



**CHINA STEEL SUMIKIN VIETNAM
JOINT STOCK COMPANY**



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STATEMENT FROM THE GENERAL DIRECTOR

Nowadays, since the market competition is becoming increasingly fierce, enterprises have to cope with higher customer requirements and stricter view from society. As a result, besides economic values generated by each individual business in accordance with the current legal systems, any enterprise with sustainable development goals must associate its activities with mutual interest of the community. Fully understanding this objective and urgent request, CSVC has non-stop committed to exercise and comply with not only standards to ensure profitable production but also practices of natural environmental protection, good working conditions and social security activities ... from the very first beginning.

Looking back on 2018, CSVC has got into considerably challenging production and trading status. The intense US-China trade war has strongly impacted the economies of many countries, especially the steel

industry. In the past year, the dumping steel imported from foreign countries into Vietnam caused domestic steel market fluctuation and affected many steel factories including CSVC. However, while many enterprises were suffering the crisis, we have actively made innovations and managed to stand firmly on the market in the most difficult times and reap remarkable accomplishments. To start with, no cases of lost-time accidents were recorded at the workplace. This not only shows the effectiveness of CSVC's safety management system but it's also considered a solid foundation for all factors that determine the development of the whole enterprise. Last year, CSVC's sales volume reached 960,000 tons, which accounts for 80% of the total production of the year and increases by 86,000 tons compared to 2017. On Feb 28th, 2018, CSVC achieved ISO 50001 certification – an evidence of our constant endeavor in innovating production technologies to save energy and create products increasingly friendly with the environment.

Besides creating economic values, CSVC always tries to enrich our employees' spiritual treasures and solidarity through a variety of charity programs, joining hands to contribute and raise funds according to the state's social security policies. By meeting all sustainable development criteria in all aspects of economy – environment – society established by leading experts from Vietnam Chamber of Commerce and Industry (VCCI), Governmental

agencies, organizations inside and outside the country, on Nov 22nd, 2018, CSVN surpassed hundreds of excellent enterprises for the 2nd time in a row to be honored in the "Top 100 sustainable development enterprises in Vietnam in 2018", and got chosen as one of the five live television venues in the program "Ba Ria - Vung Tau Imprint" held on Dec 31st, 2018 by the Provincial Radio and Television Station.

Above is a quick summary of CSVN's operational status last year. In order to understand thoroughly our efforts in implementing Corporate Social Responsibilities in 2018, please take a look at the following detailed report.

Thank you very much!


LEE, JIUNN-YANN
CHAIRMAN AND GENERAL DIRECTOR



I. INTRODUCTION

1.1. Overview

China Steel Sumikin Vietnam Joint Stock Company (CSVC) is one of the most advanced steel sheet manufacturing factories in the world which was built in Ba Ria-Vung Tau province, Vietnam.



With the slogan "OUR QUALITY, YOUR BETTER LIFE" and strategic vision that reveals customer's benefit will always be our concern, we believe that high-quality products, technology, and services can not only let us grow with our customers and stakeholders, enabling us to become an investor widely trusted and beloved in Vietnam and all around the world, but also make us do our best to create a better life and environment for the country.



Being fully aware of the concept "Customer's Trust", CSVC continuously turns technology and knowledge into value for customers' benefit. Besides, with the professional workforce of more than 800 employees, CSVC commits to satisfying all customers' needs and beyond their expectation by providing them eco-friendly products through the unique production process for each customer.

To catch up with the rapid flow of development in steel market within East Asia, on May 17th, 2009, on the basis of a joint venture between famous steel companies in the industry's global steel production in Taiwan and Japan, which are notably China Steel Corporation (CSC) and Nippon Steel & Sumitomo Metal Corporation (NSSMC), China Steel Sumikin Vietnam Joint Stock Company (CSVC) was established with headquarters located at Ba Ria – Vung Tau Province, one of the key economic zones of Southern Vietnam. With the total investment capital of 1,148 billion US dollars and high-tech equipment transferred from mother companies, after 3 years going into official operation, CSVC has gradually affirmed its brand to become one of the local leading companies in the field of manufacturing high quality steel plates. This achievement also results from the effort of the Company in enhancing waste and pollution reduction processes as well as providing positive improvements towards our community and employees. Besides focusing attention on establishing a management system of international standard which can thoroughly handle all safety issues and continuously improve labor environment, CSVC has been continuously innovating the steel production lines and productivity to widen product range, create superior quality satisfying all demand of customers. We are actively promoting the 04 core products: Pickled and Oiled Steel Coils (PO), Cold Rolled Steel Coils (CR), Galvanized/ Galvannealed Steel Coils (CG) and Electrical Steel Coils (ES). As protectionism intensifies in almost all areas around the world, CSVC has diversified export market portfolio and expanded from the existing markets of ASEAN and USA to others such as Europe, Middle-East and South-Asia, etc., to reduce our reliance on just a few markets and void trade risks.

April 23, 2013

The Annealing and Coating Line (ACL, The first production line in ASEAN) produced the first qualified Electrical Steel coil (ES).

October 14, 2013

CSVC celebrated the Grand Opening Ceremony.

November 29, 2013

BSI issued the ISO 9001 Certificate to CSVC.

In December 2013

PLTCM smoothly achieved three indexes of the rolling technology, 0.2mm thick strip (the thinnest strip of the equipment specification), 50CSV470 coil (the highest steel grade of ES) and 780Y coil (the highest strength steel grade with the low yield ratio).

2013

1.2. CSVC CHRONOLOGY OF MAJOR EVENTS

October 1, 2012

CSVC's second largest shareholder, Sumitomo Metal Industries, merged with Nippon Steel Corporation as NSSMC which became the second largest steel corporation in the world.

At the end of December 2012

The installations of CAL, CGL and ACL were finished completely, and their individual tests were started totally on January 2, 2013.

2012

February 28, 2011

The Board of Management elected Dr. Wong, Chao-Tung as CSVC Chairman and General Director.

May 26, 2011

The first pile was erected in the Blessing Ceremony at 09:16 a.m.

September 8, 2011

CSVC celebrated the Ground Breaking Ceremony.

2011

May 12, 2009

Ba Ria-Vung Tau Industrial Zone Authority (BIZA) issued the Investment Certificate to CSVC.

June 09, 2009

Mr. Jeng, Tsung-Ren was elected to be CSVC Chairman of the Board and Mr. Wang, Hwa-Min was appointed to be CSVC General Director.

October 1, 2009

Staffs of CSC and NSSMC officially moved to the Representative Office in Ho Chi Minh City, Vietnam.

2009

March 1, 2017

CSVC passed the final audit of SGS Certification Organization and achieved OHSAS 18001.

April 13, 2017

CSVC had the honor to receive merit certificate from the provincial People's Committee for many achievements in safety & health activities in 2016.

May 7, 2017

CSVC was granted "Asia-Pacific Outstanding Brand 2017" and given QR code for product identification worldwide.

Dec 6, 2017

CSVC won hundreds of excellent enterprises in Vietnam to be awarded in "Top 100 Vietnam Sustainable Enterprises in 2017"

2018

February 28, 2018

CSVC passed the final audit of NQA Certification Organization and achieved ISO 50001:2011.

August 01, 2018

The Board of Management elected Mr. Lee, Jiunn-Yann as the new Chairman and General Director of CSVC.

November 22, 2018

CSVC continued winning hundreds of excellent enterprises in Vietnam, kept to be awarded in "Top 100 Vietnam Sustainable Enterprises in 2018"

2017

March 31, 2015

CSVC was granted a Certification as a DA (Digital Appliance) member of Samsung Electronics Co., Ltd.

July 17, 2015

Sumitomo Corporation (SC) officially transferred all its shares to China Steel Corporation (CSC). Up till this moment, CSVC has 6 founding Shareholders: CSC, NSSMC, NSSBC, FHS, Hsin Kuang and Chun Yuan.

September 2015

CGL line reached full capacity.

September 23, 2015

CSVC achieved shipment volume of 1 million tons for finished products.

November 25, 2015

CSVC was honored to receive "Golden Brand Award" from Ministry of Industry and Trade

2016

January 15, 2016

The Board of Management elected Mr. Chen, Min-Hun as the new Chairman and General Director of CSVC.

March 12, 2016

CSVC got ISO/TS16949:2009 for Automotive Quality Management Systems

December 1, 2016

The Board of Management elected Mr. Chen, Chung-Shin as the new Chairman and General Director of CSVC.

2015

From June to August 2014

CSVC passed the product certifications of Malaysia (SIRIM), Indonesia (SNI) and Thailand (TISI).

May 07, 2014

CSVC started offering dormitory to national employees, serving about 400 people.

October 07, 2014

CSVC was formally granted Certificate of conformity by Quality Assurance and Testing Center 3 (QUATEST 3) for PO, CR, GI, GA products.

October 11, 2014

Vietnam Steel Association came to CSVC to discuss GI anti-dumping case.

October 30, 2014

CSVC finally got all PINK COVERS (Certificates of land use rights, house and land-attached assets) for whole plant from DONRE.

2014

1.3. Awards

TOP 100 VIETNAM SUSTAINABLE ENTERPRISE IN 2018

Corporate Sustainability Index (CSI) is one of VCCI's initiatives to promote sustainability in the business community as a gauge of corporate value based on sustainable development criteria in economic, environmental and social aspects. Being one of many initiatives on promoting sustainable development in the Vietnamese business community of VCCI, the Corporate Sustainability Index (CSI) was developed as the valuable index for business based on sustainability indicators in economic, environmental and social areas and as a tool to acknowledge the measured targets and change management so as to improve the sustainability performance of a business. The CSI will consist of appropriate indexes relevant to domestic social, political context as well as to international practices.



CSVC Chairman received the Award



By meeting all sustainable development criterias in all aspects of economy – environment – society established by leading experts from Vietnam Chamber of Commerce and Industry (VCCI), Governmental agencies, organizations inside and outside the country, on Nov 22nd, 2018, CSVC surpassed hundreds of excellent enterprises for the 2nd time in a row to be honored in the **"Top 100 sustainable development enterprises in Vietnam in 2018"**

The award accordingly helps enhance reputation and competitiveness of CSVC as well as facilitate the process of international integration.

1.4. Organizational Structure



1.5. Our Business

CSVC is increasingly developing in production as well as business operation, business growth has made remarkable achievements since it is blessed by contribution of skillful and experienced staffs with professional know-how, high-tech advanced and modernized production facilities, positive business philosophy of which excellent product quality and potent customer-oriented service quality are constantly maintained and restlessly enhanced, the company at all time is keen on staying steadily to be in line with the motto “Our Quality, Your Better Life”. As always, the customer’s satisfaction is perceived and achieved when the demand on CSVC’s products is robustly booming, and the business is thriving in both domestic and export markets.

During the year 2018, the business climate turned to be less favorable for steel industry nationwide and worldwide, domestic steel makers also suffered the market turbulence in their business operations admittedly. As the result of that, CSVC was not alienated from this common challenge in steel market and slightly suffered the small annual loss in its business performance unexpectedly, but the company has by far successfully achieved the highest production and sales volumes since the beginning of business operation, the full production capacity is nearly within reach, and effective management scheme has supported to cut down unnecessary operation cost. Indeed, the challenge is mainly caused by the bitter influences from the jeopardized US-China Trade War, and mainland China (PRC) has fiercely been flooding the Vietnamese market with its cheap and poor quality steel products, and relatively depressed the domestic steel sales prices and negatively affected the bargaining power of domestic steel companies like CSVC, hence the international market was temporarily eased in the second half of 2018, and export prices were also moderately decreased in response. Notwithstanding, the market deeply believes both China (PRC) and the US will eventually get the trade deal to end the tough trade war from the beginning of 2019, China will then struggle with its soon-to-be recovered domestic demand on steel supply when its steel inventory will be slowly built, and these events will somehow neutralize influences of steel products from China (PRC) on the Vietnamese market. Besides, the international market is anticipated being warmed up again and stabilized since the third quarter of 2019, and CSVC will swiftly gain back its business profitability momentum.

The continuous growth in sale volume figure to be 952.011 KT and further decrease in cost in 2018 are evidencing the business growth of the company is kept on right track, hence the bright forecast on the business picture in 2019 is promising and significantly perceiving.

Unit: USD					
Year	2014	2015	2016	2017	2018
Revenue	356,943,760.00	287,861,439.00	432,741,169.00	563,428,108.00	698,670,814.00
Loss/Profit after Tax	-58,307,683.00	-83,853,053.00	1,052,370.00	1,917,161.00	-4,791,760.00
Loss/Profit Per Share	-0.06	-0.09	0	0	-0.005
Dividend	0	0	0	0	0

II. OUR PEOPLE



2.1. Overview

CSVC is a multinational company with over 800 employees. We create a very unique culture and international working environment which is friendly, cooperative, unified and motivating. CSVC makes every effort to train, support

and enhance employee's capabilities and develop skills through their work so that they can achieve individual growth.

All employees in CSVC have gradually overcome the difficulties ahead, strive to fulfill production and business target and achieve high results such as: Ensure timely shipment; increasingly consolidate product quality to meet customer's demand; promote innovation and creativity in working methods, improve methods of evaluating the ISO quality, constantly explore, learn to increase production efficiency, product quality and consumption indicators of products.



2. 2 Employee Welfare and Fringe Benefits

2.2.1 Transportation

CSVC always makes sure the employees can conveniently reach the workplace by providing daily shuttle buses for office hours including: Ho Chi Minh City (Thu Duc & District 1), Bien Hoa and Ba Ria-Vung Tau <-> CSVC; For shift workers, the shuttle bus will be arranged: Bien Hoa and Ba Ria - Vung Tau <-> CSVC.

In addition, CSVC also offers shuttle buses free of charge to those employees having demand to travel from Vung Tau to Ho Chi Minh City at weekend for entertainment or any personal issues.

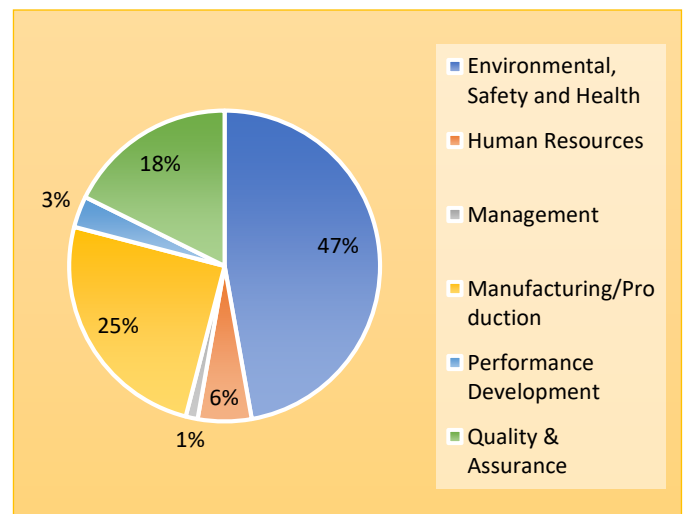
CSVC has always maintained the monthly maintenance and inspection of vehicles, to promptly handle and minimize the problems that occur during usage process. The safety belt is always installed, the contact and procedure of solving emergency are paste on vehicles in accordance with the law to always bring a sense of security and peace of mind for everybody.

Recently, the company also considered about changing new vehicles for Bien Hoa route and strengthening 29-seat vehicles on Ba Ria route. CVSC also implemented safety training for all drivers when driving around company's internal area.



2.2.2 Training and Development opportunities

Human resource development has always been a top priority for most businesses. In 2018, CSVC has constantly made efforts to improve training policies, create favorable conditions for teaching and learning activities within the Company. Training regulation was updated, added the term “Internal Trainer” (including condition and benefit), to encourage potential employees to share their knowledge and working experience with other CSVC members.



Training Distribution Chart

In 2018, CSVC spent 4.069 working days on conducting training courses. CSVC is a Production company so training courses on Environment & Occupational Safety (47%); Manufacturing/Production (25%) and Quality Management (18%) are always organized regularly to ensure that products provided to customers are always of the best quality.



Prominent in 2018, with the goal of training for the direct manager (Manager / Team Leader), Company has initially implemented the Industrial Training Program (TWI). TWI is a course that requires active learning and practicing, helps supervisors, team leaders and anyone directing other people's work to acquire the necessary skills, including 3 courses (Job Instructions_JI, Job Method_JM, Job Relations_JR)

JI: Training leaders how to instruct employees so that they can quickly remember to do jobs correctly, safely, and conscientiously.

JM: Training leaders how to improve job methods to produce greater quantity of quality products in less time by making the best use of the manpower, machines

JR: Training leaders about the leadership framework for good working relations and how to solve personnel issues that may arise.



2.3 Employee Activities

Activities organized by CSVC & CSVC Trade Union always provide relaxing moments, improve the spirit of sports and bring everyone together. This is also the gratitude to all employees who have contributed to the development of the company.



*International
Women's day
at CSVC*



Moon Festival



Soccer tournament



Teambuilding





Year-End Party



Ba Ria-Vung Tau Imprint

On December 31st, 2018, Ba Ria – Vung Tau Radio & Television had organized a live television program successfully named “Ba Ria – Vung Tau: Impression of 2018” at 27/4 square - Ba Ria City and 05 scale videoconferencing points.



The program was implemented to illustrate the achievements in the socio-economic development of BRVT province in 2018, at the same time, linking the political system, the various sections of the people, the business community and investors continue to work together to build the locality in the new year 2019.

Being representative of steel manufactures in BRVT province, in the past year, CSVC had many good achievements in production, well-fulfilled obligations to the government, as well as the implementation of policies for employees. CSVC was honored to be selected as one of 05 scale videoconferencing points of the program.

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- 3.1. ENVIRONMENTAL MANAGEMENT
 - 3.2. ENVIRONMENT & ENERGY MANAGEMENT COMMITTEE
 - 3.3. KEY EMS PROGRAM
 - 3.4. PROMOTION OF ENVIRONMENTAL RISK MANAGEMENT
 - 3.5. PROMOTION OF ENVIRONMENTAL PERFORMANCE
 - 3.6. ENERGY AND GREEN PROCESS
 - 3.7. CAMPAIGN SPREADING A GREEN PLANT



ENVIRONMENT



ENVIRONMENT REPORT

In recent years, a great amount of concern has been raised about the necessity for firms to enter or expand their production line in the steel manufacturing industry in Vietnam and the environment effects that may come along. However, no one can deny that steel manufacturing is not necessarily associated with environmental issues if we see comprehensive “environmental management” as an integral part of our mission. CSVN is working to leave a lasting legacy that benefits all of humanity. We’re conserving more, using less, sourcing more responsible materials, and finding a better way to work and be a leading voice.

3.1. ENVIRONMENTAL MANAGEMENT

We strive to become a truly environmentally friendly corporation by conducting business activities from an environmental and ethical perspective.

BASIC POLICY

To make a primary approach for addressing environmental aspects during our operation. Besides complying with environmental law and regulations, CSVN will cooperate with customers and suppliers in promoting activities to reduce environmental impacts at every stage of business activities from production processes to transportation of products, further improving environment preservation and the efficiency of resources and energy, and enhancing reduction and recycling of waste inside and outside the company.

To encourage behaving in a responsible manner and maintaining sound environmental practices. The company will offer environmental education and awareness-raising programs for employees, disclose environmental information on an adequate and timely basis to remain always trusted and highly appreciated by society.

COMPLIANCE

To meet the requirements of relevant legislation in the country and region in which we operate.

MANAGEMENT SYSTEM

CONTINUOUS TECHNOLOGY INNOVATION

To improve the environmental performance of our processes and products through research and development of new technologies, preventing and reducing emissions and releases, minimizing waste and controlling noise.

EMPLOYEES AND SUPPLIERS

LOCAL COMMUNITIES AND BIODIVERSITY

To respond to the increasing concern of local authorities and other interested parties on environmental issues as well as protecting the general environmental and wildlife habitats in and around our sites. We will focus our efforts on developing modern technologies which can deal with the future issues of the environment and natural resources and provide society with products that contribute to environmental preservation, energy & resource conservation.



Environmental Organization

CSVC operates an Environmental Management Committee which is chaired by Chairman. The Committee reviews the overall environmental management of CSVC (i.e. details of the implementation plan, achievement, difficulty, etc.) and holds regular annual meetings to analyze the environmental trends. In addition, it helps guide medium-to-long term environmental strategies in CSVC. Specifically, any issues identified as critical to the development of CSVC are decided upon as part of overarching business strategy, and then will be reported at monthly meetings and Management Review Meetings, both chaired by Chairman.

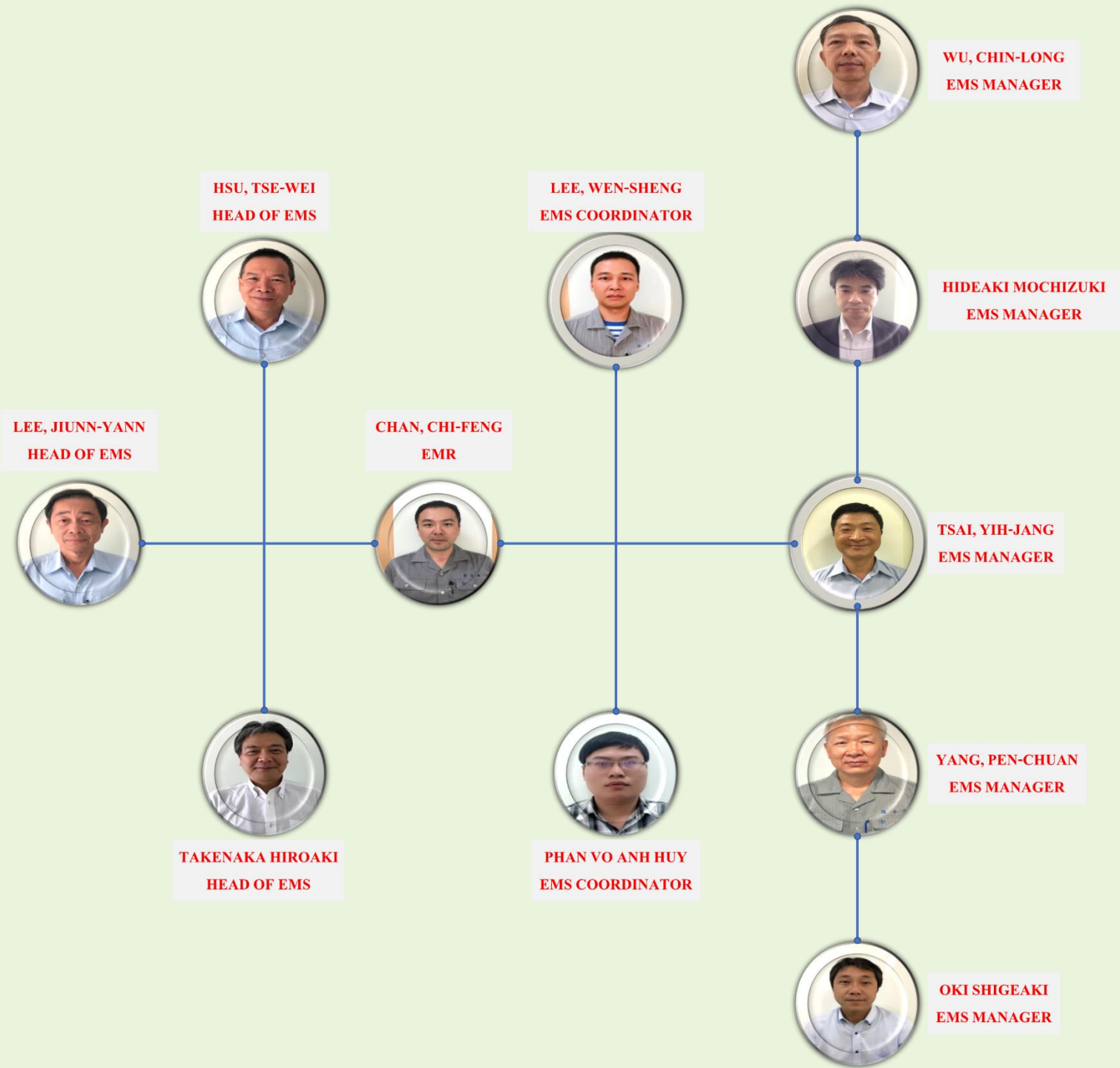
CSVC Environmental Management Vision and Strategy



Medium-Term Environmental Management Plan for 2019



3.2. Environment & Energy Management Committee



3.3. Key EMS Program

Nominate - Environmental Management Awards

To create competitiveness in environmental management, “Environmental Management Awards” is held by the Human Resources Department to award employees who achieve an outstanding environmental performance. We hope that these awards encourage corporate-wide awareness on environmental management and can lead to better environmental business achievements.



Widening - Environmental Information Exchange

Under provisions of our mother companies, CSC, an environmental technical meeting is annually held targeting environment within an operation. The meeting is a place for communication and exchange to enhance the capabilities of environmental managers through discussions. In addition, CSC operates and remains a website to enable managers in charge of the environment at CSVC to exchange and collect information contributing to the environmental management system.



Educational - Environmental Awareness Training

CSVC provides various programs to enhance our employees' understanding and awareness of environmental protection. Environmental management training is provided and opened to outsourcing and suppliers as well. All related departments' employees are encouraged to participate in environmental activities. Training on ISO 14001 internal auditing is annually provided to managers in CSVC as well as outsourcing workers.



Substance - Environmental Risks CSVC annually analyzes and manages risk to minimize their impact on the environment, as well as the environmental impact on management. We consider changes on internal issues (i.e. products and services, structure, roles, responsibilities, leadership, cultures etc.), external issues (i.e. political, economy, technical service, legal, law etc.). Cooperation between relevant departments and environmental management department enables us to identify environmental risks. We then evaluate and review the highest risks to those environmental aspects, after that minimize their impact on the environment. In addition, to respond to relevant potential risks such as energy usage, global warming or pollution prevention, CSVC continuously monitors and identifies potential risks to contribute toward developing reasonably environmental policies.



3.4 PROMOTION OF ENVIRONMENTAL RISK MANAGEMENT

CSVC is promoting management of environmental risk with the aim of continually enhancing and controlling environmental aspects causing the potential risks to the environment, which differ by each operational period and factory. Since qualifying for ISO 14001, the international standard for the environmental management system, beginning from 2015, CSVC has conducted the evaluation with relevant departments on an annual basis. Once a year, before management review meeting, our environmental management department will implement an internal inspection. The results are reported to top management and utilized in making newly changed environmental strategies and setting objectives for an efficient environmental management system.

AIR MANAGEMENT

CSVC applies various systems to improve air emission quality before discharging through our stacks. First, our system is set a lower standard compared to environmental regulations and standards.

Secondly, we inserted an absorption system to reduce the concentration of indicators before discharging through stacks. Specifically, in order to reduce ambient air emissions of sulfur dioxide (SO₂) and nitrogen dioxide (NO₂), CSVC is taking measures to insert effective equipment, including equipment that reduces SO₂ and NO₂ emission, and exhaust gas treatment system. We are also conducting annual monitoring and periodically measuring ambient air parameters to ensure that no abnormal emissions are released into the environment.

WATER MANAGEMENT

CSVC uses appropriately 1,2 mil m³ of freshwater a year in all of our administrative works and factory. This big amount contains significant damage to the water resources. In order to reduce the bad significant impact

on natural resources, we try to re-use and re-circulate the fresh water provided to the cooling water system. Currently, our factory is on the progress of applying the re-using wastewater process. If we can apply this system successfully, we can re-use around 90% the amount of our wastewater discharge.

Considering the importance of preventing water pollution, we have installed equipment, devices such as sensors, detectors, shut-off valves or emergency pits; established safety job procedure to work them effectively; provided periodical training so that the wastewater will not be discharged outside our factory in an emergency.

In addition, we make daily effort to monitor and inspect the wastewater quality, as well as maintain and improve the

performance of our equipment in the wastewater treatment process.

SOIL MANAGEMENT

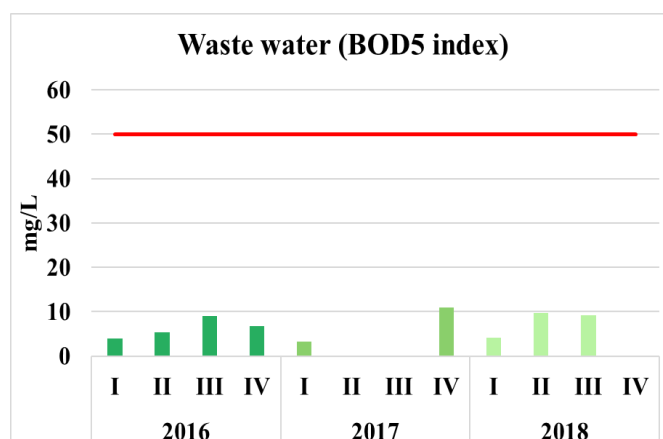
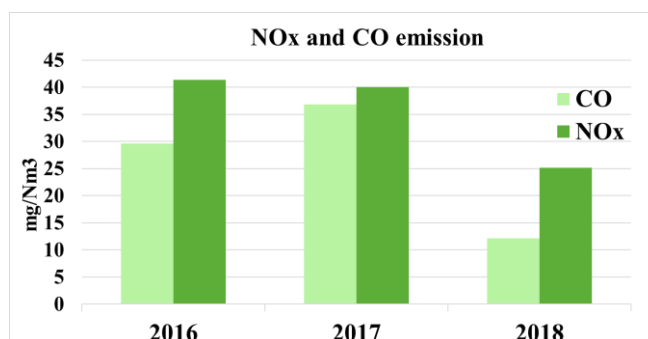
With respect to the environmental preservation specifically for soil and underground water, we are responding appropriately in compliance with regulations of local government. Normally, the environmental department will patrol and inspect the status of soil around the factory. If soil is contaminated, we will hold an emergency response drill immediately.

Twice per year, we invite competent authorities to evaluate the soil parameters and make reports to the Government. If soil contamination is detected, we take appropriate action in accordance with instructions issued by the Ministry of Natural Resources and Environment.



CONTROL OF DISCHARGE

Normally, the wastewater discharging during operation of our plant is enormous (i.e. cooling water, industrial water arising from the production process, domestic waste and rainwater runoff). To Except rainwater runoff, all kinds of wastewater generated from the operation phase have been sent to the wastewater treatment system to meet the local regulation before discharging into the centralized wastewater treatment system of My Xuan Industrial Zones. Under the supervising of utility department, we ensure thorough control by checking the balance including the amount of chemical substances concerned, the amount discharging to the environment, and disposal volume. According to the regulation from Department of Industry and Trade, annually we report the amount of chemical substances manufactured.





3.5 PROMOTION OF ENVIRONMENTAL PERFORMANCE

CSVC has built an environmental management system to reduce environmental risks, which are promoted by combining external and internal audits and rotating the plan-do-check-act (PDCA) cycle.

Management system

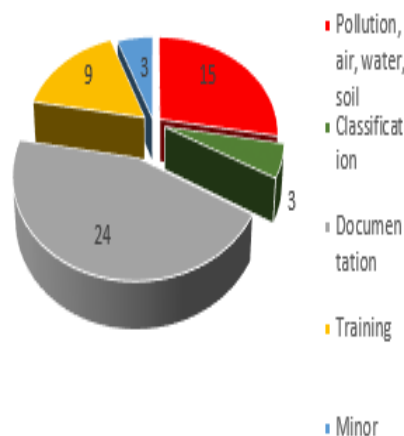
CSVC effectively rotates the management cycle of PDCA under the Environmental Management Committee, which convenes meetings annually to promote environmental performance. Besides, regular meetings are also held for General Managers of relevant departments to discuss about environmental issues. In particular, with respect to dust, drainage and waste that pose critical environmental risks, experts from each field will conduct a meeting to devise measures for risk prevention and reduction.

Currently, CSVC control environment in accordance with ISO 14001:2015 which is the international standard for the environmental management system and the most widely used EMS in the world, with over thousand organizations certified worldwide. Achieving ISO 14001 certification shows the commitment of the board of management and staff to reduce our environmental impacts and to continuously improve the sustainability of our business operations. It has aligned our business process with our strategies of using energy efficiently and manufacturing products friendly with the environment.

Environmental audits

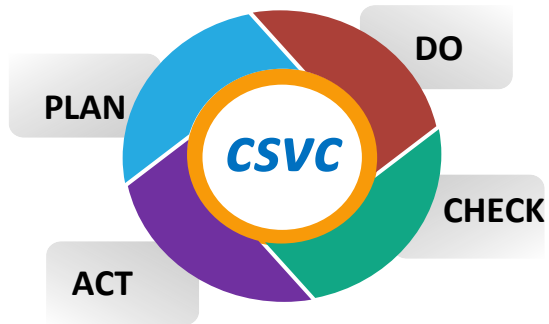
In accordance with the international standard ISO 14001, CSVC has built an environmental management system, in which General Managers of relevant departments serve as the responsible person. The Environmental department also participates in these audits to cross-check. Any non-conformities will be figured out and solved immediately. Annually, environmental department will summarize and report to top management for reviewing the situation.

NON-CONFORMITIES IN 2018



Annual Environmental Management Cycle

12

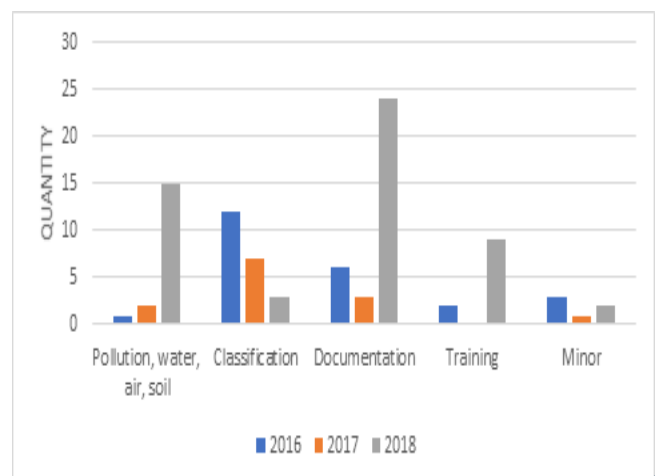


Hazardous waste control

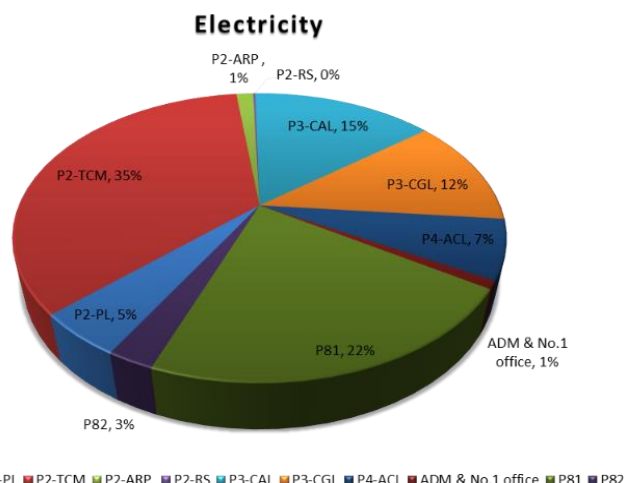
CSVC has recognized the importance of hazardous waste effect on the environment of the local community and thus strengthened the producing process to minimize the amount of hazardous waste generated. To minimize risk factors accompanying hazardous waste, CSVC has been developing the technologies, which can reduce the amount of waste generated or can re-use it. In 2016, CSVC already achieved the target to reduce 10% hazardous waste generated compared to 2015. This is an achievement of all production lines and the environment department to reduce the impact caused by hazardous waste. Furthermore, to raise awareness and enhance spirit of employees about environmental protection, we will maintain the objectives to reduce 10% hazardous waste generated compared to 2016. Through this scheme, we can not only contribute to the sustainable development in region by miles but also prove that we serve as a public example for providing and maintaining the sustainable working environment within an operation.

Hazardous waste chemical control

To avoid potential risks associated with hazardous waste chemical, CSVC has built Acid Regeneration Plant, which can re-use or re-circulate the hazardous waste acid. With the basic effort, we also increase the number of educated managers and employees with the chemical degree in operation and make a periodical emergency response to cope with chemical leakage. Furthermore, employees working in ARP condition were provided special health check to actively control their respiratory.



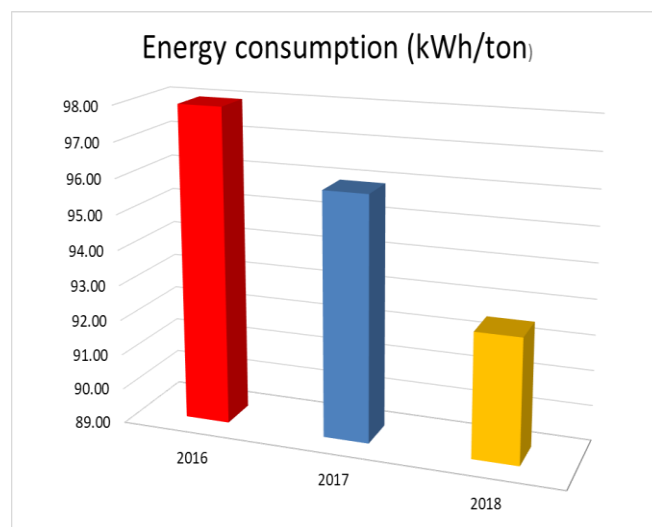
Steel is one of the pillars of the well-being of modern societies and it will definitely continue to play an important role in the 21st century. This nature basic material is one of the most environmentally benign mass products due to its high recycling rate and comparatively low quantities of energy for its making. However, the emission of CO₂ is a serious problem for the steel industry because the steel industry relies heavily on fossil fuels as energy sources and limestone for the purification of iron oxides. Steel industry contributes around 6-7% to total anthropogenic emission of CO₂. Understanding this theoretical program, our mother company, CSC, has strived to promote the green process within operation by increasing productivity through the adoption of more efficient and cleaner technologies in the manufacturing sector to be effective in merging economic, environmental, and social development objectives. Inherit the awareness about the importance of reducing emission CO₂ from our mother company, CSVN intends to take effort in minimizing this side effect. We try to contribute to the productivity growth, sustainable development against global warming and CO₂ emission. In addition, in the near future, we try to establish ISO 50001:2011 to change our technologies to be friendlier to the environment.



The Steel Industries have always played a crucial role in the socio-economic development of a country. They have contributed primarily to increase prosperity, greater employment and livelihood opportunities. On the other hand, the steel industries are accused of accelerating the consumption of scarce fossil fuels and of polluting the local, regional, and global environment by releasing solid, liquid and gaseous pollutants to their surroundings.

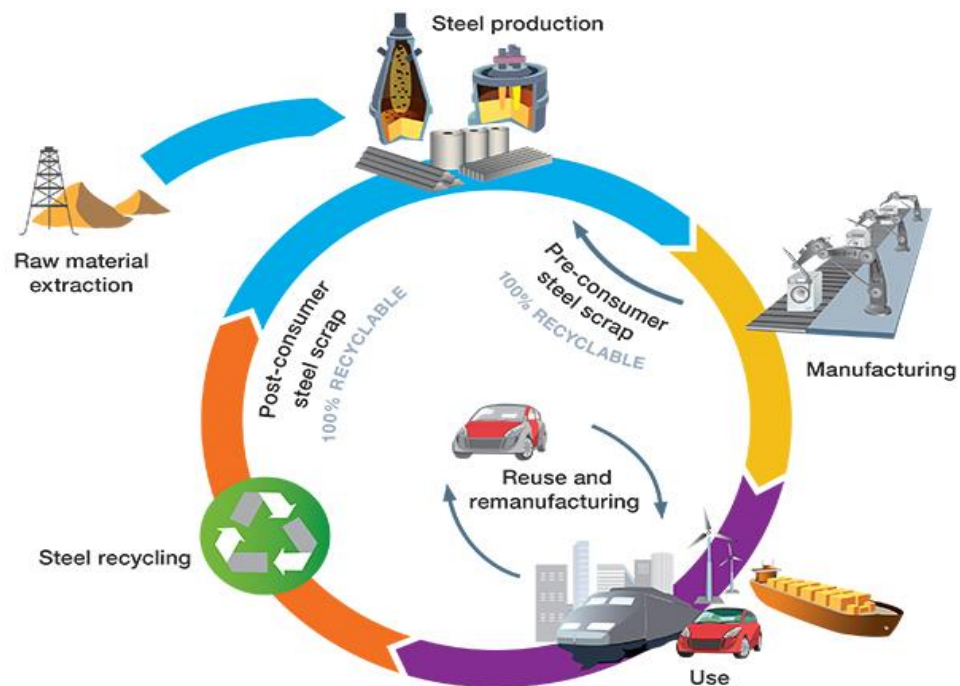
In addition to concerned effort to reduce CO₂ emission in the manufacturing process, CSVN has implemented a regulation about lights-out during lunch breaks, no-working days, and work side, drive side etc., as part of the energy saving activities (i.e. improved production yield, waste heat recovery, lighting and air conditioning system control, compressor system optimization).

To summarize our results, the energy performance indicators (EnPIs) of electricity consumption in 2016 decreased significant through months. We will further strive to improve this activity by identifying the most significant electricity usage area, then focus strongly on those area.



3.7 CAMPAIGN SPREADING A GREEN PLANT

Beginning from 2014, CSVC launched the campaign spreading green cover on province. We try to promote and cooperate with Government agencies to contribute to the ecosystem in Ba Ria - Vung Tau province by planting trees surrounding. The greatest benefit from this activity is the conversion from CO₂ to O₂ and the amazing cooling effect.





IV. SAFETY & HEALTH



4.1 Culture & Management system

4.2 Management committee



4.3 General activities



4.4 Education



4.5 Featured activities in 2017



4.6 Performance index



4.1 CSVC

Safety culture

In CSVC, greeting whenever whoever wherever by “LUÔN AN TOÀN” is company culture to exchange wishing safety together.

Implemented since the end of 2014 up to now, “LUÔN AN TOÀN” has been common greeting applied all activities, meeting at CSVC for the past 2 years. Cohesion and team work with the commitment of “LUÔN AN TOÀN” has been transferred to each employee of CSVC. Greeting “LUÔN AN TOÀN” with clear and loud voice together with prime and strict posture help to create focus spirit, unity and safety for everyone anytime anywhere in CSVC as well as display discipline and fighting spirit in work at all CSVC members. “LUÔN AN TOÀN” spirit is expected to expand to daily activities of CSVC members.

Greeting “LUÔN AN TOÀN” is applied for all people including employee to employee, employee to contractor, contractor to contractor, employee to guest, etc. building up connection between all. members in company.



GREETING
“LUÔN AN TOÀN”

2014

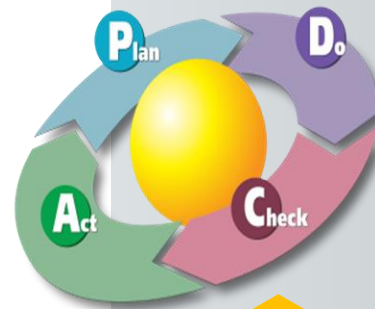
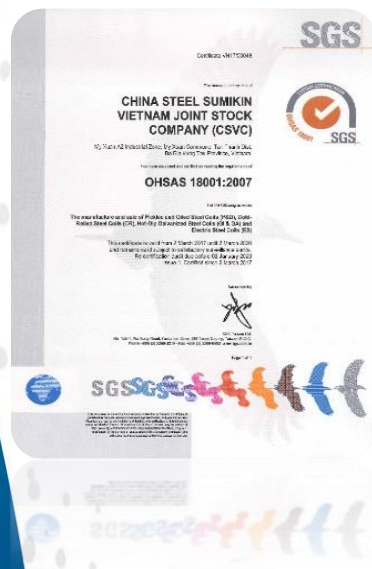
-

2018



4.1 CSVC management system

Aiming to manage thoroughly safety issues, improve continuously labor environment and meet international standard, since 2016, CSVC has passed and maintained continuously our system in accordance with OHSAS 18001. By the continuous effort of all CSVC's Top boards of Management, Managers, Members in safety activities, CSVC passed 2018 surveillance audit of SGS certification organization and maintained OHSAS 18001 certificate successfully. By maintaining OHSAS 18001, CSVC can strengthen safety management system continuously with Plan, Do, Check, Act process continuously.



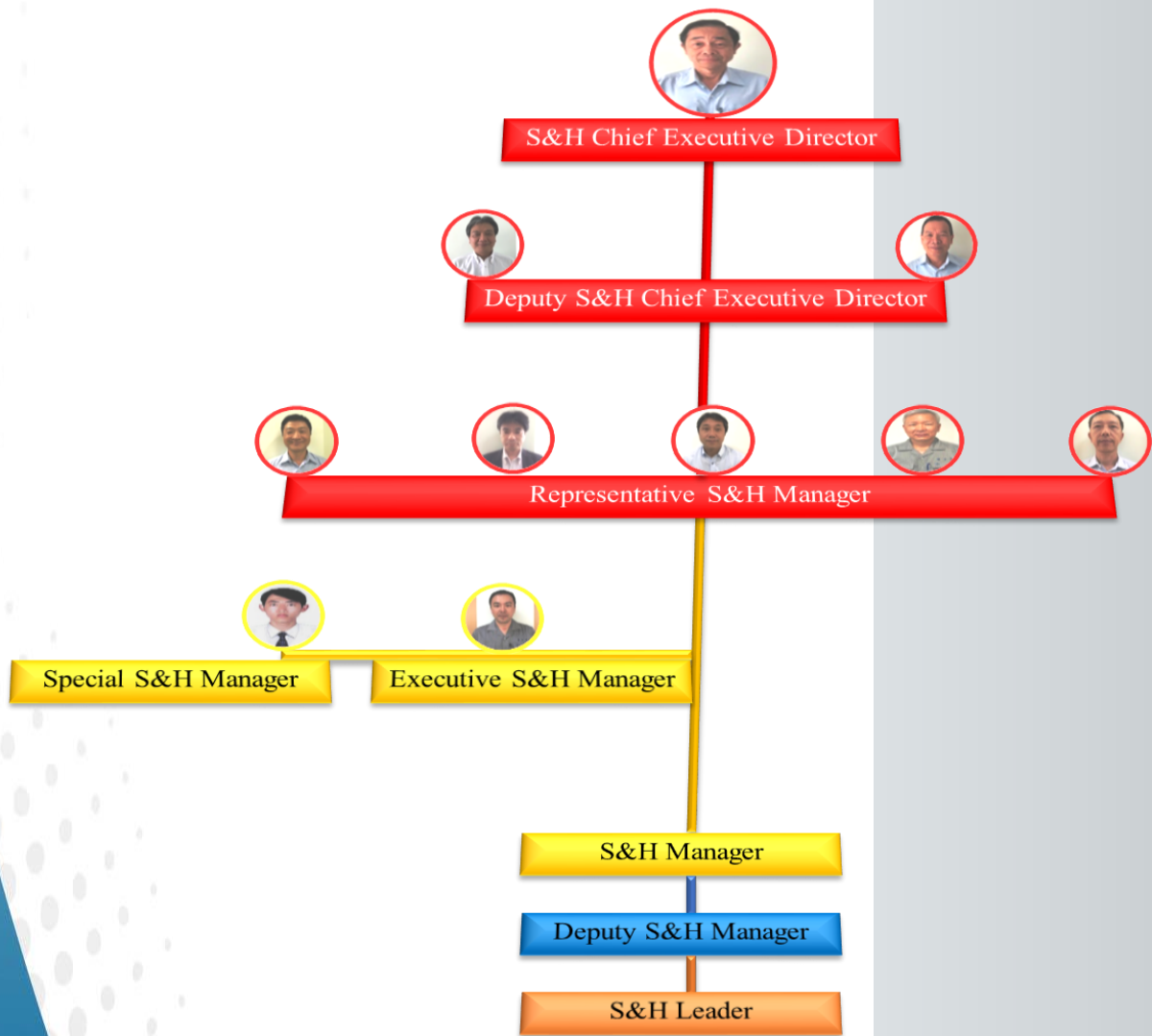
OHSAS 18001
"CERTIFIED"

2016
-
2018



4.2

CSVC Safety & Health Committee



Safety & Health (S&H) is the first priority concern of CSVC. In order to thoroughly manage as well as smoothly communication for body-content, decision, company's policy in Safety & Health, Safety & Health Management Committee is established.

Safety & Health Management is responsibility of all CSVC management members, therefore Committee members is involved Chairman - General Directors (GD), Vice president (VP), General Manager (GM), Section Managers (SM), Foreman of each workplace.

4.3

CSVC

General activities

Every month, Top Managers (Chairman, Deputy General Director, Vice president & Assistant Vice president of each Division), General Managers of each Department and Representative of each Department members join Safety & Health Committee meeting including whole plant patrol to check jobsite condition, discuss body-content in Safety & Health, report tracking content and review situation as well as difficulty of each item, then Top Manager suggest and instruct to improve findings issues, and transfer information to each Department.



OSH COMMITTEE MANAGEMENT MEETING

2013
-
2018

87
TIMES

4.3

CSVC

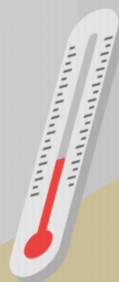
General activities

To have promptly action for working environment condition improvement, CSVC cooperated with qualified work environment measurement center to measure related factors at each workplace every year. Work environment measurement is a basic parameter to select appropriate health check items to manage thoroughly about working condition and assure health for CSVC's members as well as promptly detection and promote improvement activity to provide good environment for working if there's any defect.



WORK ENVIRONMENT MEASUREMENT

2018



4.3 CSVC

General activities

To monitor health condition of each employee, CSVC has cooperated with Medical center to organize periodical health check for all CSVC members every year including general health check & specialized health check for corresponding members. Member's health sustainability is key factor to maintain sustainable manpower for smoothly production. Therefore, health is one of the most concerning beside safety for members.

Health check items is followed Vietnamese regulation including General health check items: Physical check, Circulatory, Digestion, Nephrology-Urology, Endocrine, Muscle-Bone, Nerves, Mental, Lymph systems, Respiratory system, Eyes check, Disease of ear, nose, throat, Tooth-Jaw-Face, Blood test, X-ray (cardiopulmonary), Urinalysis (general).

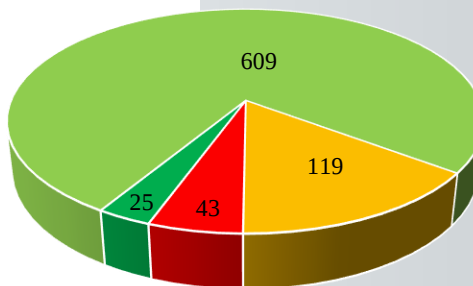


PERIODICAL HEALTH CHECK

2018



Health check classification 2018



■ Type I- Very healthy

■ Type II- Healthy

■ Type III- Normal

■ Type IV- Weak

Training courses	Amount of classes	Amount of trainee
Lifting safety training	6	91
Radiation safety training	3	52
Chemical safety training	6	147
Working at height safety training	5	107
Welding & Cutting safety training	3	48
Electrical safety training	5	125
Newcomer safety training	3	102
General safety training (Group 1 & 4 as Law)	11	462
General safety training (Group 6 as Law)	4	98
Firefighting training for employee	2	195
Firefighting drill with Police	2	40
Internal firefighting drill	13	200
First-aid Training	2	195
Real danger sensing training	3	102

Not only to follow legal requirement, but also to enhance skill & knowledge continuously for members. Education & training, drill are organized periodically and continuously.

4.5 CSVC

Featured activities

After IRAS (Individual responsible area system) had been established and reviewed, Champion Race was kicked off to promote competition of all Dept. not only to review in accordance with standard but also strengthen in detail for Dept.'s IRAS in order to complete fully document, display, training, etc. This is the foundation to help each member can know clearly their responsibility, so that they can fulfill actively their duty to ensure safety, environment, fire prevention & firefighting, production, etc. smoothly in their responsible area.



IRAS CHAMPION RACE

2018

Selected
Top 3
Dept.



4.6

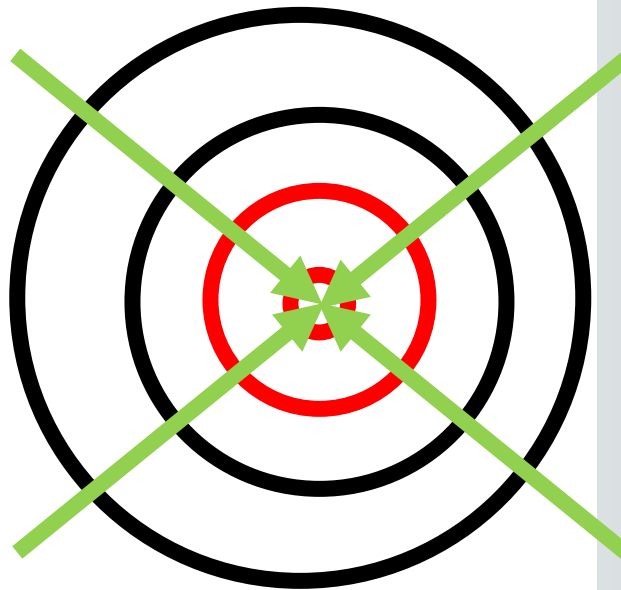
CSVC Performance Index

By high concern from Top Manager on safety & health as the first priority and the effort of all CSVC members, all targets of safety & health in 2018 were achieved.

IRAS
Champion
Race

No failed
Department

No fire
serious
incident

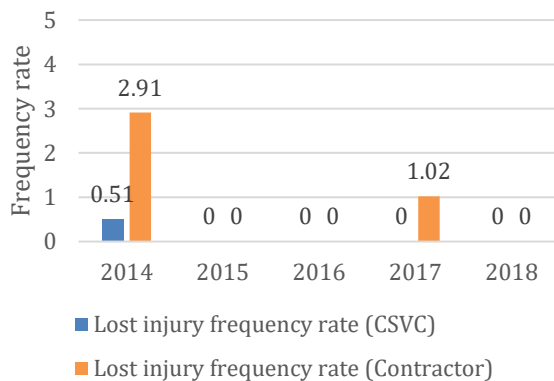


No lost
working
time (CSVC
employee)

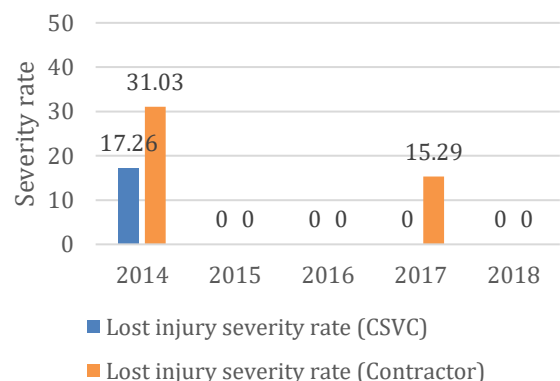
No lost
working
time (CSVC
contractor)

By the highest focus in 2018 to proceed and maintain preventive countermeasure experienced from history lesson, Lost time injury frequency & severity rate was reduced.

Lost time injury frequency rate
(Lost time injury per million
working hours)



Lost time injury severity rate
(Lost days per million working
hours)



A photograph of a large industrial facility, likely a steel mill or metal processing plant. In the foreground, several massive, dark, cylindrical coils of metal are visible, stacked or moving along a conveyor system. The background shows complex machinery with yellow safety railings and a worker in a white hard hat and light blue shirt standing near the equipment. A sign on a machine in the upper left reads "Kohsan Kogyo". The overall scene is brightly lit with industrial lights.

V. MARKETING AND PRODUCT DEVELOPMENT

5.1. Overview

In 2018, Vietnam's economic growth grew at an 11-year high of 7.08 %. Faster economic growth means more steel consumptions will be needed to make products from cars to buildings. Vietnam, being one of AEC (ASEAN Economic Community) members can be benefited from great export tariff advantage, that means CSVC's products will become more competitive to the global market. According to the World Steel Association analysis, Vietnam apparent steel use per capital has up to 236.1 kg now. Vietnam's steel demand is expected to be high growth patterns, and it is driven by the infrastructure and social development projects.

Vietnam's growing steel industry could affect global steel trading patterns in 2019 in light of its bullish performance in overseas markets and higher production. Despite Section 232 tariffs imposed by the US, Vietnam managed to increase its exports to the US in 2018, while other Asian steelmakers saw decreases. In 2018, Vietnam exported 6.26 million mt in steel products, a 33% hike from 4.71 million mt in 2017. Vice versa, the country's imports stood at 13.5 million mt, down by about 10% from the 15.0 million mt a year before. The opposing trends for imports and exports were due to a rise in domestic finished steel production to 24.19 million mt in 2018, a 14.9% increase from 2017, data from the Vietnam Steel Association showed.

Formosa Ha Tinh Steel Corp., which fired up a second blast furnace on May 18th, 2018, and doubled its crude steel production capacity to 7 million mt/year which has become the biggest integrated steel mill not only in Vietnam but ASEAN. However, Vietnam is affected by the fluctuation of the global market and suffered from the cheap but low-quality surplus steel import. Trade measures are necessary to avoid commercial fraud for protecting the Vietnam steel industry, especially with the trend of import tariff barriers diminish by FTAs.

5.2. New Product Development and Promotion

CSVC produces high-quality products to satisfy customer requests and keep looking for new customers. The performance of 2018 is shown in below table.

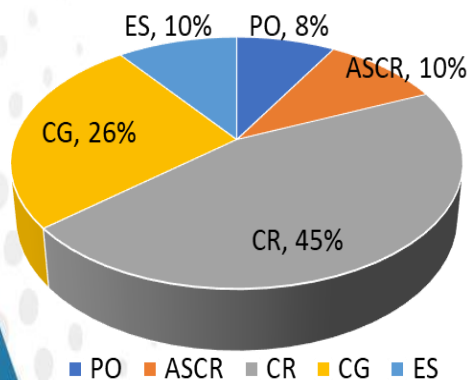
CLASSIFICATION	DESCRIPTION
Automotive Industry	Continue to be a supplier of Japan and Vietnam car/motorcycle maker. Besides, the CR/CG products also start to export to the North America as material of tier 2.
Home appliance industry	Starting the business relationship with Japan/Korea brands like Samsung, LG, Daikin.
Motor industry	The ES product starts to export to the European and South America in 2018.
Construction materials industry	Expanding the local and export market by developing different high tensile grade.

5.3. Product Marketing

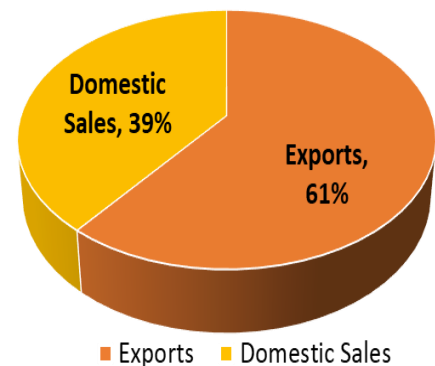
In 2018, CSVC achieved record high shipment of 958.9kt since CSVC's establishment. Although the total sales in 2018 is a little lower than the plan target of 969.0kt, it is much higher than 883.5kt of 2017. The shipping quantity to domestic customers last year accounted for 39.3% while 60.7% were directed for export. In respect of company product, PO accounts for 8% of the total amount, while ASCR, CR, CG, ES account for 10%, 45%, 26% and 10% respectively. For exports, there is 45% were sold to USA, 41% to EU and 10% to ASIA.

During 2018, CSVC is continued enduring fierce price competition from Chinese imports as well as local Vietnamese re-rollers. With the excess-supply issue and the US-China Trade War, Vietnam domestic market suffered from the inflow shifted from exports among local re-rollers, etc., which have been making a severe competition continuously. Because export market situation gets worse due to trade protectionism globally, it had significantly dampened CSVC's sales quantity to the USA and EU. However, CSVC successfully developed in the Canada market to compensate for the lack of export and even increase CSVC's overall export sales.

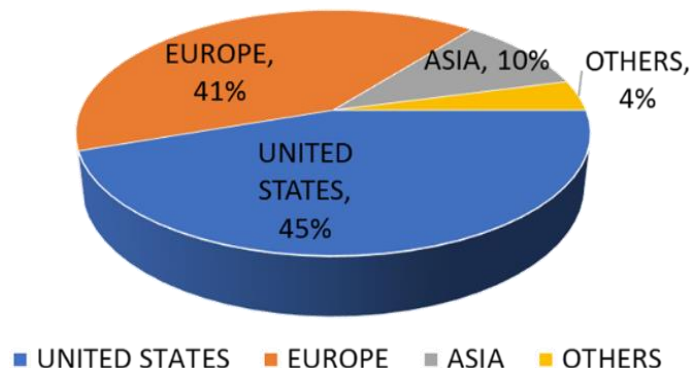
2018 Sales by Product



2018 Sales



2018 Export by Area



A group of diverse hands, representing different ethnicities, are holding a globe. The globe is green and white, with various environmental icons drawn on it, including a factory, a tree, a house, a car, and a wind turbine. The text "VI. Social Contribution" is overlaid on the globe in a stylized font.

VI. Social Contribution

6.1. Overview

The company always focuses on social activities and wish to contribute a part to the local development and society. Giving people a happier and better life.

6.2. Employee Engagement

Blood donation



6.3. Contribution to Local Communities

Charitable activities are always deeply concerned by the company board management, this is a practical activity of CSVC in particular and society as a whole. Hopefully, this small activity helps somewhat with those who have an unfortunate life.

Visiting & Giving gifts to poor families in Phu My on Lunar New Year



Giving Gifts for Children of Trade Union



“Children are the future of the country”, so CSVC has always tried our best to take care of the next generation of our employees. Every year, we hold a gift-giving ceremony for children of Trade Union members having good learning achievement in the school to motivate them to achieve further success in their studies and trainings.

*We believe that high quality products, technology and services will create
a better future and improve the quality of life of our customers and
stakeholders.*



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