

COMPREHENSIVE INITIATIVES FOR STRONGER AND FASTER



SUSTAINABLE DEVELOPMENT REPORT





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MESSAGE FROM THE CHAIRMAN OF THE BOARD

Dear valued shareholders and customers!

In 2021, global economies continued to suffer from the serious impacts of the COVID-19 pandemic. Vietnam's economy also endured trying times with a modest 2.58% annual GDP growth. Yet, these were signs of recovery in the context of prolonged social distancing policies in major regions and key economic sectors. Through adversities, Vicostone and other major Vietnamese businesses have always been a companion to society and communities in overcoming difficulties and navigating challenges.

Under such circumstances, Vicostone remained proactive in ensuring employees' physical and mental well-being during the pandemic. In addition, the active support from Phenikaa Group and the strategic success of raw material self-supply enabled Vicostone's stable operations and generated impressive growth in 2021: Total net revenue and profit before tax reached VND 7,070 billion and VND 2,097 billion respectively - an increase of

> Net revenue in 2021 reached VND billion, 24.92% up year-on-year

Profit before tax in 2021 reached vnd Z,UJ billion, 25.75% up year-on-year

24.92% and 25% from 2020, meeting approximately 105% and 110% the targets set by the Annual General Meeting of Shareholders in 2021.

Business performances consolidated Vicostone's status with export revenue growth achieving a historic high of 38.4%. Sales from key markets also registered strong figures, exemplified by the 150% growth in Canada - the highest since the introduction of VICOSTONE[®] products in the country. As such, the VICOSTONE[®] brand's global credibility was firmly established despite the pandemic's many hurdles.

The year 2022 is forecasted to be another year with many uncertainties. Against shifting landscapes, "Comprehensive initiatives for stronger and faster" is Vicostone's motto. From the basis of Creative Intellect, the Company will take action and formulate decisions on the principles of Proactiveness, Expeditiousness, and Resoluteness. With Phenikaa Group's ecosystem backbone support, the Company will further develop potential markets, accelerate new technology, research and develop distinguished eco-products, successfully manage risks, optimize production and operation costs to readily adapt to the socioeconomic conditions of the New Normal to seize new opportunities.

The year 2022 also celebrates Vicostone's $20^{\mbox{\tiny th}}$ birthday, a year full of vigor and pivotal changes for new growth in both volume and substance, one which shall elevate Vicostone to new heights on the international stage.

My regards and best wishes for health and success.

With sincere gratitude!

This

Ho Xuan Nang CHAIRMAN OF THE BOARD

LIMITED ASSURANCE REPORT OF THE AUDIT COMMITTEE



VICOSTONE JOINT STOCK COMPANY

Subject: Ensuring indicators of Sustainable Development

THE SOCIALIST REPUBLIC OF VIETNAM

Independence – Freedom – Happiness

Hanoi, May 25, 2022

To: Vicostone Joint Stock Company

To ensure the reliability and accuracy of some indicators in the 2021 Sustainable Development Report and improve the quality of the report of the Company, the Audit Committee has conducted its review and provided limited assurances to some of the indicators of Sustainable Development for 2021.

Responsibility of the Board of Management

The Board of Management has the responsibility to prepare and present the 2021 Sustainable Development Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and sector-specific scopes of activity. At the same time, the Board of Management is responsible for the design and implementation of internal controls which it deems necessary to ensure the accuracy and reliability of information and reasonableness to statistics in the 2021 Sustainable Development Report.

Responsibility of the Audit Committee

The Audit Committee has the responsibility to provide limited independent assurance on the information related to Sustainable Development indicators which have been selected in accordance with stipulations under the Decree No. 05/2019/ND-CP dated January 22, 2019 by the Government on internal audit, the Regulation on the operation of the Audit Committee, the Handbook on internal audit of the Company, the International Standards on Internal Audit, and other international practices. These stipulations require the internal auditors to comply with the Professional Ethical Standards and risk-based sampling procedures, from inspection planning to implementation, in order to provide its independent view of the 2021 Sustainable Development Report.

The limited assurance is mainly conducted through interviews, complementary analysis procedures, including the selection and inspection of sample records and documents, internal reports, invoices and other documents from the Company and suppliers. The limited assurance is applicable to statistics relating to selected indicators within the fiscal year that ended on December 31, 2021, without reference to prior and subsequent periods outside the scope of assurance.

Scope of review

With its existing resources, the Audit Committee has inspected some Sustainable Development indicators for the fiscal year ending on December 31, 2021 of the 2021 Sustainable Development Report on the basis of the GRI Reporting Standards, including:

CRITERIA	DISCLOSURE	SU
GRI 201: Economic perfor- mance	GRI 201-1	Export a
GRI 202: Market presence	GRI 202-1	Median Median
GRI 301: Materials	GRI 301-1	Total m
GRI SUT. Materials	GRI 301-2	Ratio of
GRI 302: Energy	GRI 302-1	Total er
	GRI 303-4	Indicato
GRI 303: Water and effluents	GRI 303-5	Total wa Ratio of
GRI 305: Emissions	GRI 305-7	Indicato Benzen
GRI 306: Waste	GRI 306-3	Total vo domest
GRI 300. Waste	GRI 306-5	Total vo and oth
GRI 416: Customer health and safety	GRI 416-1	Indicato

Conclusion

In the course of conducting the limited assurance in accordance with the aforementioned procedures and standards, the Audit Committee did not find any issues that can lead us to believe that the effectiveness of activities according to the Sustainable Development Report indicators selected in the scope of review had not been presented in a reasonable fashion, based on key aspects, and in accordance with the principles and scope of activities of the Company on the Sustainable Development Report and the existing criteria of the GRI Standards on the development of the Sustainable Development Report for the fiscal year ending on December 31, 2021.

Recipients:

- As above
- Chairman of the Board of Directors (to report)
- Record kept at Archives, Audit Committee

JSTAINABLE DEVELOPMENT INDICATOR

and import turnovers, contribution to the State budget

n entry wage level n wage level

naterial consumption for slab production

of recycled material consumption for slab production

energy consumption in the year

tors of post-treatment domestic effluents

vater consumption of water consumption per square meter of made product

tors of disposals and emissions: Total dust, NO₂, SO₂, CO, ne, Styrene, Toluene

olume of disposals including: Industrial solid waste, stic waste and hazardous waste

olume of disposals treated through incineration, landfill her discharging methods

tors of product quality and customer satisfaction

ON BEHALF OF THE AUDIT COMMITTEE Head of the Audit Committee

Nguyen Quang Hung

GRI 100

OVERVIEW OF VICOSTONE

General information Vision, mission, strategic orientation, core values Development history Markets and products Ethics and integrity





Vicostone is the third-largest supplier of engineered stone countertops to the global market. The Company has set up a broad network in all five continents as well as secured the intellectual property right for its brand VICOSTONE® in 66 countries.

VICOSTONE JOINT STOCK COMPANY

International name: VICOSTONE JOINT STOCK COMPANY

Abbreviated name: **VICOSTONE**

The certificate of business registration No. 0500469512 was issued by the Hanoi Department of Planning and Investment on June 2, 2005 and registered for the 18th amendment on April 16, 2018.

Charter capital: VND 1,600,000,000,000 (One trillion six hundred billion Vietnam dongs)

Address: Hoa Lac Hi-Tech Park, Thach Hoa Commune, Thach That District, Hanoi, Vietnam Tel: 024 3368 5826 Fax: 024 3368 6652 Website: http://vicostone.com Email: quanhecodong@vicostone.com



Mr. Pham Anh Tuan Title: General Director

Address: Hoa Lac Hi-Tech Park, Thach Hoa Commune, Thach That District, Hanoi, Vietnam. Tel: 024 3368 5826 Fax: 024 3368 6652

RESPONSIBLE FOR INFORMATION DISCLOSURE:

VICOSTONE JOINT STOCK COMPANY



VISION • MISSION • CORE VALUES



VISION

To keep promoting the standing of the brand VICOSTONE® on the international market through innovation and appliance of advanced technologies and materials to create unique, artistic inspirational quartz products.

MISSION

To realize all commitments, pioneer innovations to offer top-quality unique, artistic, trend-leading products, satisfy the demand of customers and inspire individual creativity.



STRATEGIC ORIENTATION

Smart industrial production is positioned as the core business while eco-friendly materials and hi-tech products are the spearheads, focusing on engineered quartz stone and advanced composite materials.



CORE VALUES

RELIABILITY

Vicostone has established a proven culture of "Talk the Talk, and Walk the Walk" and "Realize all commitments" based on: In advanced technologies and materials to become the market trend creator and achieve eco-friendly, sustainable development.

- High-quality human resource equipped with the knowledge, talent, responsibility, passion and creativity that dare to think and dare to do;
- Satisfaction and trust of each employee, customer, shareholder as Vicostone's ultimate goal;
- Effective application and update of the latest technologies, advancements in production and corporate governance;
- Strong financial capability and advanced management technologies for good business performance and sustainable development;
- Corporate social responsibility.

PIONEERSHIP

INSPIRATION

Vicostone's products are the quintessence of the nature and inspire customers to confidently pursue and create personalized living space.



Recorded the historical highest export revenue of \$230 million in spite of adversities caused by the COVID-19 pandemic; Recognized as "Prestigious exporter in 2020" by the Ministry of Industry and Vietnam Value Trade Award Became the third-largest supplier of engineered stone countertops to the global market; Received the Vietnam Value Award and Hanoi's Emulation Flag 2020 2018 2021 2019 Received Commendation Certificate of the Hanoi People's Committee as excellent enterprises for significant contribution to the City's development; Announced the official acquisition of a 100% stake in Phenikaa Hue Mineral Processing and Investment Co. Ltd.





Vicostone products showcased at the Quebec Expo Habitat in Quebec, Canada

In 2021, Vicostone remained the third largest supplier of engineered stone countertops to the global market. The Company exported and sold products in more than 50 countries, spanning over five continents with more than 10,000 local sellers/partners.

Exports accounted for a majority of Vicostone's total revenue with strong focus on North American and European markets. In North America, given the support of the parent firm Phenikaa Group, Vicostone not only partnered with big distributors but also set up its own VICOSTONE® retail network in the world's most demanding market.

In 2021, European countries and the U.S. promoted vaccination to create herd immunity against the COVID-19 pandemic. With that, recovery has been witnessed in many areas after a period of decline due to the epidemic, including the construction-maintenance sector. Many construction projects that were delayed because of the pandemic have been relaunched, creating a positive impact on construction businesses in general, and building materials in particular.

This specifically involves Vicostone product lines.

With the orientation of "Comprehensive Initiatives for Stronger and Faster", Vicostone proactively grasped the market situation to come up with timely and flexible solutions that were suitable and prompt in each market to stabilize production and business operations, hence boosting export revenues in some key markets such as: North America and Europe. In particular, Vicostone recorded impressive growth in the U.S. market, contributing substantively to making Vietnam one of the three largest quartz exporters to the U.S. in 2021. The amount of quartz stone exported to the U.S. from Vietnam accounted for 18.46% of the total in 2021, a surge of 70.7% compared to 2020, according to data from the United States International Trade Commission (USITC). These positive figures come amid the context that the world economy has started to recover from the pandemic-induced recession, laying an important premise for Vicostone to continue expanding its market share - specifically in the U.S -

in the overall North American markets during the coming years.

In Vietnam, the fourth wave of the COVID-19 pandemic taking place in April 2021 resulted in lockdowns throughout many provinces and cities. As a result of this, the construction market was seriously impacted after sustaining many previous losses in the recent past whilst Vicostone and construction material manufacturers and trading companies were faced with many difficulties and challenges. Changes in sales policies in line with the new situation helped Vicostone maintain stable revenue in the domestic market. Furthermore, the stable operation of Phenikaa Hue Mineral Processing and Investment One Member Co. Ltd. - a subsidiary of Vicostone - and the Phenikaa Chemical Factory - a subsidiary of Phenikaa Group - helped stabilize production despite fluctuations in the global material supply chain. This helped Vicostone remain self-sufficient in Cristobalite and Resin, which are the main input materials, and strengthen the Company's competitive advantages in both domestic and foreign markets.

In 2021, after years of focusing on investment in integrated marketing and communication activities, Vicostone strengthened its brand awareness, built trust, became a highly recognized brand in the industry, and remained the top choice of domestic consumers. Currently, in addition to the showroom in Hanoi and two representative offices in Ho Chi Minh City and Da Nang, VICOSTONE® products are present in more than 1,000 retail agencies nationwide. Maintaining stable operations amid severe adverse impacts of the COVID-19 pandemic throughout the world and Vietnam, Vicostone continues to reaffirm the soundness of its business strategy as well as the wise leadership, responsiveness, and proactive transformation of the Board of Directors and the Board of Management in the face of constant changes in the business environment.

Showroom in Hanoi No. 167, Hoang Ngan Street, Trung Hoa Ward, Cau Giay District, Hanoi, Vietnam

Representative office in Da Nang No. 502-504, Nguyen Huu Tho Road, Khue Trung Ward, Cam Le District, Da Nang, Vietnam

Representative office in Ho Chi Minh City No. 72, Nguyen Co Thach Road, An Loi Dong Ward, District 2, Ho Chi Minh City, Vietnam



GRI 100

ETHICS AND CULTURAL CHARACTERISTICS

VICOSTONE CULTURE – THE CONSCIOUS CULTURE

Vicostone is consistent with the balance between efficient and sustainable business performance and the interests of stakeholders such as Partners, Customers, Employees, Shareholders, Community and Society... etc. The Company considers such balance as the direction and guidance for all decisions and actions to bring additional values to the society and community. For 19 years of development, Vicostone has become a trustworthy brand to all stakeholders as the Company strives to realize its commitments by following an

ethical, accountable, humane and reliable standard of action.

The Company puts social responsibility at the heart of its development to foster the best values for the community and future generations.

The Company's 03 core values and 07 cultural characteristics are the core of Vicostone's culture – the conscious culture.

1. CORE VALUES



• **Pioneership:** Constant learning and innovation to create trends on the market;



CULTURAL CHARACTERISTICS

- **Trust:** Built within Vicostone and between the Company and stakeholders;
- Accountability: Clarity, transparency and good communication about all aspects for all stakeholders;
- **Care:** Cautious and honest conducts on sympathy, sharing attitude and recognition to each other;
- Transparency: Clarity and accuracy of information, policies, plans, targets...;



- Integrity: Honest, straightforward, serious and committed to humanity;
- Loyalty: Commitment, dedication and strong efforts;
- Equality: Encouragement of free, open expression and two-way feedback (between employees and managers/leaders).

THE CODE OF CONDUCT

Vicostone's Code of Conduct (COC) is developed on the basis of consensus between the Company's top-level executives and employees collectively, in full compliance with current legal regulations, and is a constructive, voluntary multiparty commitment between Vicostone and stakeholders, including employees, shareholders, investors, customers, government agencies, the community... etc. The COC is not just a guiding compass for Vicostone's employees, but also the internal link between Vicostoners, helping to propagate Vicostone's corporate culture and images of professionalism, reliability and constant innovation.

1. THE AIM OF VICOSTONE'S CODE OF CONDUCT

- Establish common principles of appropriate/inappropriate, encouraged/discouraged behaviors to guide, codify proper behaviors for Vicostone employees;
- The Code of Conduct reflects the core values and cultural characteristics of Vicostone in engagement with stakeholders. The COC is exercised along other internal regulations, policies, guidances and processes by various units and departments in the Company;
- The Code of Conduct is subject to the laws of Vietnam and refers to the laws of other countries in which Vicostone is either doing business or planning to launch business, and matches the Code of Conduct of Phenikaa Group parent firm of Vicostone.

2. SUBJECTS AND SCOPE OF APPLICATION

- The Code of Conduct is applied throughout all units of the Company, including representative offices, branches, production plants and other dependents. All persons of the Company, from members of the boards of Director and Management to senior managers and employees are subject to the Code of Conduct.
- Vicostone will make the best effort to assure suppliers, contractors, representatives and other third-party units acknowledge, honor and commit to the Code of Conduct or apply similar policies in association with Vicostone.





3. VICOSTONE'S CODE OF CONDUCT TO STAKEHOLDERS





Transparency, respect, equality and cooperation are the keys to Vicostone's relationship with investors and shareholders. The Company commits to bringing sustainable benefits to shareholders and investors through efficient business and investment activities, law abidance and honest, prompt information disclosure to publicly report the results of corporate governance and business operation.

3.1. To Employees

Vicostone believes the value and success of the Company are built on the creativity, passion and discipline of each person. Therefore, the Company develops a happy, professional, and friendly working environment that upholds constructive criticism and encourages individuals to freely demonstrate creativity and reach their full potential, thus making differences and contributions to the growth of the Company. Upon mutual understanding, caring and sharing, Vicostone is home to those whose dreams are nurtured and aspirations are awakened, developed and realized.



Customers, partners and agencies are the center for Vicostone's decision making. They are also considered key assets and members that assist the Company to realize its strategies and achieve the targets.

3.2. To Shareholders, Investors

3.3. To Customers, Partners



A training session on the Code of Conduct for Vicostone's new recruits



3.4. To Suppliers

Vicostone pledges to follow the regulations and laws regarding its relations with Suppliers. Equality, objectivity, and harmony of interests are the fundamentals of Vicostone's relationship with Suppliers. Additionally, Vicostone demands fair competition among all suppliers and refuses any unethical and illegal actions that may damage the competition.



3.5. To State agencies

Vicostone honors and abides by the laws on Competition, Environmental Protection, Labor, Intellectual Property and Securities Market.

- Fulfill the obligations and duties in accordance with the regulations issued by the State;
- Stay righteous in the relationship with the State agencies, forbid any illegal and unethical actions even though they benefit the Company;
- Work with the regulatory bodies if needed.

3.6. To Community and Society

As a member of the community and a cell of the society, Vicostone acknowledges its key role in environmental protection. The Company is willing to partner with the State and other stakeholders to improve the living conditions for Vietnamese people and enhance the country's socio-economic development through smart technologies and production methods as well as scientific researches.

COMMUNICATION, EDUCATION AND IMPLEMENTATION OF THE CODE OF CONDUCT

4.1. Communication and education

The COC is disseminated to each worker through various channels such as: direct training, internal network, short bulletins, magazines, Facebook, website, internal events...etc. Following the passing of the COC, communication and Q&A sessions are held for all employees. Aside from large scale training, the Company also has developed a network of trainers in each production unit to provide retraining and guidance for employees in their units, and for new recruits in implementation of the COC. These ensure quick adaptation, understanding, and exercising of standard behaviors by employees once they have become a members of the Company.

4.2. The implementation of the Code of Conduct

The implementation of Vicostone's COC is guided and encouraged by the Company's Board of Management, all violations of the COC are quickly, accurately and fairly investigated and resolved. The Human Resources Division is the focal point for receiving violation complaints or concerns related to the COC. Employees may also contact, report to their direct superior or the Human Resources Division if they discover violations. The Company commits to keep confidential the identity of whistleblowers within the purview of the law and Company's regulations.



If any violations are reported, the Company shall impose appropriate punitive measures upon the seriousness of violations including the issuance of written reprimands, the delay in salary raise with a total period not exceeding 6 months, dismissal or lay-off, etc.

VICOSTONE AND SUSTAINABLE DEVELOPMENT

Overview of Vicostone Sustainable Development Report 2021 Vicostone in the global sustainable development context Vicostone's sustainable development strategy and orientation Vicostone's corporate governance for sustainable development Stakeholders' engagement List of material topics

2021 VICOSTONE SUSTAINABLE DEVELOPMENT REPORT

Since the foundation, Vicostone has always considered the balance between business performance, environmental protection and interests of stakeholders as the key guidance for all sustainable development activities. The 2021 Sustainable Development Report is the 8th consecutive independent sustainable development report from Vicostone. The Report reviews the Company's sustainable development strategy, activities and their impact on the economy, environment and society. Vicostone believes that sustainable development is not only a macro strategy but also needs to be implemented in every business activity. The Sustainable Development Report, above all, is an administrative tool, a statement showing Vicostone's commitment and actions, contributing to the national, regional and global efforts to make a more peaceful, stable and prosperous society.

GENERAL STANDARDS DETAILED STANDARDS

GRI OVERVIEW OF 2021 VICOSTONE 100 SUSTAINABLE DEVELOPMENT REPORT

THE THEME "COMPREHENSIVE INITIATIVES FOR STRONGER AND FASTER"

In 2021, global economies continued to suffer from the serious impacts of the COVID-19 pandemic. Vietnam's economy also endured trying times with a modest 2.58% annual GDP growth. With the motto **"Comprehensive Initiatives for Stronger and Faster"** and readiness for potential changes, Vicostone remained proactive in ensuring employees' physical and mental well-being during the pandemic, and enabled Vicostone's stable operations and generated impressive growth in 2021. Total net revenue and profit before tax reached VND 7,070 billion and VND 2,097 billion respectively- an increase of 24.92% and 25.75% from 2020, meeting approximately 105% and 110% the targets set by the Annual General Meeting of Shareholders in 2021.

The year 2022 is forecasted to be another year with many uncertainties. From the basis of **Creative Intellect**, the Company will take action and formulate decisions on the principles of **Proactiveness**, **Expeditiousness**, and **Resoluteness**. With Phenikaa Group's ecosystem backbone support, the Company will further develop potential markets, accelerate new technology, research and develop distinguished eco-products, successfully manage risks, optimize production and operation costs to readily adapt to the socio-economic conditions of the New Normal to achieve sustainability.

1. APPLIED STANDARDS

Vicostone conforms to the GRI Standards, the most up-to-date set of standards developed by the Global Reporting Initiative to proactively manage and assess the implementation of its sustainable development commitments. As the most globally-accepted and standardized sustaining reporting system, GRI Standards is a set of criteria that applies comprehensively and systematically, clearly outlining the economic, community, environmental impacts of an organization. This is the basis for Vicostone to identify the Company's strengths, limitations in sustainability, from which to select and improve specific criterion in each part of the business, harmonize the goals of economic and community development, contributing to the environment and the community.



This report has been prepared in accordance with the GRI Standards: Core Option, to focus on the key components reflecting the Company's impacts related to economic, environmental and social topics, which are interrelated and will have major impacts on the decisions of stakeholders involved in Vicostone's value chain, to highlight the topic of the report: "Comprehensive Initiatives for Stronger and Faster".



Reporting principles for defining the report quality:



2021 VICOSTONE SUSTAINABLE DEVELOPMENT REPORT (continued)

2. REPORTING PRINCIPLES

Vicostone's Sustainable Development Report is developed to report publicly on the Company's implementation of its sustainable development strategy. It is the reflection of Vicostone's proactive and positive approach to informing Investors, Shareholders, Customers, Employees and other stakeholders. This is among the important measures to develop a sustainable social ecosystem, one that is closely linked to Vicostone's business performance. The report is developed annually to review and assess the Company's implementation of its sustainable development strategy, combined with feedbacks from stakeholders to take stock, and reassess its performance over the course of the year, to develop plans and make the necessary adjustments for future years.

Reporting principles for defining the report content:



3. SCOPE OF THE REPORT

The Report evaluates the implementation and plans for carrying out the sustainable development strategy of the Vicostone JSC. Data presented in the Report is based on the results of measurements made by the Company's departments and units, some financial documentation is in reference to the audited consolidated financial statements of the Company.

4. REPORTING FREQUENCY: Once/annum

5. REPORTING PERIOD: 01/01/2021 - 31/12/2021

6. CONTACT INFORMATION

For all enquiries and recommendations related to Vicostone's sustainable development activities as well as the contents of the Report, please contact:

Mr. Pham Anh Tuan

Title: General Director of Vicostone JSC

Tel: 024 3368 5826 • Fax: 024 3368 6652

Address: Hoa Lac Hi-Tech Park, Thach Hoa Commune, Thach That District, Hanoi, Vietnam

Your responses will be invaluable contributions to allow us better understanding of the needs and wishes of stakeholders in the timeliest and quickest manner. The feedbacks will be the foundation for the Company to assess and adjust current strategies and sustainable development programs to ensure alignment of interests with stakeholders', and to best realize Vicostone's sustainable development strategy.

VICOSTONE IN THE CONTEXT OF GLOBAL SUSTAINABLE DEVELOPMENT IN 2021

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UNITED NATIONS' 17 SUSTAINABLE DEVELOPMENT GOALS AND THE IMPLEMENTATION OF SDGs IN VIETNAM

In September 2015, at the United Nations' Sustainable Development Summit, nations all over the world adopted the 2030 Agenda for Sustainable Development. Sustainable Development Goals (SDGs) are universal goals introduced to alleviate poverty, protect the planet, and ensure that all peoples may enjoy peace and prosperity in 2030 in all United Nations (UN) member states.

The UN officially adopted these 17 ambitious but possible global goals on sustainable development.

In his opening remarks at the Sustainable Development Summit, former UN Secretary General Ban Ki-moon affirmed that the Sustainable Development Agenda was the promise by world leaders to all peoples all over the world that all nations will join hands in creating a better world. All of these were to serve the core spirit of the agenda, that is "for the world that leaves no one behind".

The SDGs were all very practical, significant, and relate closely to each other. The goals that have been set out are global challenges that must be fully and urgently treated and addressed.

In Vietnam, "sustainable development" is an especially important keyword in the long-term development strategy and a "green pass" in the increasingly deepening and broadening international economic integration process. The Government has integrated sustainable development fully into its Socio-economic Development Strategy, which emphasizes on the effective mobilization of resources for sustainable development. The Government has also promulgated numerous foundational policies that serve as "launching pad" for sustainable development, namely Vietnam Agenda No. 21 (2004), Vietnam Sustainable Development Strategy for the 2011-2020 period and the National Action Plan for the Implementation of the 2030 Agenda for Sustainable Development with 17 sustainable development goals and 115 specific targets set out for Vietnam for the period from now until 2030 on all economicsocial-environmental areas.

On October 1, 2021, the Prime Minister approved the National Strategy for Green Growth for the 2021-2030 period and vision until 2050 which contained ambitious goals aiming to help Vietnam catch up, go along, exceed, and realize the aspirations of economic prosperity, environmental sustainability, and social equality.

This is the clearest demonstration of Vietnam's determination in restructuring the economy and renovating its growth model in a green growth manner.

According to the UN Development Program (UNDP) Report at the 2020 Conference on the Announcement of the National Report on "SGD Implementation 5-year Progress Report" organized by the Ministry of Investment and Planning on October 21, 2021 in Hanoi, Vietnam was ranked as belonging in the top three nation groups making the most progress on the implementation of SDGs. The Report showed that, Vietnam's ranking on the outcome of SDG implementations had been continuously improving in the 2016-2020 period. In 2020, Vietnam ranked 49/166 countries on SDGs indicators, improving 5 ranks from the previous table. According to forecasts, by 2030 Vietnam may have achieved 5 out of 17 SDGs, including: Goal 1 on No Poverty, Goal 2 on Zero Hunger, Goal 4 on Quality Education, Goal 13 on Climate Action, and Goal 17 on Partnerships for the Goals.

Vicostone recognizes that sustainable development and responsible business are the value system that help businesses overcome volatility, promote competitiveness, and enhance brand value on the market. Vietnam's sustainable development achievements from 2016-2020 are favorable conditions and the driving force for Vicostone to continue implementing its sustainable development strategy in the coming years.



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CONTEXT OF THE WORLD ECONOMY

In 2021, the COVID-19 pandemic continued to cause severe impacts on many countries and create new challenges, from inflation to supply-chain disruption. New variants of the Corona virus emerged in turns, from Delta to Omicron, and applied new pressures on governments in their efforts to recover their economies.

The global economy grew by 5.5%, a decline from the 6% growth rate projected in July (according to the International Monetary Fund – IMF). Economic recoveries took place unevenly and mainly in some of the larger economies. In many newly emerging markets and developing economies (EMDE) where difficulties persisted due to low COVID-19 vaccination rates, economic activities were under enormous pressure.

Global production activities stagnated due to issues in supply chains, closing of sea ports, and lack of transport vehicles and workforce due to lockdown measures... The supply-demand imbalance caused the increase in prices and inflation.

The COVID-19 pandemic caused widespread socioeconomic crises and led to increased poverty on a global scale for the first time in many decades. The number of people living in extreme poverty with income of \$1.9 per day globally increased by 10% in 2020 and continued to be the highest rate in the past decade.

Along with difficulties in achieving Goal 1 of the 2030 Agenda on Sustainable Development, the prevention of disasters caused by the pandemic also required the world to further accelerate in ending poverty and hunger. The current world economic recovery is expected to only slowly remedy this situation and is dependent on the economic growth prospects in short-term as countries are facing great challenges, instability, and risks ahead.

The global supply chain crisis officially entered its second year since the outbreak of the COVID-19 pandemic and



In 2021, the prolonged COVID-19 pandemic caused the disruption of the global supply chain as measures were taken to prevent the outbreaks

disrupted production and transport of goods all over the world. Even though many economies entered into new normal phases and sent optimistic signals on the recovery of the global supply chain, the current crisis is still expected to continue until the end of 2022.

In 2021, global inflation rose to 5.2%, two percentage points higher than its trends during the past 10 years. IMF predicted that inflation would return to pre-pandemic rates in 2022, but at the same time cautioned that the prolonged disruption in the supply chain might affect inflation projections.

In 2022, the world economic growth is projected to be lower than previous forecasts. The Organization for Economic Cooperation and Development (OECD) believes that the Russia – Ukraine conflict has created the largest humanitarian crisis that affects millions of people and is a serious economic shock that may cause a decline in global economic growth by over one percentage point in 2022, from the 4.5% growth rate projected in December 2021. In 2021, the COVID-19 pandemic continued to rage globally with new variants and hindered world economic recovery. Under the leadership of the Party and thanks to the close instructions of the Government, the changes in the thinking and measures to combat the pandemic, the timely maneuvers under difficult circumstances, the strong involvement of ministries, agencies, and local authorities, the efforts of the business community and trade promoting organizations to proactively overcome adversities, in 2021 the Vietnamese economy achieved positive outcomes:

- GDP growth recovered in the fourth quarter and helped the annual GDP growth to reach 2.58% while the macroeconomic situation remained stable, inflation was controlled, major balancers of the economy were secured, etc. Furthermore, Vietnam managed to ensure the livelihood of millions of people, maintained political stability, security, order, social safety, etc.
- Production and export were maintained with a record net value of \$668.5 billion, increasing by 22.6% YoY, in which export of goods accounted for \$336.25 billion, increasing 19% YoY, while total import of goods was \$332.25 billion, increasing 26.5% YoY.
- The macroeconomic situation was stabilized, inflation was controlled: While the economy suffered from challenges due to the COVID-19 pandemic, the State Bank of Vietnam administered suitable interest rates, created favorable conditions for credit organizations to continue decreasing lending rates, and supported the economic recovery. Insurance business was stable; the stock market experienced strong growth with the market capitalization in 2021 increasing by 45.5% from 2020. On average in 2021, the CPI increased by 1.84% from 2020, the lowest growth rate since 2021. The basic inflation in 12 months increased by 0.81%.
- Developmental investment saw fiscal space for mediumterm growth. Realized social investment capital at current prices in 2021 increased by 3.2% compared to 2020. This, despite being the lowest growth rate in recent years, was a positive outcome in light of the complex COVID-19 situation in the country as well as in the world.

In 2022, reputable international organizations all predict that Vietnam may recover strongly to the growth range of 6% to 6.5% as the pandemic is being controlled, vaccination rate increases, and the Omicron variant does not cause serious damage to the economy.

VIETNAM DEVELOPS SUSTAINABLY AS THE COVID-19 PANDEMIC CONTINUES



Vietnamese exporters expect difficulties to come as seaport congestions continue to occur worldwide

The economic situation may still bear unforeseeable risks and challenges for businesses in general and Vicostone in particular. With the motto of "Comprehensive Initiatives for Stronger and Faster", the strong support from the Phenikaa ecosystem, and Vicostone's spirit of Proactiveness, Expeditiousness, Resoluteness and Creative Intellect, the Company will be united in overcoming all obstacles, achieve all targets, and together with the Party and Government, will contribute to the realization of sustainable development goals.



GRI 100

VICOSTONE'S SUSTAINABLE DEVELOPMENT STRATEGY AND ORIENTATION

SUSTAINABLE DEVELOPMENT STRATEGY AND ORIENTATION

The world endured a lot of adversities in 2021 amid complicated developments of the COVID-19 pandemic and its significant negative impacts on the global economy. Under the circumstances, Vicostone took drastic actions to stabilize its operations, remained the third largest engineered-stone countertop supplier to the global market, and was often honored by reputable rating agencies in corporate governance and sustainable development.

Over 19 years of operation, Vicostone has consistently taken measures to adopt international standards in corporate governance, and considered "sustainable development" as the compass that guides Vicostone through all activities, including production, sales, corporate governance, research and development, and human resources development. The commitment to the development and benefit of humanity and society is the fundamental principle for each of the Company's actions. Accordingly, the Company pledges to:

- Focus on the human resources development as the core strength of the business;
- Realize all commitments to the stakeholders;
- Contribute to make a better life for the community and society;

- Implement policies on cost-saving, efficient use of natural resources and the application of sustainable technologies;
- Abide to the law as a transparent and ethical business;
- Provide all resources required to maintain and improve the system on quality management, environmental protection, social responsibility, and occupational health and safety upon the standards ISO 9001:2015, ISO 14001:2015, SA 8000:2014, ISO 45001:2018.

1. OVERVIEW OF BUSINESS PERFORMANCES IN 2021

As an international enterprise whose operations span across more than 50 countries in all five continents, Vicostone is always set to face the adversities and find solutions for the problems brought by the adversities of the global economy. In 2021, the Company successfully surpassed the earnings targets of the Annual General Meeting of Shareholders.

SUSTAINABLE ECONOMIC GROWTH:



Profit before tax in 2021 reached VND 2,097 billion, **P 25.75%**

Total assets in 2021 reached vnd 6,892.91 billion, up year-on-year



Profit after tax in 2021 reached VND **1,772** billion, 24.06% up year-on-year

13.83%





SUSTAINABLE DEVELOPMENT STRATEGY AND ORIENTATION (continued)

1. OVERVIEW OF BUSINESS PERFORMANCES IN 2021 (continued)

Enhancement of corporate governance

- The Company continued to strengthen the quality of human resources, administrative system, technology, finance...;
- Effective governance, especially in risk management: The Company conducted proactive identification and management of potential risks to prepare for different scenarios with corresponding responsive actions and solutions. Expenses were reduced and controlled in all activities through the adoption of technologies, initiatives, etc. to ensure standards were met at the optimal cost;
- Branding and marketing: Vicostone promoted marketing campaigns for end consumers, specialists and architects such as: The Flower of Quartz, Home Comes First, S.O.S Contest ...

Human resources development amid the pandemic

- Vicostone secured jobs and incomes for 100% of its employees amid the COVID-19 pandemic. In 2021, Vicostone employees earned an average of VND 20.81 million, up 3.8% on-year, according to the Company's nonconsolidated financial statements;
- COVID-19 pandemic prevention: The Company executed strict, proactive and creative policies in performing the tasks to prevent the COVID-19 pandemic and assure occupational health and safety for all employees such as: The vaccination for 100% of employees; the conduction of quick test for all employees three times a week; the implementation of "3 on-site" and "work from home" working modes...;
- Education and training: The total number of training courses organized in 2021 was 32 with 2,372 trainees equating to 17,038 hours of training;
- Healthcare services for employees: In addition to the provision of health insurance for all employees as regulated by the State, Vicostone's employees had the choice to purchase healthcare and medical insurance, accident insurance, and health checking insurance. Besides, the Company also financed a part of insurance expenses for relatives of employees.

Contribution to the development of communities

- Contribution to State budget reached VND 448.40 billion, up 45.68% on-year;
- With Phenikaa Group, Vicostone actively partook in the Government's activities to fight the pandemic, support the post-disaster restoration and assist the development of society: The donation of human resources, materials, and cash worth more than VND 57 billion to the pandemic prevention activities of the Ministry of Health and local governments; the donation of VND 2 billion to the Hanoi University of Science and Technology to build the Ta Quang Buu Library; the donation of more than

VND 300 million to the construction of Sa Xeng 1 School in Sa Pa Commune, Sa Pa Town, Lao Cai Province; the book sponsorship worth nearly VND 20 million for the library of the Thach Hoa Junior Highschool in Thach That District and the gifts to teachers on Vietnam's National Teachers' Day on November 20...

2. KEY PLAN AND MISSIONS IN 2022

2.1. Key missions in 2022

The year 2022 is forecasted to be another year with many uncertainties for the global business community. With the motto **"Comprehensive Initiatives for Stronger and Faster"** and Phenikaa Group's ecosystem backbone support, Vicostone will strive to maintain and promote the spirit of proactiveness, rapidness, decisiveness, convergence and attraction of talents. Through the stating of these goals, the Company commits towards building a sustainable business that constantly keeps humanity as a core value of our business model.

Based on the addression of key risks for 2022, Vicostone sets out its major missions as follows:

Maintain growth in production and sales

In 2022, Vicostone continues to set the targets for high growth, specifically in relation to revenue and pre-tax profits. The targets have been set at VND 8,367 billion and VND 2,413 billion respectively. This represents an increase of 18.34% and 15.06% from 2021. To achieve said growth, the Company intends to:

- Fulfill the strategy of raw materials self-supply in compliance with international standards, improve the internal strengths of the Company, control and improve product quality, ensure continuous production, minimize the risks of dependence on suppliers of raw materials, and improve competitive advantages;
- Explore new markets in addition to continued enhancement of strength in major markets as well as making strong investments in scientific technological research to create advanced, innovative, distinctive and artistic products;
- Enhance investment in production lines and factories to improve product quality and satisfy the strictest technical standards of markets and consumers.

Strengthen administrative systems and control costs

- Continue to improve administrative operations in accordance with new standards to match practical conditions, update and prepare business administrative systems to be ready for potential challenges and risks;
- Promote technological innovations, make comprehensive investment in the information technology infrastructure to proactively respond to changes of the economy, improve business efficiency, increase production capacity, and optimize business operations;

- Develop the plans to optimize and control the costs of production and operation, especially those of raw materials, fuel and energy to reduce the impacts of inflation on business activities; continue to review costs of sales, marketing and administration, and optimize salaries and bonuses to harmoniously ensure income for all employees;
- Improve the efficiency of Kaizen-5S program, improve the quality standards to increase productivity and ensure occupational safety and health for employees in factories.



Improve the quality of human resources

- Promote the learning culture among all individuals of the Company, offer opportunities for all employees to join training courses and improve professional capabilities, assist them to work more professionally, realize individual potentials, and be eligible for promotions. Thereby, the high-quality human resources are maintained, while the next-generations at all levels are ensured;
- Implement appropriate policies and activities to establish and reinforce a solidary, responsible, critical, respectful and creative working environment.

Increase social and environmental responsibilities

- Continue to spread the culture of "Conscious Business", ensure the interests of shareholders, investors and relevant stakeholders, thereby contributing to the sustainable development of the Company and local communities;
- Together with Phenikaa Group, actively participate in social activities, increasingly coordinate with local authorities, and support people in plight, thus contributing to the socio-economic development of localities;
- Emphasize on improving production processes to satisfy higher environmental standards; ensure that waste treatment systems run stably, and contribute to maintaining a healthy environment for the localities and communities.



2.2. Major business targets in 2022



INCORPORATING THE 2021 SUSTAINABLE DEVELOPMENT PLAN WITH 17 SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

INDICATOR	MATERIAL TOPICS IN 2021	ACTION PLANS
ECONOMIC	GRI 201Economic performanceGRI 202Market presenceGRI 206Anti-competitive behavior	 Strict implementation of resolutions and decisions by Shareholders, fulfill production and business targets for development and realize commitments to relevant stakehor. Implementation of digital transformation according to the se implementation in production, business, and governar effectively and proactively respond to economic, market, a Financially, secure the improvement of sustainable pro continuously maintaining and developing existing marke approaching and exploiting potential markets; With respect to customers, the improvement of distinct co strategies suitable to each category of targeted custor markets; ceaseless innovation in developing new, uniq continuous improvement and renovation to increase level loyalty of customers with Vicostone, and aspiring to be markets and number one in Vietnam; In governance, improvement of production efficiency throug continued implementation of material localization strat of input materials; improvement of production technolo productivity and output products in accordance with the of the entire process of operation, production and busin standards and regulations in Vietnam and export markets
ENVIRON- MENTAL	GRI 301MaterialsGRI 305EmissionsGRI 302EnergyGRI 306WastesGRI 303Water and effluentsGRI 307Environmental compliance	 Become a "Green Business", minimizing negative impact efficient use of energy and "green" equipment; Establishment and maintenance of togetherness in erbetween the Company and workers, customers, partners, Application of automatic observation system, strengthe suppliers based on commitments to society and environ update of international standards on environmental protect
SOCIETAL	GRI 401EmploymentGRI 405Diversity and equal opportunityGRI 403Occupational health and safetyGRI 413Social communitiesGRI 404Education and trainingGRI 416Customer health and safety	 Sustainable development of human resources and the environment for workers; implementation of capacity subsequent generations of leadership; enhanced and p necessary knowledge and skills for digital transformati application of technology in industrial production; bu development, scientific application, and market research to to effectively exploit priority markets and potential macritical thinking so that individual unceasingly innovates a development of Vicostone; Community, locality development: Vicostone focuses on living conditions for local people, assisting them in the befamilies through recruitment programs, creation of jobs f support in creating a better living environment; actively including donating to flood victims, providing lifetime supproviding care for vulnerable children, investing in the deimproving infrastructure, roads, schools; and continue apfulfilling responsibilities to communities and societies.

	17 CORRESPONDING SDGs
y the Annual General Meeting of for 2021 and ensure sustainable holders; e strategic roadmap, comprehensive ance aspects of the Company to , and technological changes; rofitability and revenue growth by rkets, conducting market research, competitive advantages with pricing tomers and characteristics of each ique, and differentiated products; vels of satisfaction, confidence, and ecome the leading brand in priority bugh governance of material sources, ategies to increase self-sufficiency ologies and processes to increase e circular economic model; ensuring timess conform with environmental ts of VICOSTONE® products.	SDG 8 SGD 9 SDG 11 SDG 12
acts on the environment through the environmental protection activities s, and other relevant stakeholders; hened evaluation and selection of onment. Sustained application and ection.	SDG 6 SDG 7 SDG 12 SDG 13 SDG 14
establishment of a happy working y planning and development for proactive training of workers with ation and the trends of increased building capacity in research and to enhance competitive advantages markets; encouraging a culture of a and contributes to the sustainable on supporting basic and advanced betterment of themselves and their s for localities, improvement of and ely participating in social activities pport to Heroic Mothers of Vietnam, development of youth generations, applying international standards in	SDG 3 SDG 4 SDG 5 SDG 8 SDG 10 SDG 11 SDG 16 SDG 17





GRI VICOSTONE'S CORPORATE GOVERNANCE



Services

2. PRODUCTION SUPPORTING

1. Finance - Accounting

• Create professional and thorough business plans according to PBF process, link long-term strategies and monthly and quarterly business plans with financial activities.

2. Risk Management

- Apply modern business risk management standards such as ISO 31000, COSO;
- Enhance system of internal control and internal audit; improve effectiveness of administration and management.

3. Human Resources Management

- Focus investment on training, enhancing, and developing capacities for all employees;
- Recruit and attract talents;
- Offer competitive salary, bonus, and welfare preferences and policies, along with long-term worker engagement; ensure preferences and conditions for occupational health and safety, insurance, and regular health check-ups, etc;
- Apply social accountability standards such as SA8000.

4. Corporate Governance

• Enhance administrative quality according to international practices, apply modern administrative tools such as balance score card - BSC, key performance indicator - KPI, ISO 9001:2015 standard.

5. Information Technology Management

- Invest in and develop modern information technology infrastructure, apply modern management systems such as ERP-SAP;
- Research and apply artificial intelligence (AI) technologies in production, quality control, logistics, etc...

6. External Relations Management

• Conduct public relations functions and active communication with relevant parties.



VICOSTONE'S SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE



The current organizational structure of Vicostone consists of 14 departments and divisions, and 02 sub-divisions under the management and administration of the Board of Management, the Audit Committee and the General Affairs Sub-Division serve the Company's Board of Directors.

The total number of employees of Vicostone as at December 31, 2021 is 798.

ORGANIZATIONAL CHART

GENERAL MEETING OF SHAREHOLDERS





VICOSTONE'S SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE (continued)

2. THE ROLES AND RESPONSIBILITIES OF THE BOARDS OF DIRECTORS AND MANAGEMENT IN SUSTAINABLE DEVELOPMENT GOVERNANCE

2.1. Principles of governance and implementation of sustainable development at Vicostone

- Commitment to mandatory and recommended standards: Compliance with the laws and practices on corporate governance both domestically and internationally, with reference to the Corporate Sustainability Index (CSI) developed by the Vietnam Chamber of Commerce and Industry (VCCI), the Vietnam Business Council for Sustainable Development (VBCSD), experts from various State agencies, and independent organizations.
- An organizational structure with close coordination: All persons, from the boards of Directors and Management to employees, commit to seriously participate in and perform tasks assigned to them in the organizational structure to successfully implement the sustainable development strategy, as well as promote the role of the boards of Directors and Management in performing strategic supervision and adjustments according to the realities of the business environment.
- Transparency in all business activities: Ensure information transparency in all financial and non-financial disclosures,

honestly and promptly report on significant events and information that affect the implementation of the strategy and stated targets in order to enact timely, appropriate necessary adjustments and responses.

- Promote control functions within the business: Develop an accurate, adequate, and effective system of risk management and internal auditing to monitor and manage tangible and intangible assets, as well as ensure that production and sales targets, authenticity of reports, compliance with relevant policies, processes, legal requirements, etc., are monitored and in compliance with guiding principles and regulations.
- Prioritize the harmonization of stakeholders' interests above all else in all actions: Each of functional units and departments shall exercise the principle of equitable treatment, secure the roles and interests of all stakeholders, including shareholders, customers, partners, and workers, refrain from bias or wrongdoing in contravention of the Company's Code of Conduct for personal gains.



Vicostone does not have a specialized sub-committee on sustainable development. Instead, the Company tasks functional units with incorporating sustainable development goals into each of the Company's professional activities and implementing activities to realize the sustainable development strategies set by the Boards of Directors and Management.

Proportion of senior management hired from the local community is 22%.

2.2. The roles and responsibilities of the boards of Directors and Management and

• Develop strategic planning, provide general guidance on the Company's strategic issues related to sustainable development;

• Approve targets and action plans.

• Develop and submit to the BOD targets and action plans on the Company's sustainable development;

• Share sustainable development strategies, targets, and plans with the entire staff of the Company;

• Ensure that sustainable development plans achieve stated targets.

• Implement and realize sustainable development plans in accordance with the guidance of the Board of Management.

• Perform specific daily tasks related to sustainable development targets of the Company.



ROLES AND RESPONSIBILITIES IN THE ADMINISTRATIVE STRUCTURE FOR SUSTAINABLE DEVELOPMENT

• Research and develop new products of the highest efficiency and quality for

• Research and improve technologies to improve productivity and product quality; supervise and coordinate technological compliance in all stages of the

• Research the possibility of producing and utilizing new materials, raw materials in the Company's production and business activities;

• Research the effects and impacts of environmental and climate conditions and working conditions on the quality of products and offer solutions if necessary.

• Advise the Board of Management, functional departments and divisions on legal matters relating to the Company's production and business activities;

• Inspect and control the legality of activities within the Company and documents it promulgates; recommend measures to treat and correct activities that are

· Support relevant units in undertaking procedures to register copyrights, trademark protections, and other intellectual property rights of the Company in

• Participate in the resolution of disputes between the Company and its employees, partners, customers, or other organizations.

• Conduct accounting, inspection and control with respect to all economic

• Balance accounts, regulate financial resources of the Company, effectively exploit and use sources of capital in consistency with the sustainable

• Inspect, supervise mandatory financial spending, receivables, debt payment and collection, inspect the management and use of assets and their sources, identify and prevent acts in violation of laws on finance and accounting;

Create full and transparent reports annually or irregularly upon requests.

Develop and implement sales campaigns; take care of customers; explore and develop markets for the Company's products. The International Sales Division

• Sales and Customer Services Development Department: Develop product sales and product distribution plans; develop plans to explore and exploit new markets; develop sales and post-sales policies; manage customer relations;

• Export Department: Develop monthly and annual sales plans; take care of, develop and manage customer and partnership networks; execute international sales plans; work with the Logistics and Customs Department to oversee product distribution and packaging; manage financial duties with customers, distributors, partners, suppliers...

5	Supplies Division (including Purchasing and Logistics and Customs)	 Advise the Board of Management with the purchase of imported and domestic supplies, customs-related tasks, import-export tax management to meet the Company's strategic targets. The division consists of 02 departments: Purchasing Department: Develop strategies for purchase of supplies and development of material resources; develop and issue the policy on supplies purchasing for all units of the Company; develop annual supplies purchasing plans; execute purchasing plans and negotiate contracts with suppliers; develop the network of international and domestic suppliers; Logistics and Customs Department: Work with the International Trade Division to manage the transport and loading/unloading of goods; perform local transportation activities; perform customs tasks and follow the State's rules on priority customs treatment. 	10	0 Human Resources	 Human resources planning quality to effectively imp Recruitment: Announce recruitment to find en Company; Training and development check and supervise trathe development needset Evaluate employees' pet the performance and active salaries and bonuses and promote employees with
6	Domestic Sales Department	 Participate and organize marketing and advertisement activities to introduce products, search and expand markets for the Company's products with a wide range of domestic partners; promote trade-marketing activities; promote domestic sales; oversee the technical installation for the domestic market. Domestic sales activities: Develop domestic sales strategy; issue sales policy; develop earnings estimates; develop customer and partner networks; perform sales activities, support customers, receive and handle feedback of customers; take care of customers and review their satisfaction regularly. Trade marketing activities: Develop marketing strategy; promote trade activities for intermediaries and consumers; develop product images and brands; develop and organize workshops and conferences for retailers, agencies, architects to 		Department	 Manage salaries, welfar policies within the Com labor policies benefiting regulations of the State; Labor/management rela and employees through carry out annual happin to find solutions and imp Serve as a permanent b social accountability system
		 introduce the products, promote sales, increase experiences of customers in the products and brand. Project bidding and management: Implement construction projects and oversee the quality and progress of the project; oversee the quality of installation; manage delivery and installation upon customers' requests; support agencies and customers via Original Equipment Manufacturer (OEM) channel. 	11	General Affairs Department	 Manage facilities, provid Ensure the security and Ensure occupational safe Inspect working conditional
7	Production plants (Factory No. 1, Factory No. 2, and Crushing and Screening Workshop)	 Develop production plans, conduct production, ensuring the productivity and quality according to the requirements and goals of the Company; Control input production costs to enhance efficiency in production and business. 		Department	 regular health managen Serve as focal point for of the Occupational Hea Kaizen-5S Program.
8	Technical Department	 Manage inventory of the machinery, equipment and technological chains of the Company; Test and maintain equipment and machines regularly and upon the request of the Company, ensure the consistent operation, occupational safety and industrial sanitation; Localize accessories and parts of machines, conduct research and implement technical improvement projects; supervise, generalize, popularize and apply new technical improvement initiatives to contribute to reducing production costs and product pricings; Manage, apply, supervise, maintain and improve the energy management system in accordance with the ISO 50001 standard. 	12	Quality Control Department	 Establish standards for r requirements, control th quality of products; insp and those subject to pa accordance with the pro Manage, apply, mainta in the Company, incluse Environmental Manager Coordinate with the G occupational safety and
9	Materials Department	 Manage the receipt and delivery of depots, accessories, input equipment, and finished and semi-finished outputs of the production process, ensure accuracy, effectiveness and timeliness; Allocate appropriate resources to fix stones, reduce the number of stones failing to satisfy quality and sales requirements; Manage and coordinate equipment, including fork-lifts, excavators and cranes under the management of the division, for use in production and business activities and deposit management. 	13	Board of Investor Relations	 Receive and respond meetings between the 0 and investors; Assist the Board of M shareholder relation poli Organize/issue the anno regulations;

ning: ensure adequate man-power in terms of number and plement the Company's production and business plans;

nce recruitment information and publicly conduct employees most suitable to the requirements of the

ment: Identify training needs, organize training courses, raining programs, evaluate their effectiveness in serving Is of the Company and ensuring employees' development;

performances: Create methods and processes, evaluate achievements of employees for the purposes of paying and initiating programs to train, develop, transfer and ithin the Company;

ares: Create and implement compensation and welfare impany to maintain and encourage the workforce; fulfill ng the employees in accordance with existing laws and e;

elations: Ensure a good relationship between employers ih negotiations, talks and policies issued by the Company; iness and satisfaction assessments among all employees aprove HR policies;

t body of the Disciplinary Committee and of the SA8000 ystem of the Company;

ide working equipment for all employees of the Company;

d safety of the entire Company;

afety and sanitation, prevent fire hazards;

ditions and physical conditions for employees though ement and check-ups;

or the management, implementation, and improvement ealth and Safety Standard (OHSAS 18001:2007) and the

r raw and processed materials according to technological the quality of raw materials subject to stocking; evaluate ispect quality of finished products in production chains packaging, ensuring that all products are inspected in romulgated standards;

ntain, and improve quality control systems as applied luding: The Quality Control Standard (ISO 9001) and ement Standard (ISO 14001);

General Affairs Department to inspect and supervise denvironmental sanitation.

d to investors' inquiries or requests; schedule annual e Chairman of the Board of Directors or General Director

Management to resolve the issues with investor and olicies of the Company;

nnouncement of information in accordance with existing



GRI **RISK MANAGEMENT FOR** SUSTAINABLE DEVELOPMENT 100

The year 2021 remained harsh for all companies in general and Vicostone in particular as prolonged risks had significant negative impacts on the business operations. In addition to preparing plans to minimize the impacts from risks, the Company accepts a certain level of risk to take full advantage of opportunities and challenges instead of preventing or eliminating all possible risks.

Besides, in order to support the risk management system, Vicostone is one of the few private Vietnamese companies who have proactively established their own internal audit function since 2015 - four years before the Decree No. 05/2019/ND-CP made it mandatory for listed companies to do so. Since late 2015, the Company has brought risk

management and internal audit functions into effective under the support and consultation from Ernst & Young Vietnam's experts. The role of this function is to help the Company's Board of Directors assess the effectiveness of the system and support its subordinate units to improve their risk management in corporate governance, management, operation and business planning.

Based on the review and assessment of the Company's risk profile in 2021, the analysis of the current conditions and the forecast of trends upon information available at the time of reporting, it is foreseen that in 2022 the Company may likely face the following major risks as follows:

REVENUE DEPENDS ON A FEW MAJOR MARKETS

pressure

Vicostone products are now distributed in more than 50 countries and territories throughout the world; however, sales are generated mainly from a few major markets such as

There are risks associated with the reliance on a densely concentrated customer base, as markets tend to undergo significant changes which are often influenced by forces outside of the Company's control. Disruptions can arise from events such as wide spread diseases, political instability, changes in legal frameworks and policies, tariff and nontariff barriers, operational challenges experienced by key distributors, and changes in their sales strategies. These changes have the potential to influence a serious decline in the Vicostone's revenue that could drastically affect its sales performance, strategies, and plans in these key markets.

Understanding this situation, Vicostone has actively researched the development of new markets. Seeking out and developing these potential areas of growth is considered to be an important part of the Company's strategic objectives towards achieving and sustaining development in addition to maintaining its presence in current markets.



In December 2021, international transport continued to face challenges. Routes to Europe and America have suffered from congestion and caused an increase in costs for international transport from Vietnam to these regions. Currently, the cost



- for America-bound shipments is back on the rise and ranges between \$15,000-18,000 per container (40 feet), at times the fee can reach as high as \$20,000.
- In 2022, the international maritime shipping situation is expected to remain problematic as the global economy recovers and the need for shipment and circulation of goods continues to increase. In addition, the continued pursuit of the "Zero COVID-19" policy by China may cause worsened congestion at major seaports. According to the British maritime consultant firm Drewry and Singapore's Maritime Strategies International, the global supply chain will continue to face the risks of congestion until late 2022, and maritime shipping costs will set up new median prices. Particularly, the escalating Russia-Ukraine conflict may cause maritime shipping costs increase exponentially along with oil prices.
- If the international transports situation fails to improve in 2022, Vicostone's sales activities may suffer from increases in time and costs of shipping, which affect the competitiveness of the Company's products.
- Facing these challenges, apart from regularly updating the shipping market's situation, actively negotiating with customers on flexible delivery times, and timing for the best prices to increase the volume of goods sold, Vicostone will actively negotiate prices with maritime carriers. With a reputable brand in the international market, Vicostone is confident that it can negotiate a better price than the general market, minimizing this risk's impact.

RISK FROM U.S. INVESTIGATIONS ON ANTI-DUMPING AND ANTI-SUBSIDY

The U.S. market has always been a focus market for Vicostone. Therefore, the risks of being under anti-dumping and anti-subsidy investigations by the U.S. is an issue that Vicostone has been cautiously monitoring and evaluating in recent years.

According to data from the United States International Trade Commission (US ITC), in 2021, the total value of manufactured quartz imported into the U.S. from Vietnam accounted for 18.46% of its total imports, representing a 70.7% increase compared to 2020. That made Vietnam one of the three leading exporters of quartz products to the U.S. in 2021.

In retrospect, countries with leading export quantities and low selling prices in the U.S. have always been the target for litigation by U.S. quartz producers, including China (2018), and India and Turkey (2020). These were the three leading exporters to the U.S. before they were sanctioned by tariffs.

Vietnam has always been among the top countries with the most quartz exports to the U.S during the past few years. At the same time, the median selling prices tend to decrease due to the movements of equipment from China. Vietnam has been faced with the risk of becoming the next country to be reported by U.S. quartz producers to the U.S. Department of Commerce (DOC) and the US ITC.

In recent years, taking a proactive response to this risk, Vicostone has consistently reviewed and uniformly consolidated the administrative system to ensure precise, accurate, transparent management and traceability of product origins. The Company has also developed a clear, transparent database that is capable of quickly providing information to satisfy the requirements of inspection, and is easy to report within a set timeframe should litigation be threatened.

Furthermore, Vicostone has thoroughly studied relevant U.S. anti-dumping and anti-subsidy laws while having reputable international law firms consult and instruct the Company to comply with the laws.

UNDERLYING RISKS FROM THE COVID-19 PANDEMIC

At the end of 2021, the COVID-19 pandemic again broke on a global scale with the super-spreading Omicron variant. With its rapid spread, the new variant caused the COVID-19 pandemic to reverse course once again, with increases in the number of deaths and infections. To ensure continued and safe production and sales, Vicostone has and continued to implement the following solutions: • With regards to health standards, Vicostone updates,

Considering such complex developments, the Company's boards of Directors and Management continue to believe that the risks and consequences of the COVID-19 pandemic are one of the significant risks in 2022 as the possibility of the existence of new, fast-spreading, and vaccine-resistant variants may underlie the following risks:

• Disruption in the supply of materials and raw materials: products; Even though Vicostone has been self-sufficient with Regarding purchases, to maintain and ensure timely more than 90% of input raw materials for the production provision of raw materials for production, the Company of slab stone, the collection of required raw materials for will continue investing with different suppliers and the production of resin is still dependent on domestic enter quarterly and annual contracts to stabilize inputs. and international suppliers. The complex development Additionally, Vicostone will consistently update domestic of the pandemic may disrupt the supply of these raw and international situations to forecast and plan for materials and affect the Company's ability to continuously appropriate stocking plans. produce, especially as China continues to pursue its "Zero COVID-19" policy which may cause prolonged supply chain disruption in 2022.



- Reduced revenue and profit: The intense outbreak of the COVID-19 pandemic may affect the recovery of the construction sector, weaken consumers' demand and purchasing power, especially in major markets such as North America, the U.K. and Vietnam, while at the same time limit Vicostone's access to new markets.
- With regards to health standards, Vicostone updates, educates and requires all employees, customers, suppliers and visitors to strictly exercise the 5K message as requested by the Ministry of Health;
- Vicostone proactively envisions sales scenarios for each market at various points-in-time, promoting integrated communication and marketing activities to develop the brand and encourage customers' interaction with the products;



INCREASED COMPETITIVE PRESSURE

The risks of increased competition pressure in 2022 come from competitors within the sector and alternative products.

1. COMPETITION FROM OTHER QUARTZ-BASED ENGINEERED STONE MANUFACTURERS

Attractive profitability ratios and low trade barriers have encouraged more companies to enter the industry, especially in the Asia-Pacific region. Production capacity in the area has increased six-fold over the past ten years, with significant players being India, China, Vietnam, and most recently, Malaysia. It is expected that the compound annual growth rate (CAGR) of global quartz production capacity in the five-year period 2020-2024 will reach 6.09%.

According to a forecast by Freedonia, demand in the guartz-based engineered stone market in 2022 will reach 66.03 million m², increasing by 4.8% from 2021. Thus, the substantial increase in supply coupled with lower-thanexpected growth in demand will lead to fierce competition among quartz producers to grab market shares. This may lead to price-based competition that could drive a decrease in retail revenues and profitability. This is a significant risk for Vicostone looking forwards, as major investments in production technologies and research to create outstanding, unique, and eco-friendly products have increased manufacturing costs. In contrast, producers applying Chinese technologies with a lower level of investments, can offer more inferior quality products in terms of physicmechanics, designs, and in-use safety standards, and sell their products at very low-price points. These products are attractive to some market segments among our potential customers. A drop in consumers' incomes brought about by the prolonged pandemic, may also drive more people to look for products that will offer cost saving solutions.

Furthermore, potential mergers between companies within the quartz production sector could help competitors gain competitive advantages due to scales and market coverage. These preceding factors will place increased competitive pressure on Vicostone; more so as competitors may gain stronger financial position. In this event, they may be ready to offer prices much lower than Vicostone's selling price, within the same product category, in order to pursue unhealthy competition for market share.

To compete and reinforce its position as an industry leader, Vicostone will continue to differentiate its products to distinguish them from others. Accordingly, Vicostone will emphasize investing in R&D to discover new materials and products that are safe, unique, hard to reproduce, superior, eco-friendly, and trend-setters for the global quartz market.

Furthermore, quality control and production cost reduction are also preferably implemented through such solutions as self-sufficient input raw materials, Kaizen programs, and effective cost control in all operations, especially production.

2. COMPETITION FROM ALTERNATIVE PRODUCTS

Alternatives for the engineered stone include granite, marble, ceramic, laminates, and recently developed products such as porcelain slabs and sintered stone (such as Dekton). The development of substitute materials and the change in customer tastes will directly impact Vicostone's ambition of market share expansion.

Against such challenges, Vicostone will focus on enhancing its strengths, including ceaselessly improving and developing differential products based on understanding consumer behaviors and trends, as well as focusing on improved customer services, especially after-sales services.

RISK OF CYBERSECURITY

Currently, digital transformation has been vigorously implemented at Vicostone to increase efficiency throughout its operations, from management and administration, to production and sales. However, in tandem with digital transformation are cybersecurity risks. As the third-largest supplier of engineered stone countertop to the global market, that is trusted and highly regarded by millions of partners, customers and shareholders, Vicostone may be targeted by competitors to copy ideas and technological know-how, steal information about products, customers, business performances, etc., and even sabotage its data systems. Such events could be disruptive to production and sales, and weaken the Company's reputation on the market.

Consequently, the Company has prioritized cybersecurity, and has mobilized resources to control potential threats. In 2021, the Company implemented numerous solutions to



upgrade and strengthen its information security system, and the system did not record any cyber-attacks. However, the development of information technology and the increase in sophisticated cybercriminals mean that the Company's IT system is always at risk of attacks and must continue to be vigilant against such threats.

Against this backdrop, Vicostone understands that cybersecurity continues to be a significant risk that needs to be closely monitored and managed in 2022. To proactively respond to this risk, Vicostone has proactively upgraded its servers and administrative system to be more modern and more innovative, through a proactively drawn-out processes and scenarios to practice a response to such incidents so we can minimize potential damages to the Company. Furthermore, the Company has issued its "Confidentiality and Privacy Policies" to help users better understand the collection, use, sharing, processing and storage of information between them and the Company. Upon this basis, the Company will build a transparent and safe administrative system for users.

LEGAL RISKS IN INTERNATIONAL TRADE

1. RISKS IN CHANGES TO STANDARDS OF SILICA DUST CONCENTRATION

The issue of silicosis, a long-term lung disease caused by inhaling unsafe levels of silica dust for years, has attracted attention in Australia after the report on dust diseases by the Taskforce of the Australian Government's Department of Health was published in July 2021. Even though the report of the Taskforce did not recommend an immediate ban on manufactured quartz in Australia, victims who were craftsmen did call for a ban on quartz-based products. The Australian Government has yet to make a final decision on this issue.

In the event that the Australian Government introduces strong measures to ban the import of quartz-based products, it may become a precedent for countries that are major markets of Vicostone, such as the U.S., Canada and some other developed countries. Such actions could influence other nations to change their policies related to the standards of manufacturing environment, and occupational conditions in silica dust-producing environment in 2022. There is also a risk that countries may further ban the import of quartzbased products based on fears that silicosis has not been properly managed.

As Vicostone truly cares for the environmental protection and occupational health and safety for employees, the Company regards these as strategic objectives and specific plans of actions are being closely and professionally carried out. Vicostone sees these issues as the opportunity to earn the trust and affection of customers, partners, and communities, to demonstrate the responsibilities and commitments of a company with the clear pursuit of sustainable development:

- In controlling dust concentration: The Company maintains constant and stable operation of dust treatment systems and solutions to reduce dust concentration, especially in the areas where dust is highly likely to arise, such as feeding, crushing, and screening areas. Observational results in 2021 conducted by the Company and an independent observational partner, shows that 100% of measured spots met the specific requirements on minimum dust concentration, in accordance with current regulations of countries that are Vicostone's markets. In 2022, the Company will continue to maintain and research to implement further measures to control dust concentration and reduce dust concentration from the figures measured in 2021.
- In ensuring occupational health and safety for employees: The Company fully equips protective equipment especially for employees in areas with silica dust, and consistently maintains inspections and supervision to ensure that employees fully follow occupational safety and health regulations. In the coming years, the Company will utilize automation in some processes in areas with high silica concentration to minimize employees' exposure to silica dust in their working environment.

2. RISKS OF CHANGES IN LEGAL REGULATIONS

The Company's products are currently sold and distributed in more than 50 countries and territories all over the world. Therefore, Vicostone's sales activities are always directly affected by the legal regulations and frameworks of the host countries, including tariff policies, non-tariff barriers, procedures, administrative and legal regulations, etc. These policies are continuously adjusted according to the regulations of each country and may imply risks for Vicostone if the Company fails to fully understand, or stay up-to-date on changes, such as increases in fines, products failing to meet standards for distribution.

To manage the risk, Vicostone has established relations with reputable international law firms that can provide consultation and continuous updates to changes in policies and laws related to the sale of quartz stones in different countries. This is especially important in major markets, so that the Company can proactively make adjustments and changes to promptly and fully satisfy these requirements.

3. RISKS OF LEGAL DISPUTES

When partaking in international trade, the Company has to deal with legal disputes from various sides, such as disputes in sales contracts or provision of global services, product quality, social responsibilities and environmental responsibilities, especially disputes with competitors on product designs and intellectual properties.

In the context of increasingly fierce competition among quartz stone producers, Vicostone believes that competitors will continue to employ unhealthy competitive tricks and take advantage of litigations to damage the reputation of Vicostone on the market. To reduce these risks, the Company has registered for the protection of its brand, trademark, product designs and other intellectual properties in the markets where the Company is operating. This applies especially to new products before their official commercialization. Since mid-2021, many countries have introduced unprecedented economic stimulus packages to help their economies quickly recover after the pandemic. This has led to the circulation of large amounts of money. Furthermore, the re-opening of economies has caused a sharp increase in demands for goods and products, while supply has been scarce due to disrupted supply chains, transport congestions, and high energy prices. These have caused a substantial increase in inflation on a global scale.

According to the U.S. Department of Labor's report on December 10, 2021, the U.S. Consumer Price Index (CPI) in November 2021 increased by 6.8% year-on-year, the highest increase since 1982. Accordingly, in the Eurozone, based on data from Eurostat, the CPI of the region in January 2022 increased 5.1% in one year. Prior to this, the inflation figure for December 2021 was 5%. This was already the highest inflation rate in the past 25 years.

Entering 2022, the global inflation situation does not seem to have reached its peak, especially as the Russia-Ukraine conflict continues, causing concerns of disruption in the supply of crude oil from Russia. This circumstance is causing a sharp increase in crude oil prices. At one point, the price was reaching \$130/barrel. If the conflict prolongs and worsens, the oil may reach a new record price. This will lead to increased prices for most goods and services and inflation to continue rise. Vietnam is at risk from these global economic pressures through "inflation by import." In response, the country has implemented fiscal and monetary policies to support socioeconomic recovery worth VND 350,000 trillion over two years, from 2022 to 2023. Thus, it is expected that inflation pressure will overshadow the economy in 2022.

Then, the costs of production of the Company is expected to increase sharply due to the increases in the prices of raw input materials based on these inflation rates. In particular, increased crude oil prices are expected to have a significant impact. Vicostone estimates that a 10% increase in oil prices will lift the price of resin (the material accounting for the large portion of the price) by more than 8%. Thus, the Company's profits in 2022 may sharply decrease due to increased production costs while the sales prices are expected to remain stable by the Company, in an effort to share the burden with consumers during these difficult times. This will also help the Company improve the competitiveness of its products in the marketplace.

Since early 2022, the Company has proactively updated on the inflation situation and the global commodities market, taking advantage of reasonable price points to sign and negotiate with suppliers in an effort to stock up on raw materials.

Additionally, the Company also sets a significant target for 2022 to be effective cost management to increase productivity, reduce production costs to maintain and increase profits for 2022 and the following years.



RISKS OF HIGHER INTERST RATES

The bond market is sending an alarming signal to the U.S. economy: The inverted yield curve – which is usually considered a sign that investors are concerned about the short-term future instead of the long-term, and causes interest rates of short-term bonds to increase more than long-term bonds. The high inflation rates and the Federation Reserves (Fed) increasing basic interests to control inflation are the leading causes of the inverted yield curve.

Currently, inflation in the U.S. has increased by 7.9%, which is four times higher than the long-term target. The main driver of growth in the U.S. comes from financial aid packages and a strong increase in the money supply. While input prices tend to increase sharply due to energy and disruption in supply chains, the U.S. may need to increase benchmark policy rate and trade off growth for inflation control. For the foregoing reasons, the increases in benchmark policy rate are expected to be faster and stronger than from 2016 to 2019.

On March 16, 2022, the Fed raised the basic interest rates by 0.25% to the 0.25-0.5% range, the first rate increase since December 2018. In addition, statements by the Fed also indicated that the U.S. is tightening its monetary policy, including statements on the rise in benchmark policy rate to 1.8% by the end of 2022, and 2.8% by the end of 2023, along with statements on reducing the supply of money into the system.

Whereas in Vietnam, commercial banks' deposit and lending rates tend to be on the rise again since early 2022, and they are expected to continue to increase by 1-2% in 2022 along with inflation trends.

Thus, the lending costs of the Company are expected to increase in 2022. Despite the relatively small amount of loans in domestic and foreign currencies, the increased interest rates will contribute to the adverse impacts on the Company's production, sales, and profits.

Against such a backdrop, Vicostone proactively and consistently updates the interest rates to utilize its financial instruments effectively, and balance and transfer short-term loans in domestic and foreign currencies as appropriate to reduce potential financial losses.

ENVIRONMENTAL RISKS

1. RISKS OF ENVIRONMENTAL EMISSIONS AND DISPOSALS

As a company operating in the stone producing industry, Vicostone is cognizant of the regular risks of potential environmental impacts from its daily production and business activities. The emission of exhaust gases, dust, noise, solid wastes, effluents, etc., and the use of natural materials such as quartz and sand in production processes are unavoidable. These risks, if not effectively managed, may affect the health of workers, nearby communities, the environment and cause changes in the ecosystem. In such cases, the Company's reputation and branding may be severely affected.

Aware of the importance of and responsibilities in environmental protection, Vicostone has implemented various environmental protection measures, including:

• Execute Kaizen-5S program at all areas of the Company to improve working environment for employees, save energy...etc.

- Daily assessment and inspection of environmental protection tasks, prompt response to incidents, and prevention of environmental pollution.
- Establishment and regular operation of vacumm systems and water treatment systems, satisfying Vietnamese and international standards.
- Continue implementing the projects that repurpose waste stone and utilize clean solar energy.
- Establishment of system to manange and train employees on the compliance and improvement of standard processes and systems.
- Regular update, upgrade and strict conformity with regulations of the environmental management system according to the ISO 14001:2015 standard.

Furthermore, in the evaluation and selection of suppliers, Vicostone thoroughly reviews their qualifications and attaches great importance to the certification of environmental standards in selecting suppliers. These measures aim to minimize negative impacts from production on the environment.

2. RISKS FROM NEGATIVE IMPACTS OF CLIMATE CHANGE

In recent years, climate change has become more unpredictable and more dangerous across the globe. Climate change has not only caused natural problems such as drought, sea level rise, land salinization, global warming... but also had severe impacts on the living conditions of the people, the operations of businesses, the conditions of the global transportation...

According to Germanwatch's report on the long-term climate risk index, Vietnam is ranked among the top 10 countries which are mostly affected by climate change. In fact, it has shown in recent years that climate change in Vietnam has taken on complex developments with increased frequency of disasters and natural disasters and severity of damage, causing direct impacts on people's livelihoods and economic activities.

Against such a backdrop, Vicostone constantly faces to risks from climate change as disasters that can disrupt production and business activities as well as the supply chain of input materials.

To respond to and reduce risks from impacts of climate change, the Company regularly monitored and updated information from external sources and constructed responsive scenarios for disasters. The Company will proactively exercise preventive measures to minimize negative impacts of climate change to production and business activities, including: Efficient use of energies; promotion of green consumption and "technology greenization", use of modern, less-discharging technologies; investments in reinforcement of storage, regular inspection of safety and carrying capacity of factories and architectures; and proactive storage and security of supply chain of input materials.





THE INTEGRATED HSEQ MANAGEMENT SYSTEM

The COVID-19 pandemic and rapid development of science and technology are creating both opportunities and adversities for the global business community. Under such circumstances, Vicostone believes that proactive, comprehensive preparation, through continuous update of management tools and making the best of opportunities and intrinsic strength, is the key for the business to conquer challenging targets.

In recent years, Vicostone has kept updating the Health-Safety-Environment-Quality (HSEQ) management system upon the latest standard issues in the world to strictly control the risks of occupational health and safety, prevent the possibility of diseases and accidents, while assuring the Company comply with legal requirements, reduce environmental risks and pollution, increase the efficiency of resource and energy use, improve quality control system and productivity, and expand the brand recognition on the market.

THE HSEQ MANAGEMENT SYSTEM CONSISTS OF THE FOLLOWING STANDARDS:

Social Accountability Standard SA 8000:2014

Occupational Health and Safety Management Standard ISO 45001:2018

Environmental Management Standard ISO 14001:2015

Quality Control Standard ISO 9001:2015

Standard	Date of Registration	Date of Latest Update	Date of Validity	Certification Number	Certification Agency
ISO 9001:2015	05/11/2005	01/10/2021	05/11/2021	FM 692548	BSI
ISO 14001:2015	25/10/2006	01/10/2021	25/10/2021	EMS 692550	BSI
ISO 45001:2018 (previously known OHSAS 18001:2007)	20/10/2015	01/10/2021	20/10/2021	OHS 692551	BSI
SA 8000:2014	21/12/2010	30/11/2019	21/12/2019	SA 569249	BSI

Management of the processes and the overall integrated systems may be achieved by applying the P - D - C - A (Plan – Do - Check - Act) cycle with a common focus on risk-based thinking to seize opportunities and resources, quickly adapt to the changing context, and prevent undesirable outcomes.



SYSTEM OPERATION

To ensure that standards in the integrated management system are implemented effectively and consistent with the contextual reality, the Company has established and applied a tailored guiding system for each standard, includina:

- Handbook: Overall policies and goals of the applied system;
- Overall policies and goals of the applied system: Description of the implementation of activities, steps to undertake work, and work responsibilities;
- Instruction rules regulations: Detailed descriptions of the means to undertake specific work;
- Record: Evidential system of activities that have been undertaken.

The document system is continuously improved according to the P - D - C - A operating principle to conform to the actual operational context of each period, is implemented in all sectors, departments, and divisions. From this, operational



processes are effectively implemented based on the

• Evaluation by State agencies.

proactive foundation and resources, minimizing risks and enhancing the values of the Company.

APPROACH

These standards promote the progress-based approach in the development, application and improvement of the quality of the HSEQ integrated management system.

OPERATIONAL PRINCIPLES

The HSEQ integrated management system operates on the principle of P-D-C-A to ensure all activities and processes operate and improve consistently according to each specific context.

1. QUALITY CONTROL STANDARD ISO 9001:2015

Vicostone, having acknowledged the importance of quality control, in 2005 had successfully applied the Quality Control Standard based on the standard ISO 9001:2000 in order to achieve sustainable successes and increase the Company's credibility on the market. Since then, Vicostone has kept the system updated with the latest international practices.

Vicostone is now adopting the standard ISO 9001:2015 to develop the quality control system, which is customized to help the Company integrate a wide range of management systems, build inner strengths and push the employees to move forward. Some notable changes of the system are as follows:

NO.	CONTENT	EFFECT
1	Display structure of ISO 9001:2008: The number of main parts is shifted from 5 to 7 (articles 4-8 are changed to articles 4-10)	 All future management system standards shall apply this new arrangement with fundamentally identical basic requirements. The new display structure will: Help all units make similar judgment of the same issue; Make it easier for the Company to incorporate various management systems to optimize systems of documents, files, procedures.
2	ISO 9001:2018 is revised with additional provision on "Background of the organization".	 The provision helps the Company to identify internal and external "backgrounds" to assess impacts. To identify one specific background, the Company may employ strategic planning tools such as SWOT, MGSC Matrix, SPACE Matrix, etc.; The output of this process is the selection of strategies (which may be done through evaluation), implementation, inspection, and adjustment of strategies throughout the processes of production and sales; To implement strategies, the Company sets out targets and plans for quality management systems and primary processes.
3	Leadership role: In the ISO 9001:2015 version, leadership representation is no longer required.	The most senior leader demonstrates his leadership and commitment to the quality control system through the accountability principle ensuring the commitment of the boards of Directors and Management
4	ISO 9001:2015 added "quality control system planning" and "risk management".	 "Quality control system planning" replaced "preventive activities" of the older version, helping the Company to become more proactive in its response to, prevention, or mitigation of undesired effects, thus enhancing continuous innovation process. "Risk management" helps the Company to sharply reduce risks that directly affect quality of products and services through the control of inputs and outputs; Risksoccur at different frequencies and levels of harm. The latest version helps to address risks with high levels of harm to control. The control of such risks must be done through "targets" and/or "procedures".

2. ENVIRONMENTAL MANAGEMENT STANDARD ISO 14001:2015

Along with the upgrade of the quality control standard, Vicostone has also changed the standard of environmental management to ISO 14001:2015 from ISO 14001:2004. The new standard has assisted the Company to keep up with changes of the legal framework, strictly abide by legal requirements and restrain the risks of environmental issues. The continuous development of environmental management upon standard 14001 also helps Vicostone cut costs through cost-efficient use of materials, energy and resources.

Besides, the environmental management standard enables better and more precise data collection, less environmental impact, saving of time and resources, thus allowing smooth,

In the global economy, companies are encouraged to quick renovations. pay attention to the comprehensive impacts that their A constantly-improved working environment also helps operation and production have on ethics and society. A improve the trust and loyalty of employees towards the company will gain higher trust from customers, partners and Company. social communities with high standards of corporate social responsibility. Being aware of its social responsibilities, Vicostone has adopted the Social Responsibility Standard **3. OCCUPATIONAL HEALTH AND SAFETY** using standard SA 8000 from the very first days of foundation. STANDARD ISO 45001:2018

The standard focuses on eight issues: Child labor; Occupational health and safety are extremely vital for both Forced labor; Occupational health and safety; Freedom employees and customers. Having acknowledged the of association and collective bargaining; Discrimination; issue, Vicostone has changed the occupational health and Disciplinary practices; Working hours; and Remuneration. safety standard version to ISO 45001:2018 from OHSAS The ninth issue, relating to the governance system, contains 18001:2007. necessary criteria that assure the Company's compliance to the standard. In addition to similar changes in comparison with standards

ISO 9001 and ISO 14001 regarding circumstance, leadership and risk management, the standard ISO 45001:2018 enables the participation of employees. That helps increase the relationship between the Company and employees when developing a framework to resolve occupational health and safety issues.

As employees are subject to the regulations, they benefit and suffer from the working environment. Therefore, employees have the legitimate right to join the development and implementation of occupational health and safety management standard. Their participation in every decision of the Company will assure the feasibility and validity of the decision as well as the benefit of employees.



4. SOCIAL RESPONSIBILITY STANDARD SA 8000:2014

The use of standard SA 8000 has brought many benefits as follows:

- Improve market competitiveness of the Company, attract more customers and explore new markets;
- Build trust among target audiences about products and services being made in a complete safe and fair environment;
- Develop the brand/image of the Company as a good, conscious business on the labor market.
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ACTIVE PARTICIPATION IN ASSOCIATIONS FOR CORPORATE SUSTAINABLE DEVELOPMENT

Vicostone has determined that, to successfully implement its sustainable development strategy, it is insufficient to rely solely on the efforts of individual businesses. What is more important is that businesses and organizations act together for a common cause, commit to the compliance with sustainable development regulations, and support and contribute to the global green value chain. This is why in recent years Vicostone has maintained its active membership in organizations/ associations that commit to green production and environmental friendliness in Vietnam and abroad, including:

No.	ASSOCIATION/ ORGANIZATION	MEMBER SINCE	FUNCTIONS, TASKS
1	World-wide Agglomerated Stone Manufacturers Association (A.St.A.)	2015	 The World-wide Agglomerated Stone Manufacturers Association consists of global leading producers of engineered quartz stones. The goal of the Association is to promote the growth and development of the industry of engineered stone production and support, protect and represent its members in related matters. As a member of the Association since 2015, in recent years Vicostone has complied with the principles of the latter through its activities in ensuring occupational safety and health for its workers; applying recycled materials, utilizing wastes in the whetting process of unburnt brick production; and developing eco-friendly product lines.

The Vietnam Green Building Council (VGBC)

The Vietnam National Real Estate

Association (VNREA)

ASSOCIATION/

ORGANIZATION

The United States

Green Building Council

(USGBC)

No.

2

3

• The Vietnam Green Building Council (VGBC) is a project of the Green City Foundation (GCF), a non-profit organization headquartered in California, the U.S. The Council was founded in 2007 in Vietnam to raise the awareness and improve the capacity of Vietnamese companies and people in developing green buildings in the country.

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FUNCTIONS, TASKS

 The United States Green Building Council (USGBC) was founded in 1993 as a non-profit organization that promotes sustainable design, construction and operation of buildings. The USGBC is well-known for developing the scoring standard called Leadership in Energy and Environmental Design (LEED) and the annual International Conference on Green Building. USGBC is one of the eight national councils that founded the World Green Building Council (WorldGBC).

• The WorldGBC is tasked with developing systems for the evaluation and certification of green buildings in various countries and territories. The Council comprises of organizations and individuals who are profoundly interested in climate change and environmental protection.

 As the third largest supplier of engineered-stone countertops to the global market and an active member of the WorldGBC, Vicostone places great importance on the application of energy saving measures, utilization of recycled materials, environmental protection, and development of eco-friendly product lines.

• The Vietnam National Real Estate Association (VNREA) is a social organization founded by real estate businesses, used to known as the Vietnam Real Estate and Housing Association.

 The VNREA is set up to educate and gather active companies in Vietnam's real estate sector in accordance with existing laws. The association aims to create a legal and profitable playground for real estate businesses so that they are able to achieve sustainability, discuss policies to protect their legal rights and interests, and advise the Government with policy making to match practical conditions of the market.

• As a building material business with tight connection to the real estate sector, since 2018, Vicostone has been an active member and made great contributions to the development of the association.

No.	ASSOCIATION/ ORGANIZATION	MEMBER SINCE	FUNCTIONS, TASKS
5	Vietnam Association for Building Materials	2004	 The Vietnam Association for Building Materials is the aggregation of a multitude of scientific scholars and businesses in the building materials industry. The primary focus of the Association is the dissemination of information related to science, technology and technical improvement initiatives; the assessment of new materials and products; the organization of trade fairs, exhibitions within and outside the country; provision of advice, rebuttals and social appraisals; and proposal of solutions to protect the interests and enhance the competitiveness of its members. As member of the association since 2004, Vicostone has actively participated in the association's activities to advance the sustainable development of the building materials industry in Vietnam.
6	<section-header></section-header>	2012	 The club came into being under a guiding principle: To become a trusted source for businesses of all economic sectors for timely and regular briefings of legal documents and policies of the Party and the Government on socio-economic issues, a bridge connecting government agencies with businesses in implementing economic laws, and a forum to promptly identify shortcomings and offer recommendations to improve the economic legal system and business operations. With the spirit of "upholding the rule of law" in all its operations and a clear understanding of compliance with business laws and regulations, since 2012, Vicostone has actively participated in and become a member of the club. The Company regularly participates in training courses and has registered to receive legal updates to promptly apply to the administration and operation of the Company.
7	The Club of Top 10 Most Reputable Companies in Real Estate-Construction- Building Materials	2016	• The Club of Top 10 Most Reputable Companies in Real Estate-Construction-Building Materials is launched by the e-paper VietNamNet and Vietnam Report to gather leading enterprises and entrepreneurs in Vietnam, and bridge Vietnamese products to the global market. The club is not only a place for Vietnamese enterprises to develop and promote their brands but also a chance for local companies to discuss practices and experiences to develop a sustainable Vietnamese business community. Vicostone has always been among the Top 10 members of the club.
8	The Hanoi Association of Main Industrial Products (HAMI)	2021	 The Hanoi Association of Main Industrial Products (HAMI) was launched on October 29, 2021 in Hanoi to gather the city's key industrial producers, protect their rights and interests, and support their efficient operations, thus contributing to the city and country's socio-economic growth. As a member of the association, Vicostone has and will make great contributions to the development of the Capital city and Vietnam as well as enhancing the Vietnamese brands on the international market.







COMMITMENT TO SUSTAINABLE DEVELOPMENT



Over 19 years of operation, "sustainable development" has always been the compass that guides Vicostone through all activities, including production, sales, corporate governance, research and development, and human resources development. The commitment to the development and benefit of humanity and society is the fundamental principle for each of the Company's actions.

The sustainable development of Vicostone is attached to customers' satisfaction, environmental protection, occupational health and safety, and social security and stability. Accordingly, the Company commits to:

• Contribute to make better life for the community and society;

- Focus on the human resources development as the core strength of the business;
 Vicostone believes the shareholders, partners, employees, community and society share mutual interests based on
- Implement policies on cost-saving, efficient use of natural resources and the application of sustainable technologies;
- Realize all commitments to the stakeholders;
- Abide to the law as a transparent and ethical business;

Provide all resources required to maintain and improve the system on quality management, environmental protection, social responsibility, and occupational health and safety upon the standards ISO 9001:2015, ISO 14001:2015, SA 8000:2014, ISO 45001:2018.

Vicostone believes the shareholders, partners, employees, community and society share mutual interests based on law abidance and an understanding, respectful, side-to-side partnership. In order to maintain the balance among all stakeholders, Vicostone is fully aware of their concerns and the Company always seeks the most appropriate approaches to resolve the problems while assuring the stability of the business operation and accomplishment of targets.



THE STAKEHOLDERS OF VICOSTONE

Stakeholders of Vicostone are individuals and organizations that may either have sufficient resources and power to influence or be affected by the operations of the Company. Accordingly, the stakeholders of Vicostone are:



	STAKE- HOLDER	MAJOR CONCERNS	VICOSTONE'S GOALS
E	MPLOYEES	 Safe, friendly and discrimination-free working environment; Fair, attractive salary and bonus policies; competitive, diverse welfare regime; Opportunities to join training programs and develop professional competencies; Recognition of individual achievements and efforts. 	 Develop teamwork spirit and discipline for all employees; Enhance loyalty among employees towards the Company; encourage them to prolong their careers; Evaluate and improve welfare policies for the labor; Educate and encourage Vicostone's employees to make contributions to the community.

VICOSTONE'S ACTIONS

- Ensured a safe working environment, freedom and equality, and healthcare for employees. In 2021, despite the continued adverse effects of the COVID-19 pandemic on Vietnam's socio-economic development, Vicostone still enacted prompt and uniform measures that prioritized occupational safety and health for all employees, including the implementation of the "3 on-site" production model, disinfection of the workplace, provision of hand-wash liquid and face-masks for all employees, installation of smart body temperature monitors at the entrance of office buildings and factories, maintenance of safe distance in the workplace and cafeteria, etc.;
- Maintained and improved welfare policies and income stability for employees. In 2021, under the impacts of the COVID-19 pandemic, various companies were forced to suspend or close operations. With firm administrative and financial foundations, Vicostone not only sustained but actually increased the number of employees to maintain a strong workforce while ensuring income for all employees;
- Continued to improve the working environment, upheld solidarity, coordination, and cooperation among individuals, departments and divisions;
- Organized online training courses for 100% of the Company's employees. All employees were subject to regular performance reviews so that recommendations could be made to the boards of Directors and Management on skill and professional improvement programs and the next generation of managers and leaders can be identified and trained;
- Surveyed the happiness levels of all employees in the Company, listened to feedbacks, and offered timely and appropriate solutions to improve the effectiveness of the administrative and sales activities of the Company.

CUSTOMERS • Guaranteed quali-

- ty of products and services;
- Investment worth every dime through returned quality;
- Accessibility to the information of products and services;
- Provide prompt, accurate, direct information to make decisions about purchasing the products;
- High quality of customer care services; prompt response and support to customers' complaints on clear agreement terms.

- Improvement of customers' satisfaction on the products and services provided by Vicostone;
- Enhancement of the popularity for VICOSTONE® brands on the

market.

- Conducted frequent market surveys to understand and predict consumer trends thus developing the product lines that satisfy the tastes and needs of customers;
- Expanded the network of distributors and agencies to increase market coverage and serve customers in all regions in the fastest manner possible;
- Trained and developed customer services teams and professionally and diligently resolved complaints;
- Frequently reviewed and improved procedures for receiving and handling customers' complaints to increase service quality and customers' satisfaction;
- Expanded channels to receive customers' feedback at the customer services department, through emails, 24/7 hotlines, etc.
- Established an online sales system and launched promotions to boost market demand and help customers easily access Vicostones's products and services;
- Frequently surveyed customers' levels of satisfaction to foster strengths and improve shortcomings, aiming to provide the best quality services that meet the expectations of customers.

PARTNERS & • Fair treatment among SUPPLIERS

• Fair, transparent cooperation based on a win-win principle;

suppliers;

- Confidentiality of partners' information preserved from their competitors.
- Assure cooperation on mutual respect and winwin principles;
- Assure all stakeholders comply to mutual agreements and obligations;
- Assure information confidentiality for partners.
- Transparently exchanged information in the evaluation of partners and negotiation of contracts;
- Updated procedures for monthly/quarterly/ annual evaluation of partners and suppliers with an emphasis on production safety, environmental protection and realization of commitment to relevant parties;
- Participated in conferences and workshops to share experiences with partners within the field and explore new cooperation opportunities;
- Received feedback through hotlines, emails, direct meetings and provided timely responses.

& SOCIETY

- **COMMUNITY** Impact of the production on the local environment and community;
 - Impact on local employment condition;
 - Development of economy and infrastructure for the local community, charity and voluntary activities to benefit the society such as taking care of Vietnam's heroic mothers, supporting families hit by poverty and natural disasters ...



STATE AGENCIES

- Compliance to the • Join hands to f laws and rules issued ther improve t by both central and laws and regu local governments; tions on the Cor pany's activities
- Accomplishment of the obligations and duties regulated by the State;
- Participation in activities launched by State agencies.
- State; • Perform actively and effectively in the campaigns launched by the State agencies.

• Fulfill the obliga-

tions and duties

required by the

 Assist the local socio-economic development and environmental protection; Support the local community to achieve sustainable development; Promote corporate social responsibility, especially in dealing with the issues on environmental protection and social sustainability. 	 Together with the parent company Phenikaa Group, Vicostone donated in cash, in kind, and human resources with a total value of more than VND 57 billion to disease prevention activities, for purchase of COVID-19 vaccines for the people of Hanoi and employees of the Company; gifted liquid oxygen tanks to assist Thach That District General Hospital with the treatment of all patients; gifted bookshelves to the library of the Thach Hoa Commune Junior Highschool; awarded two new houses worth total VND 200 million to two underprivileged neighborhoods in Thach That District; and carried out other charitable activities; Hired local employees, contributed to the stable livelihood of the people in the area; Participated in poverty alleviation and environmental protection movements; Improved and updated environmental protection systems at the Company, contributed to the maintenance of a green- clean-beautiful and sustainable environment; Strictly complied with regulations on tax obligations.
• Join hands to fur- ther improve the laws and regula- tions on the Com- pany's activities;	 Updated legal documents relevant to the Company's areas of operation; Fully and strictly implemented the Company's obligations and responsibilities towards the State:

• Participated in programs to raise public awareness of sustainable development and environmental protection.







LIST OF MATERIAL TOPICS

IDENTIFICATION OF MATERIAL TOPICS

1. PROCESS FOR IDENTIFYING LIST OF MATERIAL TOPICS

Identify general issues that may have significant impacts on Vicostone

Identify key issues that may have impacts on the concerns of the stakeholders 2

Ask for evaluation of the stakeholders on key material topics

Evaluate, select and incorporate key materials topics into the Report

STEP 1: IDENTIFY GENERAL ISSUES THAT MAY HAVE SIGNIFICANT IMPACTS ON VICOSTONE

- Monitor and compare with global trends regarding sustainable development;
- Analyze the issues that affect revenue, costs and reputation of the Company, etc. from the inside and outside;
- Search and analyze the information related to engineered stone market and industry;

STEP 2: IDENTIFY KEY ISSUES THAT MAY HAVE IMPACTS ON THE CONCERNS OF THE STAKEHOLDERS

- Consult with stakeholders on the issues: Customers, shareholders, investors, employees, suppliers, State agencies, etc;
- Filter important areas to be prioritized by each relevant target;
- Cross-check with existing regulations and laws.



STEP 3: ASK FOR EVALUATION OF THE STAKEHOLDERS ON KEY MATERIAL TOPICS

• Select key material topics as recommended by the stakeholders and ask for the evaluations of high-ranking directors and functional departments and divisions.

STEP 4: EVALUATE, SELECT AND INCORPORATE KEY MATERIAL TOPICS INTO THE REPORT

- Evaluate key material topics as recommended by the stakeholders and key issues with significant impacts on the operations of Vicostone;
- Create the list of key material topics upon the development direction and practical conditions of the Company in descending order;
- Propose the high-ranking director in charge of sustainable development approve selected key material topics;
- Create a matrix of key material topics and incorporate them into the Report.

MATRIX OF KEY MATERIAL TOPICS

2. KEY MATERIAL TOPICS IN 2021





GRI

200

GRI

GRI 201 – Economic performance GRI 202 – Market presence GRI 206 – Anti-competitive behavior





GRI 307 – Environmental compliance





GRI 404 – Education and training

GRI 405 – Diversity and equal opportunity

GRI 413 – Local communities

GRI 416 – Customer health and safety





1. Economic performance

8. Market presence

14. Anti-competitive behavior

10. Energy

4. Wastes

- **15.** Water and effluents

ENVIRONMENTAL

- 3. Environmental compliance
- 6. Materials
- **11.** Emissions and disposals



- SOCIAL
- 2. Employment
- 5. Occupational health and safety
- 7. Customer health and safety
- 9. Education and training
- **13.** Local communities
- 12. Diversity and equal opportunity

SUSTAINABLE ECONOMIC DEVELOPMENT

Economic performance

Market presence

Anti-competitive behavior

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To "realize all commitments" and bring about the best interests for shareholders, customers, partners, employees and other stakeholders, Vicostone identifies economic performance is one of the key material topics and the backbone for the Company to achieve sustainable development and create high values for the society and community.



In Vietnam, the COVID-19 pandemic, along with the emergence of new virus variants, resulted in severe damages to the economy that seriously affected enterprises in the construction materials industry.

Immediately following the fourth wave of the pandemic, starting from the second quarter, the Government and relevant agencies, in collaboration with local authorities, took strict and drastic measures in an attempt to control the impact of the virus, such as social distancing, travel restrictions, and closure of non-essential services. These actions significantly affected the overall economic performance.

Under such circumstances, Vicostone developed prompt, flexible methods to stabilize the operations, reinforce the administrative system and apply technological solutions to get ready for transitions and satisfy the competitive requirements in the era of the 4.0 Industrial Revolution. Moreover, the Company also accelerated the progress of implementing key projects and completed IT infrastructure upgrades to meet the business operation requirements of the digital age.

TOPIC'S BOUNDARY

- The economic values produced directly by the Company
- The economic values distributed to relevant parties: Shareholders, Employees and Community.

No.	TARGET	UNIT	2017	2018	2019	2020	2021
	Goods import- export volume	USD million	186.90	204.63	224.46	202.68	277.81
1	IN WHICH:						
	Import turnover	USD million	47.73	64.38	42.21	39.05	48.99
	Export turnover	USD million	139.17	140.25	182.25	163.63	228.82
2	Total revenue	VND billion	4,408.08	4,564.50	5,590.55	5,701.22	7,136.65
3	Sales costs	VND billion	3,233.16	3,171.98	3,867.11	3,927.76	4,927.12
4	Total profit before tax	VND billion	1,125.01	1,318.51	1,652.66	1,667.96	2,097.40
5	Total profit after tax	VND billion	1,121.78	1,123.54	1,410.11	1,428.42	1,772.06
6	Corporate tax contribution	VND billion	172.14	234.10	365.57	307.80	448.40
7	Liabilities	VND billion	1,413.86	1,673.77	2,135.07	2,197.51	2,018.72
8	Owner's equity at year end	VND billion	2,395.89	2,730.55	3,448.69	3,857.82	4,874.20
9	Charter capital	VND billion	800.00	1,600.00	1,600.00	1,600.00	1,600.00
10	Dividend payment ratio (by cash and shares)	Of par value of outstanding shares (%)	53.33%	140.00%	42.04%	40.00%	43.09%
11	Average income per employee/month (non-consolidated data)	VND million/ person	17.02	18.68	21.07	20.05	20.81
12	Interest expense	VND billion	40.60	32.20	55.68	81.06	56.88
13	Profit before tax/Net revenue	%	25.85%	29.16%	29.71%	29.47%	29.67%
14	Profit after tax/Net revenue	%	25.77%	24.85%	25.35%	25.24%	25.06%
15	Return on Average Equity (ROAE)	%	58.38%	43.83%	45.64%	39.10%	40.59%
16	Return on Average Asset (ROAA)	%	31.39%	27.36%	28.24%	24.55%	27.37%

(Source: Vicostone's audited consolidated financial statements)

ECONOMIC VALUES PRODUCED DIRECTLY BY THE COMPANY

The unpredictable developments of the COVID-19 pandemic continued to have adverse impacts on business operations and sales activities. The pandemic caused disruption to the global supply chain and congestion at seaports, and increased the freight shipping rates. With prompt responsiveness and proactive risk management, the Company took actions to stabilize its operations and achieve significant growth rates in both revenue and profit.

The figures are as follows:



ECONOMIC VALUES PRODUCED DIRECTLY BY THE COMPANY (continued)

- Net revenue in 2021 reached 104.02% of the plan, increased by 24.92% in comparison with 2020;
- Profit before tax in 2021 reached 109.30% of the plan, increased by 25.75% in comparison with 2020;
- Contribution to State budget reached VND 448.40 billion, increased by 45.68% in comparison with 2020.
- The Profit after tax/Net revenue ratio in 2021 was 25.06%; the Return on Average Equity (ROAE) ratio and the Return on Average Assets (ROAA) ratio increased from the previous year to 40.59% and 27.37%, respectively.

With a sustainable and proactive foundation in response to market changes, Vicostone overcame the challenges and posted growths in revenue and profit before tax:

• Revenue growth remained strong in key markets, overcoming unpredictable challenges caused by the impact of the COVID-19 pandemic;

- Production activities: Factories were always ready to meet continuous production, even in the context of social distancing due to the COVID-19 pandemic, improve output, and modernize the production system, increase labor productivity and save investment costs;
- The Company ensured income for employees during the COVID-19 pandemic while many businesses in the market had to make payroll cuts.
- Effective governance, especially in risk management: Identified and managed the risk so that the Company was always prepared for responsive actions, at the same time proactively exercised possible solutions in all circumstances. Expenses were reduced and controlled in all activities through the application of technologies, initiatives, etc. to ensure standards were met at the optimal cost.



Total revenue in 2017-2021 (Unit: VND billion) The Profit after tax/Net revenue in 2017-2021 (Unit: %)

2017

25.77%







THE ECONOMIC VALUES DISTRIBUTED TO RELEVANT PARTIES

1. CONTRIBUTION TO THE STATE BUDGET

Vicostone is highly aware of the importance of contribution to the State budget. The contribution to the State budget is always maintained at a high level, since the Company always strives to accomplish its plans for high growth in both revenue and profit. In 2021, Vicostone contributed VND 448.40 billion to the State budget, up 45.68% year-on-year.

A large proportion of the figure came from corporate income tax, value-added taxes of imported goods, individual income tax and import tax. Higher contribution to the State budget will enables socio-economic adjustments at the macro level and stimulates economic growth and social wellbeing.

2. DIVIDEND PAYMENT

Dividends are only paid once the Company completes distributing profit to its funds. The ratio and form of dividend payment are decided and executed in line with the Resolution of the AGM, the proposal of BOD and following principles:

- The Company must secure the interests of shareholders and assure sufficient capital to expand its operations after the dividend payment;
- Dividends are paid only when the Company is profitable and accomplishes tax and financial duties in accordance with the law;
- The Company must assure due debts and liabilities are resolvable after the dividend payments are completed;
- The dividend payment is subject to each shareholder's ownership.

To increase the interests for shareholders and showcase its commitment to the financial benefits of shareholders, in the period from 2016-2021, the Company has maintained high rates of dividend payment (40% or more). In 2021, Vicostone spent 40% of net profit, or VND 640 billion, to pay dividends. Additionally, the Company issued bonus shares for shareholders using the treasury shares at the rate of 3.09%.

3. COMPENSATION FOR EMPLOYEES

Vicostone believes the value and success of the Company are built on the creativity, passion and discipline of each employee. Therefore, the Company has developed a happy, professional, friendly working environment that upholds constructive criticism and encourages individuals to freely



demonstrate creativity and reach their full potential, thus making differences and contributions to the growth of the Company.

In 2021, while many enterprises had to lay off employees as faced with the difficult economic conditions, Vicostone was able to maintain the salaries, compensations and other welfares for employees, even during the social distancing months. The median income of Vicostone employees in 2021 was up 3.8% on-year to VND 20.81 million/person (nonconsolidated figure for Vicostone only).

Aside from ensuring work and welfare during social distancing, the Company improved welfare for its employees and implemented diverse and beneficial welfare programs for them.

Major welfare policies of Vicostone towards employees included:

- Provision of health, social, and unemployment insurances in accordance with regulations;
- Assurance of minimum wage for 100% of employees who were on leave due to the pandemic;
- Provision of additional compensation aside from main salary and security of living conditions for employees under the "3 on-site" model;
- Provision of health insurance, healthcare, 24/24 accident insurance, regular health checkups for employees to purchase;
- Financial support for purchase of health insurance by relatives of employees;
- Support in terms of finance, interest rates, and procedures for employees purchasing Phenikaa apartments.



Employees are one of the most precious assets, therefore, a fair, competitive salary and compensation regime is always the top priority concern to Vicostone's Board of Management. At Vicostone, salaries for employees are always higher than the region-specific minimum level, thus assisting employees to stabilize and improve their living conditions. In 2021, while many enterprises had to cut down their payrolls to save costs amid the complicated developments of the COVID-19 pandemic, Vicostone was able to secure employment and income for all of its employees. The comparatively high and stable salary levels have gained the market presence and competitiveness for Vicostone in the sector.

MANAGEMENT APPROACH

Vicostone builds its compensation policies on the following principles: Ensure the fairness and proportionality in relations to the competence and contribution of employees, and retain personnel by providing competitive offerings against the labor market.

Salary is paid to employees in 2 methods:

- The 3P method (Performance, Position, Productivity)
- Fixed salary according to production volume and sales revenue

The salary level is determined upon the position and title of the employee by a set of clear quantitative evaluation criteria. The salary is compared to the average levels of the labor market and the sector to assure a comparatively fair, competitive salary policy that matches the capabilities, results and contributions of the employee.

Acknowledging a fair, competitive salary level is among the most important factor to attract talents and tighten the bond between employees and the enterprise, Vicostone each year reviews and raises salary levels for those with outstanding results, thus motivating them to enjoy the work, improve productivity, and prolong their career at the Company.

TOPIC'S BOUNDARY

- The fair and non-gender discriminatory payment of salary at Vicostone.
- Average income of Vicostone's employees.



1. FAIR AND INCREASING INCOMES FOR EMPLOYEES

Salary is paid to employees in 2 methods: The 3P method (Performance, Position, Productivity) and fixed salary according to production volume and sales revenue. The salary level is determined upon the position and title of the employee by a set of clear quantitative evaluation criteria.

Regardless of gender, employee's probation and starting salary levels are higher than the Government's minimum salary amount set by specific region.

In 2021, Vicostone continued to improve the competencybased assessment using the Performance Framework for each position and unit in order to accurately evaluate the performance of its employees, thus enhancing the fairness criteria in salary payment. In addition to income adjustment to economic inflation, the Company offered pay raises to employees who exhibited high performance and outstanding results.

Moreover, the Company incorporated policies on workrelated allowances such as feedingup allowances, occupational allowances (vehicle fuels, phone, lunch money, etc.) to help the employees feel reassured and devoted to the Company.

Salary and bonus policies were attached to work performance and business effectiveness and included monthly bonuses for performance and business effectiveness, sales bonus, technical improvement innovation bonus, bonuses for high performance teams and individual employees (Outstanding Team, Outstanding Employee) that contributed to the Company. In addition, bonuses were offered for major holidays (New Year, Lunar New Year, Liberation Day of April 30, May Day, Independence Day of September 2, the Company's Foundation Anniversary, etc.).



2. SALARY LEVEL AND MEDIAN INCOME OF EMPLOYEES

Probation salary: The median of the lowest income levels Starting salary: The ratio between the median of the lowest paid to employees was equivalent to 124% of the regionspecific minimum salary level. The median of income levels was equal to at least 142% of the region-specific minimum the region-specific minimum salary level. salary level.

starting salary levels was at least 145% and the ratio between the average of the lowest starting salary levels was 187% of

No.	CRITERIA	UNIT	LOWEST MONTH IN 2021	MEDIAN MONTH IN 2021
1	Region-specific minimum salary according to State regulations	VND	4,420,000	4,420,000
2	Probation salary	VND	5,487,253	6,274,834
3	Median of starting salary levels for new recruits	VND	6,408,000	8,267,476
4	Median income of male employees	VND		22,360,547
5	Median income of female employees	VND		19,265,263
6	Ratio of probation salary levels of new recruits against region-specific minimum salary	%	124%	142%
7	Ratio of average starting salary level of employees against region-specific minimum salary	%	145%	187%
8	Ratio of average income of male employees against region-specific minimum salary	%		505%
9	Ratio of average income of female employees against region-specific minimum salary	%		436%

In 2021, the COVID-19 pandemic continued to have severe mode. With the "3 on-site" model, the Company had to secure accommodation, sanitation, eatery and healthcare impacts on many countries around the world. for all direct-production employees, and applied a specific In Vietnam, the fourth COVID-19 pandemic outbreak in compensation regulation to encourage and motivate the late April 2021 spread across all provinces and cities and employees, assuring their employment and incomes and had significantly negative impacts on the country's sociostabilizing their living conditions.

economic development.

Under the circumstances, Vicostone took drastic responsive measures to stabilize the operations and ensure the livelihoods and incomes of the employees. As instructed by the Ministry of Health to assure occupational safety amid the pandemic, Vicostone in July exercised and combined the "3 on-site" production model and work-from-home

Median income of Vicostone employees (Unit: VND million/ month)

2017



Median income of Vicostone employees (Unit: VND million/month) ---- Average annual growth of employees' income (%)





With the conscious culture, Vicostone understands its role in contributing to a healthy business environment with stakeholders. As the third largest supplier of engineered stone countertops to the global market, the Company not only commits to fully complying with the provisions of the law related to anti-competitive, monopolistic behaviors, but also proactively develops appropriate measures to ensure fair and equitable competition in the market.

MANAGEMENT APPROACH

Vicostone is currently taking legal measures to protect its intellectual properties (IPs), execute actions against anticompetitive behaviors, monopolies and antitrust practices under the laws on Intellectual Property and Competition and other technical regulations to register for the protection of trademarks, domain names and industrial designs.

Additionally, the Company also takes measures to prevent violations and protect intellectual and creative achievements; applied measures to enforce intellectual property protection under the laws on Intellectual Property and Competition to limit unhealthy competition acts and handle violations in accordance with the existing legal framework.

TOPIC'S BOUNDARY

The report focuses on the following issues:

- Protect trademarks, intellectual property rights, proactively prevent acts of unfair competition.
- Measures to address and handle violations.

MEASURES TO PROTECT TRADEMARKS, INTELLECTUAL PROPERTY RIGHTS AND PREVENT UNFAIR COMPETITION ACTS

IV

In order to protect its IPs, creative products of employees, Vicostone has applied IP protection measures under the laws on Intellectual Property and Competition to prevent and limit unfair competition acts from competitors in the industry both domestically and internationally, including:

1. REGISTRATION FOR INTERNATIONAL AND DOMESTIC IP PROTECTION

VICOSTONE® quartz products are the crystallization of technology, intellect, experience, know-how, and ceaseless creative efforts from product researchers and developers. Therefore, to avoid possible risks of illegal imitation and modification of its products and prevent IP violations at the first place, Vicostone consistently prioritizes and actively protects its intellectual properties and brand.

• Registration for the protection of VICOSTONE®: The Company has registered its trademark in 66 countries, including in its major markets such as the U.S., Canada,

Australia, New Zealand, and the E.U. (27 countries). Vicostone has also registered for the protection of its logo in 33 countries, especially the key markets such as the U.S., Canada, Australia, New Zealand, the E.U. (27 countries) ...

- Registration for the protection of product brands:
- In Vietnam: Vicostone has applied for the protection of 175 product brands and obtained protection for 126 brands:
- In the U.S.: Vicostone has applied for the protection of 75 product brands and obtained protection for 52 brands;
- In Canada: Vicostone has applied for the protection of 50 product brands;
- · In Australia: Vicostone has gained protection for 30 product brands.
- Registration for the protection of industrial designs:
- · In Vietnam: Since 2017, the Company has filed 35 applications for industrial design protection on key product brands. At the time of compiling the Report, Vicostone had obtained industrial design protection certificates for 23 brands
- · In the U.S.: Vicostone has filed 11 applications for industrial design protection on some key product brands.

MEASURES TO PROTECT TRADEMARKS, INTELLECTUAL PROPERTY RIGHTS AND PREVENT UNFAIR COMPETITION ACTS (continued)

2. ANTI-COUNTERFEITING TOOLS

Currently, the Company uses a barcode system to manage all product information (product identification number). The product code will be generated by a central server and converted into a two-dimensional barcode and then attached to the product in two ways:

- Printed on the label, which is attached to the product: The system will print a barcode on a label and a label will be affixed on the corresponding product.
- Printed directly on the back of the product: VICOSTONE[®] brand is printed on the back of the slab with information about product code, production date, serial number and color code to strengthen the brand identity. These pieces of information will not be lost or obscured during transportation, processing and permanently exists with the product.

Each product is labeled with a unique barcode to ensure quick and accurate information traceability. These pieces of information will be used for customer's registration for product warranty on the Company's website and confirm whether the product is real or fake.

2.1. Technical measures

The Company has strengthened the protection of brands on the Internet to avoid disputes and illegal administration of the domain names, IP cyber-squatting... with following measures:

- The Company has used the domain name identical to the trademark (http://vicostone.com/) and registered its domain name in nearly 50 countries around the world;
- Key markets for Vicostone such as North America and Europe all carry information about the Company's products, brands, authorized distributors on the Company's website.

2.2. Other measures

- Tighten internal control to protect technological knowhow, machinery, production line... such as prohibiting photography/video of production areas, signing the confidentiality agreement/non-disclosure agreement with all employees to prevent confidential information breach, both during and after their time at the Company;
- Request all agencies and retailers in the partnership with Vicostone to prevent any anti-competitive actions, violation of the price policy of the Company, and trade frauds;
- In transactions with the Company, customers and partners are requested to comply with and not violate the IP and trademark rights of the Company's brands;
- In the Vietnamese market, Vicostone and its agencies and retailers provide a full-service package to customers, including pricing, installation, warranty, website-based warranty registration, etc., which greatly reduce the possibility for counterfeits and imitations of VICOSTONE® brand.

As the Company is growing stronger and larger with increasing number of intellectual properties, it becomes a harder and more urgent task for Vicostone to protect its IP rights from violations. To better perform in this activity, Vicostone implemented the following actions in 2021 beside the development and operation of the data management and IP right administration systems:

- Develop, implement the IP administration strategies and policies inside the Company;
- Form a team specializing in IP administration in the Company, including members from Legal, Branding and R&D divisions;
- Develop a well-trained group of professional employees focusing on IP issues and implement comprehensive, synchronous and organized activities in the Company.

MEASURES TO HANDLE VIOLATIONS

If any violation of a third party is detected, Vicostone will take appropriate preventive measures or remedies in accordance with the provisions of the laws on Intellectual Property and Competition and other existing regulations.

- If the individual or organization commits violation for the first time:
- · Send a written request to individuals, organizations that violate Vicostone's trademarks and images, requesting for remedies within the deadline provided by Vicostone;
- · Upon the remedy completion, the violating individual or organization must report the results to Vicostone and commit not to make any similar violations in the future; Vicostone also conducts regular checks and monitoring to avoid repeated violations.
- If the individual or organization repeats the violation or carries out no remedy following Vicostone's second request, and the violation damages the reputation of VICOSTONE[®] brand, Vicostone will consider following measures:



Every Vicostone slab is labelled with a separate barcode to assure instant and accurate traceability

- If the violation causes financial and reputable damages for Vicostone: The Company will request the violating individual or organization to pay compensations for the damages upon the laws and regulations of Vicostone;
- · If the violation causes damages to the brand and reputation of VICOSTONE®: The Company will temporarily suspend the right to use VICOSTONE® brand of the violating agency for verification, revoke or terminate the VICOSTONE® brand use right as prescribed in the agency contract, brand licensing contract.
- · If the individual or organization is not in the state of partnership or connection with Vicostone: The Company will report the violations to authorized State agencies for proceedings.

SUSTAINABLE ENVIRONMENTAL PROTECTION

Materials

Energy

Water and effluents

Emissions and wastes

Environmental compliance





Raw materials are the main element of production and the physical premises comprising a product and hence play an important role in the production processes of businesses. At urgent than ever. Natural resources currently suffer from Vicostone, raw materials are an important input element of production and account for a large propotion of production costs, thus are the determinant of the quality of the entire production process.

MANAGEMENT APPROACH

As the need for raw material consumption is ever increasing, the risks from the lack of natural resources become more contraction in both quantity and quality. The main causes for this contraction include indiscriminate exploitation, wasteful use of resources, and ineffective management. Under that circumstance, Vicostone always seeks to continuously improve production technology and management system to enhance the use of resources. In the production process, all materials for Vicostone's quartz stone production are provided by reputable domestic and foreign partners, and controlled with a strict process.



TOPIC'S BOUNDARY





IV. MATERIAL QUALITY CONTROL



Pre-import

IV

- A sample of material is tested in the lab and production before the importation;
- The supplier is examined regarding the production capabilities;
- The supplier is checked regarding the management competencies;
- The supplier is assessed regarding the ability to sustain and stabilize.

Bulk import

- Raw materials imported in bulk must meet guality standards following bulk testing on the production line;
- Vicostone may implement a field trip to inspect the supplier and production facilities before decising wheter the materials should be imported in bulk.

Pre-storage check

- 100% of material packages are checked before being stored in accordance with existing regulations and standards;
- If one package of materials is not qualified, it will be put aside and Vicostone will work with the supplier to fix the problem and prevent similar cases in the future. The package should not be used in the production to secure the quality standards;
- The Company studies all potential problems with the materials to address the risks and develops action plans to respond to similar cases in the future.

Assessment

• 100% of products are assessed and subject to existing quality standards.

In-production supervision

- The Process Quality Control team of the Quality Control Division conducts secondary check on the materials before importing into the production line. If there are doubts about the quality of the materials, the Quality Control Division and the R&D Division examine the materials and deliver recommendations/ warnings about the conditions of the materials;
- During the production, if the materials are found in sub-standard conditions and may harm the production line, the factory and the Quality Control Division separate the materials and hand over them to functional units for treatment.

Storing control

• All materials are secured in standardized storehouses. The Company regularly conducts check and assessment of the quality of both materials and storehouses to assure materials at the best conditions.

2. Assessment of imported

Purchased material

• The Purchasing Division prepares all information on the purchase of imported materials on the "Procurement procedure", and notifies relevant units to plan for the check-in of the materials.



Purchased material

The Purchasing Division prepares all information on the purchase of imported materials on the "Procurement procedure", and notifies relevant units to plan for the check-in of the materials.

Assessment

- Materials • The Equipment Division and the Quality Control Division conduct regular assessment of the materials as planned.
- The Input Quality Control team of the Quality Control Division conducts the first assessment of materials following the standards and guidelines of the Company. If the materials:

Storage

After passing assessments, the material is transferred to the Inventory Division for standardized storage, preventing the decline of quality and quantity during the storage period.

First assessment

The Materials and Equipment Division and the Quality Control Division conduct regular assessment of the materials as planned.

- The Input Quality Control team of the Quality Control Division conducts the first assessment of materials following the standards and guidelines of the Company. If the materials:
- Pass: The materials are imported and stored following the standards.
- Fail: The Quality Control Division requests for remedies as per regulations.

Processing

Workshop processes raw materials into pure materials for production following the "Crushing and Screening Control Standard".

and

Pass

• The materials are imported and stored following the standards.

Fail

• The Quality Control Division requests for remedies as per regulations.



The Crushing and Screening

Pass:

Second assessment

The Process Quality Control team of the Quality Control Division conducts the control of the quality of the material during the production. After being processed, 100% of the material are assessed for the second time following guidelines and standards. If the materials:

Fail:

• The Quality Control Division requests for remedies as per regulations.

Thanks to the application of the integrated system that incorporated human proactiveness and creativity in quality control, 100% of raw materials purchased by Vicostone are evaluated and ensured to be of top quality before entering production. After materials are stored, authorized departments and divisions continue monitoring the production lines and assure the production strongly comply with the standards. The standards are publicly and consistently available at all factories. The following are the work-flow on a production line at Vicostone:

No.	CONTROL	GUIDELINE	FREQUENCY	SHORT DESCRIPTION
1	Inspect quality of raw material samples in labs and conduct trial production of small batches	"Mass production process" QT-09	100% of suppliers' samples	Raw material samples are tested to assure 100% compliance with standard laboratory conditions and subject to small-scale production before mass purchase.
2	 Evaluate suppliers' production competency; Evaluate suppliers' managerial competency; Evaluate suppliers' sustainability and stability. 	"Procurement process" QT-13 "Supplier evaluation process" QT-14	100% of suppliers of main raw materials comprising products	Prior to the official bulk import (frequent import) of raw materials, 100% of suppliers of raw materials that constitute the product are subject to inspection by the Company's team with respect to their current state at the site of production and exploitation.
3	Check on input materials	"Input material control process" QT-30	100% of material package units	Purchased materials are tested before being stored.
4	Production line control	"Product quality control process" QT-32	100% of working shifts	Each stage of production is examined by the Product Quality Control to match the Company's technical requirements.
5	Product origin traceability	"Product origin traceability and recognition process" QT-07	100% of slabs	The Company equips the machinery and solutions for product idenfication, makes sure the production is monitored and regularly measured.
6	Product quality control	"Product quality control process" QT-32	100% of made package	Corresponding products are tested at least once against strict criteria to meet quality standards.
7	Mechanic, physical and chemical test	"Product quality control process" QT-32	100% of made package	All packages of product have to take the mechanical, physical and chemical test to meet consumers' requirements.
8	Check of safety qualities	"New product development, manufacturing and sale process" QT-08	In accordance with the rules by certifying agencies	All features regarding user safety such as slip- resistance, flame-resistance are checked regularly from the first stage of development.
9	Environmental protection features	"New product development, manufacturing and sale process" QT-08	In accordance with the rules by certifying agencies	Each year, Vicostone sends product samples to GreenGuard to examine the characteristics regarding its environmental impact at UL Environment Lab in the U.S.
10	Check of safety qualities	"New product development, manufacturing and sale process" QT-08	100% of all containers	Food safety information such as the percentage of heavy metals must be examined and confirmed by NSF International in the U.S.
11	Packaging control	"Packaging process" QT-28	100% container	The Quality Control Department's KCS staff inspect 100% of container regarding the quality of packages and packaging before checking them out.

LOCALIZATION OF MAIN RAW MATERIALS

Vicostone determines that the proactiveness in input materials is an urgent need of a production business and the premise for continuous production processes, availability of products, and competitive advantages in markets.

With the aspiration to create purely Vietnamese products that meet international standards, with its internal strengths and the support from the parent company – Phenikaa Group, Vicostone has fostered investment, research, and development of domestically produced raw materials with priority in 3 main types of raw materials in the production of VICOSTONE® stones, namely: Cristobalite, Quartz, and Polyester Resin.

• Quartz is the main material of the VICOSTONE® quartz stone composition. With the strategy to localize raw materials, Vicostone's input Quartz sources are gradually being replaced by Cristobalite which is produced by Phenikaa Hue Minerals Investment and Production One Member Ltd. Company - a member unit of Vicostone. To improve the quality of the exploitation and production of raw quartz from mines, Vicostone has proactively searched for and cooperated with domestic quartz production companies. At the same time, the Company also proactively invested in modern production lines to optimize its domestic raw material supply sources and elevate domestic guartz material sources to new heights. The world-leading crushing and screening chain and equipment imported from Europe have helped Vicostone to utilize domestic raw quartz and become fully proactive with respect to raw materials for the production of slab stones. In 2021, Vicostone continued to conduct research and implemented an additional pulverizer chain with its exclusive technology to increase productivity and reduce the consumption of the increasingly rare quartz materials which will help reduce 15-20% of costs in finished quartz.

The data of main raw materials (Quartz, Cristobalite, Resin) used in production at Vicostone (non-consolidated data):

CATEGORY	2018	2019	2020	2021
Domestic Quartz	14,064.8	15,987.5	12,616.8	20,944.8
Imported Quartz	18,222.4	11,331	7,637.5	5,817.5
Cristobalite	25,959	40,113.9	34,998.7	43,854.4
Domestic Resin	-	-	17.3	9,060.9
Imported Resin	9,683.6	10,556.7	8,946.1	2,778.6
Total	67,929.8	77,989.1	64,216.4	82,456.2

- Cristobalite is a high-quality material that comprises the uniqueness of VICOSTONE® engineered stones. In recent years, the VICOSTONE® new and unique product lines with Cristobalite helping to create their natural whiteness have introduced a breath of fresh air into the world engineered stone market. Customers' preferences and positive signals from the market towards products using Cristobalite have affirmed the potential of this material in product design. Currently Phenikaa Hue Factory (Cristobalite manufacturer) is in stable operation and fully meets the internal needs for Cristobalite. With its mastery of technology and continuous improvement of productivity and reduction of production costs, Phenikaa Hue turned in profits from VND 100-120 billion per year compared to the import period.
- In Vicostone's high-quality engineered stone production technologies, Quartz and Cristobalite act as aggregate materials, while Polyester Resin is the binding catalyst. Despite accounting for only 10% of the finished product, Polyester Resin takes up from 40-50% of production material costs. After years of having to entirely import Polyester Resin from abroad (Singapore, Indonesia, Taiwan, UAE), Phenikaa Group (Vicostone's parent company) has demanded that this material be mastered and has invested in the construction of a factory that specializes in Resin production on the foundation of developing in harmony the three economic - environmental - social aspects. Currently, Phenikaa Cheminal Plant (manufacturer of unsaturated Polyester plastics) have entered stable operation and help the nearly full proactiveness of input material - the most important factor in the production technology of VICOSTONE[®] stones.

Thus, with its raw material localization strategy, Vicostone has mastered over 90% of input raw materials in the production of quartz stones and thereby minimizing the risks from dependency on raw material inputs and currency flunctuation and optimizing prices.

U	nit:	Tons

ECO-FRIENDLY RECYCLED MATERIALS

1. Usage of environmentfriendly raw materials

Grounded in a smart production and ecological material production strategy, Vicostone always aims for environment-friendly products, especially it also employs recycled material as input resources for the production of unique products.

MATERIAL	2018	2019	2020	2021
Recycled raw materials (kg)	570,000	281,060	430,000	248,500
Raw materials used in production (kg)	78,315,188	82,870,922	66,799,639	85,715,277
Propotion of recycled materials used in production (%)	0.73%	0.34%	0.64%	0.29%

Data on recycled raw materials used at Vicostone (non-consolidated data)

2. Recycling, reuse of solid wastes

The creation of eco-friendly advanced engineered-stone products has always been the ultimate target that Vicostone and its employees strive for. The Company in recent years has studied possible solutions to restrain the impact of its manufacturing activities on the environment, including the reuse of solid wastes disposed from the making of eco-friendly outputs. Some key science researches are as follows:

Project: "Research on reusing stone powder waste to produce unburnt bricks with Geopolymer technologies"

The production process of guartz-based engineered stones creates a by-product, i.e., stone powder waste during the product polishing phase. The Company has invested in the research to reuse this stone powder to produce environment-friendly products to reduce emissions and impacts on the environment. The project is titled "Research on reusing stone powder waste to produce unburnt bricks with Geopolymer technologies". Unburnt bricks from the project meet the technical requirements according to the TCVN 6477:2016 standard. The success of the project contributes to closing the technological processes of quartz-based engineered stone production, bringing about both environmental and economic effectiveness. The Company has been awarded patent of useful solution No. VN 2739 by the Ministry of Science and Technology's Department of Intellectual Properties on October 22, 2021 for the protection of the product: "Unburnt bricks using stone powder waste from the production of engineered stones and aluminum silicate non-organic polymer binding agent".

Project: "Synthesizing amorphous silicon dioxide from stone powder waste generated from the production of quartz-based engineered stones"

In addition to the research on reusing stone powder waste for production with Geopolymer technologies, the Company also initiated a research project on synthesizing amorphous silicon dioxide (SiO₂) from stone powder waste. Amorphous SiO, in the form of fine powder is a high-quality refined SiO, with large specific surface area and thus can be used in other industries, including rubber and paint. The success of the research project has helped Phenikaa identify the optimal technology for stone powder waste treatment to create amorphous silicon dioxide with technical features meeting the requirements for input materials for other industrial products. The Company has submitted and been accepted for a patent in May 2022 to protect its patent rights on: "Synthesizing amorphous silicon dioxide from stone powder waste generated from the production of quartzbased engineered stones".







Vicostone understands efficient use of energy is the founding element for the sustainable development of the Company. Therefore, for all these years, Vicostone has taken measures to improve its energy consumption to better serve the production, reduce emissions and protect the environment. Vicostone commits to:

- Building a healthy working environment;
- Reducing energy consumption of devices, while still meeting the energy needs for production, services and domestic use;
- Not to discharging pollutants and toxic substances into the environment.

MANAGEMENT APPROACH

In the course of business operation, Vicostone has built and maintained an efficient energy management system in direct and indirect production

• Execute the directives of the Board of Management on efficient use of

• Maintain and continuously improve the energy management system;

• Apply a clean water consumption benchmark for each production division;

• Maintain a program on fuel consumption reduction for forklift systems in

• Improve, enhance efficient use of energy when operating machineries, and maintain a warning system to alert units with above-the-benchmark energy consumption.

TOPIC'S BOUNDARY

ELECTRICITY

The current situation and solutions on energy efficiency involve the following





THE CURRENT SITUATION AND SOLUTIONS ON ENERGY EFFICIENCY

Vicostone recognizes that frugal and effective use of energy are one of the key factors to any sustainable development strategy. Thus, the Company always employs a strategy of energy-saving, low emission, and recycling at the maximum level. With the use of a modern production line transferred from Breton (Italy) which has undergone breakthrough improvements by Vicostone's engineers, the Company's entire production cycle is closed and entirely eco-friendly, allows for energy conservation due to the non-use of calcination, and does not produce emission from the curing process like tile materials produced with other technologies.

In order to effectively utilize energy resources, the whole processes of electricity, gas, diesel and clean water use are subjected to clear and specific benchmarks expressed in the Company's regulations and instructions. Furthermore, Vicostone has established a specialized body to monitor, supervise, and analyze energy data to provide timely warnings and solutions on the effective use of energy and ensuring production.

Total energy consumption at Vicostone (non-consolidated data) in 2021 is as follows:

No.	ENERGY	ENERGY CONSUMPTION CONVERTED INTO JOULE
1	Electricity	66.82x10 ¹²
2	Solar energy	0.39 x10 ¹²
3	Gas	14.28x10 ¹²
4	Diesel	5.16x10 ¹²
	Total	86.65 x10 ¹²



1. ELECTRICITY

Vicostone's electricity consumption

YEAR	TOTAL ENERGY CONSUMPTION IN (KWh)	TOTAL ENERGY CONSUMPTION (JOULE)	TOTAL VOLUME OF VIBRO- COMPRESSED PRODUCTS (m ²)	AVERAGE ELECTRICITY CONSUMPTION (KWh/m ²)	AVERAGE ELECTRICITY CONSUMPTION (J/m ²)
2017	12,867,154	46.29x10 ¹²	801,413	16.06	57.81x10 ⁶
2018	15,328,100	55.15x10 ¹²	928,830	16.50	59.4x10 ⁶
2019	15,775,600	56.77x10 ¹²	1,016,991	15.51	55.83x10 ⁶
2020	16,399,300	59.04x10 ¹²	1,150,156	14.25	51.3x10 ⁶
2021	18,560,800	66.82x10 ¹²	1,260,143	14.73	53.02x10 ⁶

Electricity consumption at Vicostone from 2017-2021 (non-consolidated data)

• In 2021, Vicostone focused on the production of various new, unique, and differentiating product lines. The Company also employed 01 additional vibration pressing line (in Factory No. 1) which formally began operation to manufacture products that are difficult and require multiple trial runs. Nevertheless, according to the data table, in 2021 the average energy consumption per square

meter of product did increase but not by any considerable amount compared to 2020;

• This is a tremendous effort by Vicostone in striving to apply energy-saving solutions while also ensuring sales and development of new and economically sound products for the business in the past year.



Some of the solutions for the effective and economical use of electric energy applied at Vicostone included:

- Supervision and improvement of machineries and equipment to reduce unnecessary energy waste and consumption:
- · Control of all energy-demanding areas and systems, including gas compressors, pulverizers, curing ovens, high-capacity engines, etc., to ensure stable operation and prevent overload;
- Replacement of engines with those having appropriate capacities; improvement of equipment to optimize production lines and conserve energy;
- · Installation of inverters for engines (including circular water pumps, material pressing systems in the production line, etc.) to enhance productivity and
- Encouragement of the economical use of energy through the Kaizen-5S program: Accordingly, employees may offer conserve energy. initiatives and solutions to conserve energy. Such initiatives • Application of modern technologies, automation of will be evaluated, recognized, and commended by the production processes, and enhanced use of "green" Kaizen-5S Steering Committee on monthly, quarterly, and annual bases. energy sources:
- Solar power energy: 400 solar power panels have been installed at two office buildings since 2018. In 2021, the total production of electricity generated by the solar power panels was 109.073 kWh, meaning that solar power may supply up to 42.5% of electricity for the works of more than 200 staff members and employees at two of the office buildings. The operation of the solar power panels has helped the Company to conserve a considerable amount of energy consumption

Solar energy panels are installed on the roofs of the two office buildings

at the two office buildings A1 and A2 and contribute to the reduction of CO₂ emission and protection of the environment;

- Maximum use of natural lights: To reduce lighting costs at production workshops during daytime, the Company has utilized natural light from doors and made use of light panels from roofs and walls surrounding the factories.
- Conducting of regular energy auditing in accordance with the law: All processes of consumption of electricity, gas, diesel, and clean water are subject to clear benchmarks expressed in regulations and instructions; a specialized body is assigned to monitor, supervise, and analyze energy data to provide timely warnings and solutions on the use of energy to avoid waste and also ensure production.
- Communication of energy saving policies through regulations and notice boards on electricity reduction in working areas.

THE CURRENT SITUATION AND SOLUTIONS ON ENERGY EFFICIENCY (continued)

2. GAS

Vicostone's gas consumption

YEAR	TOTAL GAS CONSUMPTION (Kg)	TOTAL GAS CONSUMPTION (JOULE)	TOTAL VOLUME OF VIBRO- COMPRESSED PRODUCTS (m ²)	AVERAGE GAS CONSUMPTION (Kg/m²)	AVERAGE GAS CONSUMPTION (GJ/m ²)
2017	184,339	8.41x10 ¹²	787,199	0.23	0.011
2018	209,573	9.56x10 ¹²	937,889	0.22	0.010
2019	248,520	11.32x10 ¹²	1,016,991	0.24	0.011
2020	256,414	11.69x10 ¹²	1,150,156	0.23	0.011
2021	313,112	14.28x10 ¹²	1,231,633	0.25	0.012

Gas consumption at Vicostone in 2017-2021 (non-consolidated data)

At Vicostone, gas is used in two areas: Preheating of oil used for stone curing after the pressing stage and in the cafeteria. Particularly for stone curing, the existing incinerator is a high-efficiency incinerator, and can be automatically adjusted to the temperature and pressure of the oil being burned. Hot oil pipelines are insulated to prevent heat loss. Currently, unique and differentiated product lines are being produced continuously, accounting for a large proportion of the Company's total volume of output and consuming lots of fuel due to heating and storage time is 1.3 to 1.5 times longer than normal products. In 2021, the Company began operation of an additional production line with an additional gas furnace which led to the increased consumption of gas compared to 2020. However, with energy saving solutions, the Company still managed to control its gas consumption at a stable level.

Some of the solutions for the effective and economical use of gas applied at Vicostone included:

To save gas in production activities, Vicostone has maintained effective saving solutions at the factories, specifically:

- Further promote the efficiency of a solar water heater system to supply hot water to the cafeteria and minimize gas consumption.
- Sufficiently apply 5S activities in equipment use, maintain the best operating status of the system such as: Conduct equipment maintenance and repairs to ensure the highest performance; synchronize systems to ensure the highest efficiency of using furnace heat; check the pressure and volume of gas consumption to avoid the surplus, which leads to the waste of energy and affect the performance of the incinerator as the heat is not at the required level and may create soot.



3. DIESEL

Vicostone's diesel consumption

YEAR	DIESEL CONSUMPTION	DIESEL CONSUMPTION	TOTAL VOLUME O	F PRODUCTS (m ²)	AVERAGE DIESEL	AVERAGE DIESEL
TEAK	(LITER)	(JOULE)	EXPORTS (*)	IMPORTS	CONSUMPTION (L/m ²)	CONSUMPTION (GJ/m ²)
2017	110,243	4.26x10 ¹²	806,876	787,199	0.14	0.005
2018	116,379	4.5x10 ¹²	873,912	937,889	0.12	0.005
2019	120,215	4.65x10 ¹²	993,948	1,016,991	0.12	0.004
2020	127,984	4.95x10 ¹²	1,120,095	1,150,156	0.11	0.004
2021	133,460	5.16x10 ¹²	1,185,745	1,231,633	0.11	0.004

Diesel consumption at Vicostone in 2017-2021 (non-consolidated data)

At Vicostone, diesel is used in lifting and transporting for production, mainly for forklifts. It is also used in equipment repairs and for backup generators in case of power outages.

In 2021 the use of diesel increased 4.2% from 2020 due to the operation of an additional production line.

Some of the solutions for the effective and economical use of diesel applied at Vicostone included:

- Install a separate oil station within the Company to monitor specific data and assign a unit to monitor oil consumption for monthly comparison.
- Optimize transport arrangements, reduce shipping volume:
- Regularly check and monitor vehicles to maintain good vehicle technical condition;
- Organize training courses to improve driving skills and drivers' awareness in conserving diesel;

(*) Costs are calculated separately for exported products (excluding domestic sold embryos)

- Use a travel-time benchmark for vehicles in each production stage;
- Improve the quality of forklift maintenance and repair, using 5S criteria;
- Apply rotary equipment in production to curb the use of forklifts and save fuel;
- Improve the infrastructure to minimize the use of generators with a large capacity of 2,000kw and to avoid wasting oil and driving up costs (a generator consumes about 300-350l/h)



WATER AND EFFLUENTS

MANAGEMENT APPROACH

As an enterprise in the field of industrial production, Vicostone recognizes that water plays an important role in production and has profound impact on the environment. Thus, Vicostone insists that all activities using water at the Company must align with sustainable development goals, reduce impacts on the environment, and ensure that water resources are economically exploited and utilized, and the sources of effluents are effectively managed.

MATERIAL TOPIC

Water plays a vital role not only to humans but also to all activities on Earth. Even though water takes up 3/4 of the area of the Earth but 98% of that is salt water from oceans and is unsuitable for daily use, about 2/3 of the remaining 2% is fresh water in the forms of ice and snow. Thus, all that is left is 0.7% of the total 3/4 area is fresh water usable by humans. Moreover, we are facing a severe crisis related to water sources on a global scale whose main causes are the ecological degradation, environmental pollution, and climate change. Therefore, the effective and economical use of fresh water is of paramount significance to humans and the environment.

Some measures to enhance the effectiveness of water use and effluent management at Vicostone:

- Monitoring and reporting of actual water consumption during production at factories;
- Establishment of benchmarks on water use, improvement programs and opportunities to reduce consumption of fresh water;
- Utilization of circular water treatment systems;
- Regular analysis of irregularities, provision of monthly warnings to units consuming water in excess of the benchmarks as basis for inspection and sanction;
- Installation of domestic effluent treatment systems with modern treatment technologies;
- Establishment and application of effluent control and regular supervision processes.
- Regular monitoring to ensure quality of domestic effluent.

SCOPE OF REPORT

• Water use situation at Vicostone;

- Solutions for effective use of water at Vicostone;
- Monitoring and control of effluents at Vicostone.



The silos used in water treatment at Vicostone



1. WATER CONSUMPTION

At Vicostone, water is used for industrial production activities (whetting stage) and for the daily use by employees (domestic water):

Total water consumption at Vicostone: 38.89 MI

- Total industrial water consumption for production: 14.18 MI
- Total domestic water consumption: 34.17 MI

Regarding industrial water:

Industrial effluent is treated with a closed circular effluent treatment system which ensures that the water consumed in the course of production is treated and returns to the production line instead of being emitted into the environment. This is an effective method that helps to

No.	YEAR	INDUSTRIAL WATER CONSUMPTION (MI)	TOTAL VOLUME OF STORED PRODUCTS (m ²)	AVERAGE INDUSTRIAL WATER CONSUMPTION (L/m ²)
1	2018	10.03	928,830	10.8
2	2019	8.56	1,016,991	8.4
3	2020	9.43	1,150,156	8.2
4	2021	14.18	1,231,633	11.5

Industrial water consumption at Vicostone in 2018-2021 (non-consolidated data)

2. SOLUTIONS ON EFFICIENT USE OF WATER

Joining hands with the community in conserving water resources, Vicostone is always mindful of the effective and responsible use of water resources.

Vicostone applies a system of circular water silos into its productions. The system is consistently invested and operated to ensure that 100% of industrial effluents are treated and reused during production. The whetting of finished products usually takes a large amount of water. After this process, the water usually contains talc powder as a result of being dissolved in salt after whetting. The powder is treated in the silos through mechanic deposit process and then pressed and dried through a pressing machine. Pressed, dried powder (or sludge) is used to produce unburnt bricks and other eco-friendly outputs. conserve water resources used in production and prevent impacts on the environment. The additional amount of water for the whetting chain is the amount supplied to make up for the water losses due to being absorbed in mud after pressing and helps to ensure the stable operation of the system. In 2021, Vicostone installed an additional vibration pressing and increased production output, leading to the increase in the amount of water used for production.

Regarding domestic water:

About 60% of clean water at Vicostone is mainly used for general domestic uses such as cooking and living. Nearly 40% is used to compensate for the circular clean water system and supply for factories and production (creating anti-adhesive agents).

In 2021, as Hanoi imposed social distancing measure across the city, in order to ensure production activities, the Company organized the "3 on-site" working model in July-September, which led to the increase in clean water consumption stemming from the number of employee staying and living directly in the Company.

Furthermore, in 2021, Vicostone continued to implement various solutions to reduce water consumption:

- Regularly inspect water pipes installed at all units to prevent leakage and loss of water;
- Install smart solutions and devices in all bathrooms (water opens and closes in intervals);
- Control the duration of spraying of clean water onto cooling systems in factories;
- Communicate to all employees on the awareness in the use and conservation of water resources.

EFFLUENTS

1. SOURCES:

- Closed-loop recycled production water: The effluent is discharged from the whetting stage in which water is used to polish the surface of the product. Dust and stone powder in the water will be carried back to the treatment system. After the dust and stone powder are removed, the water is circulated for 100% re-use. This treatment system helps the Company save a lot of costs and minimize the impact of effluents on the environment.
- Domestic effluent: Domestic effluents are discharged from kitchen areas and toilets, and undergo preliminary treatment in septic tanks and grease traps and then delivered to effluent treatment station.

2. MANAGEMENT OF DOMESTIC EFFLUENTS:

For domestic effluent treatment and control to be in compliance with QCVN 14:2008/BTNMT - National technical regulation on domestic effluent, the Company implemented the following measures:

- Invest in and install a domestic effluent treatment system using the most modern technology AAO + MBR with total investment of nearly VND3 billion;
- Have the operation regularly supervised by engineers with expertise in environmental techniques to ensure the functionality of the system and that the quality of output effluent meets requirements according to regulations.
- Conduct regular maintenance in accordance with procedures, thus, assuring stable and proper performance of the system with no device-related incidents affecting the treatment of effluent during the year;
- Develop and apply the procedures on domestic effluent control and chemical mixing in line with ISO 14001:2015;
- Engage a qualified consultant to monitor the quality of treated domestic effluent every three months;
- Invest in rapid measurement devices to test the quality of post-treatment effluent regarding the indicators of DO, pH, NH_{4}^{+} and NO_{3}^{-} to supervise the treatment activities of the system;
- Install a remote monitoring system for the operation of the system, helping to monitor 24/24 the situation of the system operation and prevent incidents in the course of treatment that affects quality of post-treatment effluent.



Diagram of domestic effluents treatment process

3. MANAGEMENT RESULTS:

Vicostone fully conducts observations with required frequency (once every three months). The results of observations conducted by independent competent units all fall within the allowed range under the National Technical Standards QCVN 14:2008/BTNMT, column A on the quality of effluent and Technical Standards QCTDHN 02:2014/

			M	ONITORING	6 POINT (N	T1)	QCVN	QCTĐHN 02:2014
No	. INDICATOR	UNIT	Q1 RESULT	Q2 RESULT	Q3 RESULT	Q4 RESULT	14:2008 /BTNMT (K=1) COLUMN A	/BTNMT (Kf=1,2; Kq= 0,9)
1	рН	-	7.2	6.83	7.7	7.4	5 ÷ 9	5.5 ÷ 9
2	Biochemical oxygen demand (BOD5)	mg/L	16.3	16.2	19.5	27.9	30	54
3	Chemical oxygen demand (COD)	mg/L	43.6	35.6	44.7	51.2	-	162
4	Total suspended solids (TSS)	mg/L	42.3	23.4	45.7	43.9	50	108
5	Total dissolved solids (TDS)	mg/L	290	220	320	260	500	-
6	Arsenic (As)	mg/L	<0.0005	<0.0005	<0.0005	<0.0005	-	0.108
7	Cadmium (Cd)	mg/L	<0.0004	<0.0004	<0.0004	<0.0004	-	0.108
8	Lead (Pb)	mg/L	<0.003	<0.003	<0.003	<0.003	-	0.54
9	Mercury (Hg)	mg/L	<0.0005	<0.0005	<0.0005	<0.0005	-	0.0108
10	Animal and vegetable fat and oil	mg/L	<0.3	0.41	0.5	0.5	10	-
11	Iron (Fe)	mg/L	<0.03	<0.03	<0.03	<0.03	-	5.4
12	Phosphate (PO ₄ ³⁻)	mg/L	0.35	0.41	0.38	0.378	6	-
13	Sulfur (S ₂ -)	mg/L	<0.064	<0.064	<0.064	<0.064	1	0.54
14	Ammonium (NH ₄ ⁺) – by Nitrogen	mg/L	2.36	3.14	2.25	3.52	5	10.8
15	Nitrate (NO ₃ -)	mg/L	15.2	13.1	14.6	15.6	30	-
16	Total nitrogen	mg/L	23.5	21.5	24.9	24.8	-	43.2
17	Total phosphate	mg/L	0.66	0.46	0.727	0.483	-	6.48
18	Total surfactants	mg/L	<0.05	<0.05	<0.05	<0.05	5	-
19	Coliform	MP- N/100mL	500	900	610	2.100	3.000	5.000

BTNMT, column B on the quality of industrial effluent within the vicinity of Hanoi. These results are verified by the unit conducting the observations and recorded for the purpose of inspection and reference where necessary.

In 2021, the Company consistently conformed with the limits on waste discharge and thus avoided the occurrence of any environmental incident.

Table shows test results on post-treatment domestic effluents prior to disposal



MANAGEMENT APPROACH

Vicostone carries out activities to control and minimize impacts to the environment, detailed as:

- Maintain the operation of emission, dust and waste treatment systems;
- Perform periodic maintenance, check the conditions of the production line to reduce the pollutants at source;
- Engage a legally-eligible consultant to survey, monitor and analyze the quality of emissions, dust and wastes to comply with relevant standards;
- Perform regular assessment of waste treatment service providers;
- Maintain and improve management protocols on environmental protection;
- Report to State agencies on the management of emissions, dust and wastes.



Emission treatment process

• The production line with resin measurement compartment, material mixing compartment, material spreading compartment... is sealed in its entirety to prevent the emission of organic gas and at the same time, suction mouths are placed to draw gas to the common pipeline. Emanated organic gas would be subjected to negative pressure by soaking fans and soaked through activated charcoal cloth whose soaking capacity may be controlled through butterfly valves. Processed exhaust is then discharged through 20-meter outlet pipes.

MATERIAL TOPIC

GRI

300

Economic growth and environmental protection are always associated with each other and the two issues are the top priorities of every nation across the globe. In the modern context, the Party and the Government have seen environmental protection and sustainable development as two of their significant concerns, which require local companies to join and take proactive measures to perform sustainability tasks. Environmental protection is both the corporates' social responsibility and a tool to help companies

EMISSIONS AND WASTES

increase their competitiveness, better penetrate the international market, and secure sustainable development.

As a conscious business, Vicostone has addressed that its economic growth must catch up with social development and environmental protection since the very first days of its foundation. Therefore, the Company always complies with existing laws and regulations on environmental protection, renovates and improves its machinery and production lines to increase productivity and efficiency, and adopts and improves solutions on waste management to reduce the volume of disposals into the environment.



TOPIC'S BOUNDARY

- Supervision and control of emissions;
- Supervision and control of wastes.

IV SUPERVISION AND CONTROL **OF EMISSIONS AND WASTES**

1. EMISSIONS

Source and classification:

Aerial emissions are mainly generated from the quartzbased engineered stone production, including:

- Organic gas exhausts in spreading stage (mostly Styrene);
- Dust exhausts in material imports.

Control measures:

Regarding organic gas: To treat and control emissions generated from production, the Company has installed the treatment system as below:

• Apart from their participation and contribution directly in the production process, sanitary and safety employees conduct regular monitoring of and recommend improvements to areas at risk of occupational hazard and those discharging exhausts, and supervise the maintenance of the operation of the exhaust treatment, fresh gas supply and ventilation systems.



Regarding dust:

- Each month, the Health-Safety-Environment team of the General Affairs Division evaluates current state of the production line, especially the places and processes that discharge dust, finds and implements measures to reduce dust in each factory;
- Co-ordinate with the Institute for Occupational Health and Environment to conduct regular measurement of dust volume and concentration in the working environment;
- Maintain the operation of dust treatment systems using water-resistant and oil-resistant Polyester filter bags. All

dust-generating areas in the factory are equipped with suction heads and dust is delivered to the treatment system;

- Provide face masks made for dust protection such as SP52 masks, dust filtering masks and 3M masks for employees working in areas where dust arises;
- Apply specialized vaccumm cleaners to clean factory floors and damp cleaning to reduce dust arising from employees' work.

Monitoring results:

Based on the outcomes of waste observation conducted by competent units in accordance with current regulations, the results of post-treatment exhaust analyses all meet or fall far below National Technical Standard QCVN20:2009 on industrial exhaust related to certain organic substances and Technical Standard QCTDHN 01:2014 on industrial wastes related to dust and inorganic substances within the vicinity of Hanoi.

Table shows test results for the quality of post-treatment emissions at Factory No. 1

No.	INDICATOR	UNIT	Q1 RESULT	Q2 RESULT	Q3 RESULT	Q4	HANOI STANDARD QCTDHN 01:2014/	NATIONAL STANDARD QCVN 20:2009/ BTNMT	NOTE
							BTNMT (C*KP*KV)	MAXIMUM CONCENTRATION	

The quality of emissions after dust treatment

1	Total suspended particles	mg/Nm³	34.03	26.27	35.4	31.5	180	-	Kp=1.0 Kv= 0.9
2	со	mg/Nm³	<1.14	<1.14	<1.14	<1.14	1000	-	Kp=1.0 Kv= 1.0
3	SO ₂	mg/Nm ³	<2.62	<2.62	<2.62	<2.62	450	-	Kp=1.0 Kv= 0.9
4	NO ₂	mg/Nm ³	<0.188	<0.188	<0.188	<0.188	850	-	Kp=1.0 Kv= 1.0

The quality of emissions after smell treatment

1	Benzene	mg/Nm ³	< 0.003	< 0.003	<0.003	<0.003	-	5	
2	Styrene	mg/Nm ³	6.73	7.16	7.13	8.16	-	100	
3	Toluene	mg/Nm ³	< 0.003	< 0.003	< 0.003	< 0.003	-	750	

Table shows test results for the quality of post-treatment emissions at Factory No. 2

No.	INDICATOR	UNIT	Q1 RESULT	Q2 T RESULT R	Q3 RESULT	Q4	HANOI STANDARD QCTDHN 01:2014/ BTNMT (Cmax)	NATIONAL STANDARD QCVN 20:2009/ BTNMT	NOTE
								MAXIMUM CONCENTRATION	
The qu	ality of emissions	after dus	t treatmen	t					
	Total								Kn=0.9

1	Total suspended particles	mg/Nm ³	37.3	25.1	35.5	28.4	162	-	Kp=0.9 Kv= 0.9
2	СО	mg/Nm ³	<1.14	<1.14	<1.14	<1.14	900	-	Kp=0.9 Kv= 1.0
3	SO ₂	mg/Nm ³	<2.62	<2.62	<2.62	<2.62	405	-	Kp=0.9 Kv= 0.9
4	NO ₂	mg/Nm ³	<0.188	<0.188	<0.188	<0.188	765	-	Kp=0.9 Kv= 1.0

The quality of emissions after smell treatment

1	Benzene	mg/Nm ³	< 0.003	< 0.003	< 0.003	< 0.003	-	5	
2	Styrene	mg/Nm ³	4.05	5.3	4.27	4.78	-	100	
3	Toluene	mg/Nm ³	< 0.003	<0.003	< 0.003	<0.003	-	750	

Hanoi Standard QCTDHN 01:2014/BTNMT – Technical standard on industrial emissions and inorganic substances in the capital area National Standard QCVN 20:2009/BTNMT – Technical standard on industrial emissions and organic substances

2. WASTES

2.1. Common industrial wastes

Sources of common industrial wastes:

- Stone chips, bavia and burr from production stages;
- Dried sludge from the water treatment system;
- Domestic wastes.

Control and treatment solutions:

- In compliance with State regulations on solid waste treatment, the Company strictly controls and clearly categorizes common solid wastes and hazardous wastes as belows:
- · Gather and build a temporary solid waste storage, meeting the requirements of an common waste storage under the provisions of Decree 09/VBHN-BTNMT on the management of wastes and craps;
- · Develop and apply regulations on waste gathering, classification and management;
- · Maintained daily inspection of sorting and gathering of waste at units of the Company;
- · Normal industrial solid waste was usually processed using two solutions: used as materials to produce unburnt bricks or burial.
- Stone powder and efflorescent which are normal and harmless wastes are placed in storehouses with roofs and drains to ensure environmental protection. These are regularly analyzed by the Environment Analysing and Technique Joint Stock Company;
- In addition to producing unburnt bricks, the Company is entering into contracts for waste transport and treatment with units with full capacity to gather, transport, and treat stone powder and efflorescent released from production lines at Vicostone;
- Vicostone fully reports to the State agencies on the management of common wastes in accordance with regulations or irregularly upon request.

2.2. Solid domestic wastes

Sources of solid domestic wastes: Solid domestic wastes are primarily discharged from cafeterias, offices and operating rooms, and gathered by industrial cleaning staff on a daily basis.

Control and treatment solutions:

- Develop and apply regulations on waste management;
- Classify the wastes at source into 120-liter plastic barrels with lids;
- On a daily basis, solid wastes are transferred to the

external unit with the capacity of waste transport and treatment according to contracts signed between the two parties. The transfer of solid wastes for the purpose of treatment is undertaken and managed by the two parties in accordance with Article 3 of Decree No. 40/2019/ND-CP on the management of wastes and craps.

2.3. Hazardous wastes

Sources of hazardous wastes:

Hazardous wastes primarily originate from the maintenance and repair of equipment, cleaning and maintenance of production lines, while some are from office works (light bulbs, ink cartridges). Hazardous wastes at Vicostone are sorted at source and categorized into six main types:

- Residual oil;
- Metal packages;
- Fluorescence light bulbs;
- Filters and stained drags;
- Printer's cartridges;
- Lead batteries.

Control and treatment solutions:

- Develop and apply regulations on waste management;
- To ensure conformity with legal regulations, Vicostone JSC registered its list of regularly generated hazardous wastes and was accorded with a Note of Hazardous Waste Registration No. QLCTNH: 01.000118.T (4th issuance) by the Hanoi Department of Natural Resources and Environment on June 6, 2017;
- Hazardous wastes are gathered, categorized and placed in the Company's hazardous waste storehouse. The storehouse is constructed in accordance with standards set out under Circular No. 36/2015/TT-BTNMT on the management of hazardous wastes. In addition, the hazardous storehouse is equipped with devices to respond to incidents and drainage systems to collect and prevent leakage;
- The Company transfers hazardous wastes to the external units with the capacity of waste transport and treatment according to contracts signed between the two parties.

2.4. Monitoring results

At Vicostone, 100% of wastes discharged from production and other activities, especially hazardous wastes, are treated in accordance with procedures adopted by the Company to ensure at the highest level the requirements of current legal regulations, minimize impacts to the environment during production, and aspire towards sustainable development goals.

No.	WASTE CATEGORY	WASTE	DISCHARGING VOLUME IN 2021 (TONS)	TREATMENT SOLUTION IN 2021
1	Common solid industrial wastes	Stone powder, swarf	24,137.5	Buried
2	Solid domestic wastes	Solid domestic wastes	34.32	Incinerated
	Hazardous wastes	Residual oil	6.19	Incinerated
		Metal packages	3.87	Soaked
		Fluorescence light bulbs	0.021	Crushed, solidified
3		Filders and stained drags	4.62	Incinerated
		Printer's cartridges	0.005	Incinerated
		Lead batteries	0.1	Dissembled, gathered, chemico-physically treated
	Total		24,186.63	

Stone powder and swarf (normal industrial solid waste) belong to a category of waste that accounted for 90% of total waste mass of the Company and was generated during the process of wetting and polishing of the product surface. The Kaizen-5S tools offered various initiatives to help reduce the amount of stone powder and efflorescent, including:

- The reduction of residual material in the production chain;
- The reduction of thickness of semi-finished stone products;
- The reduction of bent and pock-marked sem-finished products...

In addition, Vicostone has adopted the Geopolymer technology to produce unburnt bricks from discharged stone powder and efflorescent and used the outputs for internal construction projects. To recycle and reuse the entirety of stone powder and efflorescent, the Company is conducting additional research into technological applications to convert this entire category of waste into other eco-friendly materials suitable to the needs of localities.

Solid domestic wastes are gathered at temporary roofed discharge areas and put into barrels with lids in compliance with technical requirements. The Company subsequently transfers the wastes to competent environmental companies under contracts for transportation and treatment.

Potential hazardous wastes are registered and Vicostone was accorded with Note of Hazardous Waste Registration No. 01.000118.T by the Hanoi Department of Natural Resources and Environment on June 6, 2017 for waste generated in practice. The temporary storehouses for hazardous wastes are built with closed space, roofs, anti-leakage systems, firefighting equipments, and identification and caution signs... as regulated. The transporation and treatment of hazardous wastes were conducted by licensed environmental companies in accordance with existing laws and regulations.

Vicostone often conducts regular inspection and evaluation

Table shows figures and treatment of wastes at Vicostone



Wastes are separated into two types of decomposition and recycling for better collection and treatment

of processes of waste transportation and treatment to closely control and select trustworthy and competent partners in accordance with legal regulations without causing impacts on the environment.



The working environment is considered as the second home of each person. We work for at least eight hours each day, meaning that at a minimum we spend 1/3 of our day in the working environment and our health depends entirely on the conditions of this environment. It is for this reason that businesses must strictly comply with regulations on environmental protection to protect the lives and health of their workers and refrain from affecting their surrounding environment.

At Vicostone, the rule of law is the guiding principle in the production and sales operations of the Company. The full compliance with policies and regulations on environmental protection in particular and on health – safety – environment in general is always the Company's focal mission.

MANAGEMENT APPROACH

 Regarding the legal system: Immediately at the preinvestment stage, Vicostone conducted environmental impact assessments which subsequently were reviewed, approved, and granted environmental certifications and licenses by the State agencies. In the course of its production and operation, wherever new environmental issues arise, the Company always proactively reports to the authorities and requests instructions to ensure the highest level of compliance with its commitment to environmental protection. Additionally, the Company invites independent units on an annual basis to supervise its environmental aspects.

• Regarding the environmental safety management system: The Company has and continues to apply and improve its environmental management system in compliance with the ISO 14001:2015 standard, and strictly follows the requirements of the standard as well as the procedures of the said system. The assessment and inspection of environmental protection activities are maintained on a daily basis to promptly handle arising issues without causing environmental pollutions.

TOPIC'S BOUNDARY

- Efforts to comply with environmental laws and regulations;
- Efforts to encourage employees to partake in environmental protection.

ENVIRONMENTAL COMPLIANCE ACTIVITIES AT VICOSTONE

1. COMPLIANCE WITH THE LAWS AND REGULATIONS

Pursuant to environmental legislation, including the Law on Environmental Protection, decrees and circulars related to environmental protection, Vicostone commits to:

- Fully complying with the local government's environmental legal record:
- Environmental impact assessment reports of projects established, appraised and approved in accordance with Decision No. 1299/QĐ-UBND of the Hanoi People's Committee on March 23, 2010;
- Certification of completion of projects and measures for environmental protection No. 255/STNMT-CCMT issued by the Hanoi Department of Natural Resources and Environment on November 1, 2012;
- License to discharge waste No. 61/GP-UBND issued by the Hanoi People's Committee on February 24, 2020;
- Book on the ownership of sources of hazardous waste No. 01.000118.T issued by the Hanoi Department of Natural Resources and Environment for the 4th time on June 6, 2017.

- Fulfilling obligations related to the declaration and payment of environmental protection fees with respect to industrial wastewater in accordance with Decree No. 53/2020/ND-CP on environmental protection fee for wastewater treatment;
- Conducting full environmental supervision actions stated in the Environmental Impact Assessment Report and responsibilities stated in the operational phase of the Certification of Completion of Projects and Measures for Environmental Protection;
- Conducting and submitting regular environmental reports to State agencies:
- Plan for regular environmental inspection (once per year);
- Report on outcome of regular environmental inspection (once per quarter);
- Report on environmental protection actions (one per year);
- Report on waste discharge into the water source (once per year).

IV

ENVIRONMENTAL COMPLIANCE ACTIVITIES AT VICOSTONE (continued)

In 2021, Vicostone did not cause any incidents or acts in violation of environmental laws. Furthermore, Vicostone was proactive in scouting for environmental suppliers who are capable in accordance with the law and performed regular evaluation of their environmental services. Contracts for the monitoring, collection, transport, and treatment of waste and other contracts related to environmental protection include:

No.	ENVIRONMENTAL PROTECTION ACTIVITY	SERVICE PROVIDER	
1	Treatment of oil, grease separator and septic tanks	Industrial and Urban Environment joint stock company No 11 – URENCO 11	
2	Monitoring of working environment	Environment Analyzing and Technique JSC (EATC)	
3	Hazardous waste treatment	Industrial and Urban Environment joint stock company No 11 – URENCO 11	
4	Regular environmental monitoring	Environment Analyzing and Technique JSC (EATC)	
5	Analysis of domestic and drinking water	Hanoi Preventive Healthcare Center	
6	Transportation, treatment of ordinary industrial solid waste (stone powder)	Hanoi Industrial and Urban Environment Joint Stock Company	
7	Nylon waste transportation and treatment	Industrial and Urban Environment joint stock company No 11 – URENCO 11	
8	Domestic waste transportation and treatment	Industrial and Urban Environment joint stock company No 11 – URENCO 11	
9	Monitoring of dust concentration for internal control solutions	National Institute of Occupational and Environmental Health – Ministry of Health	

2. ENCOURAGEMENT OF EMPLOYEES' PARTICIPATION IN ENVIRONMENTAL PROTECTION

In addition to the active and proactive compliance with the laws on environmental protection, Vicostone also organizes activities to call on its employees to participate in environmental protection, contribute to the creation of a green - clean - beautiful environment, improve working conditions, and enhance productivity. Among which, the Kaizen-5S program is regarded as the foundational activity which has positive impacts on the working and living environment, helps to raise the awareness and responsibility of workers, and at the same time directly removes wastage and increase values for the Company's activities.

5S activities

In 2021, the Kaizen-5S Committee issued a 5S handbook to help instruct units within the Company to establish and maintain 5S standards at each working position. The 5S handbook is the tool to communicate information to each employee and is used as a guide book to orient all activities related to 5S and a basis to evaluate the completion of work and rewarding for workers.

Based on the 5S Handbook and the instructions of the Kaizen-5S Committee, each of departments and divisions established 5S standards for each working position which were intuitive and contained clear mapping of positions

and division of labor. The evaluation is conducted once a week on every Thursday on both the production and office sectors. After more than 7 years of serious implementation, the 5S activity has become a daily habit of the Company's employees.

Additionally, the Company also brought 5S activities into training and orientation programs for new employees and organized re-training courses at least once a year for all employees so that workers fully understood the fundamental principles of 5S and the 5S programs being implemented at the Company.

Kaizen activities

Kaizen works are evidence of the "continuous improvement" and innovative spirit of Vicostone's employees. It is the sense of responsibility and the unceasing efforts of the leadership and workers that transform Kaizen-5S from a movement into a daily activity and a distinct cultural characteristic in Vicostone's production and sales activities.

In 2021, even though the COVID-19 pandemic continued to have profound impacts on production and sales activities, Kaizen-5S activities at the Company were still lively and gained numerous outstanding achievements, not only resulting in economic profits but also helping to protect the environment and ensure occupational safety and sanitary.

REALIZED VALUES OF KAIZEN INITIATIVES BY MONTH (UNIT: VND MILLION)



Realized values of Kaizen-5S initiatives in 2021

"Bright Friday" activity

In 2021, with the outbreak of the COVID-19 pandemic and the restriction of large gatherings, the "Bright Friday" activities were also affected. To maintain this activity, Vicostone promoted works to raise the awareness of workers in environmental protection through the Company's internal communications, news bulletins in factory areas, screens in dining halls, etc., to help create a green lifestyle for all of its employees.

After three years of implementation, the "Bright Friday" activity has turned from being applied only within the Company premises to being widely implemented by its employees in areas around factories with activities such as cleaning and collecting garbage on roads, trimming of trees and bushes, unclogging dams to prevent insects, planting trees, planting flowers in empty vases to improve sceneries.

Furthermore, Vicostone also enhanced communication and raised awareness for its employees on the risks of pollution from indiscriminate littering, giving up the use of plastic bags and non-degradable plastic products, adopting biodegradable plastics, and the reduction in the use of wastes. Through these, all employees were cognizant of the benefits to themselves when they maintained the sanitary of the working environment.

In tandem with these activities, Vicostone also required its units to regularly update on the waste sources from their activities and on this basis identify the risks and impacts on the environment to implement appropriate reduction activities and regard this as a core value of green development and sustainable development.



Vicostone's employees clean the roads on a "Bright Friday"

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SOCIETAL SUSTAINABLE DEVELOPMENT

Employment Occupational safety and health Education and training

Diversity and equal opportunity

Customer safety and health

Corporate social responsibilities





Vicostone believes that people are the vital resource to the sustainable development of the business. Therefore, the Company places people at the center of all activities and consider the business to be an environment where people may realize their full potentials. This philosophy is the foundation for Vicostone to build a dynamic and fair working environment where each individual is entitled to the opportunities to work and strive to success and career development.

MANAGEMENT APPROACH

Vicostone creates a safe, professional, fair, friendly, and open working environment where employees have the opportunities to develop, cooperate, unify, and trust each other in pursuit of the common goal that is the sustainable development of Vicostone. Vicostone manages and recognizes employees' productivity through capacity frameworks and key performance indicators (KPI). This is a tool to comprehensively and fairly evaluate employees' performance. Through regular performance evaluations, both employees and managers of the Company can clearly understand and address shortcomings in capacities.

Moreover, Vicostone regularly updates and implements personnel policies in accordance with laws on labor; regularly renews its internal personnel policies to ensure maximum rights for employees and attract high-quality human resources.

TOPIC'S BOUNDARY

- Policies and regulations on labor relations
- Working conditions and welfare policies
- Recruitment policies

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WORKING POLICIES AND TALENT RECRUITMENT

1. POLICIES AND REGULATIONS ON LABOR RELATIONS

• Working time: Starting from January 2019, to help employees have more rest and time to renew labor power, spend more time for their families and hobbies, and improve work-life balance, Vicostone enables indirect employees to take Saturdays and Sundays off, and direct employees in production and services are allowed 8 days off per month on a rotation basis. This is something very few companies can do, especially those in the manufacturing sector.

Other days off as stipulated by regulations:

- Maternity leave: Vicostone always complies with regulations of the Code of Labor on paid maternity leave. In 2021, there were 12 female employees taking maternity leave and none of them returned to work before the end of their leaves, as stipulated by law. The female employees on maternity leave got fully paid in accordance with social insurance policies as well as bonus payments for holidays.
- The rate of female employees returning to work at Vicostone after maternity leaves is 100%. The Company ensures full works for people returning from maternity leaves so that they may resume their old positions.
- In addition, to create the best conditions for female employees to have time to take care of their children, upon the end of their maternity leaves and coming back to work, the Company exercises the reduction of 1 hour of work per day for female employees taking care of children under 12 months of age.
- Other leave policies: The employee is entitled to 10 days paid-leave per year; bereavement leave for death of parents: 3-day leave; bereavement leave for death of siblings: 1-day leave, marriage leave of self: 3-day leave; marriage leave of children: 2-day leave; paternity leave for natural births: 5-day leave; paternity leave for assisted births: 7-day leave.

2. WORKING CONDITIONS AND WELFARE POLICIES

Continuous improvement of working conditions:

- A good working environment is an enabler of productivity enhancement that helps employees to realize their professional potentials. Therefore, in addition to providing good and modern facilities to create an enjoyable working space for its employees, Vicostone also strives to provide a fair, dynamic, professional working environment that ensures the occupational health and safety for employees.
- Since 2015, the Company officially implemented the 5S Program which has been maintained on an annual basis. The implementation of 5S has helped Vicostone to create a scientific, clean environment that is conducive to work and serves to foster a habit of scientific and disciplined working manner.

Regular medical check-ups for all employees:

- Annually, the Company organizes health check-ups for 100% of its employees with categories of examinations exceeding those required by the Ministry of Health. In addition to check-ups and early detection of healthrelated symptoms, employees also enjoy consultation from in-house doctors on scientific diets, exercises, balancing between work and sports to improve their health. This is an essential activity to reassure employees of their health.
- In addition, for employees that work in specialized positions and frequently stay exposed to intensive light, noises, etc. the Company conducts on-demand optical and auditory check-ups in national hospitals to help them prevent occupational diseases.

Insurance:

- Vicostone secures full insurances for all employees in compliance with existing laws.
- The Company also provides health and medical insurances for all employees to guarantee their best physical conditions and reduce their financial duties if they are in the risk of health issues.

Compensation and remuneration:

• Besides a fair, transparent salary and compensation policy, Vicostone offers employees proper remunerations upon their positions, skills and professional capabilities to credit their working results and efforts, motivate them to improve performances, productivity, and working quality and efficiency.

Other benefits:

- Free meals for employees at cafeterias with nutritious and safe diets;
- Housing support (apartments): To address employees housing needs and help them to find stable residency and assurance in working, Phenikaa Group has built a 21-storey apartment building with 400 apartments in Thach Hoa Commune, 500 meters away from the factory, and sold to employees at discounted prices;
- Organize regular activities to demonstrate affections to employees such as year-end parties, birthday parties, anniversaries, etc. These are occasions to connect members with each other and demonstrate that the Company truly cares. In the past two years, despite undergoing social distancing due to the COVID-19 pandemic, Vicostone still

maintained similar activities via online events and media publications;

- Maintain charity and social works, visit and encourage workers in illness, deaths of loved ones, joyous occasions, call on members to contribute to the establishment of the "Golden hearts" fund to support and help members in distress:
- Moreover, to reassure employees to work and stay at the Company, since 2009, the Company has built a kindergarten for children of employees within the Company.

3. VICOSTONE'S RECRUITMENT POLICY

Vicostone is always proactive in creating welfare and compensation policies to attract and retain talents. In 2021, the human resources experienced growth both in guality and quantity, from 724 to 798 employees. This growth has contributed to and ensured the fulfillment of sales targets of the year.

Vicostone's recruitment principles:

(1) Ensure fairness, transparency in the recruitment process;

(2) Recruit candidates whose capabilities and experiences are best suited to job positions;

(3) Recruit candidates who fit into to the corporate environment and culture;

(4) Respect employees' individuality, uniqueness and strength.

In 2021, due to the complex and unpredictable COVID-19 situation, while many businesses were forced to reduce staff to maintain operations, Vicostone managed to ensure work, health, and income for its existing employees, attract new recruits and help them settle down.

Therefore, Vicostone has always been a business that draws great interests from employees, especially the locals. Vicostone fully facilitates work for local candidates with 77.6% of new recruits in 2021.

In addition to attracting human resources from outside, the Board of Management also strives to utilize internal resources to fully realize the potentials of currently available personnel by transferring personnel in between units, appoint young managers from core staff members, etc.

In tandem with recruitment, Vicostone continues to focus on building personnel policies to attract and retain talents: Establishing a professional working environment, a fair salary and bonus policy corresponding to employees' performance and which is competitive in the labor market, recognize award individuals who contribute significantly to the Company.

Employment structure in 2021:

The total number of new recruits in 2021 is 107 employees, including:





PROPORTIONS OF NEW RECRUITS BY AGE IN 2021





In 2021, employee turnover was about 6% which is the lowest rate in recent years at Vicostone. This demonstrates that Vicostone's policies working conditions and are reassuring, stable and helps workers to become more affectionate with the Company.



OCCUPATIONAL HEALTH AND SAFETY



Daily check on the fire protection system to assure occupational safety

MATERIAL TOPIC

The occupational health and safety management system is one that manages and determines requirements to enhance health, ensure occupational safety, minimize risks at the workplace, and raise employees' morale. The occupational health and safety management system provides a clear structure for all organizations that wishes to improve occupational health and safety. Therefore, the establishment of an occupational health and safety management system is one of the most important tasks of any business. As a producing business, Vicostone fully understands the important role of occupational health and safety, not only in helping to protect the lives and health of employees while at work but also in helping the business to reduce loss of assets due to occupational hazards.

MANAGEMENT APPROACH

Since its foundation, the Company has established a legal framework and strict regulations to ensure safety at the workplace as well as raise the awareness of and safeguard rights for its employees. The HSEQ integrated

1. SOCIAL PERFORMANCE TEAM (SPT)

As the completion of structure and operation is made in accord 20, 2021, the Social Performance Team (SPT) consists of:

Representatives of the Company:

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General Director	Team manager
/ice General Director	Vice team manager
Nanager of Human Resources	Permanent team member
Acting Manager of General Affairs	Member
xecutive of Human Resources	Member/Secretary
Chairman of the Labor Union	Member
Nember of Standing Committee of Labor Union	Member
mployees' representative on SA 8000	Member
mployees' representative on SA 8000	Member
Nember of Standing Committee of Labor Union	Member
xecutive of Health and Safety	Member
	ice General Director lanager of Human Resources cting Manager of General Affairs xecutive of Human Resources hairman of the Labor Union lember of Standing Committee of Labor Union mployees' representative on SA 8000 mployees' representative on SA 8000

Functions and duties of the Social Performance Team

- Conduct regular assessment of risks at the workplace to identify and rank areas that are inconsistent with standards, recommend the highest-ranking senior executive on measures to resolve/reduce said risks;
- Conduct regular supervision of safety measures at the Company to match the standards; take responsive actions to the risks identified by the SPT; implement action plans to satisfy the requirements of the Company and Standard;
- Collect information from the stakeholders and invite them to join the supervision of the implementation of the activities; ask other units to conduct research, analysis, and the resolution of inconsistencies in the standard SA 8000;

management system which includes the ISO 45001:2018 standards on occupational health and safety has been applied and practiced by the Company since the early stages. Moreover, Vicostone also establishes specialized departments to monitor and supervise the implementation of regulations and action plans on occupational health and safety at the Company with the concurrent participation of representatives of the Company and employees.

As the completion of structure and operation is made in accordance with Decision No. 1460/2021-QD/VCS-HR dated May

- Promote regular internal evaluation and report to the highest-ranking senior executive on the implementation and effectiveness of measures to satisfy the criteria of Standard SA 8000, including records on identified corrective and preventive measures;
- Organize regular meetings to discuss progress and identify potential measures to foster the implementation of the Standard.



Vicostone conducts annual health check-ups for all employees

2. HEALTH AND SAFETY TEAM (H&S)

The Health and Safety Team (H&S) was completed in accordance with Decision No. 226/2020-QĐ/VCS-HR dated November 30, 2020. The team consists of:

Representatives of the Company:

Mr. Pham Anh Tuan	General Director	Team manager
Mr. Nguyen Chi Cong	Vice General Director	Vice team manager
Ms. Phan Thi Quynh	Manager of HR	Member
Mr. Tran Duc Manh	Acting Manager of General Affairs	Permanent Member
Mr. Chu Trong Oanh	Executive of Health and Safety	Member/Secretary
Representatives of the employees:		
Mr. Tran Manh Cuong	Chairman of the Labor Union	Member
Mr. Phan Xuan Son	Member of Standing Committee of Labor Union	Member
Mr. Le Quoc Chi	Employees' representative on SA8000	Member
Ms. Nguyen Thi Mai Huong	Employees' representative on SA8000	Member
Ms. Nguyen Phuong Thuy	Member of Standing Committee of Labor Union	Member
Ms. Nguyen Hai Linh	Executive of HR	Member

Functions and duties of the Health & Safety Team:

- Implement continuous improvements of health and safety standards at the workplace;
- Conduct regular, official assessment of the risks of occupational health and safety to identify potential harms to health and safety;
- Keep records of assessments and perform preventive and corrective measures.

TOPIC'S BOUNDARY

- Healthcare activities for employees;
- Occupational safety training programs.

IV **EDUCATION OF OCCUPATIONAL HEALTH AND SAFETY FOR EMPLOYEES**

1. HEALTHCARE SERVICES FOR EMPLOYEES

Disease prevention

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The Company's Health and Safety Division works with the Construction Hospital to conduct full medical check-ups at In 2021, in light of the complex COVID-19 pandemic, with the Company for employees in all departments and divisions a dual goal of effective pandemic prevention and economic once a year. In addition to health check-ups and early development and ensuring the livelihood and health of its detection of diseases, employees are advised by doctors on employees, the Company's Pandemic Prevention Steering Committee exercised serious and determined efforts to balanced diets, physical exercise and work-life balance to control and prevent the pandemic, specifically: prevent diseases and health problems.

- Coordinated with healthcare units and agencies to fully provide 100% of employees with 3 shots of COVID-19 vaccine;
- Implemented actions to prevent and combat the pandemic, including: Distribution of free anti-bacterial face masks for all employees; distribution of hand sanitizers for employees; taking of temperature of employees and guests;
- Proactively created internal electronic health declaration system, requiring employees and guests entering the Company to conduct daily health declaration on the internal system to facilitate the monitoring of the health of employees and guests;
- Conducted free semi-weekly quick tests for all employees to rapidly discover pathological sources and prevent its spread within the Company;

• Quarantined employees who were subjected to guarantine according to State regulations and the Group's own regulations (which were more demanding) to ensure the safety of the community, society, and employee working at the Group. During quarantine, the Group paid employees salaries in full and ensured their rights.

Facility and equipment

The Company sets up and equips the medical office with two hospital beds for employees when needs arise related to healthcare. Healthcare staff are available 24/24 and ensure their presence in times of incidents or requirement of health services. Health and emergency equipment is accorded to areas considered at risk of causing occupational hazards to employees during production.

Employee medical check-ups

In addition, for employees working in specialized positions, who are frequently exposed to intensive light, noises, etc. the Company conducts on-demand optical and auditory check-ups in national hospitals to help employees prevent occupational diseases. In 2021, Vicostone conducted occupational health check for 171 employees. The results showed that 100% of those employees had good health conditions and no occupational diseases were detected.


EDUCATION OF OCCUPATIONAL HEALTH AND SAFETY FOR EMPLOYEES (continued)

2. EDUCATION AND TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

To raise the awareness of employees on occupational health and safety, the Company organizes annual training courses and communication events for employees as follows:

No.	CONTENT OF TRAINING	PURPOSE	NUMBER OF TRAINEES
1	Group 3 training of occupational safety in accordance with Circular No. 44/2016/BLDTBXH for persons performing tasks subject to strict requirements on occupational safety and sanitary prescribed under Circular No. 36/2016/BLDTBXH	 Update employees on legal documents; Help employees to understand the underlying risks related equipment and tasks that are subject to strict requirements and the methods to prevent risks while performing tasks subject to strict requirements on occupational safety and sanitary; Provide basic first aid instructions related to common injuries at work. 	413 people – equivalent of 52,9% of Company employees
2	Group 4 training of occupational safety in accordance with Circular No. 44/2016/BLDTBXH for employees not falling within groups 1, 2, or 3.	 Communicate on the law of occupational safety and update on new regulations related to occupational safety; Update and inform of dangers, risks identified in production. 	219 people – equivalent of 28% of Company employees
3	Group 6 training of occupational safety in accordance with Circular No. 44/2016/BLDTBXH for employees within the group of Safety and sanitary personnel	 Update and provide employees with legal documents on occupational safety and the Regulation on Responsible Actions and Authorities of Safety and Sanitary Personnel; Instruct the method of conducting evaluation and identification of risks in production; Provide first-aid skills for safety and sanitary personnel. 	50 people – equivalent of 6,4% of Company employees.
4	First-aid training	Training of basic skills in labor health- care, first-aid skills.	61 people – equivalent of 7.8% of Company employees
5	Training on chemical safety for managers and chemical safety personnel (in accordance with Degree 113/2019)	Update on legal documents related to chemical safety; Provide instructions on chemical management and reporting.	15 people – equivalent of 1.9% of Company employees.

6	Training on chemical safety	Provide knowledge on chemical safety, chemical risks, first-aid related to chemical accidents.	262 people – equivalent of 33.6% of Company employees	
7	Training on electricity safety	Provide knowledge on electricity safety, resolving of electricity- related incidents, first-aid for the electrocuted, etc.	29 people – equivalent of 3.7% of Company employees	
8	Chemical leakage drills	Implement steps to address chemical leakage incidents, prevent chemical leakage in production areas.	80 people - equivalent of 10.2% of Company employees	



Vicostone organizes annual training courses on occupational safety and sanitary for all employees



MATERIAL TOPIC

Vicostone believes that training plays an important role in ensuring the Company's sustainable development. Training and development of the human resources help Vicostone to optimize its use of the current available human resources in three aspects: Helping employees to better understand the works and fully master professional expertise at the position of work, perform tasks in a disciplined manner and with better attitude, and at the same time improve employees' adaptability to future works.



MANAGEMENT APPROACH

Training programs of Vicostone are built based on 2 fundamental needs: (1) The need of the Company and specific units for the competence of their existing human resources to ensure the fulfillment of tasks and mutual growth and (2) the needs of Vicostone's employees for further development to enhance their personal capabilities and values. Accordingly,

based on the established competency dictionary and framework, managers annually evaluate the competence of the employees in their units, ensuring that 100% of the Company's laborers are evaluated. Based on the evaluation of their real abilities and comparison with the professional standards for each position, units will then identify the gap between the standard and actual capabilities to recommend the appropriate and necessary training programs to enhance the capabilities of employees and ensure that the employees are adequately competent and skillful to fulfill production and business goals. In addition, every Vicostone employee has the right to propose training programs to enhance their own capabilities and effectively undertake the existing tasks. The Company always facilitates the participation of employees in training programs, scientific workshops, etc., that help them to enhance personal abilities and values.

Vicostone's training programs are created to be suitable to each target groups and in various forms, including "training on the job", training in classes, offline training, online training, etc. These activities have helped Vicostone to establish its core staff and thus inspire continuous learning and training movements within the Company.

TOPIC'S BOUNDARY

• Training policies

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• Training programs



Vicostone always enables all employees to maximize their competence and strength in their work, as well as create opportunities for their career advancement, thereby contributing to the success of each individual. Vicostone's training policies and programs are designed to equip its employees with core knowledge and skills as well as new and updated skills suitable with the general development trends of the economy to help them proactively adapt and mobilize their individual expertise to contribute to the overall development of the Company.

With its specific characteristics in production technologies,

Vicostone's employees partake in a soft-skill training class

Vicostone's training policies differ from those of other businesses in the industry, particularly:

- A focus on internal training for the enhancement of professional capabilities, especially with respect to the production and technological sectors;
- A priority on training for the Board of Management, managers and adjacent staff;
- The training of core capabilities for the Company according to a unified roadmap in conjunction with actual work, education of new and essential skills integral to the economic development so that Vicostone people may proactively respond to changes and ensure the sustainable development of the business;
- Training programs of Vicostone are built based on 2 fundamental needs:
- The need of the Company and specific units for the competence of their existing human resources to ensure the fulfillment of tasks;
- The needs of Vicostone's employees for further development to enhance their personal capabilities and values.

VICOSTONE'S TRAINING PROGRAMS IN 2021

In 2021, due to the complex unfolding of the COVID-19 pandemic, especially from July to the end of September, the Company had to implement the "3 on-site" model of production to ensure safety and prevention of the pandemic while also ensuring production activities. Thus, training activities in 2021 were consistently disrupted and cannot be wholly conducted directly. To conform with the general conditions, the Company utilized the time in between waves of infections to implement mandatory regular trainings on occupational safety and sanitary in accordance with the law.

As an industrial production business, Vicostone retains a large number of on-site production employees that account for 67% of its total employees for whom the main forms of training in previous years were concentrated direct training or training on the job. The pandemic brought about difficulties but also opportunities for each person to approach technologies. To implement training plans while employees were on leave due to social distancing and quarantine, the Company converted several courses from direct training to online training by using such major platforms as Zoom, Google Meet and other online learning applications. Furthermore, the Company also required its units to flexibly organize small-scale classes of 10-20 persons at their unit to implement professional training courses such as chain maintenance, dissemination of Kaizen-5S knowledge, improve knowledge on circular water treatment, instructions for the operation of equipment, etc.

In addition, to create a learning culture within the Company, the E-learning system available at http://elearning.phenikaa.com/ was regularly updated with new learning content related to professions, skills, etc., which created a diverse and full knowledge space that met all of the employees' learning needs and stimulated self-learning and self-development capabilities in each person.

Vicostone's annual training activities focus on the following areas:

- Orientation and integration training courses for new recruits;
- Mandatory training courses;
- Skill training courses to develop soft skills, management skills, leadership skills;
- Advanced training courses to develop in-depth skills and understandings.

In 2021, Vicostone's training activities focused on the following areas:

 Orientation and integration training for new employees of the Company;

- Training on occupational safety and sanitary, fire hazards, and mandatory courses in accordance with the laws;
- In-depth training, particularly internal courses on production technologies, operations, and systemic training (ISO, Kaizen-5S) to update knowledge and skills for production staff;
- Position-based skill training courses on sales and communications, search for information and identification of product trends, learning and development, etc.;
- Master of Business Administration courses in English (E-MBA) for members of the boards of Directors and Management, key managerial staff, and prospective executives to enhance the capacities of the next generation of leaders and make available human resources that were ready for strategic positions.

Some outstanding training programs implemented in 2021 include:

- Training on environmental safety and sanitary:
- · Chemical leakage incident practice drills
- First-aid training for first-aid and emergency personnel
- Group 6 refresher training in accordance with Degree No. 44/2016
- Group 3, 4 refresher training in accordance with Degree No. 44/2016
- Training and awarding certificates for teachers of occupational safety
- Training for employees ranked in Group 1, 2, 3 on chemical safety
- Provision of knowledge on electric box safety and operation of electric substations
- · Level-1 training on level equipment maintenance
- In-depth professional training:
- Tax finalization reporting
- Incoterms 2020
- Intensive training on international payment
- Training on causes of product errors and preventive measures

The total number of training courses implemented in 2021 was 32 courses with 2,372 trainees and 17,038 hours of training.

In 2021, despite difficulties in managing training courses, Vicostone was still able to fully implement necessary training courses in accordance with regulations and equip online learning capabilities for the Company's employees. This is an important premise to implement the upcoming training strategies in the 4.0 digital era.





Vicostone's employees receive certificates on soft-skill training



DIVERSITY AND EQUAL OPPORTUNITIES



MATERIAL TOPIC

In the pursuit of its sustainable development goals, Vicostone understands that diversity and promotion of gender equality in personnel policies are key to fostering productivity, efficiency and enhance employees' fondness of and attachment to the business.

Therefore, Vicostone attaches great importance to the development of its employees regardless of their position, age, gender, qualification, etc. Vicostone ceaselessly creates a dynamic, equal, fair working environment where every individual is able to practice their profession, enhance experience, and improve capacity in furtherance of self-development and create opportunities for work promotion.

MANAGEMENT APPROACH

Vicostone emphasizes on human resources management in order to create a professional, proactive, creative working environment, establish a strong, enthusiastic, passionate workforce to create a strong foundation for the Company.

At Vicostone, diversity and gender equality are clearly demonstrated in recruitment, promotion opportunities, and salary policies.

TOPIC'S BOUNDARY

• Employment structure

- Fair treatment towards employees
- Respect of democracy, transparency

Employment structure by educational qualification:

No.	QUALIFICATION	2020		2021	
		NUMBER (PEOPLE)	RATIO (%)	NUMBER (PEOPLE)	RATIO (%)
1	Post-University	12	1.66	9	1.13
2	University	190	26.24	191	23.93
3	College	98	13.54	109	13.66
4	Primary and secondary vocational training	344	47.51	349	43.73
5	High School	80	11.05	140	17.54
	Total	724	100	798	100



DIVERSITY AND EQUALITY AT VICOSTONE

1. EMPLOYMENT STRUCTURE

As of December 31, 2021, Vicostone had a total of 798 employees. As an industrial manufacturer, a majority of the employees were assigned to direct production lines, accounting for nearly 67% of the total. Of the total number of employees, some 86.3% were male, more than 56% were under 35 years old, and some 82.5% were qualified from vocational training. These figures are considered appropriate for a building material business like Vicostone.

In addition, with 25.4% of all employees graduating from university level and 61% of all employees possessing engineering qualifications. The quality of labor at Vicostone was considerably high and suitable with the Company's plans on employment training, assignment to meet the requirements and strategic targets.









Labor structure by professional position (2021)



2. FAIR TREATMENT TOWARDS EMPLOYEES

Fair treatment of employees plays an important role in the formation of a healthy working environment, the driving force behind the development of full potentials, and the promotion of solidarity between employees and the Company. All personnel policies at Vicostone are aimed at the following main objectives:

- Non-discrimination based on gender, ethnicity, skin color, social class, marital status, belief, religion, health status;
- Fair payment of salary for employees based on position and work performance;
- Respect for and listening to employees' opinions, all employees are entitled to contribute ideas to the development of the Company: The Company conducted regular dialogues between the Board of Directors, the Board of Management and employees, surveyed on satisfaction and happiness levels of Vicostone's employees in 2021 to listen to the thoughts and wishes of employees, and made timely improvements to matters which employees found unsatisfactory;
- All employees are accorded equal opportunities in training, development and promotion;
- Moreover, the Company is interested in and accords certain privileges to female employees through welfare policies targeted specifically at female employees in conformity with State policies and the Company's own policies, including on the March 8 and October 20 occasions, maternity leave policies, and child care policies.

3. RESPECT OF DEMOCRACY, TRANSPARENCY

Vicostone issues Internal regulations on working disciplines, Procedures on disciplinary sanctions towards employees, and Public-based principles to ensure the principles of democracy and transparency at the workplace as follows:

- Good faith, cooperation, truthfulness, equality, openness, transparency;
- Respect for the legitimate rights and interests of employers and employees;
- Exercise of democracy at the workplace not in contravention with the laws and social moralities;
- Give prior notice to employees when there are significant changes to its activities that may affect employees. Open and transparent information from Vicostone to its employees include:
- The implementation and outcome of sales and production;
- Internal regulations, rules, provisions related to the obligations, legitimate rights and interests of employees;
- Pay scale, payroll, working quota;
- · Collective labor agreements entered into by employees;
- Establishment and use of award funds, welfare funds, and funds contributed by employees;
- · Deductions to pay for Labor Union fees;
- Payments for social security, health insurance, unemployment insurance;
- Implementation of competitions, awards, sanctions, settlement of complaints and accusations related to the rights, obligations and interests of employees;
- Other issues in accordance with the law.





A Vicostone saleswoman introduces the products to a customer at his visit to the showroom

MATERIAL TOPIC

As the third largest engineered stone countertop supplier to the global market, Vicostone, in addition to its unrelenting researches and creativeness to bring about unique, differentiated products and best services, especially pays attention to ensuring the safety of its products in regards to the health of consumers.

MANAGEMENT APPROACH

To ensure conformity with international standards, Vicostone exercises strict control on all stages of the production, from input raw materials to production processes and quality control of input and end-user products. Therefore, not only are VICOSTONE® products superior in colors, unique in designs, suitable to all customers' needs and tastes but they also pass strict quality standard tests and have been awarded international certificates by the world's reputable organizations for their absolute safety for consumers' health.

TOPIC'S BOUNDARY Safe production Deproduction Improvement ocustomer Brownent Deproduction Deproduction

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SAFE PRODUCTION PROCESS

Vicostone products are manufactured with "Compaction by vibro-compression under vacuum" technology using machinery transferred from Breton S.p.A (Italy), combined with technological and mechanical innovations that have been mastered by Vicostone engineers. After 19 years of research and development, Vicostone engineers have introduced modern technologies and techniques to optimize and increase customizations, helping diversify the creativity of not only the products but also of the comprehensive production line. The slab-shaping process is implemented through a modern, highly-automated production line, in which each step is strictly overseen as follows:

- **Insert input materials:** The materials are inspected and measured automatically in compliance with a pre-existing formula before being imported into the mixer.
- **Mix materials:** Materials to be blended thoroughly in the pre-programmed mixer then moved into the mold.
- **Molding:** After being blended, the materials are extracted into the standard-sized molds. The largest mold is 3,340mm long and 1,650mm wide.
- Vibro-compression: Next, the slab is automatically weighed, and moved into the vibro-compression machine, in which the slab is vibrated and compressed under a pressure of 100 tons to make an ultimately dense, hard slab.



- **Curing:** The vibrated, compressed slab is then cured and settled to make sure chemical reactions are fully completed.
- **Grinding:** 24 hours after the curing and settlement, the slab is grinded to form the expected perfect output.
- Quality control and branding: Before the production ends, the slab is checked, classified and labeled to make sure it is always at the highest quality upon delivery.

Vicostone's engineered quartz slab manufacturing technology is completely eco-friendly with following features:

- A closed-loop production process allows ease of end-toend quality control;
- A closed-loop effluent treatment system does not discharge pollution into the environment;
- No emissions released from the curing process common in other fired flooring materials;
- **Optimal electricity efficiency** as the curing process employs the circulating use of heat transfer oil and is accurately regulated by an advanced control system;
- Sludge is reused to produce other eco-friendly construction materials such as unburnt bricks, cement-based tile adhesive, block bricks for pavement tiling...



DOMESTIC SELF-SUPPLY OF RAW AND PROCESSED MATERIALS TO CONTROL THE QUALITY OF PRODUCTION INPUTS

With an aspiration to create a product that is purely Vietnamese in consistency with international standards by summoning the internal strengths and intelligence of the Vietnamese people and with the support of Phenikaa Group (the parent company) in the strategy for self-supply of raw and processed materials, Vicostone has fundamentally become self-sufficient in terms of input materials (Quartz, Cristobalite, and Resin). Thus, the Company is able to completely control the quality of input materials and ensure conformity with quality requirements and standards. Moreover, Vicostone is also able to reduce the risks associated with dependence on material imports and currency rate flunctuations while optimizing product pricing and improving competitiveness.



QUARTZ: PRIMARY MATERIAL FOR PRODUCTION OF HIGH-QUALITY QUARTZ STONES

Quartz account for a majority of total mass of raw materials. Previously, the Company mainly imported Quartz from such markets as India, Turkey, Belgium, etc. However, due to changes in supply and its quality, the Company decided to invest in the research and quest for domestic Quartz of Vicostone) also made improvements to technological materials. The Company actively sought, cooperated with, and supported domestic Quartz producers to improve the quality of raw Quartz exploitation - processing from mines. At the same time, Vicostone also invested in a modern production chain to optimize domestic supply of Quartz. In 2021, Vicostone continued to conduct research and

development of an additional powder - granulate grinder using exclusive technologies to enhance productivity and reduce waste of the increasingly rare Quartz material, helping to reduce 15-20% of the cost of furnished Quartz products. The chain is expected to be completed and enter operation starting in August 2022.

Additionally, Vicostone and Phenikaa Hue (the subsidiary flow charts to create the first Quartz production chain that employs a modern demagnetization system from Europe and modern hawk-eye optical splitter to completely eliminate impurities from raw quartz and help domestically produced quartz to have the best quality and better pricing compared to imported Quartz.

CRISTOBALITE: HIGH-QUALITY MATERIAL COMPRISING THE UNIQUENESS OF VICOSTONE® ARTIFICIAL STONES

In recent years, product lines such as Calacatta, Misterio, worth of benefit for Vicostone compared to the importation Carrara, Venatino and many other of unique products of period. VICOSTONE®, with the inclusion of Cristobalite to create Cristobalite from Phenikaa Hue has superior characteristics their natural whiteness, have been a "breath of fresh air" compared to similar products: in the international engineered stone market. Customers' preference and positive signals from the market towards Cristobalite-using products have reaffirmed the vast potentials of this material in product design.

High level of purity:

No.	CHARACTERISTIC
1	SiO ₂ content
2	Color
3	Melting temperature
4	Density
5	Hardness
6	Thermal expansion

Superior whiteness compared to normal quartz materials:

POLYESTER RESIN: KEY PROPORTION OF

Cristobalite

Taiwan and UAE), Phenikaa Group (the parent company of Vicostone), on the urgent need to completely acquire the **PRODUCTION COST** self-production of the material, invested in the construction of a plant that specialized in producing Resin on the basis of harmonious development of economic - environmental In Vicostone's advanced engineered stone production technology, Quartz and Cristobalite act as aggregate - social aspects. In January 2020, Phenikaa Chemical Plant (producer of unsaturated Polyester plastics) officially began granulates while Polyester Resin act as the binding agent. operation and helped the Company to become nearly Accounting for only about 10% in the mass of furnished independent in its inputs - the most vital factor in the stone slabs, however, Polyester Resin make up 40-50% of VICOSTONE® stone production technology.

production cost. Having experienced many years of entirely importing Polyester Resin (from Singapore, Indonesia,

Imported Quartz

Phenikaa Hue (the subsidiary of Vicostone) has a significant role in the strategy of self-sufficiency of Cristobalite. With the mastery of technologies and continuous improvement to enhance productivity and reduce production costs, Phenikaa Hue has generated approximately VND 100-120 billion/year

INDICATOR
99,9%
Bright white
1750°C
2,34kg/dm ³
7 Mohs
0,5*10-6

level of whiteness. bright Domestic Sand



VICOSTONE® STONE PRODUCTS SATISFY INTERNATIONAL STANDARDS ON QUALITY AND SAFETY

With its outstanding advantages, VICOSTONE® quartz stone is the ideal choice for surface application, including: Kitchen tops, vanity tables, sinks, walls, bars, floors, and many other. Therefore, VICOSTONE® stone products focus on utilities related to friendliness and safety to users to ensure safety even in cases where food is prepared directly on the product surface.

Outstanding features and qualities of $\mathsf{VICOSTONE}^{\texttt{s}}$ stone products include:

- Toughness: Containing about 90% of quartz aggregate with toughness second only to diamonds, VICOSTONE[®] quartz stone has the toughness of 7 Moh and is highly scratch-resistant;
- Water and stain resistant: By applying the vibrating pressing technology in a vacumm environment and high-temperature polishing, VICOSTONE® quartz stones are completely solid, water-resistant, and can resist stains from coffee, wine, lemonaid, olive oil, vinegar, face powder, and other types of stains during use;
- Bending durability: In essence a composite material, VICOSTONE[®] quartz stone has the bending durability that is 4 times higher than granite stones, 6 times higher than marble stones, therefore the product is not prone to cracks or splits during transportation, installation, and use;
- \bullet Durability in heat: Different from other organic products, VICOSTONE $^{\scriptscriptstyle (\! \! \ensuremath{\mathbb{R}}\xspace)}$ quartz stones can withstand high

temperatures and can come into direct contact with heat (within acceptable limits) without combustion;

- Resistant against fungi, live bacteria, thus guarantees absolute food safety and sanitary. The product is also antislippery thanks to different polishing modes and surface formations;
- Easy to clean: Different from the majority of other natural stones that require renewed polishing or regular maintainence, the quality of VICOSTONE[®] quartz stones is consistent throughout the slab and is thus easy to clean during use. This helps VICOSTONE[®] stone retain its beauty after years of use and reduce maintainence costs compared to other slab materials;
- Eco-friendly: VICOSTONE[®] quartz stones are produced on modern equipment chains, advanced technologies, reduced consumption of energy as well as strict production and control processes and utilization of various recycled or recyclable materials. Thus, VICOSTONE[®] quartz sstones are extremely environment-friendly.

Vicostone's products are constantly improved to achieve the best quality, be eco-friendly and best fulfill customers' demands. Below is the technical data sheet for VICOSTONE® quartzbased products that have been tested according to international standards:

CHARACTERISTICS	TESTING METHODOLOGY	RESULT
Water absorption (% mass)	ASTM C97/C97M-09:2009	≤0.05%
	EN 14617-1:2013	≤0.06%
Apparent density	ASTM C97/C97M-09:2009	2.2-2.4 g/cm ³
Apparent density	EN 14617-1:2013	2.2-2.4 g/cm
Flexural strength	ASTM C880/C880M-09:2009	> 40 MPa
nexula strength	EN 14617-2:2008	> 40 IVII a
Dimension stability	EN 14617-12:2012	Grade A
Import resistance	ASTM C1870-18	Diameter of the impact area:
Impact resistance	EN 14617-9:2005	0.24-0.27 inch
Compressive strength	ASTM C170/C170M-09:2009	> 155 Mpg
Compressive strength	EN 14617-15:2005	≥ 155 Mpa
Mohs scale of hardness	EN101	6,0 - 7,0

CHARACTERISTICS	TESTING METHODOLOGY	RESULT
Posistance to doop obvision	ASTM C1243:2009	Abraded volume: $V \leq 195 \text{ mm}^3$
Resistance to deep abrasion	EN 14617-5:2012	Abraded volume: $V \ge 175$ mm ^o
Freeze-thaw resistance	ASTM C1026:2013	No changes after 300 cycles
Treeze-thaw resistance	EN 14617-5:2012	No changes after 25 cycles
Slip resistance at Honed 400	DIN 51130:2004	R9 – R10
Microbial resistance	ASTM D 6329:2015	Resistance grade 3: Bacteria do not grow
Chemical resistance to acids	EN 14617-10:2012	Grade C4
Thermal shock resistance	EN 14617-6:2012	No changes observed after 20 cycles
Determination of resistance to immersion in boiling water	AS 2924.2-7: 1998 (EQUI. TO ISO 4586.2-8: 1997)	Impact on surface (level): 5 (no changes observed)
Determination of resistance to dry heat	AS 2924.2-8: 1998 (EQUI. TO ISO 4586.2-8: 1997)	Impact on surface (level): 5 (no changes observed)
Determination of resistance to staining	ASTM C1378-04 (2014)	No changes observed

In addition to the adoption of the HSEQ (Health, Safety, Environment and Quality) administrative system in its management works, Vicostone also maintains the production system and products that conforms with high domestic and international standards and demands on quality. In particular:

- The NSF Certificate issued by the NSF International (Public Health and Safety Organization) certifies the safety of VICOSTONE[®] products when directly in contact with foods;
- The GreenGuard and GreenGuard Gold certificates issued by the Greenguard Environment Institute recognize the product is safe to in-door environments such as houses, schools and totally safe for kids.
- The CE certificates (EN 15285: 2008 and EN15286:2013) issued by SGS United Kingdom Ltd acknowledge the product qualifies European standards on size, durability, water-resistance, scratch-resistance.
- The Microbial Resistant Certificate issued by the Greenguard Environmental Institute proves the product is bacteria-free and safe for users and environment.
- The Declare Certificate issued by the International Living Future Institute – an organization that provides transparent

information on the origins and composition of products – recognizing that the Company's products are safe for construction projects.

- The EPD (Environmental Product Declaration) Certificate issued by the Environmental Standards Certification and Development Organization (SCS Global Service), recognizing that VICOSTONE[®] quartz stone products are safe construction materials for the environment.
- The HPD (Health Product Declaration) Certificate issued by the Certificate issued by the Environmental Standards Certification and Development Organization (SCS Global Service), recognizing VICOSTONE[®] quartz stone products are safe construction materials for human and community health.

The KOSHER Certificate issued by Seal of Kosher Trust (Seal-K), recognizing that VICOSTONE® quartz stone products meet the standards on food safety in accordance with the regulations of the Jewish community.



RESEARCH AND DEVELOPMENT OF NEW PRODUCTS TO BEST SATISFY CUSTOMERS' DEMANDS

On its developmental journey, Vicostone has always been an innovative pioneer that provides unique works of art that leads the trend with their top qualities in order to best satisfy every demand and inspire innovation in the living space of customers. In order to create precious materials in the course of creating new products, Vicostone always pays attention to market research, customers' interests survey, and trends of eco-friendly green materials, materials of the future. With its sustainable development strategy, the development of new products focuses on the following key areas:

- Achieve breakthroughs in material technologies to create new products of unique and differentiated designs that leads the sector's market trends;
- Expand the scope of applicability on the basis of the traditional product lines, focus on enhancing product attributes and safety qualities, and diverse products' applicability through the development of outdoor products, countertop products, and bendable products.

Significant high-quality VICOSTONE® quartz stones developed in the year:

In 2021, Vicostone pushed for innovation and brand development with its unique, luxurious, and highly artistic products. Each VICOSTONE® quartz product is an inspirational story, including:

Pele Hawaii products drew inspirations from different states of lava from majestic volcanoes in Hawaii. These famous volcanoes are considered as the sacred home of Pele, the volcano goddess representing strength and passion. The product line sends a message of "Endless Inspiration" that signifies the aspiration for exploration that has become a symbolic inspiration of Vicostone to proclaim the desire for creativity and breakthrough in the living space and bring about works of art that not only uphold the artistic spirit but also infuse liberal, natural and strong values, and provide positive energy for customers.

BQ9500 – Amarcord: Inspired by lava streams on the surface of natural volcanoes, the veins on VICOSTONE® Amarcord resemble free sediment flows and bring about everlasting beauty.



BQ8883 – Bahia: Inspired by contrasting dark and bright elements from deep within geological layers that





Each slab carries with it not only the perfect beauty for the living space but also a mission to radiate vitality and ignite passion for beauty, and stimulate the artist that reside deep within the soul of each person.

BQ8918 – Vivalioro: VICOSTONE[®] Vivalioro reimagines liquid magma streams flowing down "shield" hills upon strong eruptions of Hawaiian volcanoes. The design that impresses with outstanding brown and grey veins on marble background is a suitable choice for a luxurious and high-class living space.



BQ8891 – Madreperola: Inspired by lava streams that flow and waft in each nook of the geological plates, smouldering and awaiting an impeding burst, VICOSTONE[®] Madreperola is a unique design with warm grey veins and exudes mother nature's strong vitality.

IMRPOVEMENT OF QUALITY FOR CUSTOMER SERVICES

1. SUPPORT CUSTOMERS WITH INFROMATION RESEARCH

To help customers easily access and choose products/ services, the Company has built a worldwide distribution network in more than 50 countries across 5 continents with more than 10,000 points of sale. In addition to marketing the products through agencies, Vicostone has successfully established a direct-sale network to increase product experience for customers. The direct-sale network consists of 5 owned stores in the U.S., and 5 owned stores and 3 showrooms in Canada. The information of the products is provided in full through:

 Barcode labels: Vicostone's product information is fully displayed on barcode labels to provide all necessary information for identification and convenience for product traceability;

- Information on the back of the stone slab: The VICOSTONE® brand is printed on the back of the stone slab and carries information of the slab such as product code, date of manufacture, serial number and batch number to increase brand identity for consumers;
- Information in the media: The product's technical specifications, characteristics, certificate information and warranty policy are updated on the Company's website, in brochures or product binders in a detailed and complete manner as well as through integrated marketing and communication activities.
- Development of Prosite an in-depth analysis website for professionals and experts, development of salesupporting tools.

2. FAST DELIVERY AND GOOD CUSTOMER CARE SERVICES

With six production lines capable of producing over 3,000,000m² of slabs each year and a worldwide sales system of more than 10.000 sales agencies spanning in more than 50 countries, Vicostone commits to providing the best quality products in the fastest time to consumers.

To fulfill its commitment, market research and sales planning are of top priorities and are the foundation for which other operations, including production planning, material preparation and production management, are closely and flexibly monitored to ensure the Company's fast delivery goals. Furthermore, the sales department is also keen on expediting documentation processes to reduce shipping time and deliver products to customers as early as possible.

Fast delivery:

- 95% of orders are delivered within 2 weeks of placement;
- 100% of orders are delivered within 4 weeks of placement.

The improvement and enhancement of customer services and post-sales services are among the Company's top investment priorities. Specifically, Vicostone emphasizes on the following activities:

Partner and agency services:

- Investment in the research, design and patent application for industrial design for supplementing products, fostering sales activities, including: shelves to exhibit products, improvements to boxing and packaging of products, etc.;
- Support for partners in developing and expanding storehouses and showrooms through support in design, installation, exhibit goods;
- Supporting policies for partners regarding models, exhibits, advertisement goods;
- Supporting activities for partners regarding design and production of advertisement goods, media publications;
- Support in search for transportation service providers for international customers purchasing with FOB pricing in the context of strong flunctuation in international shipping costs as well as scarcity in containers and shipping schedules;

• Visitation and on-site support at partners' facilities in international markets.

Individual customer services:

- Expansion of distribution and agency system to increase market coverage and enhance customer services to all territories in the fastest manner;
- Training and development of customer service staff that are capable of providing professional, diligent resolution of complaints;
- Regular review and improvement of procedures for the receipt and resolution of customer complaints to improve quality of services and satisfaction of customers;
- Expansion of channels to receive customer feedbacks at customer service facilities, through email, 24/7 customer service hotline, etc.;
- Regular survey of customer satisfaction level to promote strong points and improving on shortcomings to provide the best services that meet customers' expectations.

Especially, in light of the prolonged COVID-19 pandemic, disruption of global supply chain, increased international shipping costs, scarcity of ships and containers, the Company has taken numerouse customer support policies, searched for transportation service providers with competitive shipping prices to assist customers with delivery and reduction of international shipping costs. Additionally, policies to support in exhibits and publications have been promptly implemented and created the best possible conditions for delivery and sales, thereby enhancing customers' experience and satisfaction.

3. PROCESSING OF CUSTOMERS' PURCHASING ORDERS AND FEEDBACK REPORTS

Vicostone has implemented a system to manage customer relations, directly engaging with numerous customers and offered a variety of standardized solutions that satisfy customers' demands before, during, and after sales.

All requests, letters of communication, and orders of customers relating to the Company's products and services are recorded, updated, monitored and processed according to the Sales Procedure (QT15) following the ISO 9001:2015 standard by the Sales Department of the Company, ensuring that all requests and orders are adequately, promptly, and accurately addressed and that customers were satisfied.

- Receive orders from the customers;
- Check information of the orders;
- Create product offerings;
- Communicate the product offerings to the customers;
- Negotiate and sign contracts with the customers;
- Request the customers to make payments/payment guarantees;
- Deliver the products;
- Produce documentations, request the customers to make payments upon delivery;
- Terminate the contracts, inform the customers of the contract termination.

Resolution of complaints that aims for customers' satifcation is one of the key factors contributing to promoting the Company's reputation.

All inquiries, complaints, feedbacks, and warranty requests from customers regarding the Company's products and services are subject to the Customer Complaints Handling Procedure (QT16) following the ISO 9001:2015 standard and done by the customer services staff, ensuring that all complaints are fully and promptly addressed and resolved. The customer services employees regularly receive feedbacks from customers, assist them to resolve the problems and complaints, and contribute to the improvement of product guality and customer services. Specifically:

- Receive and respond to customers' complaints;
- Compile, verify, and classify customers' feedbacks;
- Inform relevant units, ask for their inspection;
- Verify information, provide solutions;
- Propose for the approval of the solutions;
- Resolve, respond to customers;
- Inform relevant units to implement reparative and preventive measures (if any);
- Compile monthly reports, perform actions to fix, improve the issues.





4. SURVEY OF CUSTOMERS' SATISFACTION

According to surveys conducted by the market research teams on customers in export markets – where sales account for a majority of Vicostone's revenue – customers' satisfaction levels with Vicostone products are as follows:

Regarding the products:

- 100% of the surveyees are satisfied with Vicostones products both in terms of characteristics and diversity.
- Among which, customers are especially satisfied with the stability of product quality and the suitability of Vicostones market trends.

Regarding the handling of reports, complaints:

- 100% of the surveyees are satisfied with the current processes and rates of compensation of Vicostone.
- 100% of the surveyees are satisfied and very satisfied with Vicostone's customer service teams.

Regarding the services:

• 100% of the surveyees are satisfied with customer services offered by Vicostone such as: Payment process, communication channels and customer service methods, feedback time, and support from customer service staff.

GRI 400

CORPORATE SOCIAL RESPONSIBILITIES

At Vicostone, the boards of Directors and Management are of the view that all activities within the Company's production and operation strategies must go hand in hand with corporate social responsibilities in the spirit of promoting humane values, giving more for people's livelihoods, and aiming for sustainable development in communities and society at large.

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Programs to support schools and educational establishments in improving facilities and quality of education.



VICOSTONE'S 2021 CORPORATE SOCIAL **RESPONSIBILITY PROGRAM AIMED AT THREE** AREAS, NAMELY:



HEALTHCARE

Assistance to the Government and State agencies in preventing and combating the COVID-19 pandemic; support for local healthcare departments in capacity building and quality of care for patients.



EDUCATION



Support programs for families in difficult circumstances, subjects of social policies (Vietnamese Heroic Mothers, war invalids, families of martyrs, etc.), the implementation of poverty alleviation programs, support for local governments in recovery from natural disasters, etc.



MAJOR ACTIVITIES IN 2021:

In 2021, the COVID-19 pandemic had greater adverse impacts on the country's socio-economic development compared to the previous year. The higher infection rates placed many provinces under prolonged travel restrictions and social distancing, causing disturbances in people's daily lives as well as the production and sales activities of the business community. Against the backdrop, Vicostone and Phenikaa Group and members of the Group implemented various social activities to contribute to creating a safer and happier life for communities. Some major activities included:



DONATION OF MORE THAN VND 57 BILLION, ASSISTANCE TO THE GOVERNMENT IN ANTI-COVID-19 ACTIVITIES

In heeding the call of the Prime Minister, Vicostone and other members of the Phenikaa Group donated human resources, materials, and cash worth more than VND 57 billion to the pandemic prevention activities of the Ministry of Health and local governments. Specifically, Vicostone and Phenikaa Group gave a direct donation of VND 21 billion to the Ministry of Health to purchase COVID-19 vaccines, support healthcare activities, and raise community awareness on disease prevention activities; a donation of VND 13 billion to the Hanoi Vaccine Fund and arrangement of vaccination for the Company's employees and their relatives. These contributions helped the government and people of Hanoi keep the pandemic situation under control, stabilize livelihood and business activities, as well as implement the dual targets of economic development and effective pandemic control. These actions also demonstrated the culture of Phenikaa Group and Vicostone - the Culture of Consciousness: Always striving to realize commitments for the benefits of stakeholders and bring about the best values to the people and communities.

Additionally, Vicostone and Phenikaa Group donated VND 550 million to Y Yen District of Nam Dinh Province to support people in difficulties due to the pandemic; donated nearly VND 160 million to southern provinces through the Vietnam Construction Labor Union; dispatched volunteers, offered technological solutions and products (including the smart disinfection robot and droplet shields) to support and assist Bac Ninh and Bac Giang provinces in the fight to contain the spread of the pandemic and stabilize people's livelihoods. In Thach That District, Vicostone and Phenikaa Group presented Thach That General Hospital with liquid oxygen tanks worth more than VND 830 million to assist hospital employees and doctors in treating and caring for patients, especially those diagnosed with COVID-19 disease, and presented two new houses worth VND 200 million to people in difficult circumstances in the district.

At the Company, the Boards of Directors and Management also initiated measures to prevent the spread of the virus, stabilize and maintain production and sales activities, as well as ensure livelihoods for the Company's employees. In 2021, the Company continued to tighten regulations on disease prevention within the business, provided sanitization liquid for all employees and departments, installed body temperature monitors at the halls of offices and production areas, and disinfected working areas. As the pandemic reached its peak in the third quarter, Vicostone implemented the "3 on-site" production model to those involved in direct production, while indirect employees worked from home. The "3 on-site" production model helped Vicostone ensure stable incomes and livelihoods for employees and their families as well as occupational safety while their social lives were heavily impacted by the pandemic, maintain continuous production and sales activities, and sustain its leading position in the market.

INVESTMENT IN HUMAN RESOURCES DEVELOPMENT

By embracing human-focused philosophy, Vicostone and Phenikaa Group always place emphasis on training and education and regard them as the root for the growth of business as well as that of the community and society in general. It is for this reason that, aside from production and sales activities, the Company also focuses on education and training. In 2021, Vicostone and Phenikaa Group donated VND 2 billion to the Hanoi University of Science and Technology to build the Ta Quang Buu Library; donated more than VND 300 million to the construction of Sa Xeng 1 School in Sa Pa Commune, Sa Pa Town, Lao Cai Province; sponsored books worth nearly VND 20 million for the library of the Thach Hoa Junior Highschool in Thach That District and presented gifts to teachers on Vietnam's National Teachers' Day on November 20.

As a global business operating in more than 50 countries and territories, with a mission to realize all commitments for the benefits of stakeholders, Vicostone always attaches importance to community services to contribute to bringing about better lives for people and the common development of localities and the country. This is also one of the specific virtues of Phenikaa culture – the Culture of Consciousness and a deeply humane business philosophy.



Mr. Pham Thanh Huy, member of the Board of Director of Phenikaa Group, gives a donation of VND 13 billion to the Hanoi Vaccine Fund for purchasing COVID-19 vaccines for the people of Hanoi and employees of Phenikaa Group

such as providing care for Vietnamese Heroic Mothers in Thach That District; organizing the "Warm Springtime at the Frontier" to give presents to families under preferential treatment policies, students and fellow countrymen in difficult circumstances, as well as encouraging soldiers who carried out their sacred duties at the border; and donated more than VND 66 million towards the "For the Vietnamese seas and islands" Foundation to contribute to protecting the country's beloved seas and islands.

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