	The transportation and storage of chemicals in the mixing area and chemical warehouse	Equip a collection channel and pit in the chemical warehouse; Equip emergency response equipment in the warehouses; Practice the chemical spill responses (2 times/year)	Daily check the chemical safety basing on the Safety-Environment-Fire Prevention Checklist
9	Leakage of toxic chemicals and gases (grease from forklifts, toxic chemicals, toxic gases)	The transportation and storage of chemicals in the mixing area and chemical warehouse	Equip a collection channel and pit in the chemical warehouse; Equip emergency response equipment in the warehouses Practice the chemical spill responses (2 times/year)	Daily check the chemical safety basing on the Safety-Environment-Fire Prevention Checklist



V. KEY ISSUES

1. RESPONSIBILITY FOR THE PRODUCTS

1.1. Safe production process

Stages	Description	Generated waste
	Materials are checked and quantified automatically according to the calculated batching formula and loaded into the mixing system.	Dust (See "Dust filtration system")
	The mixing system will homogenize all raw materials before they are transferred to the moulds.	Emissions (See "Styrene absorber system")
	After mixing, materials are distributed into the moulds of different sizes as required.	Emissions (See "Styrene absorber system")
	After the mass of slabs is automatically quantified, the moulds will be transferred into the vibrocompressor, where the materials are vibrated and compressed under vacuum to produce slabs with absolute solidity.	
	Slabs which are formed after the vibrocompression are transferred into the curing kiln to be completely hardened, then cooled before transferring to the polishing step.	Emissions (See "Styrene absorber system")
	After being cured and stabilized for 24 hours, slabs will be transferred to the polishing lines to create the perfect products as expected	Wastewater, sludge (See "Domestic wastewater treatment system")
	By the end of the production process, products are checked, classified and labeled to ensure the best quality products are provided to customers.	
		

VICOSTONE engineered stones contain about 90% of quartz (one of the hardest natural minerals), including rock powder and granules in different sizes. This material is completely eco-friendly and absolutely safe for human health.

VICOSTONE engineered stones are produced by the “vibrocompression under the vacuum” technology transferred from Breton S.p.a (Italy) - the most advanced technology in the world has high degree of automation and ensures the safety for employees during operation. All stages in the production process are automatically controlled and managed by the central control system and monitored under the ISO processes by the Process Quality Control team.

Areas where dust and chemical odors areas are emitted are installed dust filter and emission treatment systems to ensure not to affect the employees’ health and avoid causing the environmental pollution.

VCS STONE has also built and maintained a waste treatment system to ensure all wastes in the production process are treated for reuse or used as raw materials for eco-friendly products.

For liquid waste, VCS STONE uses the circulating water treatment system with sedimentation chemicals, treated water will be reused in the production.

1.2. Use of safe materials

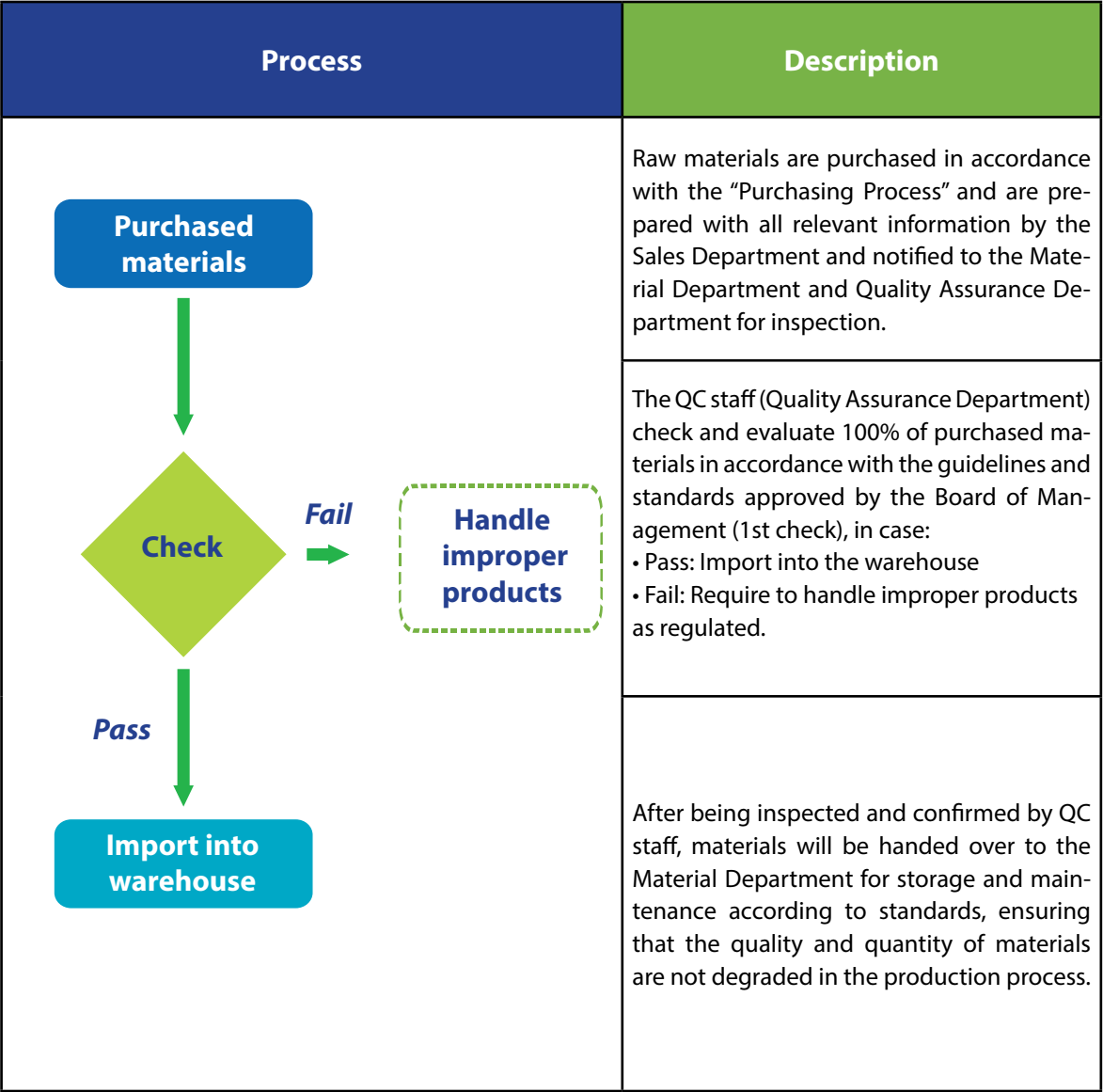
**Information of source and origin of raw materials:** 100% of raw materials are enclosed with datasheets showing applicable reference standards, actual results and requirements to meet the standards, including the following major materials:

- Quartz: Provided by major suppliers (from Belgium, Spain, India and Turkey) with modern advanced equipment, ensuring the absolute removal of impurities.
- Liquid polyester resins are imported directly from Singapore, Indonesia and Taiwan with a total volume of about 905 tons/month. These countries have the most advanced resin technology in the world and have the advantage of abundant raw materials so they can meet both quantity and quality requirements.
- Chemicals and pigments are imported directly from European Union countries such as Germany, Belgium, Netherlands and Australia to ensure that all commodities have a clear origin and are certified with the European standards.

Material selection and control process

Before being imported into warehouse, the quality of input materials is closely checked by specialized equipment and QC (quality control) staff under strict standards (1st check), ensuring to meet all requirements on environmental safety and compliance with VCS STONE’s production technology. After being imported into warehouse, raw materials are stored by standards, ensuring that the quality is not degraded during storage. Before putting into the production, materials will be further checked and assessed for quality and environmental safety parameters.

1. RESPONSIBILITY FOR THE PRODUCTS (cont)



1.3. Product quality

**Applicable standard systems:**  
To ensure the effectiveness and efficiency of quality assurance system ISO 9001:2008 as required by the management, the Company has developed and maintained 01 quality manual and 31 operational procedures.

No.	Applicable standards	Date of first certification	Date of second certification	Date of incoming certification	Certificate No.	Certifying organization
1	ISO 9001:2008	05/11/2012	20/10/2015	20/08/2018	45417/16/Q	DAS

In addition to the effective application of the quality assurance system under ISO standards, VCS STONE also establishes and maintains the lean manufacturing system and products to meet the requirements of following national and international standards:

No.	Description	Date of first certification	Expiry date	Certifying organization
1	VCS STONE's engineered stones are assessed and certified to conform to National Technical Regulation QCVN 16:2014/BXD on bricks and paving stones.	2014	03/12/2017	Vietnam Institute for Building Materials – Ministry of Construction
2	NSF Standards certify that VCS STONE's products are safe for direct contact with any kind of food and liquid	2008	15/08/2017	NSF International (United States National Sanitation Foundation)
3	Greenguard Standards certify that VCS STONE's products are safe for indoor environment and safe for children and schools.	2009	21/09/2017	Greenguard Environmental Institute
4	CE Standard (EN 15285:2008) certifies that VCS STONE's products meet the European Standards in terms of dimensions and heat resistance, waterproofness, abrasion resistance, and flexural strength.	2009	27/04/2018	SGS United Kingdom Ltd
5	Microbial Resistance certifies that VCS STONE's products are anti-bacteria materials and anti-bacteria surfaces, thus giving a guarantee of safety for users and environment.	2009	21/09/2017	Greenguard Environmental Institute



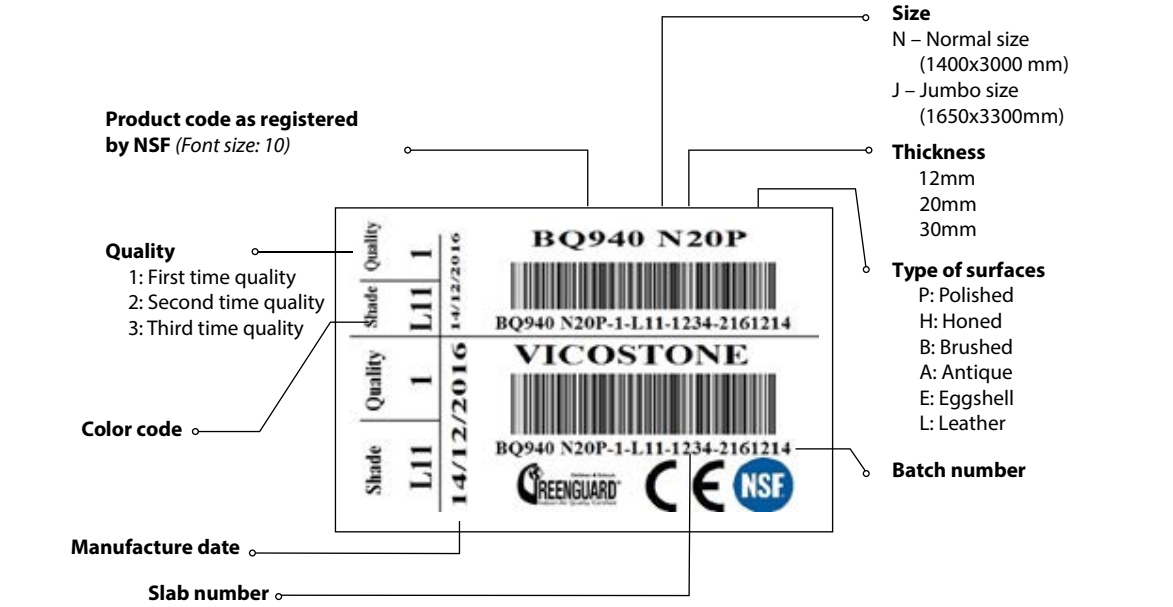
1. RESPONSIBILITY FOR THE PRODUCTS (cont)

Product control requirements

Requirements	Description	Remarks
Control during the production	All production stages are strictly controlled in accordance with the processes of ISO 9001:2008	
Product information	All product information (size, production date, quality level, additional information, etc.) is displayed on the markings and barcodes of products to help trace the products' origin more favorably.	100% of products are printed with stamps and barcodes on their backsides.
Check the product quality	Products are checked for surface quality and are classified by quality.	100% manufactured products are checked.
Check the mechanical, physical and chemical properties	Products are checked for their mechanical, physical and chemical properties in order to ensure all products meet the quality requirements before being sold to the consumers.	100% manufactured products are checked.
Check the safety properties of use	The safety properties (anti-slipping, fire resistant, etc.) are checked periodically in case of new products.	100% new products are checked.
Check the environmental safety properties	The criteria on the products' emissions into the environment are checked annually by GreenGuard in the UL Environment in the United States.	Check the samples as required
Check the food safety properties	Food safety properties such as exposure, heavy metals content, mold growth, microorganisms are tested and evaluated annually by the NSF (U.S.A).	Check the samples as required
Control the process of container uploading	Containers are controlled on quality of packed products and packing specifications by QC staff (Quality Assurance Department).	100% containers are checked

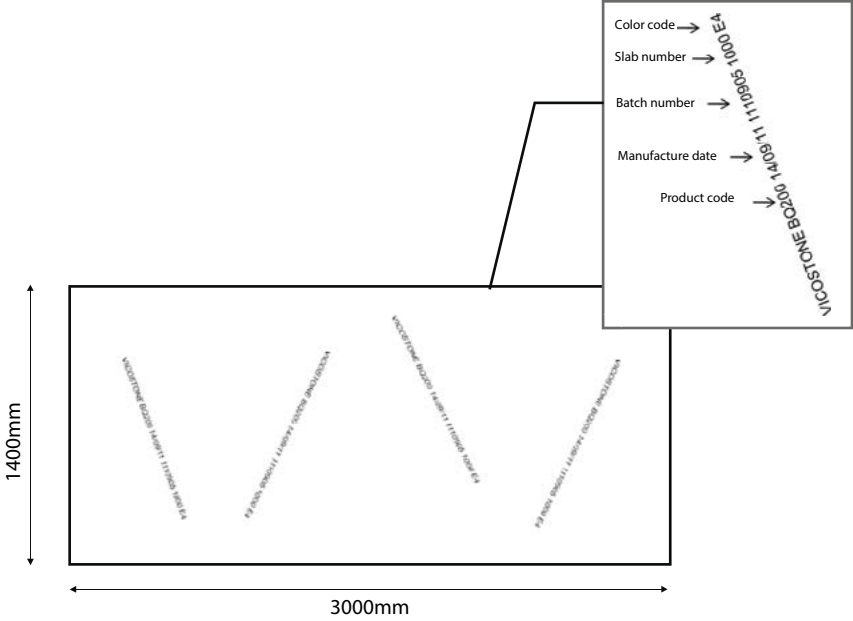
1.4. Product information

VCS STONE’s product information is fully displayed on the barcodes and labels stuck on the products to offer all necessary information which is convenient to trace the origin of the products, as follows:  
VCS STONE’s bar code



VICOSTONE brand name is also printed on the backside of the slabs along with information on the product code, production date, serial number and shade number to enhance the brand identity to the consumers.

Information printed on the slab's backside



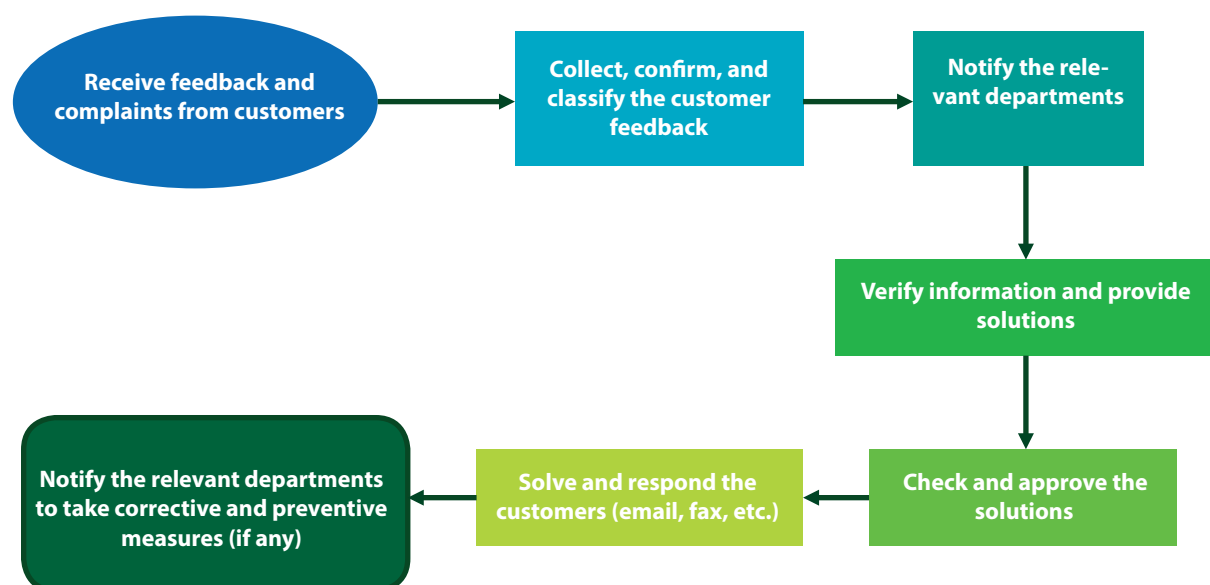
Products’ technical specifications, characteristics, certificate information and warranty policy are also updated on the Company’s website, in brochures or binders in a detailed and complete manner.

## 1. RESPONSIBILITY FOR THE PRODUCTS (cont)

### 1.5. Information support for customers

VCS STONE has completed its customer relationship management system so that it has directly approached to many customers and offered many solutions to meet all customer requirements before, during and after the sale activities. All feedback and complaints of customers are answered promptly and fully by the Company's customer care team.

In addition, VCS STONE has designed and marketed value-added products and services such as small and compact cases which are suitable for sales agencies, showcases at showrooms or exhibitions, cutting blades for fabricators with the highest level of performance at the lowest cost.



Process for receiving and solving the customer's feedback and complaints

## 2. EFFECTIVE ENERGY MANAGEMENT

To control and manage the energy efficiency, the Company has maintained a system of energy efficiency control and direction.

- The Committee for Energy Efficiency Control works continuously.
- Set the water consumption norms for each department.
- Set the hour norms for forklift operation for each production stage.
- Maintain the controlling and metering systems such as electricity, water and gas meters. The statistic data are recorded and compared with the norms, and the warnings will be given in case of overuse.
- Innovate the devices to improve energy efficiency.
- Build a energy management system in accordance with ISO 50001.

Results of inspection and assessment by the competent authorities for the Company's energy use stated that "The Company has well carried out the energy saving solutions and the legal provisions; strictly held the electricity safety and usage training".

### 2.1. Electricity

The production plants and departments continue to maintain commitments to the electricity efficiency, such as:

- Make the most use of the natural light, only use the lamps at each working place if it is not bright enough.
- Only use the equipment if necessary and in a reasonable mode to improve the performance.
- Set the air conditioning temperature between 25oC ÷ 28oC, close tightly doors and windows when the air conditioners are working, turn off all air conditioners for 30 minutes at the end of working day.

In 2016, VCS STONE has applied a series of energy efficiency measures in the production and improvement of equipment such as: Mould drying chambers and cooling towers in the Plant 1, replacing 250W Osram lamps with 160w high-frequency ones in the warehouses, installing 02 spare 11kw air compressors in re- place of 45kw ones and 02 solar water heaters for the canteen.

Year	Power consumption (KWh)	M2 of vibrocompression	Total output value (Million VND)	Average power consumption (KW/m2)	Average output value (Mil. VND/KW)
2014	12,963,852	864,395	1,382,960	15	0.1067
2015	13,109,274	877,949	1,599,933	14.93	0.1220
2016	11,290,872	666,352	1,582,640	16.94	0.1402

In 2016, the Company adjusted the product structure and increased the rate of difficult products that led to a rise in the average power consumption per m2 up to 12% compared to 2015, but the economic efficiency was higher (VND 0.14 million/KW compared to VND 0.12 million/KW, increasing 14.85%)

### 2.2. Gas

To save gas in all production activities, the Company has maintained the effective saving measures in the production plants as follows:

- Insulate the heating system and heat pipes of the curing kiln.
- Regularly adjust the proper amount of gas and wind to avoid excessive gas (the phenomenon of black smoke escaping from the pipes is the manifestation of excess gas burning). For each product, the curing kiln's temperature is set properly to avoid excess heat.
- Maintain enough moulds to maximize the use of the kiln's chambers. When the kiln's temperature is set to low level, adjust the gas and wind slightly to make the heating chamber's temperature low and vice versa.

Year	Gas consumption (Kg)	m2 of warehoused products	Total output value (Million VND)	Average gas consumption (Kg/m2)	Average output value (Mil. VND/Kg)
2014	193,920	848,578	1,382,960	0.23	7.13
2015	182,324	897,075	1,599,933	0.20	8.78
2016	160,262	639,027	1,582,640	0.25	9.88

Although the average gas consumption per m2 of product increased by 25% compared to 2015 (because the Company adjusted the product structure and increased the rate of difficult product series), but the economic efficiency was higher (VND 9.88 million/Kg compared to VND 8.78 million/Kg, increasing 12.54%).





2. EFFECTIVE ENERGY MANAGEMENT (cont)

2.3. Diesel oil

To ensure the efficient and economical use of diesel oil and avoid the excessive CO emissions discharged into the environment, the Company has taken many measures to reduce the consumption of diesel oil as follows:

- Assign employees to regularly check, maintain, supervise and manage the vehicles to ensure that they are always maintained in good technical condition, thus reducing the consumption of diesel oil;
- Train to improve drivers’ operating competence and consciousness in saving diesel oil.
- Apply the hour norms for vehicle operation for each production stage.

With synchronously applied measures, the diesel consumption in 2016 was decreased by 20% compared to 2015, as follows:

Year	Diesel consumption (Litre)	Increase/Decrease (%)
2014	130,933	
2015	136,915	4.57
2016	109,150	-20.28

3. EFFECTIVE WATER MANAGEMENT

Currently, the Company is using fresh water source supplied by Vinaconex Water Supply Joint Stock Company from Song Da Water Plant for production and living purposes. The Company’s water usage situation from 2014 to 2016 is as follows:

Year	Water consumption (m3)	m2 of polishing	Average water consumption (m3/1m2 of polished product)
2014	48,759	999,056	0.049
2015	41,239	1,083,183	0.038
2016	27,521	861,208	0.032

In order to control the use of water resource and ensure no wastage of water, the Company has developed a number of water management measures such as regulating the water use norms for each department, usually updating the water meter readings and immediately warning related department(s) in case of overuse. As a result, the efficiency of water use increased significantly compared to previous years.

Maintain the efficient water management in the Company:

- Strengthen the monitoring and analysis of water use statistics and compare with the norms to find out the non-conformities and set out the corrective measures.
- Minimize the amount of fresh water supplemented to the circulating water treatment system and maximize the use of recirculating water for production instead of fresh water.

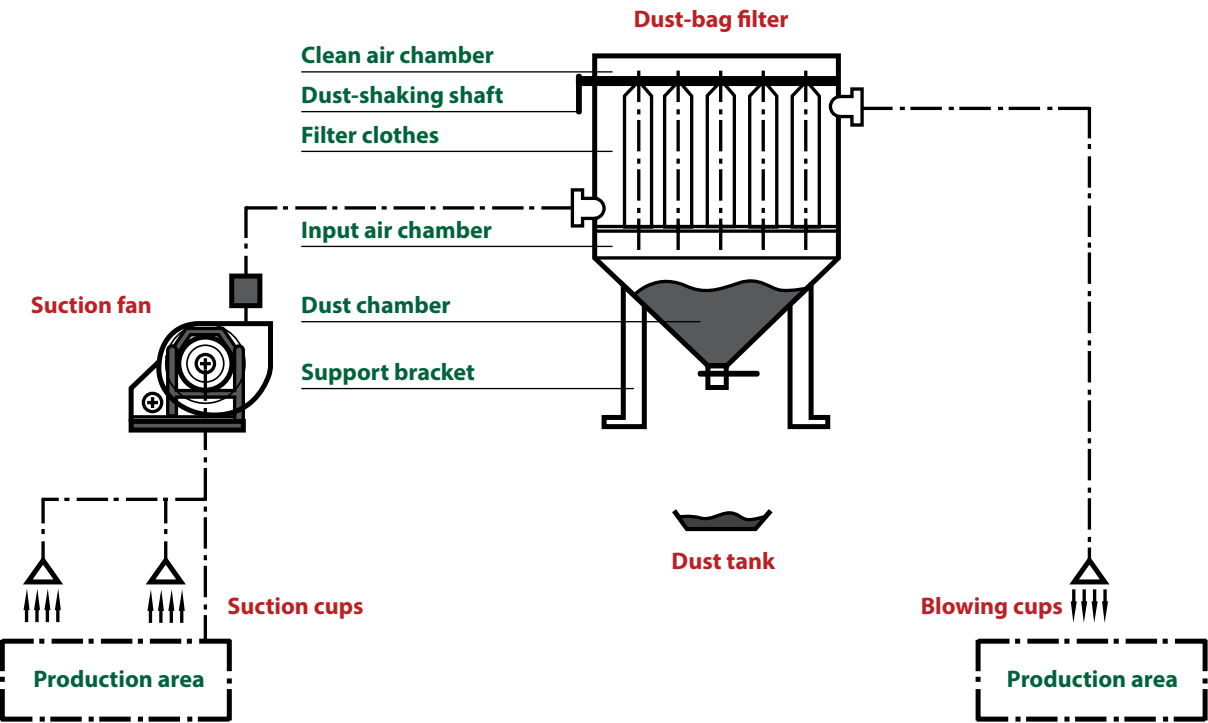
4. EMISSION AND WASTEWATER MANAGEMENT

To ensure strict compliance with the regulations on labor safety, environment and fire prevention and fire-fighting, the Company’s Board of Management has assigned the Safety Division to oversee the OSH, environment, fire prevention and firefighting activities. Every year, the Company invites the competent units to audit its environmental management activities, thus giving recommendations and continuously improving the environmental management system in accordance with ISO14001:2015.

4.1 Emissions management

Some systems and equipment for environmental protection

Dust filtration system



- All the dust-sensitive positions such as material mixing areas are installed with the absorption cone system. The suction pipes use galvanized steel tubes which are made available and specialized in the HAVC systems. For mobile suction cups, the steel-core spiral plastic tubes should be used in variable positions. Thanks to the absorption cone system arranged in the production areas, the emissions which are discharged under the effect of negative pressure caused by the exhaust fans will flow through the piping systems to the treatment equipment.
- The body: Divided into two main parts. The upper is rectangular in shape to contain dust bag and the under has the hopper shape to collect dust after filtration.
- The inside of a dust filter’s shaft is filer cloths. Air and dust pass through a filter cloth, at first, dust particles which are bigger than the gaps among the fibers will be retained on the filter cloth’s surface according to the sieve principle, the smaller particles adhere to the filter cloth’s surface due to collision, gravitation and electrostatic attraction. Collected dust layer is thicker and thicker to form a filer membrane, which retains all very small dust particles. Thanks to the filter membrane, the filtration efficiency reaches 99.8% and all very small dust particles can be filtered.
- Water and oil proof polyester filter cloths 500 gr/m2

- The quality of filter cloths: Filter cloths are specially used in the dust filter bag system and must be suitable with the type of dust in this system as described above. The distance between the bags from 30 ~ 100mm.
- Quantity of filter bags: 340
- The filter surface’s original state can be restored after stopping the air from passing through the system and cleaning dust on the cloth’s surface by:
  - + Mechanically shaking by a special mechanism.
  - + Blowing back by compressed air or clean air.
- Because the working cycle interrupts and alternates with the restoration cycle, this device always has two or more compartments (or many block in the same compartment) to stop each compartment (or each block) to shake dust. The airflow of the filter cloth is usually 150~200 m/h. The device’s impedance is about 120~150 kg/m2. A dust shaking cycle is 2~3 hrs.

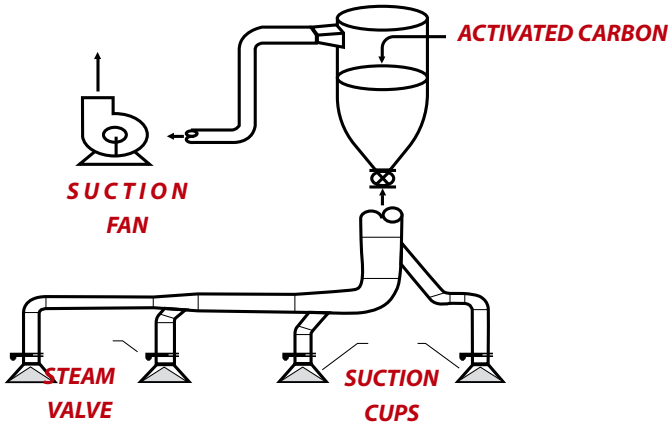
Ambient air quality treated by the system in 2016

No.	Analytical parameters	Factory gate area	The resident re-gions adjacent to the factory	QCVN 05:2013/	QCVN 06:2009/BT-NMT
1.	Suspended dust	267	BTNMT	300	-
2.	Particulate matter 10	110	BTNMT	150 (24 hour)	-
3.	Particulate matter 2.5	41	33	50 (hour)	-
4.	SO2	167	159	350	-
5.	CO	<5000	<5000	3000	-
6.	NO2	37	38	200	-
7.	O3	<10	<10	200	-
8.	Styren	29	<20	-	260 (24 hour)
9.	Aceton	<50	<50	-	-

Source: Results of environment monitoring implemented by the National Working Environment Monitoring Station on October 2016

All measured parameters met QCVN 50:2013/BTNMT - The National Technical Regulation on ambient air quality and QCVN 06:2009/BTNMT - The National Technical Regulation on hazardous substances in ambient air

Styrene absorber system





4. EMISSION AND WASTEWATER MANAGEMENT (cont)

Emissions are resulted from areas in which additives are used to clean the chains equipped with the absorption cone system. The suction pipes use galvanized steel tubes which are made available and specialized in the HAVC systems. For mobile suction cups, the steel-core spiral plastic tubes should be used in variable positions. Thanks to the absorption cone system arranged in the production areas, emissions which are discharged under the effect of negative pressure caused by the exhaust fans will flow through the cyclone exhaust pipe system and come out.

Ambient air quality treated by the system in 2016

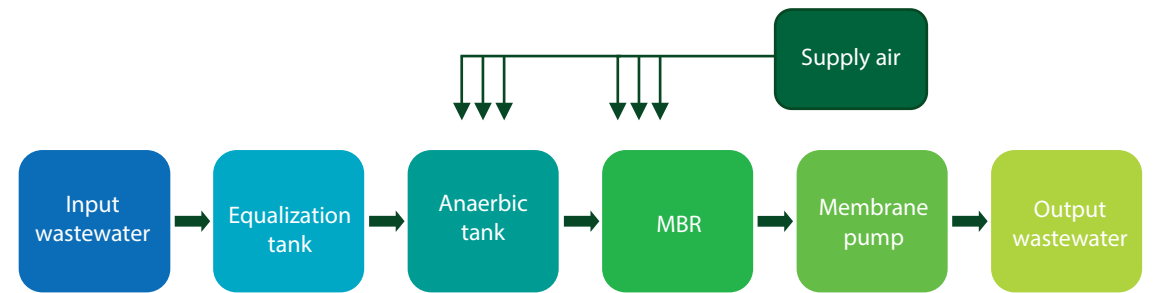
No.	Analysis parameters	Styrene absorber in Plant 1	Styrene absorber in Plant 2	QCVN 20:2009/ BTNMT
1	Styren	50,8	22,5	100
2	Aceton	2,43	1,69	-

Source: Results of environment monitoring implemented by the National Working Environment Monitoring Station in October 2016

All measured parameters met QCVN 19:2009/BTNMT - The National Technical Regulation on inorganic dusts and substances and QCVN 20:2009/BTNMT - The National Technical Regulation on organic dusts and substances.

4.2. Domestic wastewater treatment system

Based on the applied treatment process, the diagram of wastewater treatment technology is as follows:



- **Equalization tank:** Receive wastewater and regulate the wastewater flow. The equalization tank is equipped with the flow regulating pump system that operates according to the signal of the water level buoy.
- **Anoxic biological tank:** Treat all nitrogen and phosphorus contaminants. Here, NO3 is reduced into N2 in an anaerobic environment, NO3 plays the role of electron acceptor. Bacteria capture energy for their growth from the conversion of NO3 into N2.
- **Membrane bioreactor (MBR):** Thoroughly treat all organic substances, nitrificate the ammonium and remove a part of pathogen in wastewater. A foamed gas distribution system is installed under the treatment tank to increase the efficiency of dispersing oxygen into water. This amount of oxygen is to directly oxidize organic substances and the remaining part of oxygen is to mix all activated sludge with wastewater. In order to improve the treatment efficiency of the aerobic biological treatment tank

and reduce the volume of the facility, mobile biocells are added to the aerobic biological tank. These mobile biocells provide a large surface area to protect and promote the growth of bacteria decomposing organic substances. The removal of suspended deposits and sludge separation are made in water.

- **Sludge tank:** The sludge tank, which is improved from the existing sedimentation tank, stores and disposes of sludge and sediment generated in the treatment facilities.

Reviews of the AAO+MBR technology:

- The combined AAO + MBR treatment technology is modern and the most popular technology at the moment. In the domestic wastewater treatment, the stability of water quality is ensured after the treatment.
- Its installation is compact, convenient, fast and suitable with any system to be renovated and upgraded the capacity without compromising the current system; make use of existing equipment and reduce the renovation and upgrade costs.
- Easy operation, high automation, stable quality, low operating and maintenance costs.

Results of analysis of domestic wastewater quality after treatment in 2016

No.	Analysis parameters	Unit	Results	QCVN 14:2008/ BTNMT
1	pH		7.58	5-9
2	Temperature	oC	29,2	
3	COD	mg/l	16.2	
4	BOD5	mg/l	3.3	50
5	SS	mg/l	21	100
6	As	mg/l	<0.0016	
7	Hg	mg/l	<0.0005	
8	Pb	mg/l	<0.0016	
9	Cd	mg/l	<0.0008	
10	Fe	mg/l	0.056	
11	Mineral grease and oil	mg/l	0.56	

Source: Results of environment monitoring implemented by the National Working Environment Monitoring Station on October 2016

All measured parameters met QCVN 14:2008/BTNMT – The National Technical Regulation on domestic wastewater.

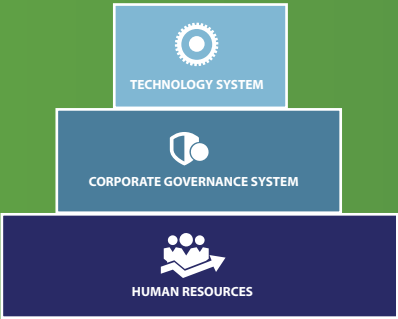
5. ASSURANCE OF THE HUMAN RESOURCES FOR THE SUSTAINABLE DEVELOPMENT STRATEGY

5.1. Human resource and training strategies

5.1.1. Human resource strategy

Regarding the value of human resources, VCS STONE has confirmed that **“Human resources is the Company’s strength, provides intelligence to build successfully brand name and creates reputation and vitality for the Company. The Company’s sustainable development depends on the quality of human resources”**.

The relationship among three factors: Human resources, Corporate governance system and Technology system at VCS STONE is clearly expressed through the following model, where the human factor is considered as the fundamental one to successfully achieve the remaining factors.



Developing the human resources, especially the high quality human resources, is always one of the core issues which are decisive to the Company’s success and sustainable development. VCS STONE’s human resource strategy for the period of 2016-2020, vision to 2030 is built based on the results of analysis of resources’ requirements to execute the long-term business strategies, internal and external factors which can influence the supply and demand of human resources in each role and working position. Accordingly, VCS STONE’s human resource strategy focuses on the following main contents and objectives:

- 1. Organizational structure: Optimize the organizational structure based on the analysis of properties of the business lines to enhance the specialization and operational efficiency of functions and business segments for the sustainable development;
- 2. Career path: Build a career path for each title position, follow closely the Company’s business plans; Demonstrate the Board of Management’s commitment to the career direction of employees, enable employees to maximize their capabilities and ensure the human resource and business stability;
- 3. Recruitment: Build the recruitment brand to ensure the Company’s competitiveness and attraction of skilled and qualified human resources;
- 4. Training: Build the training strategies to meet the development of succeeding human resources, develop the medium-level management staff with professional skills and effective management; Develop the core personnel;
- 5. Talent management: Search and identify the talents with consistent processes, tools and criteria; Actively support, train, develop and enhance their loyalty level;
- 6. Wages and benefits: Maintain the payment principle under 3P (position, person and performance); Shift the salary structure and payment method to promote the Company’s business performance; Enhance the benefits to associate the employees sustainably;
- 7. Corporate culture: Communicate, train and support activities to reinforce and instill the corporate culture in each employee’s thinkings and actions.





### 5. ASSURANCE OF THE HUMAN RESOURCES FOR THE SUSTAINABLE DEVELOPMENT STRATEGY (cont)

Executing the human resource strategy towards the goal of “Build a high quality human resources and professional management system under the international standards, ensure to meet all requirements of the global integration, the succession and development” is to create the foundation for the Company’s sustainable development.

#### 5.1.2. Training strategy

Based on the Company’s business strategy for the period of 2016-2020, “Develop in a fast and sustainable manner and maintain the compounded annual growth rate of 20% annually”, VCS STONE determines that it is necessary to build and execute effectively the strategies of human resource attraction, maintainance and development, consolidate the advanced and scientific human resource management system, especially focus on building a system of training methods associated with the Company’s business characteristics.

Because of the specific nature of VCS STONE’s operations (the unique company in Vietnam produces the quartz-based engineered stones based on the technology transferred from Breton S.P.A - Italy), it identifies that the training orientations focuses mainly on the internal and on-the-job trainings for specific areas such as production, technology, equipment, etc. Accordingly, the employees with many years of experience and expertise will be trained and cultivated to become internal trainers who will be able to train and mentor new employees. With this training method, the practical knowledge and experience will be spread and shared to many people and link the theoretical trainings with the on-the-job practices, contributing to improving the training effectiveness.

For medium-level managers and senior leaders, focus on training the strategic management knowledge and leadership capacity; and train the source of staffs succeeding the medium-level and senior managers to ensure the quantity and quality of human resources to meet the requirements and goals of the Company’s production and business strategies for the period of 2016-2020, vision to 2025.

### 5.2. Responsibility for the employees

VCS STONE has confirmed that “Human resource is the Company’s strength, provides intelligence to build successfully brand name and creates reputation and vitality for the Company”. Creating a safe, professional, fair, friendly and open working environment in which all employees have motivation to develop, cooperate, unite and trust each other is essential to guarantee the employees’ long-term engagement to the Company and create the foundation for the Company’s sustainable development.

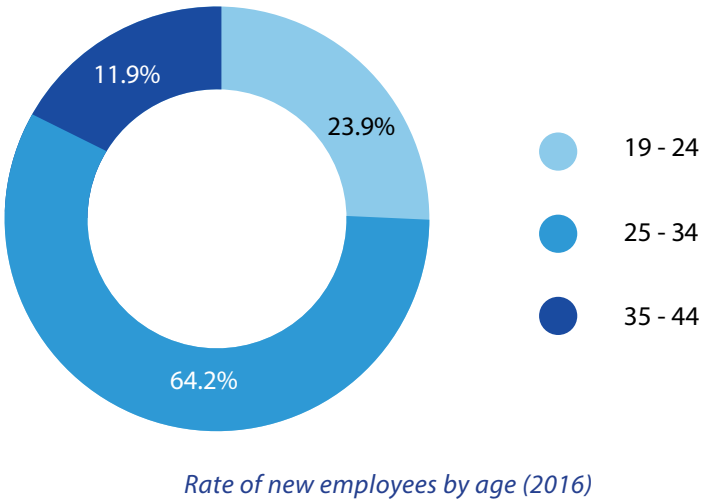
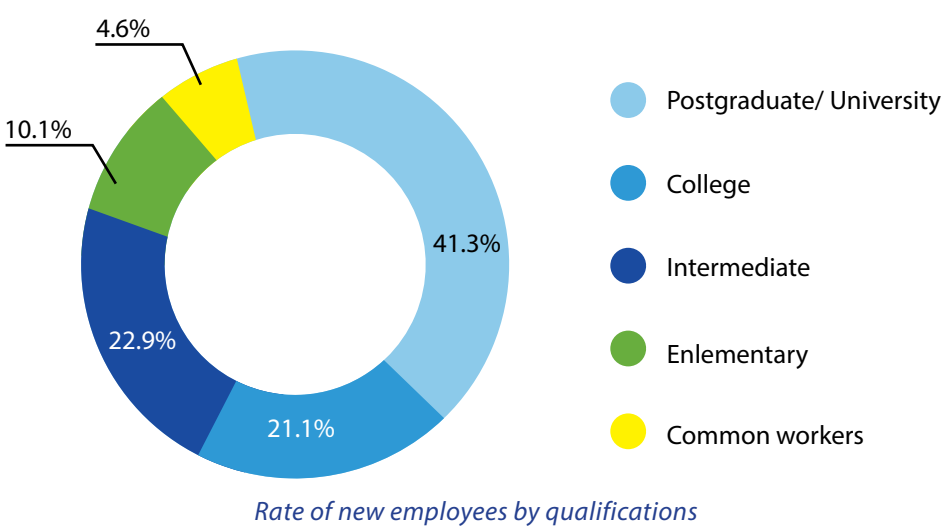
#### 5.2.1. Recruitment – talent attraction

VCS STONE’s recruitment is carried out in accordance with the recruitment process approved by the Board of Executives, which ensures the transparency, fairness and fair competition among the candidates.

In addition to the candidates’ qualifications and experience, the selection of successful candidates is also based on the assessment of their development potentiality, learning ability and above all their suitability with the Company’s working environment and corporate culture.

In 2016, VCS STONE recruited 109 new employees, of whom males accounted for 87.2% and females accounted for 14.7% respectively. Number of qualified employees and young employees (under 34 years old) were recruited in majority with 62.4% and 88.1%, respectively.

In 2016, VCS STONE’s recruitment results were as follows:



One of VCS STONE’s policies is the priority of recruiting the local people, contributing to stabilize their lives and the socio-economic development of the locality where the Company is headquartered.

#### 5.2.2. Training results in 2016

VCS STONE’s training focuses on evaluating, planning and fostering the succeeding human resources at all levels to create a long-term, stable and available source of staff for key positions. In 2016, VCS STONE’s training was divided into three types:

- Integration training: 100% new recruited employees will participate in the integration training program to understand VCS STONE’s history of establishment and development, working environment and products and they are trained on professional knowledge to catch up with and integrate quickly with the works at VCS STONE.
- Advanced training: Every year, VCS STONE regularly organizes the training courses to improve the professional skills and knowledge for employees such as training and improving the qualifications for staff in charge of human resources; training new knowledge on Siemens machines; training on Simatic, etc.;
- Training on management skills: For outstanding staff with great development potentiality and management staff, VCS STONE pays attention to the development through the training courses to

5. ASSURANCE OF THE HUMAN RESOURCES FOR THE SUSTAINABLE DEVELOPMENT STRATEGY (cont)

improve the leadership and management skills, such as: "Production manager", "Production management & Continuous improvement", "Kaizen-5S", "Improvement of management skills for medium-level managers", etc.

In addition to the external training programs, the Company also places great emphasis on the internal, on-the-job and on-site training programs to improve the professional qualifications and skills for employees.

At VCS STONE, employees are always given the best conditions in terms of time and budget to participate in the training programs to improve their professional qualifications and skills while the Company also encourages them to apply their learned knowledge in the works.

*In 2016, the Company organized 75 training courses with a total cost of over VND 1.8 billion, 249 training sessions with 792 training hours and 3,242 turns of trainees.*

5.2.3. Salary and bonus system based on the performance

VCS STONE's salary and bonus system is built on the 3P method (position, person and performance) to make sure that the salary and bonus payment is always linked to the performance and ensure the internal fair and competitiveness over the labor market, thereby increasing the ability to attract, retain and motivate the employees.

The income of VCS STONE's employees in 2016 included:

Salary

- Fixed salary
- Salary based on performance
- Salary for annual leaves

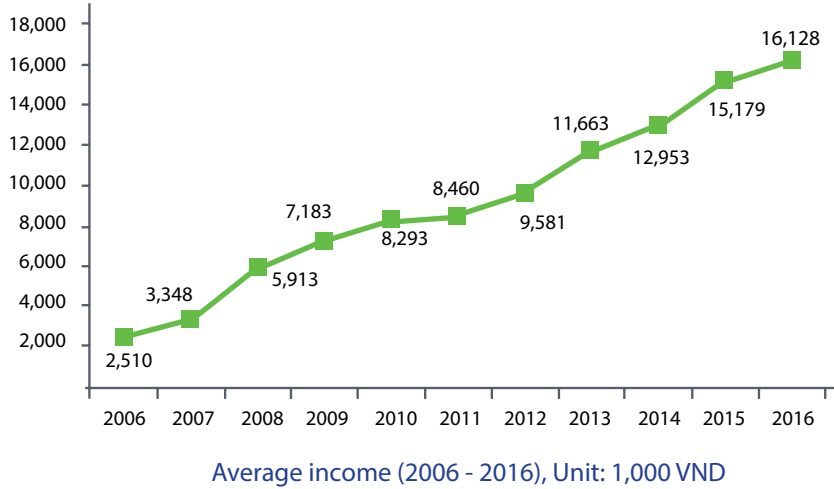
Bonus

- Calendar New Year bonus
- Lunar New Year bonus
- Bonus for other holidays: 30/04 - 01/05; 02/09, vacation
- Bonus on the company establishment anniversary
- Bonus for good business performance and technical innovations
- Rewards for individuals and units with excellent achievements in terms of production and business
- Allowances for employees on 08/03, 20/10 (for female staff), 22/12 (for veterans), 20/11 (for teachers of VCS STONE kindergarten), birthday (for all employees), etc.

Benefits and insurance

- Allowances for telephone, meal, per diem, night attendance, health promotion ...
- Social insurance, healthcare insurance, unemployment insurance, health insurance, combined personal insurance, etc.

The Company's salary and bonus system ensures the increase of employees' income over the years. In 2016, the average income increased by 6.07% compared to 2015.



Results of the employee satisfaction surveys in 2016 showed that 93.3% of employees were satisfied and evaluated the Company's salary and bonus system competitively compared with the labor market.

5.2.4. Compliance with the legal provisions on the policies for employees

The Company always strictly complies with the State's regulations on regimes and policies for employees. Every year, besides the compulsory insurances (healthcare insurance, social insurance, unemployment insurance), the Company also registers the special health insurance package for employees in order to ensure their health to be the best cared for, which helps minimize the financial risks in case of illness and makes them feel safe and carefully cared.

Total amount spent on insurance in 2016 is as follows:

No.	Type of insurance	Subject	Amount (VND)
1	Social insurance	All employees	7,186,579,043
2	Healthcare insurance		1,251,431,991
3	unemployment insurance		552,851,184
4	Health insurance	Board of Management, Managers	307,273,000
5	Combined personal insurance	Employees, workers	52,089,000
Total			9,350,224,218



5. ASSURANCE OF THE HUMAN RESOURCES FOR THE SUSTAINABLE DEVELOPMENT STRATEGY (cont)

5.2.5. Labor Union

VCS STONE’s Labor Union is the primary union under the management of the Labor Union of A&A Green Phoenix Group Joint Stock Company. Its structure consists of 13 component unions.

The Labor Union plays an important role in caring for and protecting the legitimate rights and interests of employees; joins in inspecting and supervising activities related to their rights and interests at the Company; participates in and represents them in negotiating, signing and supervising the Company compliance with rules, regulations and Collective Labor Agreement; Monitors the Company’s execution of democratic regulations and workplace dialogue regulations.

At VCS STONE, the Union’s Executive Board represents the employees to participate in:

- Salary Council
- Emulation and Reward Council
- Disciplinary Council
- Labor Protection Council
- Reconciliation Council for Labor Dispute Resolution.
- Co-chairing and organizing the Annual Employee Conferences.
- Periodic dialogues at the workplace.
- Launching and signing the annual emulation agreement.
- Managing and directing the activities of safety and cleaning team.

In addition, the Company’s Labor Union also participates in activities of movement, organizes cultural, sport and tourism activities for employees; participates in building the Company’s corporate culture and prevents the social evils. The Company’s Labor Union presides over the charity and social activities, visits and encourages employees when they are sick and have marriage or bereavement events, mobilizes the union members to contribute to build the “Golden Heart” fund to support and help them in case of risk, misfortune, etc. and serves Vietnamese Heroic Mothers and disabled children in difficult circumstances.



“Ring the Golden Bell” Competition



Sport activities for employees



Children at VCS STONE Kindergarten

5.3. Working environment

In 2016, VCS STONE carried out many investment projects, promoted the Kaizen - 5S activities to improve the working environment, create the best working conditions for employees and contribute to the environment protection.

Typical projects to improve the working environment for employees deployed in 2016:

No.	Project	Total investment	Efficiency
1	Renovating the mould drying chamber	Total cost of materials for the project was over VND 3,400 billion	Reduce the temperature in the mould drying chamber and make the working environment’s temperature decreased.
2	Renovating the cooling tower	VND 2,611 billion	Reduce the temperature in the working environment and surroundings. Create a cooler working environment for employees.
3	Ventilating systems for the plants	VND 2,657 billion	Improve the working environment and provide fresh cooled air to the working area in the workshops.

In 2016, VCS STONE had the qualified and experienced units (Environment Analysing and Technique J.S.C. and National Working Environment Moniotring Station - subordinate units of the Vietnam General Confederation of Labor) conducted two environment monitorings in April and November. The results of environment monitoring were satisfied, specifically:

No.	Index	Average result 1	Average result 2	TCVN 3733/2002/QĐ-BYT
1	Temperature (°C)	27.2	20.3	32
2	Humidity (%)	79.1	72.7	80
3	Wind speed (m/s)	0.26	0.1	1.5
4	Leq (dBA)	71.11	68	85
5	Vibration (dB)	0.7	0.435	1
6	CO (mg/m3)	1.1	2.37	40
7	NO2 (mg/m3)	0.040	0.048	10
8	SO2 (mg/m3)	0.159	0.060	10
9	Dust (mg/m3)	2.243	0.218	4
10	Aceton (mg/m3)	27.47	2.58	1000
11	Styren (mg/m3)	3.8	0.042	420

## 5. ASSURANCE OF THE HUMAN RESOURCES FOR THE SUSTAINABLE DEVELOPMENT STRATEGY (cont)

### 5.4. Occupational safety and sanitation

The inspection of occupational safety and sanitation is assigned to the Safety Department to carry out daily, including the inspection of occupational safety and sanitation, OSH training, provision of personal protective equipment to employees, etc.

#### Verification of equipment which is required for the occupational safety

As a manufacturer, applying the advanced and modern technology transferred from Breton S.p.A (Italia), the Company is aware of the importance of equipment safety.

In 2016, the statistics showed that:

- Number of equipment had strict requirements on the occupational safety: 63
- Number of equipment was verified for the occupational safety: 63
- Number of equipment satisfied the requirements on the occupational safety: 63

#### Occupational safety training

Annually, the Company holds several specialized training courses on occupational safety and sanitation for all employees. For employees who work in positions required for the in-depth knowledge of the occupational safety and sanitation, the Company regularly organizes the training courses and practices so that the employees can respond to any situation.

In 2016, the Company organized some basic OSH training courses as follows:

No.	Training course	Training content	Number of attendants
1	Basic occupational safety knowledge	<ul style="list-style-type: none"> <li>- Rights and obligations of employees and employers in the work.</li> <li>- Response plan to the occurrence of fire incident</li> <li>- First aid in the case of occupational accidents.</li> <li>- Safety rules and regulations</li> </ul>	597
2	Fire protection and firefighting training and practice	<ul style="list-style-type: none"> <li>- Law on Fire Prevention and Firefighting in 2001</li> <li>- Response plan to the occurrence of fire incident.</li> <li>- Firefighting practice in the unit.</li> </ul>	60
3	First aid training	<ul style="list-style-type: none"> <li>- Training of members of safety team on the first aid for injured individuals.</li> <li>- Treatment methods for common types of wounds.</li> </ul>	63
4	Practice of chemical spill responses	<ul style="list-style-type: none"> <li>- To respond to the chemical spills</li> <li>- To prevent chemical spills into the environment.</li> <li>- To collect spilled chemicals.</li> </ul>	50
5	Escape practice	<ul style="list-style-type: none"> <li>- To equip employees with the practical knowledge in the process of escape in case of incident and emergency.</li> </ul>	150
6	First-step safety training for new employees	<ul style="list-style-type: none"> <li>- The Company's safety rules and regulations.</li> <li>- Steps to deal with the fire.</li> <li>- First aid in the case of accidents.</li> </ul>	85

#### Provision of personal protective equipment

The personal protective equipment is provided by VCS STONE in accordance with the annual norms of personal protective equipment to ensure that the personal protective equipment is provided with exact quantity, type and demand of the employees. At the same time, the Company also instructs them to use these equipment.

Every year, on average, each direct worker is equipped with 03 sets of protective clothes, 02 pairs of work shoes and other personal items depending on the workplace.

In 2016, the Company provided more than 1,200 sets of protective clothes, 814 work shoes and over 2,600 other personal protective items to the engineers and workers with a total cost of VND 1,459,202,400.



6. RESPONSIBILITY FOR THE STATE AND SOCIAL COMMUNITY

6.1. Compliance with tax obligations

VCS STONE always complies with to the legal regulations and policies on tax, records and enters invoices into the accounts and accounting books in accordance with the laws and makes greater and greater contributions to the State budget.

Year	2013	2014	2015	2016
Payables to the State budget (Unit: Billion VND)	87,79	113,88	187,92	214,82

6.2. Social and community activities

For the employees

To create favorable conditions for employees to work and engage with the Company in the long term, from 2009, VCS STONE built a kindergarten for their children, thereby contributing to their peace of mind in the work.

Caring for the future generations is one of the factors that contributes to the Company’s sustainable development. The Company’s Board of Management always pays attention to and gives support timely to all activities of the kindergarten, so the facilities for caring and educating the children are always fully satisfied. All funds for the kindergarten are deducted from the Company’s welfare fund. Not only all children in the kindergarten are provided with care and education in a good environment, but any employee who lets their children in the kindergarten does not have to pay any fee. The annual maintenance cost is over VND 1 billion.

To help the employees stabilize their accommodation and engage with the Company in the long term, VCS STONE has executed the tenement project with 21-floor building of about 400 apartments at Bac Phu Cat 1. Currently, the project is completed and will be handed over to the employees in the first quarter of 2017.

For the society

In addition to focusing on the production and business development and taking care for the employees’ life, the Company also pays attention to the community support activities and considers it as a beauty in the corporate culture. With such spirit, all of VCS STONE’s charity activities are voluntarily implemented by the sense of responsibility to the community and society. In 2016, VCS STONE carried out many charity activities with a total cost of VND 5.01 billion, increasing 101.61% compared to 2015, as follows:

- Sponsor for constructing a primary school in Yen Thang Commune, Y Yen District, Nam Dinh Province: VND 3.75 billion
- Support for Thach Hoa Commune with 50 garbage trucks: VND 200 million
- Support for the Central people suffered from flood: VND 90 million
- Lifetime support for the Vietnamese Heroic Mother: VND 1 million/month
- Support for the Social fund of Thach That District: VND 12 million

And many other charity activities

For the locality

In 2016, the Company’s number of local employees was 304 persons (accounting for 49.35%). The Company’s job creation with good income for the majority of local employees has contributed to stabilizing the social order and life in the locality.



TABLE OF CONTENTS OF REFERENCE FOR VCS STONE'S SUSTAINABLE DEVELOPMENT REPORT WITH GRI SUSTAINABILITY REPORTING GUIDELINES (G4)

GENERAL STANDARD DISCLOSURES				
GRI	Disclosure item	VCS STONE's Report 2016	Report's content	Page
<b>STRATEGY AND ANALYSIS</b>				
G4-1	Statement from the most senior decision-maker of the organization	<input checked="" type="checkbox"/>	Vision, mission	8
G4-2	Description of key impacts, risks, and opportunities.	<input checked="" type="checkbox"/>	Building a risk management system for the sustainable development	25-26
<b>ORGANIZATIONAL PROFILE</b>				
G4-3	Name of the organization	<input checked="" type="checkbox"/>	Overview of VCS STONE	12
G4-4	Primary brands, products, and services.	<input checked="" type="checkbox"/>	Field of activities	14
G4-5	Location of the organization's headquarters	<input checked="" type="checkbox"/>	Overview of VCS STONE	12
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	<input checked="" type="checkbox"/>	Market structure	18
G4-7	Nature of ownership and legal form	<input checked="" type="checkbox"/>	General information on VCS STONE's activities	14
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	<input checked="" type="checkbox"/>	Market structure	18
G4-9	Scale of the organization	<input checked="" type="checkbox"/>	Overview of VCS STONE	14
G4-10	Employee statistics	<input checked="" type="checkbox"/>	Organizational structure and human resources	16-18
G4-11	Percentage of total employees covered by collective bargaining agreements	<input checked="" type="checkbox"/>		

GENERAL STANDARD DISCLOSURES (cont)				
G4-12	Organization's supply chain.	<input checked="" type="checkbox"/>	Suppliers	29
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	<input checked="" type="checkbox"/>	Overview of VCS STONE	12
<b>COMMITMENTS TO EXTERNAL INITIATIVES</b>				
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	<input checked="" type="checkbox"/>		
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	<input checked="" type="checkbox"/>		
G4-16	List memberships of associations and national or international advocacy organizations	<input checked="" type="checkbox"/>		
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents			
G4-18	Explain the process for defining the report content and the Aspect Boundaries; Explain how the organization has implemented the Reporting Principles for Defining Report Content	<input checked="" type="checkbox"/>	Overview	5
G4-19	List all the material Aspects identified in the process for defining report content	<input checked="" type="checkbox"/>	Overview	5
G4-20	For each material Aspect, report the Aspect Boundary within the organization	<input checked="" type="checkbox"/>		
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	<input checked="" type="checkbox"/>		
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	<input checked="" type="checkbox"/>		
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	<input checked="" type="checkbox"/>		



GENERAL STANDARD DISCLOSURES (cont)				
STAKEHOLDER ENGAGEMENT				
G4-24	List of stakeholder groups engaged by the organization	<input checked="" type="checkbox"/>	Engagement with the stakeholders	27-29
G4-25	Basis for identification and selection of stakeholders with whom to engage	<input checked="" type="checkbox"/>	Engagement with the stakeholders	27-29
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	<input checked="" type="checkbox"/>	Engagement with the stakeholders	27-29
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	<input checked="" type="checkbox"/>	Engagement with the stakeholders	27-29
REPORT PROFILE				
G4-28	Reporting period (such as fiscal or calendar year) for information provided	<input checked="" type="checkbox"/>	Overview	5
G4-29	Date of most recent previous report (if any)	<input checked="" type="checkbox"/>		
G4-30	Reporting cycle (such as annual, biennial)	<input checked="" type="checkbox"/>		
G4-31	Contact point for questions regarding the report or its contents	<input checked="" type="checkbox"/>	Overview	5
G4-32	Report the 'in accordance' option the organization has chosen	<input checked="" type="checkbox"/>	Overview	5
G4-33	The relations between the organization and assurance suppliers for the sustainable report	<input checked="" type="checkbox"/>	Overview	5
GOVERNANCE				
G4-34	The governance structure and committees responsible for decision-making on economic, environmental and social impacts.	<input checked="" type="checkbox"/>	Overview	5
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	<input checked="" type="checkbox"/>	Overview	5
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics	<input checked="" type="checkbox"/>	Overview	5

GENERAL STANDARD DISCLOSURES (cont)				
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	<input checked="" type="checkbox"/>	Engagement with the stakeholders	27-29
G4-38	Report the composition of the highest governance body and its committees	<input checked="" type="checkbox"/>	Organizational structure	15
G4-39	Whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	<input checked="" type="checkbox"/>		
G4-40	The nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	<input checked="" type="checkbox"/>		
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	<input checked="" type="checkbox"/>		
G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	<input checked="" type="checkbox"/>	Overview VCS STONE'S sustainable development structure	5 24
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	<input checked="" type="checkbox"/>		
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency.	<input checked="" type="checkbox"/>		
G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.	<input checked="" type="checkbox"/>	VCS STONE'S sustainable development structure	24
G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	<input checked="" type="checkbox"/>	VCS STONE'S sustainable development structure	24

GENERAL STANDARD DISCLOSURES (cont)				
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	<input checked="" type="checkbox"/>		
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	<input checked="" type="checkbox"/>		
G4-49	Report the process for communicating critical concerns to the highest governance body.	<input checked="" type="checkbox"/>		
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	<input checked="" type="checkbox"/>		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	<input checked="" type="checkbox"/>	Code of conduct	9
SPECIFIC STANDARD DISCLOSURES				
CATEGORY: ECONOMIC				
ECONOMIC PERFORMANCE				
DMA	Disclosures on Management Approach	<input checked="" type="checkbox"/>	Key factors VCS STONE'S sustainable development structure	11 24
G4-EC1	The direct economic value generated and distributed, including revenues, operating costs, employee wages and benefits, charity contributions and community investments, retained profits and payments to shareholders and governments (tax)	<input checked="" type="checkbox"/>	Business performance from 2014 – 2016 Responsibility for the employees Responsibility for the state and social community	19-21 52-59 60-61
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<input checked="" type="checkbox"/>		

SPECIFIC STANDARD DISCLOSURES (cont)				
G4-EC3	Coverage of the organization's defined benefit plan obligations	<input checked="" type="checkbox"/>		
G4-EC4	Financial assistance received from government	<input checked="" type="checkbox"/>		
MARKET PRESENCE				
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	<input checked="" type="checkbox"/>	Salary and bonus system based on the performance	54
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	<input checked="" type="checkbox"/>		
INDIRECT ECONOMIC IMPACTS				
G4-EC7	Development and impact of infrastructure investments and services supported	<input checked="" type="checkbox"/>		
G4-EC8	Significant indirect economic impacts, including the extent of impacts	<input checked="" type="checkbox"/>		
PROCUREMENT PRACTICES				
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	<input checked="" type="checkbox"/>		
CATEGORY: ENVIRONMENTAL				
MATERIALS				
G4-EN1	Materials used by weight or volume	<input checked="" type="checkbox"/>	Use of safe materials	37-38
G4-EN2	Percentage of materials used that are recycled input materials	<input checked="" type="checkbox"/>		
ENERGY				
G4-EN3	Energy consumption within the organization (by major energy sources)	<input checked="" type="checkbox"/>	Effective energy management	42-44
G4-EN4	Energy consumption outside of the organization (by major energy sources)	<input checked="" type="checkbox"/>		
G4-EN5	Energy saving through efficient storage and improvement	<input checked="" type="checkbox"/>	Effective energy management Working environment	42-44 57
G4-EN6	The amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives.	<input checked="" type="checkbox"/>		



SPECIFIC STANDARD DISCLOSURES (cont)				
G4-EN7	Reductions in energy requirements of products and services	<input checked="" type="checkbox"/>	Effective energy management	42-44
<b>WATER</b>				
G4-EN8	Total water withdrawal by source	<input checked="" type="checkbox"/>	Effective water management	45
G4-EN9	Water sources significantly affected by withdrawal of water	<input checked="" type="checkbox"/>	Effective water management	45
G4-EN10	Percentage and total volume of water recycled and reused	<input checked="" type="checkbox"/>		
<b>BIODIVERSITY</b>				
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<input checked="" type="checkbox"/>		
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	<input checked="" type="checkbox"/>		
G4-EN13	Habitats protected or restored	<input checked="" type="checkbox"/>		
G4-EN14	Total number of IUCN (International Union for Conservation of Nature) red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	<input checked="" type="checkbox"/>		
<b>EMISSIONS</b>				
G4-EN15	Gross direct greenhouse gas (GHG) emissions	<input checked="" type="checkbox"/>	Emissions management	46-49
G4-EN16	Gross energy indirect greenhouse gas (GHG) emissions	<input checked="" type="checkbox"/>	Emissions management	46-49
G4-EN17	Other indirect greenhouse gas (GHG) emissions by weight	<input checked="" type="checkbox"/>		
G4-EN18	Greenhouse gas (GHG) emissions intensity	<input checked="" type="checkbox"/>		
G4-EN19	Initiatives to reduce greenhouse gas (GHG) emissions	<input checked="" type="checkbox"/>		
G4-EN20	Emissions of ozone-depleting substances (ODS)	<input checked="" type="checkbox"/>		
G4-EN21	NOx, SOx, and other significant air emissions	<input checked="" type="checkbox"/>	Emissions management	47

SPECIFIC STANDARD DISCLOSURES (cont)				
<b>EFFLUENTS AND WASTE</b>				
G4-EN22	Total water discharge by quality and destination	<input checked="" type="checkbox"/>		
G4-EN23	Total weight of waste by type and disposal method	<input checked="" type="checkbox"/>	Identify the expectations of stakeholders - Environmental management activities	31-35
G4-EN24	Total number and volume of significant spills	<input checked="" type="checkbox"/>		
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the BASEL Convention's Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	<input checked="" type="checkbox"/>		
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	<input checked="" type="checkbox"/>		
<b>PRODUCTS AND SERVICES</b>				
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	<input checked="" type="checkbox"/>		
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	<input checked="" type="checkbox"/>		
<b>COMPLIANCE</b>				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	<input checked="" type="checkbox"/>	VCS STONE does not have any issue related to the environmental violation	
<b>TRANSPORT</b>				
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	<input checked="" type="checkbox"/>		
<b>OVERALL</b>				
G4-EN31	Total environmental protection expenditures and investments	<input checked="" type="checkbox"/>	Responsibility for the employees Identify the expectations of stakeholders - Environmental management activities	57 31-35

SPECIFIC STANDARD DISCLOSURES (cont)				
SUPPLIER ENVIRONMENTAL ASSESSMENT				
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<input checked="" type="checkbox"/>	Suppliers	29
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>		
ENVIRONMENTAL GRIEVANCE MECHANISMS				
G4-EN34	Number of grievances about environmental impacts filed, addressed, and re-solved through formal grievance mechanisms	<input checked="" type="checkbox"/>	VCS STONE has not ever been complained about the impact of its production and business activities on the environment	
CATEGORY: SOCIAL				
EMPLOYMENT				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<input checked="" type="checkbox"/>	Human resource and training strategies	50-53
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	<input checked="" type="checkbox"/>	Responsibility for the employees	55
G4-LA3	Return to work and retention rates after parental leave, by gender	<input checked="" type="checkbox"/>		
LABOR/MANAGEMENT RELATIONS				
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	<input checked="" type="checkbox"/>		
OCCUPATIONAL HEALTH AND SAFETY				
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	<input checked="" type="checkbox"/>		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	<input checked="" type="checkbox"/>		

SPECIFIC STANDARD DISCLOSURES (cont)				
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	<input checked="" type="checkbox"/>		
G4-LA8	Health and safety topics covered in formal agreements with trade unions	<input checked="" type="checkbox"/>		
TRAINING AND EDUCATION				
G4-LA9	Average hours of training per year per employee by gender, and by employee category	<input checked="" type="checkbox"/>	Training results in 2016	53
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<input checked="" type="checkbox"/>	Training results in 2016	53
51G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	<input checked="" type="checkbox"/>		
DIVERSITY AND EQUAL OPPORTUNITY				
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<input checked="" type="checkbox"/>		
EQUAL REMUNERATION FOR WOMEN AND MEN				
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	<input checked="" type="checkbox"/>		
SUPPLIER ASSESSMENT FOR LABOR PRACTICES				
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	<input checked="" type="checkbox"/>		
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	<input checked="" type="checkbox"/>		
LABOR PRACTICES GRIEVANCE MECHANISMS				
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	<input checked="" type="checkbox"/>	The Company has not ever arisen any grievance about the labor practices	



**SPECIFIC STANDARD DISCLOSURES (cont)**

<b>HUMAN RIGHTS</b>			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<input checked="" type="checkbox"/>	
<b>HUMAN RIGHTS</b>			
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	<input checked="" type="checkbox"/>	
<b>NON-DISCRIMINATION</b>			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	<input checked="" type="checkbox"/>	The Company has not ever arisen any discrimination
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	<input checked="" type="checkbox"/>	The Company does not have any activities or acts that violate the freedom of association of workers
<b>CHILD LABOR</b>			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	<input checked="" type="checkbox"/>	VCS STONE does not employ workers under 18 years of age in accordance with SA8000
<b>FORCED OR COMPULSORY LABOR</b>			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	<input checked="" type="checkbox"/>	The Company has not ever arisen any case of forced or compulsory labor
<b>SECURITY PRACTICES</b>			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	<input checked="" type="checkbox"/>	
<b>INDIGENOUS RIGHTS</b>			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	<input checked="" type="checkbox"/>	VCS STONE strictly adheres to the local regulations and has never violated the local people's rights

**SPECIFIC STANDARD DISCLOSURES (cont)**

<b>ASSESSMENT</b>			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	<input checked="" type="checkbox"/>	
<b>SUPPLIER HUMAN RIGHTS ASSESSMENT</b>			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	<input checked="" type="checkbox"/>	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	<input checked="" type="checkbox"/>	
<b>HUMAN RIGHTS GRIEVANCE MECHANISMS</b>			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	<input checked="" type="checkbox"/>	The Company has not ever been complained about human rights impacts
<b>LOCAL COMMUNITIES</b>			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	<input checked="" type="checkbox"/>	Social and community activities 60-61
G4-SO2	Operations with significant actual and potential negative impacts on local communities	<input checked="" type="checkbox"/>	
<b>ANTI-CORRUPTION</b>			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	<input checked="" type="checkbox"/>	
G4-SO4	Communication and training on anti-corruption policies and procedures	<input checked="" type="checkbox"/>	
G4-SO5	Confirmed incidents of corruption and actions taken	<input checked="" type="checkbox"/>	
<b>PUBLIC POLICY</b>			
G4-SO6	Total value of political contributions by country and recipient/beneficiary	<input checked="" type="checkbox"/>	

SPECIFIC STANDARD DISCLOSURES (cont)				
<b>ANTI-COMPETITIVE BEHAVIOR</b>				
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	<input checked="" type="checkbox"/>		
<b>COMPLIANCE</b>				
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	<input checked="" type="checkbox"/>		
<b>SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>				
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	<input checked="" type="checkbox"/>		
<b>PRODUCT RESPONSIBILITY</b>				
<b>CUSTOMER HEALTH AND SAFETY</b>				
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	<input checked="" type="checkbox"/>		
<b>PRODUCT AND SERVICE LABELING</b>				
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	<input checked="" type="checkbox"/>	Product quality Product information	38-40 41
<b>MARKETING COMMUNICATIONS</b>				
G4-PR6	Sale of banned or disputed products	<input checked="" type="checkbox"/>	VCS STONE has not ever sold any banned or disputed products	
<b>CUSTOMER PRIVACY</b>				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	<input checked="" type="checkbox"/>	The Company has not ever been complained about breaches of customer privacy and losses of customer data	
<b>COMPLIANCE</b>				
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	<input checked="" type="checkbox"/>	VCS STONE has not been fined for violating the laws and regulations on the provision and use of products and services	

VCS ADVANCED QUARTZ STONE JOINT STOCK COMPANY

VCS STONE

HOA LAC HI-TECH PARK, THACH HOA COMMUNE,

THACH THAT DISTRICT, HANOI, VIETNAM

Phone 04 3368 5827- Fax: 04 3368 6652

Email: [quanhecodong@vicostone.com](mailto:quanhecodong@vicostone.com)

Website: [www.vicostone.com](http://www.vicostone.com)



