



IMPROVEMENTS OF HUMAN RESOURCE, POLICY, GOVERNANCE



RESPONSIBILITY TO EMPLOYEES

LABOR RELATIONSHIP

In the collective labor agreement, employer is responsible for solutions of stable production, business development in order to guarantee labor’s jobs; increase income; fulfill conditions, policies of employee’s development and training, salary and welfare; create working environment safety, comfortably, and labor-oriented benefits, etc. Employees, on the contrary, have to complete assigned work; comply with working rules and the Group’s regulations; propose new ideas applying for business operations; commit working after training according to sponsored training costs; compliance strictly labor discipline of safety, hygiene, and fire prevention, etc. The agreement was negotiated and signed by the representatives of employee and employer on the principle of voluntariness, equality and publicity.

Besides the collective labor agreement, leading to sustainable development, Hoa Sen Group also focuses on building harmonious relationship between employer and employee as follows:

- Holding conversations with labor periodically;
- All employees are signed labor contract in accordance with legislation;
- The General Director reports business performance periodically;
- Explaining clearly purpose of evaluation and ranking employees;
- Responding to employee’s issues in division meetings;
- All employees are treated equally and protected from any discrimination in work and career.

Hoa Sen Group equally never employ child labor and forced labor in any circumstance.

“ BASING ON LABOR UNION’S EFFECTIVE OPERATIONS AND THE BOARD OF MANAGEMENT’S CONCERNS ABOUT EMPLOYEES’ LIVING, THE COLLECTIVE LABOR AGREEMENT WAS SIGNED AT HOA SEN GROUP TO ENSURE LEGAL RIGHTS AND BENEFITS OF EMPLOYEE AS WELL AS EMPLOYER. ”



HEALTH AND SAFETY

To ensure health for long-time working of all employees, Hoa Sen Group always complies tightly legislation of labor safety, establishes occupational health and safety management system in accordance with OHSAS 18001:2007 standard. The State's regulations as well as the Group's rules regarding to labor safety and occupational health are informed fully to employees before entering in production lines.

Employees are prepared qualified personal protective equipment, insurance and periodic health examination to minimize risks as well as disease detection and treatment promptly. Compensatory policy in specific to employees who work in hard, noxious environment, affected health is realized to current regulations. Workshop, warehouse, office are prepared automatic fire alarm system, water spray system, CO2 fire extinguisher, etc.

Each year, the Group holds training courses of labor safety for all employees in general and production direct employees in particular. These courses include first aid, radiation safety, chemical safety, electricity safety, lifting equipment safety, fire protection, etc.

Workplaces ensure airy and light fully. The elements such as dust, poison gas, noise, etc. are measured carefully avoiding harm to environment and labor health. Moreover, personal protective equipments and emergency measures are always ready to timely handle when problem occurs.



LABOR SAFETY ACTIVITIES IN FISCAL YEAR 2016 - 2017

At the beginning of fiscal year, Hoa Sen Group planned labor protection program for the fiscal year and proceeded statistics, figured out problems and solutions, avoided occupational accident. As a result, the number of occupational accident in fiscal year 2016 – 2017 decreased significantly, at the same time occupational disease was not realized. In the fiscal year 2016 – 2017, the company has implemented many measures to ensure labor safety and protect the health of workers, as follows:

SOLUTION OF TECHNOLOGY

- Implementing shielding, warning in dangerous areas.
- Inspecting, maintaining machinery and equipment as planned.
- Adjusting and improving machinery and equipment to make the workers operate more safely.
- Inspecting on time machinery and equipment which have strict requirement of labor safety.



SOLUTION OF MEDICAL – HEALTH CARE FOR EMPLOYEE

- Period of six months (usually in February and August), organizing periodic medical examinations, occupational health examination to detect the disease early for timely treatment.
- Implementing noxious compensatory to employees who work in hard, noxious environment.
- Setting separate medical room at production area which operates 24/24 to ensure good care for labor's health.
- Hiring functional division to measure working environment periodically in every March.
- Make the most of natural light. Replacing all lights with LED lights in order to create a comfortable working environment, full of light for the workers.
- Overhauling the whole system of toilets, installing water heater to serve the needs of living for workers.



SOLUTION OF PERSONAL PROTECTIVE EQUIPMENTS

- Depending on working environment, all positions are prepared suitable personal protective equipments.
- Personal protective equipments have to be qualified, aesthetics and convenience for users.
- Employees compel to use personal protective equipments when working.



SOLUTION OF PROPAGANDA AND TRAINING

In the fiscal year 2016 - 2017, the Group organized training courses of safety – occupational health including:

- Training course of general labor safety for more than 400 employees.
 - Training course of vocational certification for employees who operate rollerbridge and boiler.
 - Training course of labor safety for workers who operate lifting equipment, pressure equipment, electrical maintenance, metal welding and cutting, and for workers who work at height.
 - Training course of first aid for the Group's first aid team.
 - Training course of radiation safety for employee who works in radiation environment.
 - Organizing rehearse to respond to chemical leakage, X-ray radiation problem and gamma radiation problem.
- Besides, labor safety team and rule supervision team also inspect, remind employees everyday to comply the Group's rules and regulations of labor safety.



SOLUTION OF FIRE PROTECTING AND FIGHTING

- The fire protecting and fighting team is organized in accordance with legislation.
- Period of months, inviting firefighter to inform new regulation of fire protecting and fighting as well as usage of fire equipment, fire fighting measure when problem occurs.
- Organizing rehearse of fire fighting at least once a year, getting ready when the worst situation occurs.
- Fire extinguishers are loaded regularly and ensure always ready. Renovating used fire extinguishers which do not meet the requirements of fire fighting.
- Fire alert system is maintained yearly by functional devisions.
- Inspecting periodically safety of electrical system, preparing and fixing timely any state that leads to short-circuit.
- Once a year, implementing ground resistance measurement of anti-lightning system and electrical system.
- Holding non smoking rule within workshop area.
- Rechecking and labelling warning signs in easy-to- fire areas such as: chemical storage, CNG, NH3 station, kiln, painting area, etc.
- Moving paint storage out of the production area to ensure fire safety for the factory.
- All divisions must carry out welding and cutting at clear areas. When required in flammable places, it must be shielded carefully to prevent fire-ray catching to flammable material and under the supervision of the Health and Safety employees.



INNOVATIONS OF HUMAN RESOURCE POLICY

Towards to build the Group's employees "better, more professional, higher income", Hoa Sen Group implements policies to develop human resources as follows:

SALARY AND BONUS POLICY

Hoa Sen Group always follows overall developing demand of the market; researches and adjusts to maintain the employee's average income which is higher than general average income of labor market and correspond to the Group's business operations. In addition, the Group promulgates and amends some allowance and business salary policies to motivate employees. During fiscal years, Hoa Sen Group maintains to apply many types of rewards for employees who obtained outstanding accomplishments and great contribution to the Group's development. The reward policies are applied in fiscal year 2016 – 2017 including: the 13th month salary, bonus for effectiveness at work monthly, bonus for technical innovation in production, bonus for optimizing costs, bonus for excellent achievements at the end of fiscal year, bonus for national holidays, New Year and the Group's anniversary, etc.

INSURANCE AND OTHER WELFARE POLICY

The social insurance, health insurance and unemployment insurance are performed by the Group in accordance with government stipulations to ensure all employees receive fully these types of insurance. In the 2016 - 2017, the Group adjusted premium rate of Social Insurance, Health Insurance and Unemployment Insurance for employees in accordance with the Government minimum wage policy in January 2017. In addition, the Group has paid 24/24 accident insurance for all employees (including official employees and probationary employees) with the maximum coverage of 100,000,000 VND/person. From January 2018, Hoa Sen Group has adjusted the maximum accident insurance up to 200,000,000 VND/person/case.

In addition to the implementation of flexible salary, bonus and insurance policies according to legislation, the Group applies other welfare to employees including yearly vacation, organizing activities of culture, arts, and sports to enhance the spiritual life for employees, canteens for serving daily meals for staff, delivering uniforms, personal protective equipment in accordance with regulations, giving gifts to female employees on the International Women Day and Vietnam Women Day, supporting for maternity, mourning.

In addition, Hoa Sen Group always takes care of employee's health and working safety. In each fiscal year, the Group organizes periodic health examination and advises effective treatments depending on examination's results in order to ensure employees working comfortably. Based on the results of health examination in the fiscal year 2016 - 2017, the health level 3rd and 4th decreased; level 1st and 2nd increased. From that result, it can be seen that the Group has a good support to take care of all employees' health.

Also in the past fiscal year, all staffs of the Group and employees joining directly in production have been well provided with knowledge and safety skills in production by organizing training courses relating to safety in production such as first aid, labor safety, radiation safety, and chemical safety, electric safety, lifting equipment safety, fire prevention and fighting. Thanks to that, heavy and severe injuries are greatly reduced as workers are provided with sufficient knowledge and skills.

In addition to receiving payment from the Social Insurance agency or the accident insurance 24/24 as prescribed, the Group also supports treatment costs, the compensation/subsidy. Depending on the severity of the occupational accidents, the Group also has its own supportive policies to compensate, motivate and to rebuild the labor force for the employees. The measurement of the working environment according to regulations is maintained periodically over the years. Worthy fostering policy for employees working in heavy, hazardous and poor working environment shall also be implemented in accordance with current regulations.

RECRUITMENT POLICY

In fiscal year 2016 – 2017, Hoa Sen Group constantly promoted recruitment policy, built and attract high quality human resource through significant activities as follows:

- Strengthening the recruitment process to give candidates the opportunity to access recruitment information of the Group through "Job Fair" and "Career Workshop" at the reputable universities in the North – Central – South regions of the country and at the job centers across the country. Particularly, the Group has always focused on recruiting overseas to meet the demand of the Group's specialized departments during the development of more foreign projects.
- Students at universities and colleges are sponsored scholarships, especially students who are under difficult circumstances but trying to improve and get achievements in learning.
- Developing and expanding online recruitment channels along with the official recruitment channel of the Group's Hoasensjobs.com. Candidates' profiles are kept which has increased 9,286 new profiles over the previous fiscal year, bringing the total number of candidates' profiles to 36,598 profiles and expectedly still growing to expand the source of qualified and diversified candidates in order to meet the needs of the specialized departments of the Group in the development of more new projects in and outside the country.
- In order to support employees when getting responsibilities in the distance, Hoa Sen Group has policies including paying for airfare/transport, food/accommodation, etc. in order to help the Group have more opportunities to get closer to labor force.
- With the effort and unstoppable efforts in such recruiting activities, in 2016, Hoa Sen Group was honored in "Top 10 Most Favourite Employers", "Top 2 Most Favourite Employers in Manufacturing" - annual survey of the job website Career Builder Vietnam in cooperation with Insight Asia Company from December 01, 2016 to December 30, 2016. This result has initially affirmed the recruiting brand of Hoa Sen Group, building the image of the Group in the minds of candidates, universities, organizations, etc. contributing to promote Hoa Sen brand into the community.

TRAINING POLICY

In recent fiscal years, Hoa Sen Group has always been paying attention to the training and development for human resources of the organization. The total training cost of the Group in the fiscal year 2016 - 2017 reached nearly VND 7.4 billion, increased 16 times compared to the training budget of the fiscal year 2011-2012. The Group has successfully organized 321 training courses with 14,696 attendees, including outstanding activities as follows:

Developing Functional Division/Department

- In the fiscal year 2016 - 2017, Hoa Sen Group has organized a short-term training program at Harvard University – the USA for 17 managers and 5 undergraduates from National University who had outstanding achievements in the contest “Future Leader 2017” organized by Hoa Sen Group.
- Regularly organizing integration training for new employees, compulsory training courses such as courses relating to occupational safety and health, first aid, fire prevention and fighting, courses for managers, courses to improve skills for internal supervisors, courses relating to knowledge and working skills, etc. In line with the development trend, the Group has coordinated with Boston Global Forum to organize training sessions to reach the target of 100% employees getting “Global Citizens” certificates in the near future.
- The Leadership Club is an event held monthly at Hoa Sen Group. Accordingly, the management team of the Group has regularly attended workshops sharing about management experience, modern management methods, and advanced business development models with speakers who are famous professors and businessmen in and outside the country.

Developing and Supporting Distribution Network

- With 11 subjects (ISM) specially designed for staffs at the branches, the professional internal trainers have trained nearly 700 staffs in the whole system, with 02 phases of organization:
 - Phase 1 offers 6 subjects including Foundation Culture; Teamwork Spirit; Hoa Sen Culture; Knowledge on products; Policies; Criterion - Standards.
 - Phase 2 provides 5 subjects including Market Exploitation & Business Planning Skills; Communication & Teamwork Skills; Sales skills; Debt Control & recovery; Asset control.
- In addition, Department of Training - KPI Evaluation in conjunction with the Regional Executive Offices has conducted training and assessment on the capacity of management trainees through the subjects: Branch management; Market Exploitation skills; Information analysis and reporting skills.
- With the business philosophy of “Helping customers succeed through the spirit of service, professionalism and homogeneity of Distribution Network, visual standard material” Criterion - Standards” has been created and developed, from that standardizing the image of employees, facilities of distribution network and branches in order to create new competitive advantages for the Group.



- To develop the Branch Managers team, training activities have been implemented to improve the management capacity of nearly 150 Directors through the following subjects: Branch management in accordance with criterion and standards; Creating - Implementing business plan; Tutoring – guiding skills.
- To develop management trainees, the Department of Training – KPI Evaluation coordinated with the Regional Executive Offices to conduct training and assessment on the ability of the management trainees through the following subjects: Branch Management, Market Exploitation skills; Information analysis and reporting skills.

Developing Subsidiaries/Factories

- Carrying out the training for employees of Subsidiaries/ Factories throughout the fiscal year, including compulsory training courses such as integration training, first aid, labor safety, radiation safety, chemical safety, electric safety, lifting equipment safety, fire prevention and fighting; etc. training courses to improve skills and capabilities such as production management, improving mid-level management capability, 5S - Kaizen, etc. Content of training courses closely follow the business and production activities of the Group, has been implemented towards modernization, highly practical with the combination between the theory and practice which can help learners have the opportunity to study and apply immediately to the practical work.
- At the same time, after-training assessment has been applied in various forms to all training programs. Particularly for staff at Distribution Network, the Group deploys online testing on criterion - standards, professional knowledge and business policies to help staff aware and comply with the regulations, contributing to the improvement of customer service quality and brand reputation of Hoa Sen Group.



BUILDING FRIENDLY AND DEVELOPMENT WORKING ENVIRONMENT

Building friendly, solidary and development working environment is always top priority of Hoa Sen Group. In fiscal year 2016 – 2017, Labor Union cooperated with the Group to hold various exciting activities of arts, sports to care for employees' life such as:

- Organizing many meaningful activities including: "Golden Spoon" Cooking Contest "Sending Love" Flower Contest on the occasion of the 107th International Women's Day (March 8th, 1910 March 8th, 2017).
- Organizing many diverse competitions, including: Chinese Chess, badminton, volleyball, tug-of-war, bag jumping, etc. to celebrate the 16th anniversary of Hoa Sen Group (August 08, 2001 – August 08, 2017).
- Holding "2017 Golden Lotus Singing" contest to search and honor talent voice of the Group in celebration of Hoa Sen Group 16th Anniversary (August 08, 2017).
- Organizing Mid-Autumn Festival in 2017 for the children of members of Labor Union and other unions under Hoa Sen Group.
- Giving gifts for employee's children on Children's Day; organizing ceremony to honor employees' children who obtained outstanding academic achievements in 2016 - 2017.



WITH ALL POLICIES OF SALARY, REWARD, WELFARE AND FRIENDLY, DYNAMIC WORKING ENVIRONMENT, IN 4 CONSECUTIVE YEARS (FROM 2013 TO 2016), HOA SEN GROUP IS IN TOP 5 OF BUILDING MATERIALS SECTOR AND TOP 100 VIETNAM BEST PLACES TO WORK AS THE RESULT OF THE SURVEY "TOP 100 VIETNAM BEST PLACES TO WORK" CONDUCTED BY ANPHABE AND NIELSEN COMPANY.

