



**OUR QUALITY
YOUR BETTER LIFE**

*“Economic profit is associated with preserving the
natural environment”*

2019 CORPORATE SUSTAINABLE REPORT

WE COMMIT FOR A SUSTAINABLE DEVELOPMENT AND ENVIRONMENT!

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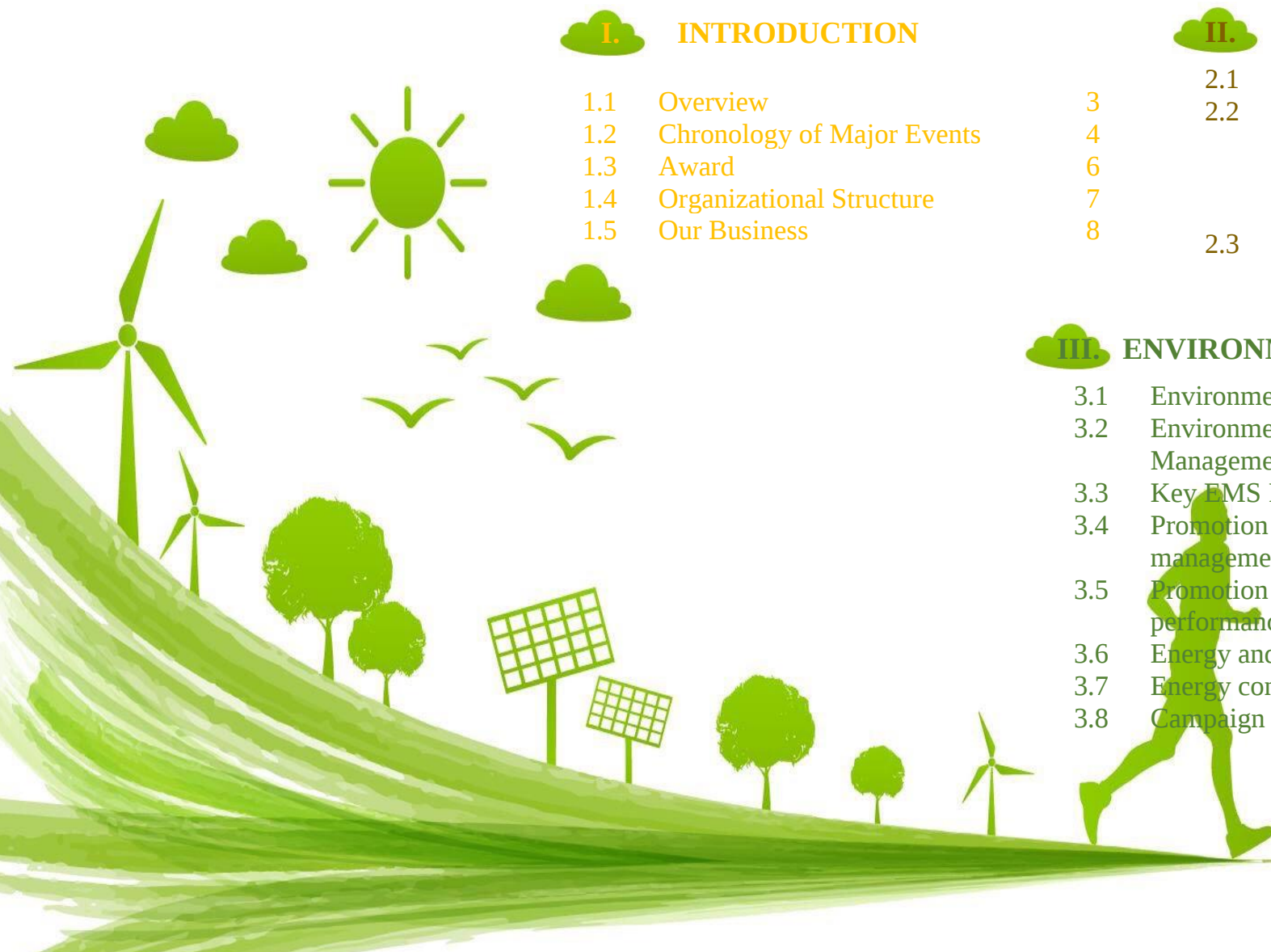
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Staying oriented and led by visual mission of ***“Economic profit is associated with preserving the natural environment”***, CSVC are non-stop trying to reach higher sustainable development values by continuously maintaining achievements and boosting the creative activities on the field of sustainable development.

2019 was truly a fluctuating and challenging year to steel industry in general speaking and CSVC in particular speaking. US-China Trade war has not gone to an end, while investigations of trade remedies are happening among countries more frequently, especially for steel industry and Vietnamese steel products. Those reasons made the market development significantly restrained, output price of products was not as expectation which negatively affected to business activities of enterprises. However, these difficulties did not prevent CSVC from development, CSVC still recorded new achievements and steady advances in business process and even in action programs for sustainable development of Company.

The recent year also marked ***“05 consecutive years without an accident resulting in loss of working time”*** to CSVC employees. It is not only proved the effectiveness of safety management system at CSVC but also the excellent performance of all employees with high working awareness, putting safety and economic benefits first.

According to Statistic report of using energy at Company, the total quantity of energy that CSVC consumed in 2019 was 50,115.38 TOE, energy efficiency index was 0.0507 EnPI, reducing EnPI 8.48% in comparison with index of 2015. This data showed that, during recent years, CSVC always uses energy economically, maintains to reduce the effectiveness index to the possible minimum.

2019 was also the year that CSVC achieved second record high shipment of 949.1kt since CSVC's establishment although the total sales in 2019 is a little lower than the result, 958.9kt of 2018. The shipping quantity to domestic customers in 2019 accounted for 45% while 55% were directed for export.

Together with making economy surplus, CSVC also attaches special importance to create the spirit values for employees at working place, because we know that human is the core values of life. CSVC always ensures the safest working environment for employees, regularly tests the working environment, holds health check periodically 2 times/ year for all employees in Company, fosters employees working at hazardous environment. Moreover, CSVC holds a lot of sport activities to create the useful play yard, trains physical health as well as makes the connection amongst employees, such as: annual Soccer Tournament, Sport day ... Being one of the leading enterprises in social activities of Ba Ria-Vung Tau province, CSVC is always aware of our contribution in building

social life of the locality through practical activities such as: Humanitarian Blood donation, Donation for Agent Orange victims, Run for children ...

With above effort, on November 24th, 2019, CSVC was continuously honored in ***“Top 100 sustainable development enterprise in Vietnam”***. This is the 3rd consecutive year, CSVC was honored at this reputable award by Government, Ministries and Vietnam Chamber of Commerce and Industry. CSVC would like to say the sincerest thanks and show our deep respect to this recognition and understands that this achievement is just the first step success, we have to do more because there are a lot of things need to be done in next steps. CSVC always puts sustainable development as our highest priority concern in production and has a strong desire of spreading this spirit to all employees as well as stakeholders, so that every decision at CSVC will be made in the best way.

2019 went to the end and 2020 is forecasted to remain a challenging year for the economy. However, the continuous efforts, union of employees together with support, companion and trust of related parties such as Shareholders, customers, suppliers, partners and Government are the great source of power for CSVC to have ability to face any challenges.

CSVC has been and will always be confident, stable on the journey of building and creating a sustainable enterprise, contributing to build a sustainable society in Vietnam.

Chairman and General Director
LEE, JIUNN-YANN

COMPANY INTRODUCTION

CHINA STEEL AND NIPPON STEEL VIETNAM JOINT STOCK COMPANY

Abbreviated name	CSVC
Chartered capital	9.184.000.000.000 VND
Head quarter office	My Xuan A2 Industrial Zone, My Xuan Commune, Phu My Town, Ba Ria-Vung Tau Province
Telephone	0254 393 1168
Fax	0254 393 2888
Website	csvc.com.vn

Business Registration Certificate No.: 3501382588

1.1 Overview



VALUES

China Steel and Nippon Steel 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. 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 Corporation (NSC), 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.



VISION

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.



MISSION

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.

1.2 CSVC Chronology of Major Events



2009

May 12th: Ba Ria-Vung Tau Industrial Zone Authority (BIZA) issued the Investment Certificate to CSVC.

June 09th: 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 01st: Staffs of CSC and NSSMC officially moved to the Representative Office in Ho Chi Minh City, Vietnam.

February 28th: The Board of Management elected Dr. Wong, Chao-Tung as CSVC Chairman and General Director.

May 26th: The first pile was erected in the Blessing Ceremony at 09:16 a.m.

September 8th: CSVC celebrated the Ground-Breaking Ceremony.



2012

October 01st: 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 02nd, 2013.

April 23th: The Annealing and Coating Line (ACL, the first production line in ASEAN) produced the first qualified Electrical Steel coil (ES).

October 14th: CSVC celebrated the Grand Opening Ceremony.

November 29th: BSI issued the ISO 9001 Certificate to CSVC.

In December: 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).



2014

From June to August: CSVC passed the product certifications of Malaysia (SIRIM), Indonesia (SNI) and Thailand (TISI).

May 07th: CSVC started offering dormitory to national employees, serving about 400 people.

October 07th: CSVC was formally granted Certificate of conformity by Quality Assurance and Testing Center 3 (QUATEST 3) for PO, CR, GI, GA products.

October 11th: Vietnam Steel Association came to CSVC to discuss GI anti-dumping case.

October 30th: CSVC finally got all PINK COVERS (Certificates of land use rights, house and land-attached assets) for whole plant from DONRE.



1.2 CSVC Chronology of Major Events

2015



March 31st: CSVC was granted a Certification as a DA (Digital Appliance) member of Samsung Electronics Co., Ltd.

July 17th: 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.

In September: CGL line reached full capacity.

September 23rd: CSVC achieved shipment volume of 1 million tons for finished products.

November 25th: CSVC was honored to receive “Golden Brand Award” from Ministry of Industry and Trade (MoIT).

January 15th: The Board of Management elected Mr. Chen, Min-Hun as the new Chairman and General Director of CSVC.

March 12th: CSVC got ISO/TS16949:2009 for Automotive Quality Management Systems

December 01st: The Board of Management elected Mr. Chen, Chung-Shin as the new Chairman and General Director of CSVC.

2016



March 01st: CSVC passed the final audit of SGS Certification Organization and achieved OHSAS 18001.

April 13th: CSVC had the honor to receive merit certificate from the provincial People’s Committee for many achievements in safety & health activities in 2016.

May 07th: CSVC was granted “Asia-Pacific Outstanding Brand 2017” and given QR code for product identification worldwide.

Dec 06th: CSVC won hundreds of excellent enterprises in Vietnam to be awarded in “Top 100 Vietnam Sustainable Enterprises in 2017”

2017



2018



February 28th: CSVC passed the final audit of NQA Certification Organization and achieved ISO 50001:2011.

August 01st: The Board of Management elected Mr. Lee, Jiunn-Yann as the new Chairman and General Director of CSVC.

November 22th: CSVC continued winning hundreds of excellent enterprises in Vietnam, kept to be awarded in “Top 100 Vietnam Sustainable Enterprises in 2018”

2019



Arp 01st: Shareholder NSSMC and NSSBC change their trade name to NSC and NST, respectively.

August 14th: CSVC officially change trade name to China Steel and Nippon Steel Vietnam Joint Stock Company.

November 26th: CSVC continued winning hundreds of excellent enterprises in Vietnam, kept to be awarded in “Top 100 Vietnam Sustainable Enterprises in 2019” for the third time.

1.3 Award - TOP 100 VIETNAM SUSTAINABLE ENTERPRISE IN 2019



DGD – Hiroaki Takenaka received the Award

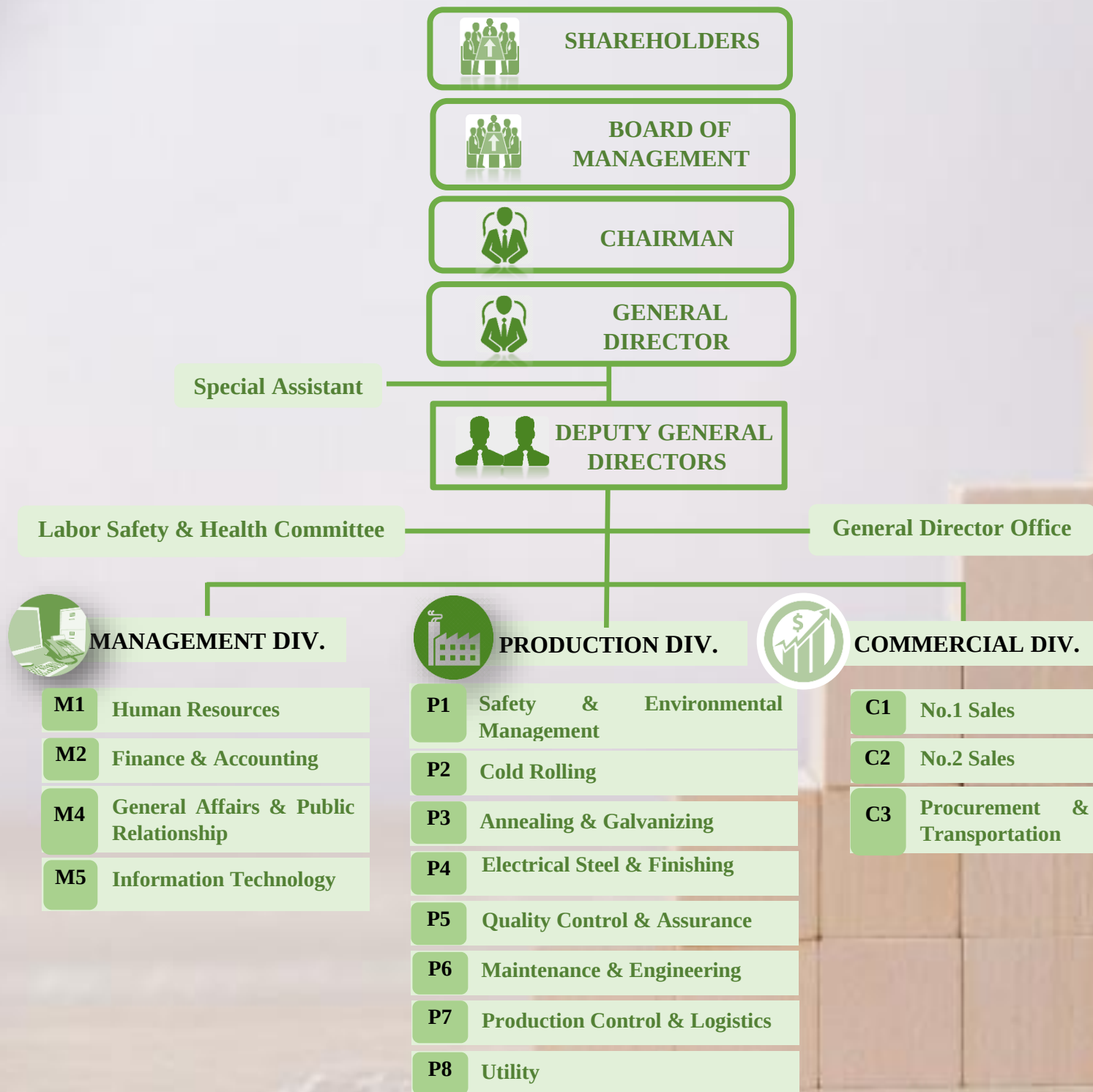
By meeting all sustainable development criterias in all aspects of economy – environment – society established by leading experts from Vietnam Chamber of Commerce and Industry (VCCI), Governmental agencies, organizations inside and outside the country, on Nov 24th, 2019, CSVC surpassed hundreds of excellent enterprises for the 3rd time in a row to be honored in the **"Top 100 sustainable development enterprises in Vietnam in 2019"**

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

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.



1.4 ORGANIZATION STRUCTURE



1.5 Our Business

CSVC successfully confirmed itself as the highly growing steel maker in both domestic and export markets, the business operation and growth are obviously on the right track amidst the short-term uncertainties and slow market recoveries.

During 2019 the steel market climate was still clouded with laden of protectionism by many export markets and the US-China trade war was still on the ground. However, the influences have been neutralized at some substantial levels until the first phase of US-China trade deal was recently confirmed and signed by both these two largest economic giants in the beginning of 2020. The market does expect the subsequent phases of the trade deal to be achieved to put an end to the trade war.

Indeed, although the pandemic of Covid-19 increasingly raises the serious concerns and debacles in the world economic movement engines, the situation of the pandemic containment is believed to be enforced and successfully achieved within 2020. The market sentiment will then be recovered, so that the world supply chain reallocation is gradually inclined to Vietnam for the diversification of risk. It is definitely a good challenge and chance for Vietnam to developed in economy.

CSVC has been proved to be good and clean steel maker duirng the anti-circumvention investigations conducted by the US, and other protectionism countermeasures taken by other countries so far. Admittedly, the company also is pertained to the motto of “Our Quality, Your Better Life”, which means the customer satisfaction and high product quality are formidable advantages of CSVC in its success of business performance and growth. So that the demands on CSVC products are staying strong steadily in both domestic and overseas markets.

CSVC follows the good management practices with the talented, experienced and dedicated staffs, modernized production technologies, and efficient working mechanism. Continuously, the company is naturally capable of navigating itself over all the short-term market turbulences and CSVC aims at the business sustainability and constant growth and development to be a well-known participator in the steel industry.

The sales volume in 2019 seemingly kept the record of 2018 constantly with the volume quantity of 949.072 KT despite the unexpected decrease in sales revenue in 2019 compared to previous year due to the objectively unpredictable pressures occurred in the price movement and the market heavily suffered by the negative influences from the fierce protectionism activities worldwide. Whatsoever, the business growth momentum is also stable in 2019 obviously.

Unit: USD						
Year	2014	2015	2016	2017	2018	2019
Revenue	356,943,760	287,861,439	432,741,169	563,428,108	698,670,814	617,054,811
Sales Quantity (KT)	562,022	588,623	877,233	883,495	958,886	949,072

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 and learn to increase production efficiency, product quality and consumption indicators of products.



II. Our People

2.2 Employees welfare and Fringe benefits

2.2.1 Transportation

The company always maintains and guarantees that 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 bus 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. 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.

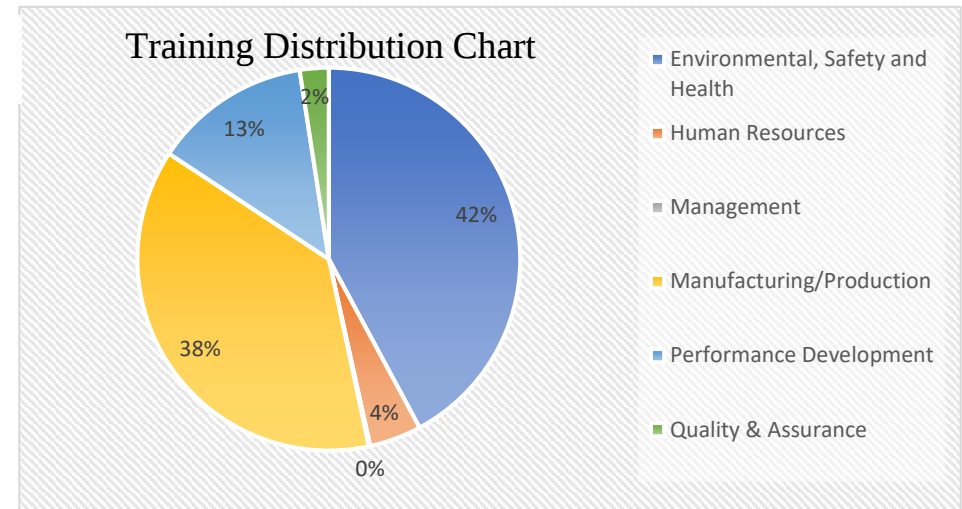
The company also considered increasing overtime allowance for all employees who use a car outside to go to company in an emergency case when the company can not arrange shuttle bus. Discount 50% shuttle bus fee for all routes. Changing new vehicles for Ba Ria and Vung Tau route.



Our People

2.2.2 Training and Development opportunities

In 2019, in parallel with the production race in line with economic development, CSVC still maintains and spends 3,456 working days to conduct training courses to improve knowledge and skills for all employees. In particular, training courses on Environment & Safety and Health (42%); Manufacturing/Production knowledge (38%) is regularly organized by the Company to ensure safety and timely update knowledge for employees.



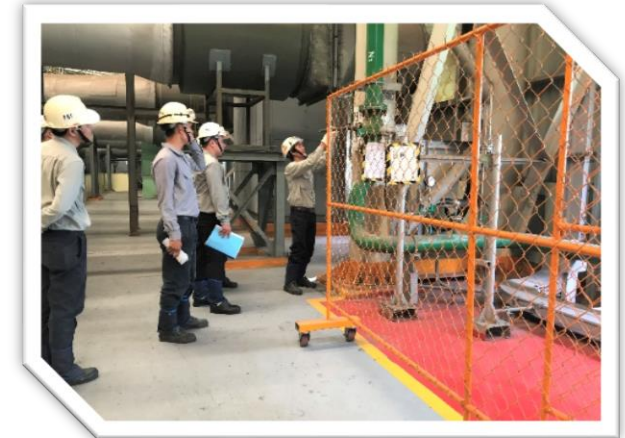
Notably in 2019, TWI skills training courses (Industrial Training Program) have been continued. After the first stage, internal TWI trainers conducted replication training of JI (Job Instruction) for 120 direct managers (supervisors, Foremen, Technician leaders). The course has helped improve the skills of job breakdown and instruct others, thereby avoiding mistakes, performing tasks easily and completing them faster and more efficiently.

Besides, in order to overcome the language barrier, the Company still maintained to open English training classes for employees. After the courses, employees not only feel more confident when communicating and exchanging information but also help improve work efficiency.



Our People

And above all, newcomer training is always focused by the Company. Prepare the necessary equipment, support teabreak and training documents and constantly improve the teaching method, all of these are with one purpose that newcomers are welcomed happily when joining CSVG. The employees understand the basic knowledge and build the goal of striving for safe, efficient and successful cooperation.



2.3 Employees Activities

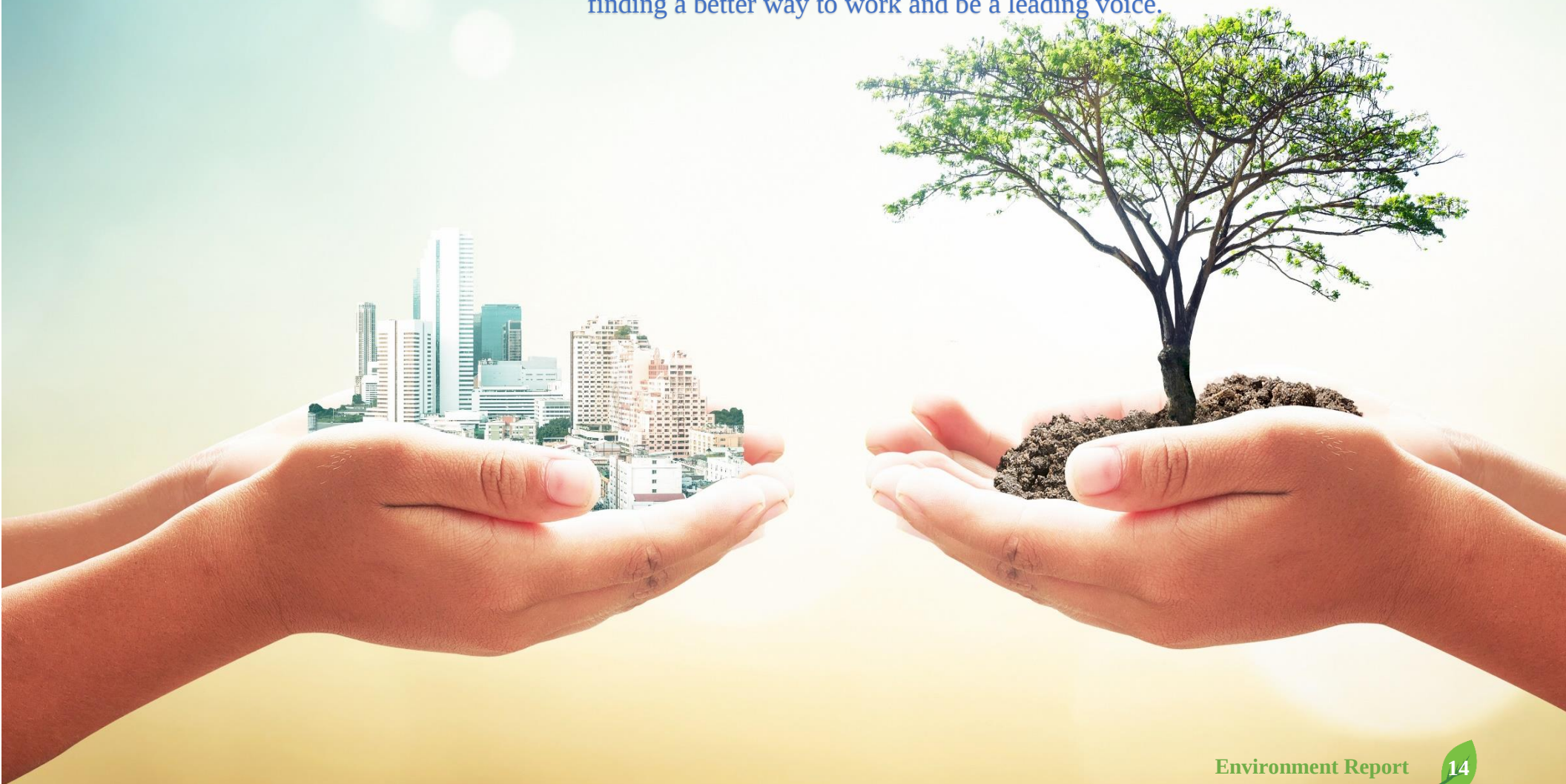
To create relaxing moments during the stressful working hours, strengthen sporting as well as tighten the solidarity between all employees in CSVC, help people understand and get closer together, the company coordinates with Trade Union to organize many annual entertainment activities and on special occasions such as *Year-end party*, *Giving lucky money*, *Giving backpack to Trade Union members on occasion of worker's month*, *Mini soccer tournament* or *Vietnamese Women's day* and *International Women's day*



III.

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 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.

LOCAL COMMUNITIES AND BIODIVERSITY

To respond to the increasing concern of local authorities and other interested parties on environmental issues as well as to protect 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.

EMPLOYEES AND SUPPLIERS

COMPLIANCE

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

MANAGEMENT SYSTEM

To make primary approach for addressing environmental aspects during our operation. Besides complying with environmental law and regulations, CSVC 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.

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.

Environmental Organization

CSVC operates an Environmental Management Committee which is chaired by General Director. The Committee reviews the overall environmental management of CSVC (i.e. details of 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.

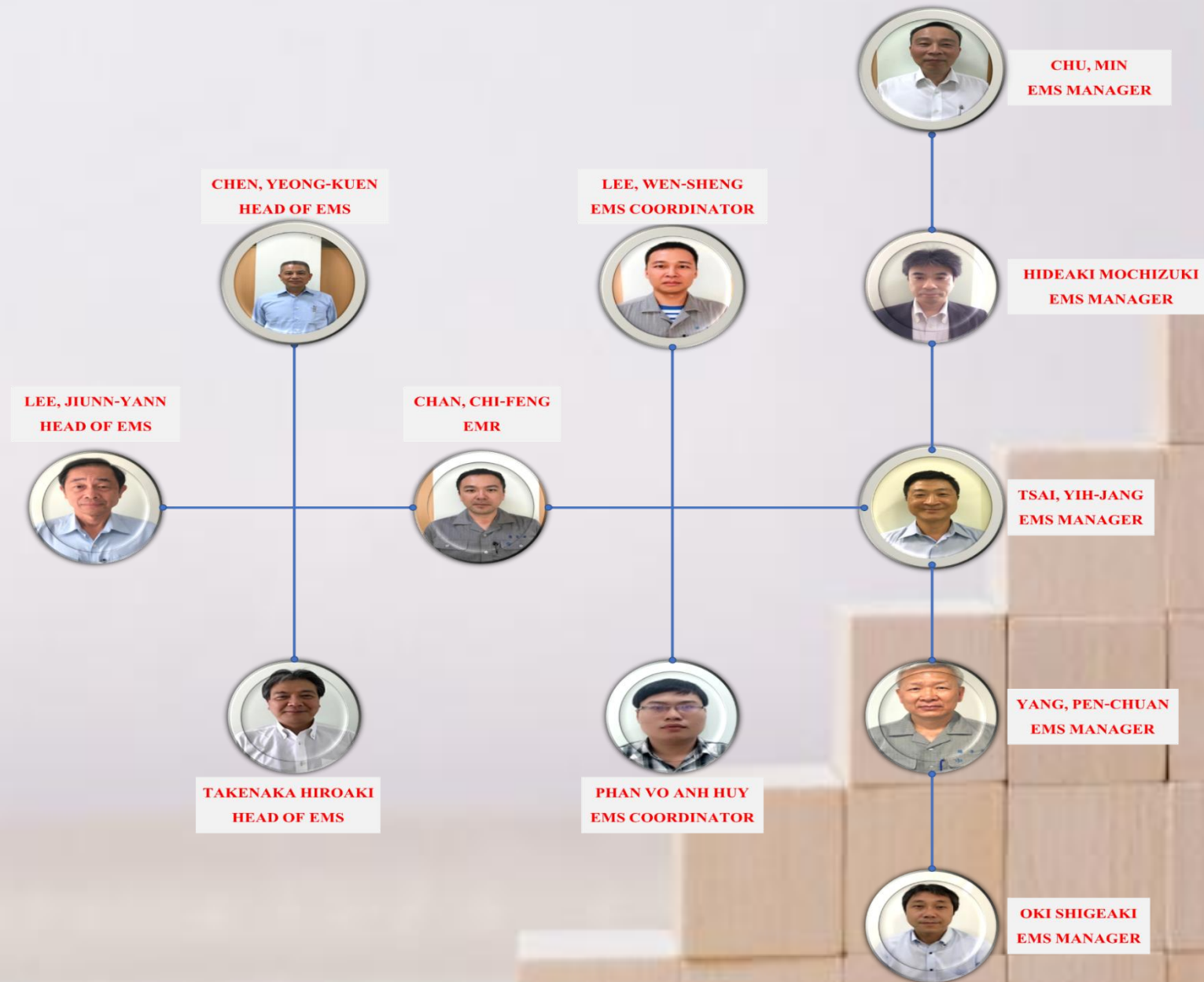
CSVC Environmental Management Vision and Strategy



Medium-Term Environmental Management Plan for 2020



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 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 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.



Education - Environmental Awareness Training

CSVC provides various programs to enhance our employees’ understanding and awareness of environmental protection such as World Environment Day, speeches on pollution control, waste management, ... 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.



Surveillance - **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 to environment. In addition, to respond to relevant potential risk such as energy usage, global warming or pollution prevention, CSVC continuously monitors and identifies potential risks to contribute toward developing reasonable environmental policies.

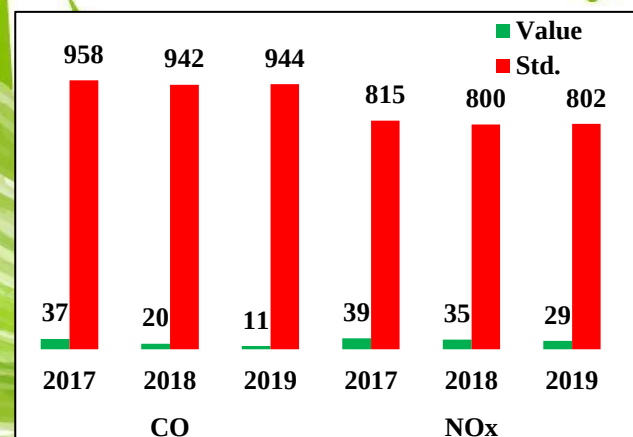


3.4 Promotion of Environmental Risk Management

CSVC is promoting management of environmental risk with the aim of continually enhancing and controlling environmental aspects causing the potential risks to environment, which differ by each operational period and factory. Since qualifying for ISO 14001, the international standard for environmental management system, beginning from 2015, CSVC has conducted 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 sets a lower standard compared to environmental regulations and standards. Secondly, we insert 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. Finally, we will invest to install CEMS to monitor air emissions in real time to control air quality better. This CEMS help monitor in real-time air quality and we will public the data into our website and digital boards that display real-time air quality data for the reference of citizens and citizens can call CSVC when they find abnormal cases.



Yearly, we also conduct annual monitoring and periodically measuring ambient air parameters to ensure that no abnormal emissions are released into the environment. The air monitoring result will be reported quarterly to Government for supervision.

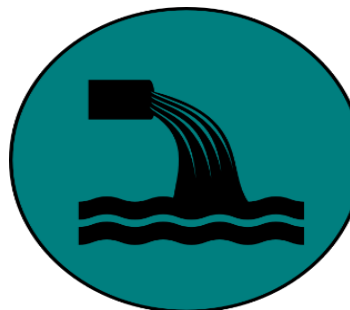
Soil management

With respect to environmental preservation specifically for soil and underground water, we are responding appropriately in compliance with regulations of local government. Normally, environmental department will patrol and inspect the status of soil around 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 Ministry of Natural Resources and Environment.



Control of discharge



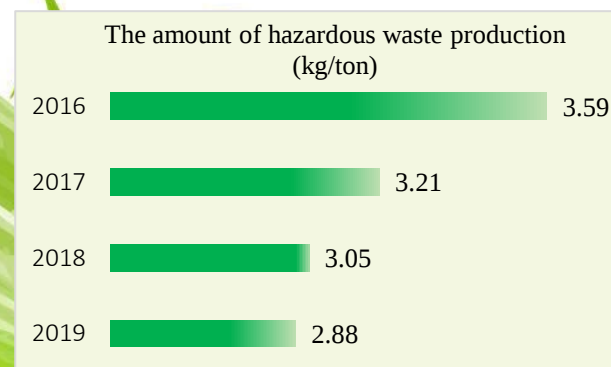
Normally, wastewater discharging during operation of plant is enormous (i.e. cooling water, industrial water arising from production process, domestic waste and rainwater runoff). Except rainwater runoff, all kinds of wastewater generated from the operation phase have been sent to the wastewater treatment system to meet the local regulation before discharging into 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 environment, and disposal volume. According to the regulation from Department of Industry and Trade, annually we report the amount of chemical substances manufactured.

REDUCE – REUSE – RECYCLE

Industrial waste management

For normal industrial waste, CSVN continuously promotes to reduce waste generation during production and encourage each department trying to reuse or recycle waste before transferring to treatment unit. On the other hand, CSVN only chooses contractors who use eco-friendly treatment methods, especially in recycling of industrial waste with purpose for another production. By recycling of industrial waste, CSVN can limit the amount of waste that goes into landfills, thus saving natural resources like land, water

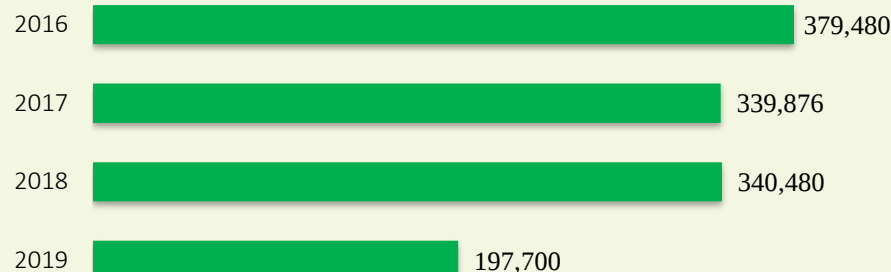


and air. By training, we enhance awareness of employees and this helps CSVN to promote efficiency and sustainability in production. During many years, the recycle ratio always achieve at 100%.



2019 Spotlight

The amount of industrial waste (wood, plastic, paper) - kg

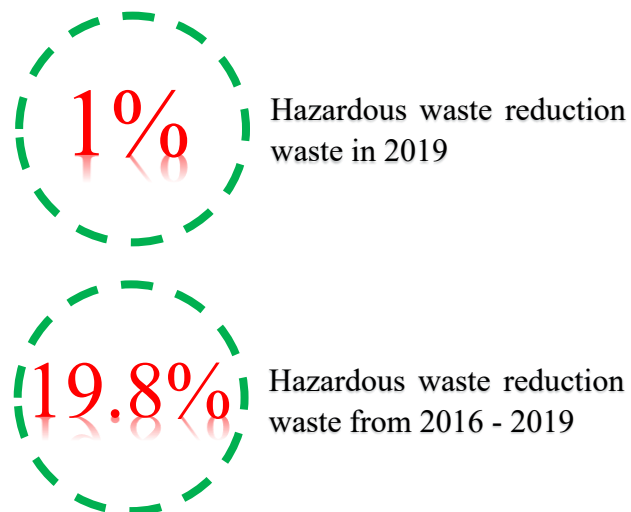


Recycling
100%

CSVN has recognized the importance of hazardous waste effect on the environment of local community and thus strengthened the producing process to minimize the amount of hazardous waste generated. To minimize risk factors accompanying hazardous waste, CSVN has been developing the technologies, which can reduce the amount of waste generated or can re-use it. In 2019, CSVN already achieved the target to reduce 5.6% hazardous waste generated compared to 2018. From 2016 to present, CSVN reduced nearly 19.8% amount of hazardous waste production (**from 3.59 kg/ton down to 2.88 kg/ton**), this is an achievement of all production lines and 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 1% hazardous waste generated compared to 2019. 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 operation.

CSVN manages storage and disposal hazardous waste in accordance with Waste Management Regulation and audits internally every year. Besides, to ensure qualification of hazardous waste processing companies, CSVN conducts audit at least 2 times/year for all treatment procedures from collection, transportation, treatment, ... Moreover, we monitor the route of transportation vehicles carrying waste to ensure they go to a proper disposal factory through GPS and all waste transportation vehicles must be verified for compliance with Vietnamese law. This monitoring and auditing program help CSVN control of whole process of hazardous waste disposal. After completing the waste

clearance, CSVC asks entrusted companies provide documents of proper clearance as regulation and make Hazardous waste management report on submitting to Government agency. Moreover, CSVC tries to reduce frequency of disposal, that will have benefit of carbon reduction of transportation vehicles. In next years, CSVC will tighten the control of emissions of transportation vehicles to comply with Vietnamese regulations.



Water management

Water covers 70% of our planet and it is easy to thank that it will always be plentiful. However, freshwater is incredibly rare nowadays, only 3% of the world's water is fresh water and two-thirds of that is tucked away in frozen glaciers or otherwise unavailable for our use. According to prediction of The United Nations, two-thirds of the world's population could face water shortage by 2025 and with the existing climate change scenario, almost half the world's population will be living in areas of high water stress by 2030.

The water pollution is getting more and more serious if everyone doesn't have any act to protect water. With a deep understanding of water preciousness, CSVC invests modern technology for saving and circulating completely water in production process and saving water is one of the top priorities of CSVC in environment protection.



CSVC uses appropriately 1,2 million cubic meter of freshwater a year in all of our administrative works and factory. This big amount contains a 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 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.

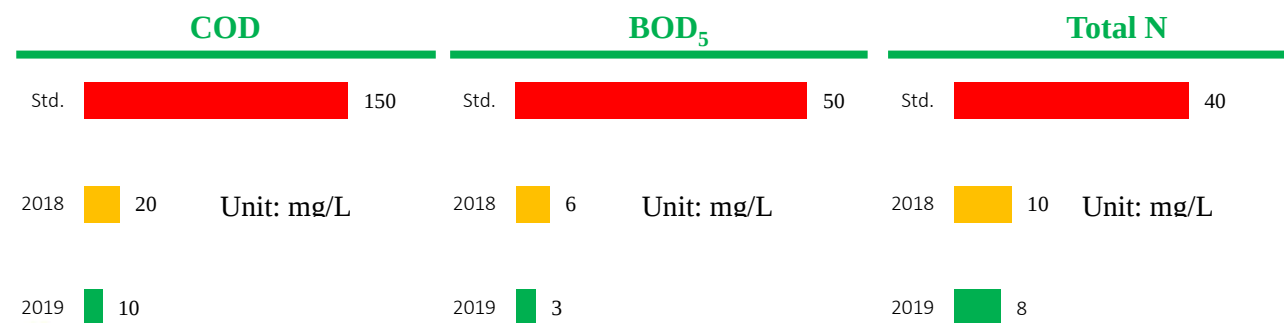
Considering the importance of preventing water pollution, we have installed equipment, devices such as sensors, detectors, shut-off valves or emergency pits; established safety job procedure to work them effectively; provided periodical training to raise awareness of water-related risks and opportunities and to create platforms that help everyone study and understand global water challenges and commit not to discharge wastewater outside our factory in emergency.

The CSVC wastewater processing facility with 260m³/h capacity processes wastewater to meet standard level B and discharge to centralized wastewater treatment system of My Xuan A2 IZ. The chemical oxygen demand (COD), Biological Oxygen Demand (BOD₅) and Total Nitrogen were 10 mg/L, 3mg/L and 8 mg/L, comparing to 20 mg/L, 6 mg/L and 10 mg/L in 2018 respectively and further below than standard for wastewater of steel industry (150 mg/L, 50 mg/L and 40 mg/L). 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 wastewater treatment process.

For rainwater, CSVC already build internal ditch for only removing rainwater, any kind of other water is not allowed to discharge to internal ditch. This will ensure rainwater not contaminated strange components before discharging to environment.

Ultimately, our goal is to maximize the reuse of resources across our operations, products, and supply chains and enable others to do the same.

→ CSVC's performance is far superior to the regulatory standard



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.

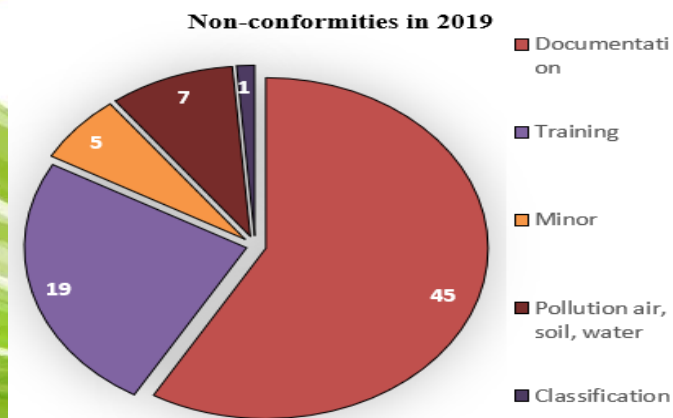
Management system

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 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. 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.



Annual Environmental Management Cycle

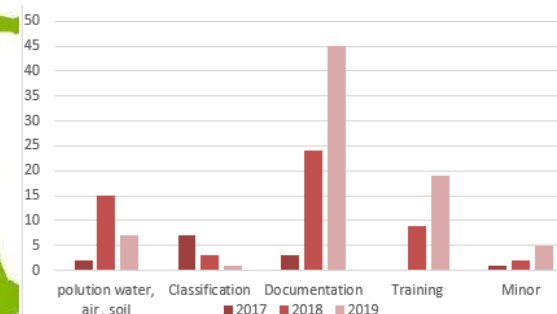


Hazardous waste control

CSVC has recognized the importance of hazardous waste effect on the environment of 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 2019, CSVC already achieved the target to reduce 5.6% hazardous waste generated compared to 2018. This is an achievement of all production lines and 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 1% hazardous waste generated compared to 2019. 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 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 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.



3.6 Energy and Green Process



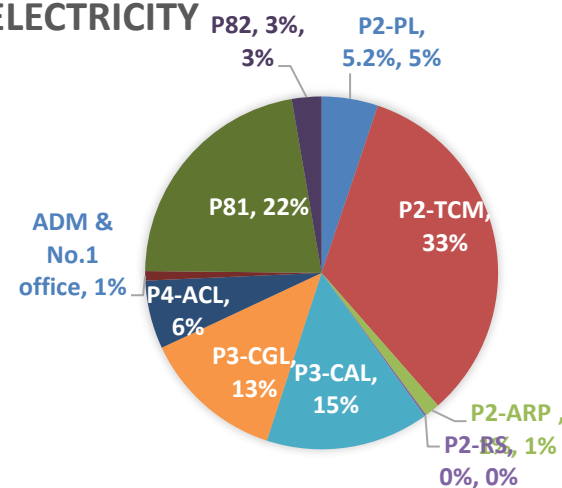
Steel is one of the pillars of the well-being of modern societies and it will definitely continue to play an important role in the 21st century. This nature basic material is one of the most environmentally benign mass products due to its high recycling rate and comparatively low quantities of energy for its making. However, the emission of CO₂ is a serious problem for steel industry because 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 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, CSVN success to maintain ISO 50001:2011 certificate. It is stated that we always try to reduce the energy consumption and become friendlier to environment.



3.7 Energy Consumption

ELECTRICITY



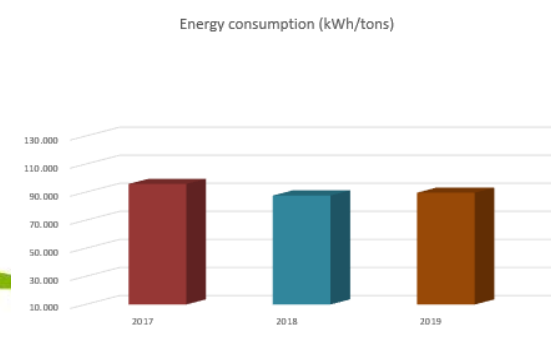
Steel Industries have always played a crucial role in the socio-economic development of a country. They have contributed primarily to increase prosperity, greater employment and livelihood opportunities. On the other hand, steel industries are accused of accelerating the consumption of scarce fossils 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 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).

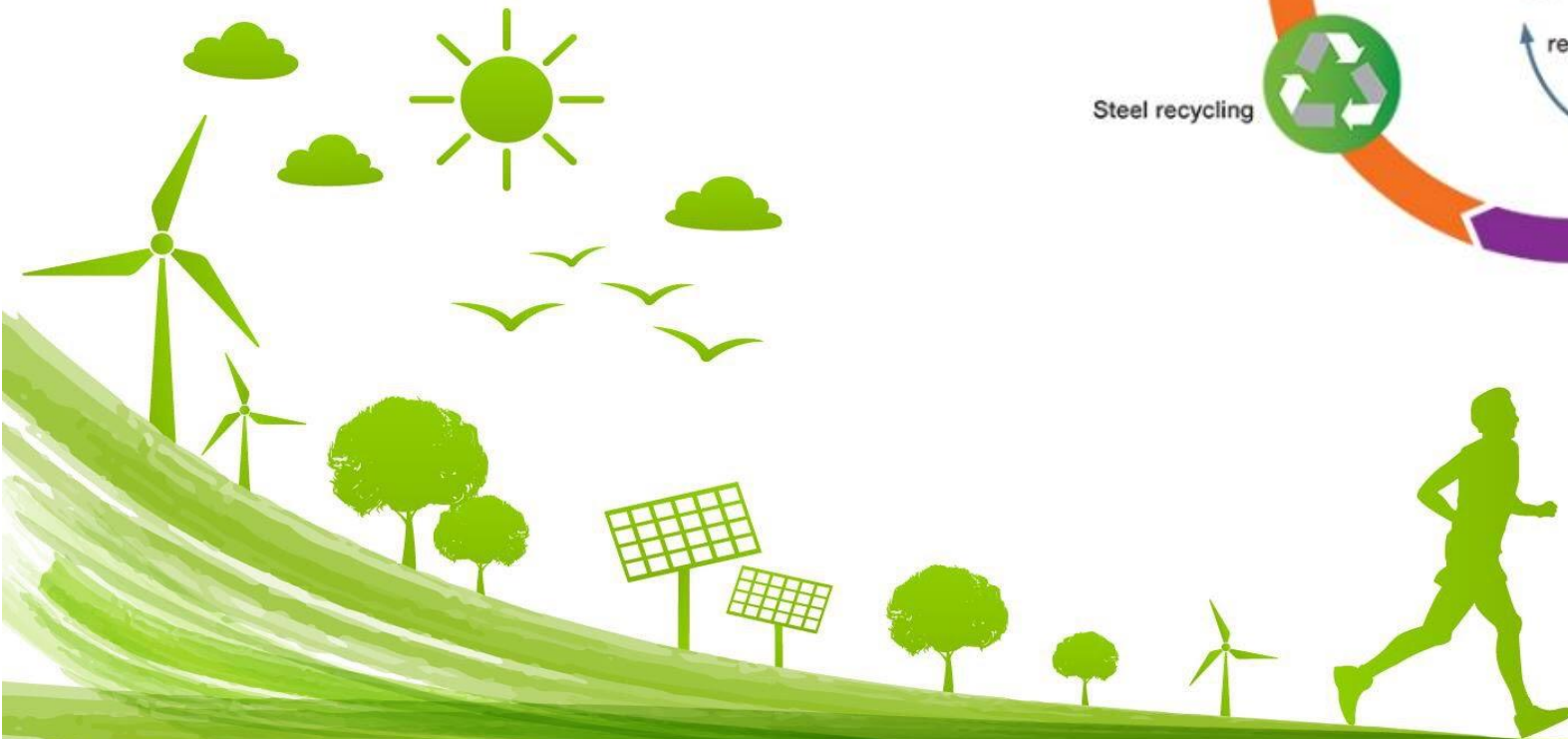
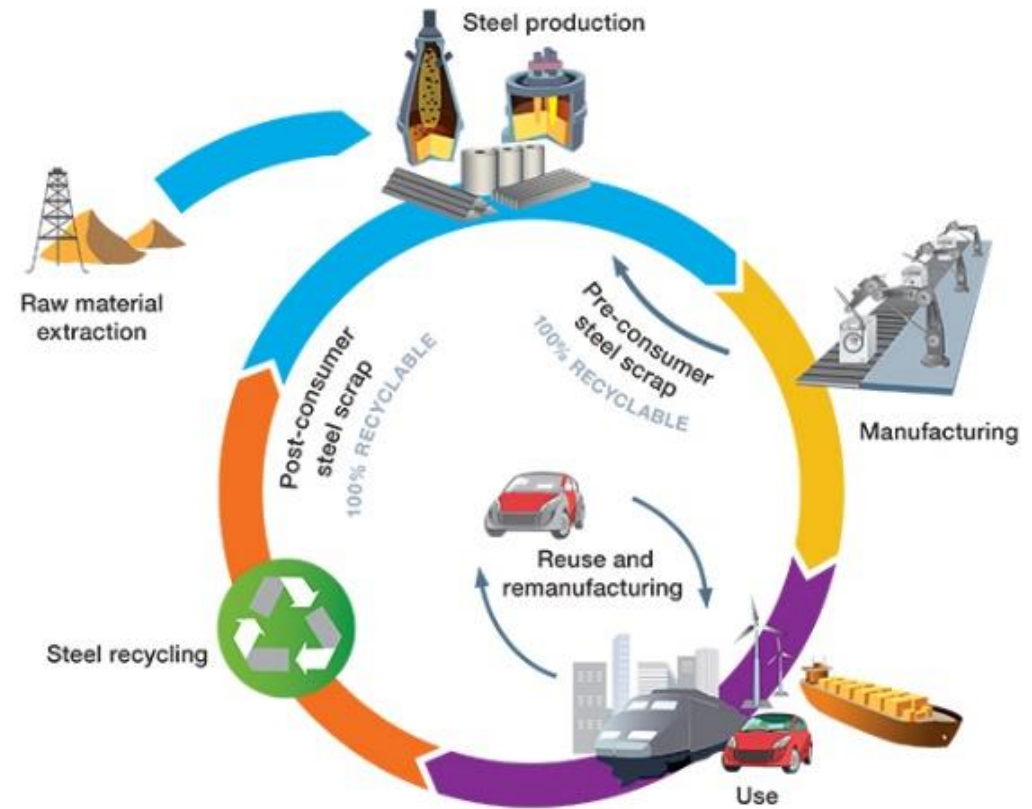
To summarize our results, energy performance indicators (EnPIs) of electricity consumption in 2019 is mostly remain the same as 2018 through months. We will further strive to improve this activity by identifying the most significant electricity usage area, then focus strongly on those area.

Energy consumption (kWh/tons)

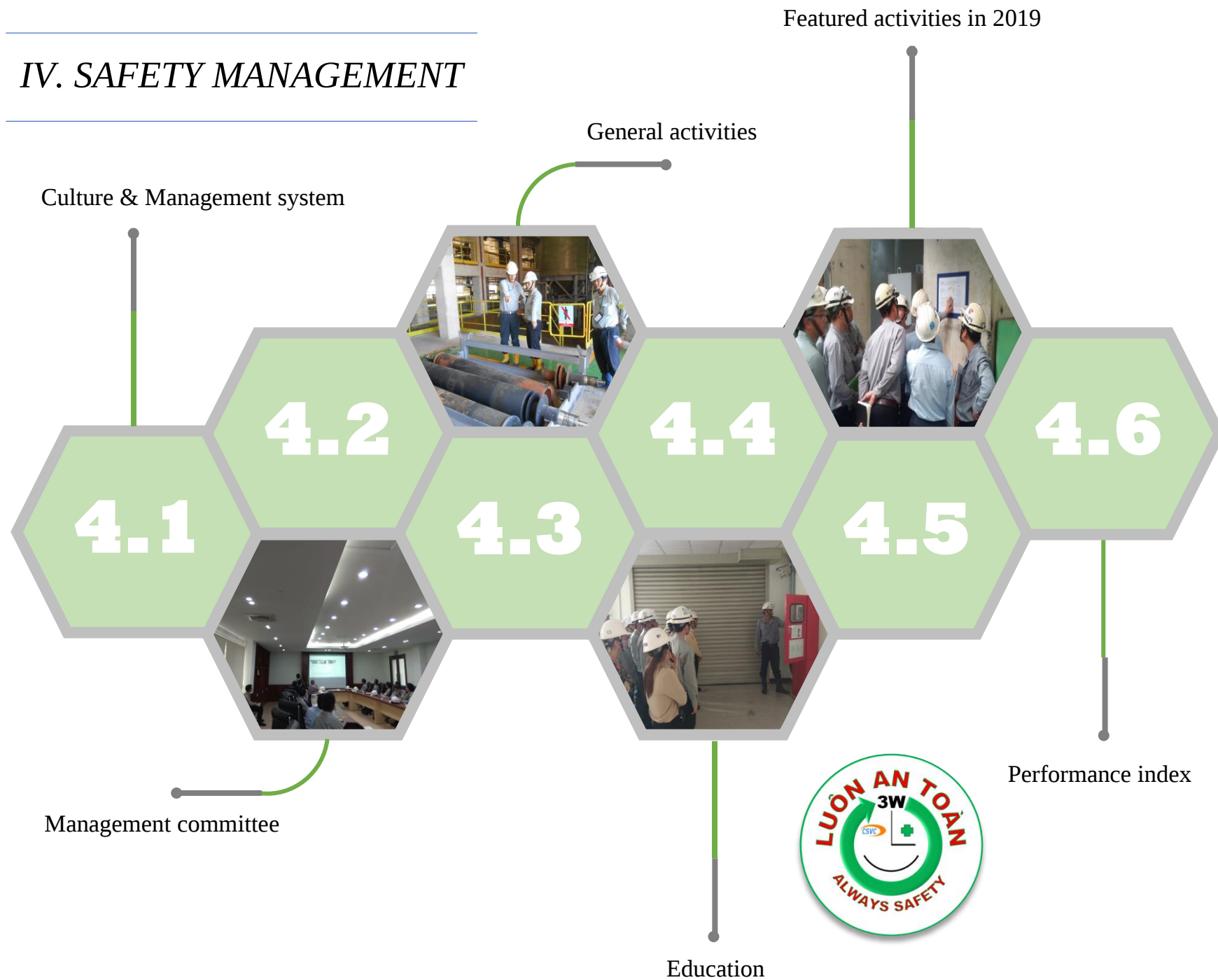


3.8 Campaign spreading a Green Plant

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 MANAGEMENT



4.1 Culture and Management System

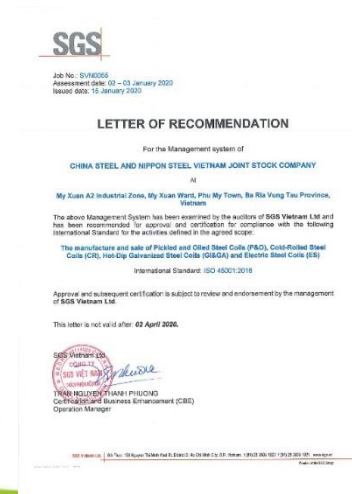
In CSVC, greeting Whenever-Whoever-Wherever by “LUÔN AN TOÀN” is company culture to exchange wishing safety together.

Implemented since the end of 2014 up to now, “LUÔN AN TOÀN” has become common greeting applied in all activities, meeting at CSVC for the past 4 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.



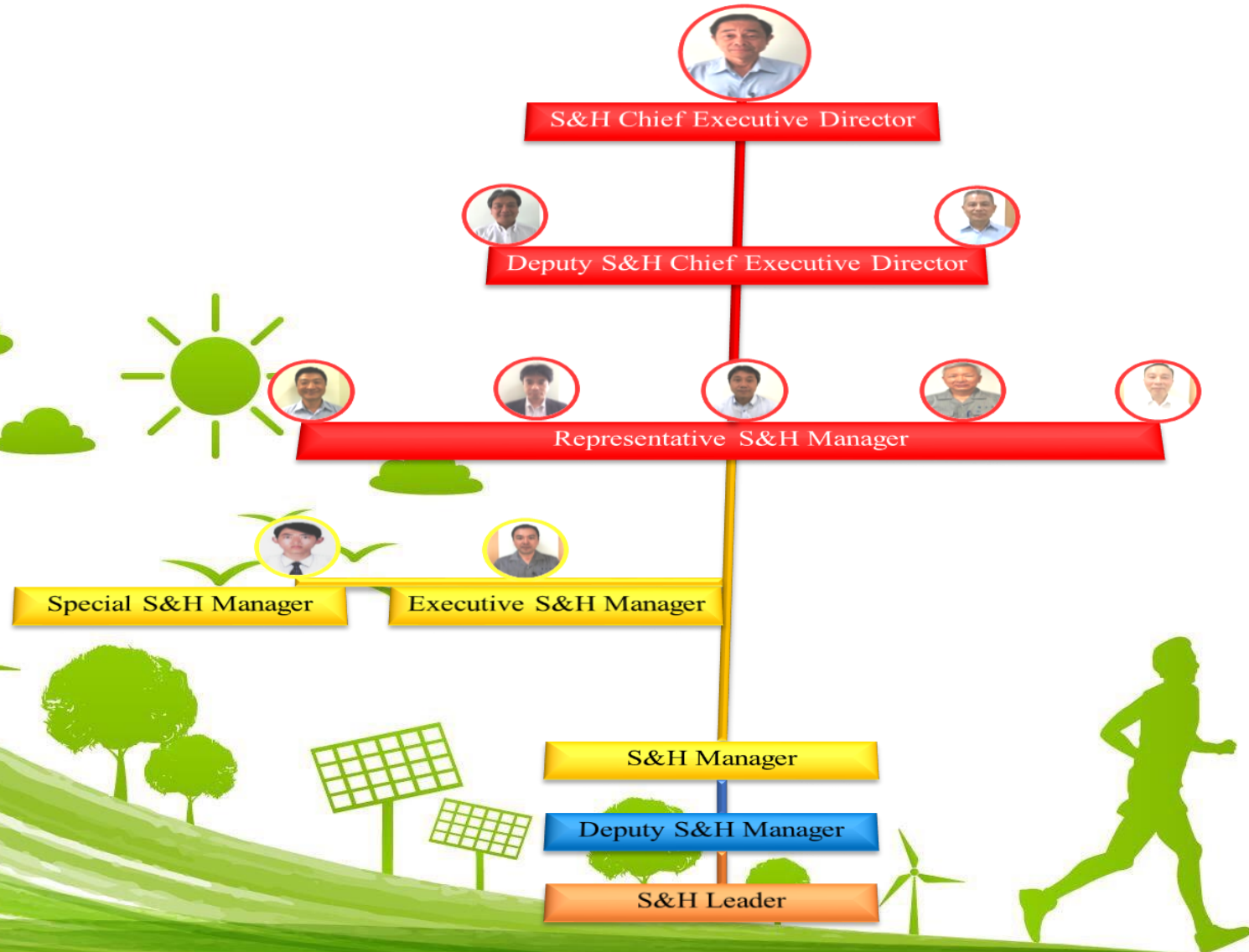
Aiming to manage thoroughly safety issues, improve continuously labor environment and meet international standard, since 2016 until 2018, CSVC has passed and maintained continuously our system in accordance with OHSAS 18001. To upgrade in accordance with newest system requirement, CSVC made all effort and passed Official Audit of SGS and achieved ISO 45001 certificate in the beginning of 2020. By continuous effort of all CSVC's Top Boards of Management, Managers, Members in safety activities, CSVC always keep our management system to match with international requirement.



4.2 Management Committee

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

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



4.3 General Activities

Every month, Top Managers (General Director, Deputy General Director, Vice president & Assistant Vice president of each Division), General Managers of each Department and Representative of each Department members join in Safety & Health Committee meeting and do some necessary activities 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 Managers suggest, instruct to improve findings issues, and transfer information to each Department.



To have prompt 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 prompt detection and promote improvement activity to provide good environment for employees if there's any defect.

Beside safety of employees, health is also one of the most concerning issues in CSVC. 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 smooth production. Health check items is followed by 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).



4.4 Education activities

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

Training courses	Quantity 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

4.5 Featured Activities

To maintain and promote IRAS (Individual responsible area system), CSVC organized internal activities 2019 IRAS Champion Race to call effort of all Dept., not only to enhance document system but also to study each other to improve actual condition of responsible workplace. During 1-year competition, outstanding Departments having excellent performance were awarded by Top Managers. This competition gradually becomes general and routine activity in CSVC.

Real Danger Sensing Training is one of CSVC internal education activities, with aiming to enhance safety awareness to self-recognize, consider, concern site hazard and self-action to protect employee by themselves when working. In 2017, CSVC started 1st program with total 8 training content and trained for 647 trainees.

Referring to parent company and according to high frequency of other company accident case examples, lessons, CSVC continues to invest equipment and training material to start 4 new content of Real Danger Sensing Training in 2019. After finishing training course from Oct 2nd, 2019 to Dec 25th, 2019, total 629 trainees were trained.



*Low Rotating Speed
Danger*



*High Rotating Power
Danger*



*Swinging of hoisted load
danger*



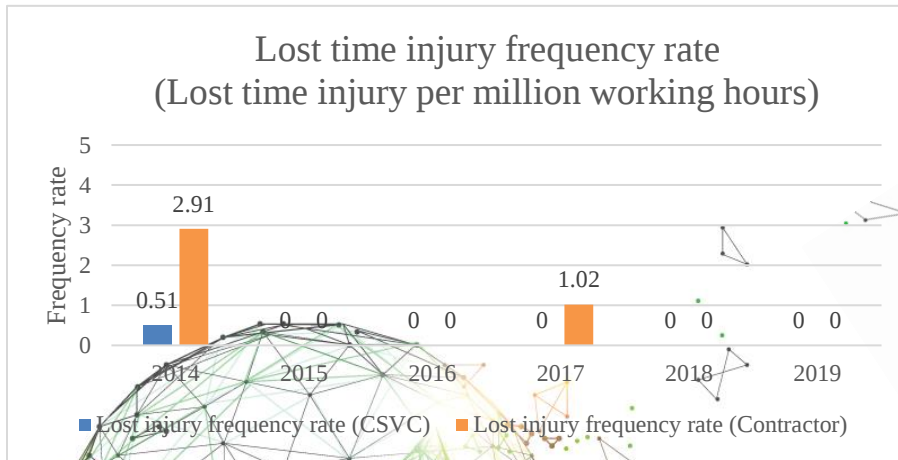
*Body crashed by hoisted
load danger*

4.6 Performance Index

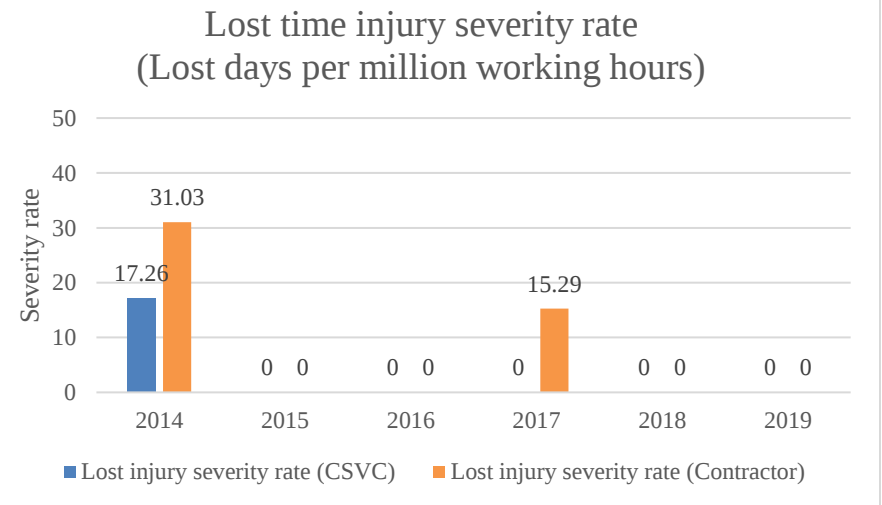
By the highest focus in 2019 to proceed and maintain preventive countermeasure experienced from history lesson, Lost time injury frequency & severity rate was maintained at Zero.

Safety Management
Featured Activities

31



s



Safety Management
Performance Index

32

V. MARKETING & PRODUCTION DEVELOPMENT

5.1. Overview

In 2019, Vietnam's economic growth grew at a second high during the past 9-year. 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.

According to the World Steel Association (WSA) analysis, the global crude steel output is up to 1,869.9 Mt (+3.4%) amongst 1,341.6 Mt in Asia (+5.7%). China's crude steel output reach 996.3 Mt (+8.3%). WSA's "Short Range Outlook" also estimates the world's finished steel products demand of 2020 will be up to 1,805.7 Mt (+1.7%) amongst the demand of Developed Economies (exclude China) will be 484.1 Mt (+4.1%). The ASEAN 5 (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) demand will be 83.9 Mt (+5.6%) in 2019. According to the SEAISI estimation, the apparent steel consumption will reach the highest record to 23 Mt in 2019. Vietnam's apparent steel use per capita has up to 262 kg now. Vietnam's steel demand is expected to be high growth patterns, and it is driven by infrastructure and social development projects.

Vietnam's growing steel industry could affect global steel trading patterns in 2020 in light of its bullish production. In 2019, the rise in domestic finished steel production is up to 25.26 Mt in 2019, a 4.4% increase from 2018, data from the Vietnam Steel Association showed. WSA predicts Vietnam's apparent steel consumption is looking to reach +6.0% in 2019 and forecast to reach +7.0% in 2020. Even though Vietnam's economy is growing well, the over-capacity continues persisting.

Formosa Ha Tinh Steel Corp., which fired up a second blast furnace on May 18, 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. Another major Vietnamese steelmaker Hoa Phat Group has got into the big leagues among international steel companies via the set-up of four greenfield blast furnaces in 2018~2020.

Each blast furnace will have a volume of 1,080 cubic meters and a capacity of 1.2 Mt per year of hot metal. The start-ups will be in two phases and will raise the capacity of the complex in the Dung Quat Economic Zone in Binh Tri, in central Vietnam's Quang Ngai province, to 4.8 Mt by the end of 2020. This will make it the second-largest steel producer in Vietnam after major integrated producer Formosa Ha Tinh Steel Corp.

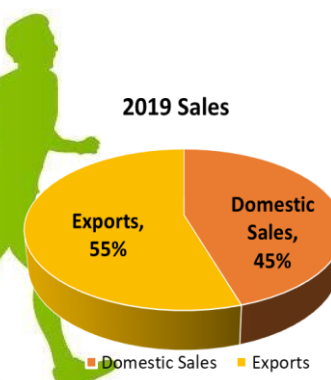
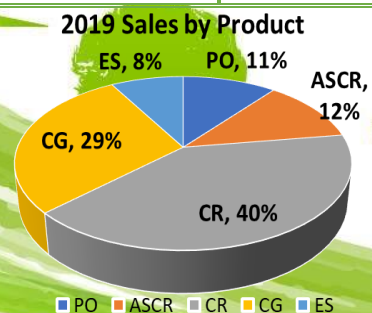
Vietnam continued rise as one of the key steelmakers in Southeast Asia, where the country's import prices, and domestic mill offers are watched closely by regional market participants. Vietnam plays a major role in the wider picture of Southeast Asia's increasing self-sufficiency in steel. This is creating expectations that the region's markets will become more self-contained in the future and that it will reduce its dependence on standard-grade imported steel from historical sources such as China, Russia, Brazil, and the Middle East. Imports of high-grade specialty steel are expected to continue while the region continues to try to move up the value chain, however.



5.2. New Product Development and Promotion

CSVC produces high-quality products to satisfy customers requests and keep looking for new customers. The performance of 2019 is shown in below table:

CLASSIFICATION	DESCRIPTION
Automotive Industry	Continue to be a supplier of Japan and Vietnam automobile/motorcycle maker. Besides, PO/CR/CG products also start to export to North America and Thailand for automobile usage.
Home appliance industry	Start business relationship with Japan/Korea brands like Samsung, LG, Daikin.
Motor industry	CSVC is main ES supplier in Vietnam and we expand market to European, America and of course other Asian countries.
Construction materials industry	Expand the local and export market by developing different high tensile grade.



5.3. Product Marketing

In 2019, CSVC achieved second record high shipment of 949.1kt since CSVC's establishment. Although the total sales in 2019 is a little lower than the result, 958.9kt of 2018. The shipping quantity to domestic customers in 2019 accounted for 45% while 95% were directed for

export. In respect of company product, PO accounts for 11% of the total amount, while ASCR, CR, CG, ES account for 12%, 40%, 29% and 8% respectively. For exports, there is 30% were sold to USA, 33% to EU, 16% to Canada, 10% to Mexico and 9% to ASIA.

During 2019, CSVC continued enduring fierce price competition from Chinese/India as well as local Vietnamese re-rollers. With excess-supply issues and weaken global economic environment, Vietnam domestic market suffered from the inflow shifted from exports among local re-rollers, etc., which have been making a severe competition continuously. Because the export market situation gets difficult due to trade protectionism globally, it had significantly dampened CSVC's export sales quantity. However, CSVC successfully developed and expanded the domestic market to compensate for the lack of export sales.

VI. SOCIAL CONTRIBUTION

As a foreign invested enterprise in Vietnam, we deeply understand our responsibility and mission to the whole society and the local community. CSVC always fulfill our obligations by limiting environmental pollutants as well as contribute to improve the living environment of the community and the working environment of staffs.

With the slogan “Our quality, your better life”, CSVC is constantly promoting activities to contribute to society to bring benefits to them. Activities such as giving gifts to families in difficult circumstances in the BRVT province, giving gifts to CSVC Trade Union members in difficult circumstances, blood donation... These events have gradually become annual activities and are one of the cultures of multinational companies like our CSVC.



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.

