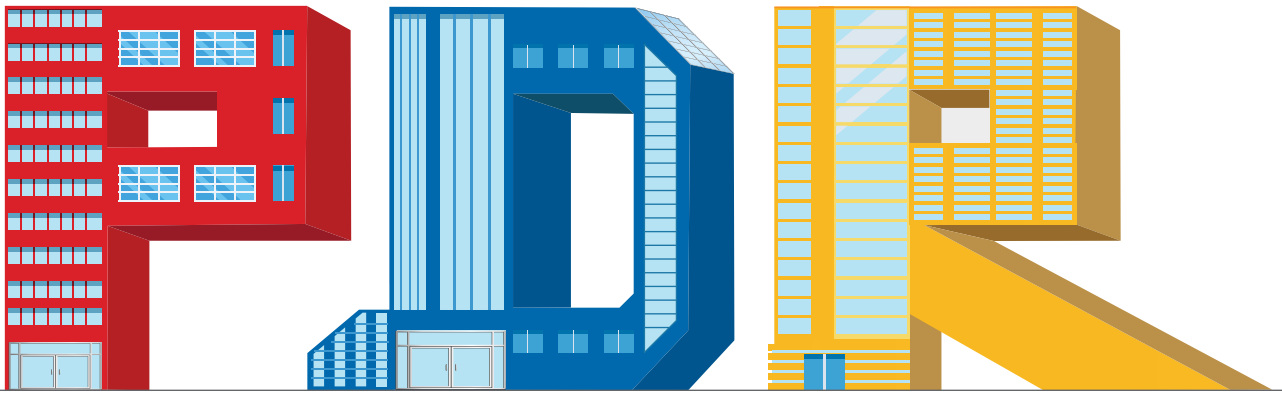




**PHATDAT**  
CORPORATION  
Real Estate Development



IMPROVE **POSITION**  
TO DEVELOP **SUSTAINABLY**

ANNUAL REPORT 2017

# SUSTAINABLE DEVELOPMENT

PHAT DAT DEFINES HUMAN LIFE VALUES AS THE CENTER FOR ITS DEVELOPMENT STRATEGY. PHAT DAT FOCUSES ON SOCIO, ECONOMIC AND ENVIRONMENTAL DEVELOPMENT TOWARDS SUSTAINABLE DEVELOPMENT IN FUTURE.



## SUSTAINABLE DEVELOPMENT MESSAGE

**IN 2008, PHAT DAT DEFINED ITS BUSINESS STRATEGY OF “VISIONARY AND SUSTAINABLE DEVELOPMENT” AFTER BECOMING A PUBLIC COMPANY. PHAT DAT IS AWARE OF THE LONG-TERM DEVELOPMENT TO BE ASSOCIATED WITH JOB CREATION, INFRASTRUCTURE BUILDING FOR THE COMMUNITY AND CONTRIBUTION TO THE ECONOMIC DEVELOPMENT. THAT DEVELOPMENT IS NOT CONTRADICTORY WITH THE INCREASINGLY ADVANCED STANDARDS OF SUSTAINABLE ENVIRONMENT AND CIVILIZED SOCIETY. SINCE THEN, SUSTAINABLE DEVELOPMENT HAS BECOME AN ATTENTION OF PHAT DAT.**

*Dear Shareholders,  
Customers, Partners and  
all Employees,*

In 2017, Phat Dat continued to bring products to customers and communities, maintaining revenue and profit growth, creating more jobs in Ho Chi Minh City, and actively contributing to local budgets and promote the city development. Employees in Phat Dat have received higher salaries and benefits which surpass the real estate industry average. Importantly, they earned the long-term employment and income.

Phat Dat has maintained and ensured the quality of products, offering customers and community benefits. It has also created green, clean and comfortable living environment to build a civilized community. Post-sales services and building management services have been implemented consistently to ensure the long-term responsibility of Phat Dat toward their products and community, thus effectively solving the problems during product delivery and the living environment formation in the projects.

In 2017, Phat Dat continued to use corporate welfare funds to support the poor and needy people. Supports from Phat Dat have enabled them to solve and overcome difficulties in their lives, building their trust toward the community values.



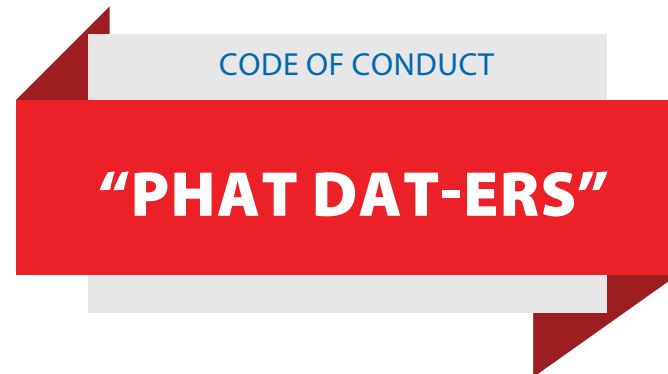
In the coming years, Phat Dat continues to pursue “sustainable development”. It will develop and implement new policies and activities to bring more values and contributions for the economy, environment and society in the areas where Phat Dat is developing and developing real estate and infrastructure projects. Through these contributions, Phat Dat wishes to become an enterprise that succeeds in both business and CSR to please its clients, partners, employees and the community.

Phat Dat commits to pursue the sustainable development, to create more value for the Company, stakeholders, thus actively contributing to the society prosperity, given the consolidation of all leaders and employees.

Best regards!

**Nguyen Van Dat**

## ETHICS AND PRINCIPALITY



**THROUGH MORE THAN 13 YEARS OF FORMATION AND DEVELOPMENT BASED ON CORE VALUES OF CREATIVITY, COMMITMENT, JUSTICE, AND RESPECT, PHAT DAT HAS DEVELOPED AND ADOPTED THE CODE OF CONDUCT NAMEDLY “PHAT DAT-ERS” IN ITS ACTIVITIES. THESE ARE THE PRINCIPLES AND STANDARDS FOR ALL MEMBERS TO BEHAVE IN ACCORDANCE WITH COMPANY CULTURE.**



The Code includes the following contents:

### BEING “PHAT DAT-ERS” MEANS:

- Must fully understand and commit with the Mission, Vision, Core Values, Legal Compliance with State Law & internal policies and regulations.
- Willing to participate in activities and contributions to build the Company. Strive to the fullest to ensure work quality timely. Actively contribute to the long-term development of Phat Dat.
- Dedicated at work. Put the interests of the Company on the top. Not badly influence the Company for personal interests.
- Dare to think, dare to do, say and work, accept changes. Willing to learn and progress.
- Must be fair in making choices in related works to bring the highest benefit to the Company.
- Discuss openly, rationally and respectfully.

- Being honest and moral in relationships, not receiving gifts valued more than VND 100,000 VND in any forms.
- Commit to information confidentiality, responsible for protecting and preserving common assets of the Company.
- Ensure information confidentiality of reporters' identity. Prohibit retaliation against feedback from the parties involved; At the same time, highly appreciate all feedbacks from partners, suppliers and customers. Phat Dat set up a specialized department to receive and respond feedback from stakeholders timely. Ensure that feedbacks and comments are received and handled timely in compliance with Phat Dat standards and Vietnamese legal regulations.

### FOR EMPLOYEES

- Phat Dat considers HR a key factor in the development, to become one of the best working environment companies in Vietnam. Phat Dat builds and implements attractive welfare policy, treatment policies to create a friendly, comfortable, united and competitive working environment for employees.
- Phat Dat always maintains stable high income, if possible, and to ensure transparency, compliance with the labor market and business performance of the Company. The salary, bonus, remuneration and reward policies are applied clearly, fairly and worthily for employees.
- Phat Dat opposes all forms of forced labor, pledges to ensure maximum benefits to workers under Vietnamese law, international practices, and the actual capabilities of Phat Dat.
- Phat Dat is honest, respectful of the different values of each individual in all situations. Willing to listen, share, keep commitments with employees to maximize collective strength.

### FOR PARTNERS AND CUSTOMERS

- Customer satisfaction is one of the factors defining the Company's values; Encourage protecting the customers' interests; Respect and keep the commitments with customers.
- Strictly comply with the law to ensure the harmonized interests of the related parties on the mutual benefit, thus actively promoting relations with related parties.

### FOR SOCIAL COMMUNITY

- Phat Dat maximizes its efforts to minimize negative impacts on the environment and the community during its project investment and development. Phat Dat's projects have been developed to jointly build the modern urban Vietnam, contributing to the green - clean and beautiful environment, improving the life quality for the community.
- Commit to sustainable development with all responsibilities and ethics; appreciate performance and value in a sustainable relationship with good development in the environment, community and society.
- Care and carry out charitable, social and community activities. Focus on quality for these activities, to support the community sincerely and helpfully.

# SUSTAINABLE DEVELOPMENT MANAGEMENT

## SUSTAINABLE DEVELOPMENT MANAGEMENT MODEL

Sustainable development management is the key factor for the effective growth and sustainable development of the Company. The BOD proposes the principles & orientations for sustainable development, directing and monitoring the CEO and departments to implement. President, BOD leads Strategic Committee to support the BOD to build strategy for sustainable development. The CEO conveyed the sustainable development principles & orientations of the BOD into the policies & regulations in management. He also implements, monitors and evaluates the implementation through the meetings and compliance checks. The Internal Control assists the CEO in monitoring, evaluating and proposing ideas in directing the departments to comply with policies and regulations.

## REWARD FOR LEADERS AND STAFF IN SUSTAINABLE DEVELOPMENT

The BOD will reward employees based on their performance, contributions, commitment and engagement with the sustainable development direction of the Company. In 2017, the BOD rewarded 2-month salary for employees' commitment with the development goals & results of Phat Dat.



**3.875** VND BILLION

TOTAL VALUE FOR SOCIAL ACTIVITIES IN 2017

# PARTICIPATION OF THE STAKEHOLDERS

## THE PROCESS OF IDENTIFYING STAKEHOLDERS

Phat Dat identifies the stakeholders by:

- Analyzing activities in the value chain of real estate projects and BT projects.
- Assessing the stakeholders through expert methodology in combination with available data.
- Proposing the list of organizations & individuals involved in the value chain. Focusing on organizations & individuals who have worked and partnered with the Company and other experienced and competent organizations & individuals in each activity.
- Identifying the stakeholder list in each activity and sort them by priority.

## IDENTIFYING STAKEHOLDERS

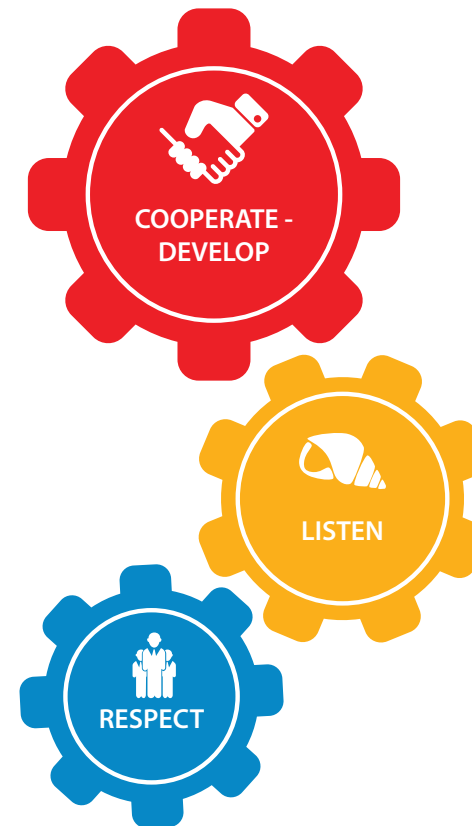
List stakeholder groups who are affected by Phat Dat's activities, and influencing on the sustainable development of Phat Dat. Then identify the key stakeholders based on their interaction level with Phat Dat.



The list of stakeholders is defined as follows:

- Customers: who directly use of Phat Dat's products.
- Partners: who provide services and solutions in project development, who are construction contractors, materials & equipment suppliers...
- Shareholders & investors: who legally own partially or wholly shares and have rights & obligations associated with Phat Dat's performance.
- Employees: who contribute to Phat Dat's production force.
- Community: who is formed based on personal & collective relationships.
- Government: who are legal authorities or state management agencies involved in the assessment and regulation.
- Competitors: who have the same segment of customers, same products, same prices and similar competitive advantages on same market segment of Phat Dat.
- Press agencies: who publish news.

## CONSULTATION FROM STAKEHOLDERS. CONCERNS OF STAKEHOLDERS, AND FEEDBACKS FROM PHAT DAT



- Being transparent in operations and relationships, Phat Dat has actively partnered with stakeholders based on **"Respect - Listen - Cooperate - Develop"** to bring long-term prosperity for all. Phat Dat bases on stakeholders' opinions to identify useful solutions for the sustainable development. Comments from stakeholders has been received and handled timely, publicly and reasonably.
- Comments from stakeholders have been received by the field managers & relevant departments; and subsequently analyzed and processed by relevant departments. These comments are then forwarded to the BOM/BOD via reports, discussions and meetings. The comments which are not handled shall be re-sent to the relevant parties for further discussion. Appropriate comments are considered by the persons in charge and are changed into the instructions and solutions for implementation after that. A lot of comments have contributed to changing the Company's plan, reducing the cost, and enhancing legal compliance.

## PARTICIPATION OF THE STAKEHOLDERS (continued)

### STAKEHOLDERS APPROACH

#### 1 CUSTOMERS

##### Approach

- » Receiving information and issues directly through face-to-face meetings or receiving information via social channels, email info@phatdat.com.vn
- » Meeting with customers through sales events, customer gratitude program, customer conference...
- » Sending information related to products and business policies directly to customers in writing.

##### Main concerns of the stakeholders

- » Good price
- » Quality and service
- » The level of customer satisfaction
- » Efficiency, the way employees work
- » Product liability
- » Sales policy
- » Post-sales policy

##### Phat Dat's response

- » Strictly enforce the law in domestic and foreign markets; Reasonable and competitive pricing, ensuring harmony between consumer interests and corporate interests; etc.
- » Commit to the highest quality and service provided to customers.
- » Every employee must listen to customers and meet their requirements.
- » Express gratitude to customers at customer conferences, promotions, attractive after-sales policies.
- » Set up mechanism to handle complaints from customers.

#### 2 PARTNERS

##### Approach

- » Meet and exchange directly through meetings, receive and solve inquiries by email, telephone, fax, etc.
- » Participate in activities related to cooperation, development, and project investment, sustainable development with society and community.
- » Recognize feedbacks and solve issues quickly.

##### Main concerns of the stakeholders

- » Business results
- » Cooperation ability & attitude
- » Respect the interests of the parties
- » Collaborative effect
- » Safety, health and the environment
- » Information security

##### Phat Dat's response

- » Select suppliers fairly based on records of quality, technical ability, experience in the past...
- » Do not disclose vendor confidential information to their competitors.
- » Talk directly, promote positive, limit negative to build long-term bilateral relations, to benefit all parties.

#### 3 SHAREHOLDERS AND INVESTORS

##### Approach

- » Meet monthly, quarterly and on-demand.
- » Receive and handle inquiries via email, telephone, fax...
- » Holding shareholders' meetings, regular and extraordinary meetings.
- » Publish detailed financial statements on mass media in accordance with the SSC and HOSE.
- » Attend annual construction workshops, forums, fairs to share information.

##### Main concerns of the stakeholders

- » Business results of the Company
- » Operational situation and performance results
- » Development strategy
- » Risk management
- » Transparent information
- » Information security

##### Phat Dat's response

- » Regularly organize public meetings and conferences to help investors have a more comprehensive view of the Group's operations and development strategies in the next stages such as: Making the periodical bulletin, holding annual and extraordinary meetings; customers' conference; meeting domestic and foreign investors...
- » The information disclosure must be fair, to ensure equal investment opportunities for all investors.
- » Not disclose information of investors, shareholders without permission or without the request of the law.

#### 4 EMPLOYEES

##### Approach

- » Surveying, listening, receiving opinions of employees on the working environment, policy of welfare, salary, culture... directly and indirectly.
- » Organize monthly dialogue with employees.
- » Organize events, activities, team building on the occasions of anniversary, holidays, Tet ....

##### Main concerns of the stakeholders

- » Company treatment policy
- » Promotion opportunities
- » Labor safety
- » Working environment
- » Co-worker relationship
- » Manager-worker relationship

##### Phat Dat's response

- » The Company has improved the compensation and welfare policy for employees every year
- » Policy to retain talents
- » Training and career development programs for employees
- » Introduce a Code of Conduct to build a strong corporate culture.
- » Regularly organize internal activities to create a cohesive, healthy working environment for employees.
- » Governance on the basis of respect for the employees includes respect for the employees' decisions, wishes, aspirations, freedoms and other legal rights.

## PARTICIPATION OF THE STAKEHOLDERS (continued)

### STAKEHOLDERS APPROACH



#### COMMUNITY

##### Approach

- » Participate in community activities of organizations and authorities.
- » Provide performance information of enterprises through formal communication to the community.

##### Main concerns of the stakeholders

- » Jobbing
- » Contribute to the community
- » Affection, responsibility for the community
- » The direct and indirect impact of the Company on the environment during the operation

##### Phat Dat's response

- » Commit to prioritize environment over the development. Minimize the impact on the environment during the deployment and operation of large scale projects.
- » Commit to work with all conscience and responsibility to protect the environment and create growth for society, the country.
- » Continue to promote charitable activities and sponsors to build community.



#### GOVERNMENT

##### Approach

- » Attend seminars, conferences in real estate, construction, architecture organized by the ministries.
- » Actively participate in the activities of architectural, construction and project development associations.
- » Publish information and tax reports according to current regulations

##### Main concerns of the stakeholders

- » Legal compliance of the Company
- » Difficulties encountered by the Company in the implementation of policies and regulations.
- » The general trend of the market and industry trends.
- » Market trend and industry trend
- » Carry out investment and business responsibly with customers, society and the environment.

##### Phat Dat's response

- » Absolutely comply with the regulations of the Vietnam laws of on economy, society and environment.
- » To fulfill the obligation to pay the state budget.



#### COMPETITORS

##### Approach

- » Meet and share with competitors through meetings of construction associations, investor meetings held by HOSE.
- » Maintain personal relationships between Phat Dat leaders and competitors' leaders.
- » Compile information about competitors from mainstream media.

##### Main concerns of the stakeholders

- » Code of Conduct with competitors
- » Healthy competition
- » Compliance with anti-trust and anti-competition law

##### Phat Dat's response

- » Get along with competitors with all goodwill and constantly learn from their successes.
- » Do not defame or sabotage competitors, while respecting their successes and interests on the rule of "The best is the winner".
- » Commit to fairly compete. Neither collusion nor activities that affect market prices. Not receive information that may be confidential about competitors.
- » Flexibly response to the fierce competition. Be consistent with the principle of honesty. Prioritize quality, reputation and brand. Respect and abide by antitrust law, competition law, ensure healthy, free and open competition.



#### COMMUNICATION AGENCIES

##### Approach

- » Submit press release. Hold press conference.
- » Interviews with news agencies on the mass media.
- » Regularly update important information on Company website, social networks.
- » Implement television programs and announcing information on mainstream newspapers about the upcoming highlights.

##### Main concerns of the stakeholders

- » Business results
- » Development strategy of the Company
- » Accuracy of information
- » Active in providing information

##### Phat Dat's response

- » Build good relations with the media, press and television agencies on the principle of equality, transparency and legal compliance.
- » Provide information of accuracy, clarity, completeness and objectivity to help the press to have accurate information about the Company's operation.
- » Calmly deal with communication issues with a pragmatic attitude. Be clever and ready with objections and allegations.

## REPORTING PRACTICE

**SUSTAINABLE DEVELOPMENT IS AN INTEGRAL PART OF THE COMPANY'S BUSINESS STRATEGY. IN 2017, THE SUSTAINABLE DEVELOPMENT REPORT IS INTEGRATED IN PHAT DAT ANNUAL REPORT TO ASSESS THE POSITIVE & NEGATIVE IMPACTS OF THE COMPANY ON THE SUSTAINABLE DEVELOPMENT PUBLICLY, FAIRLY AND REASONABLY. THUS PROVIDING THE STRATEGIES AND ACTION PLAN FOR PHAT DAT SUSTAINABLE DEVELOPMENT IN THE NEXT PHASE.**



### STANDARD OF REPORT

The report is prepared in accordance with the GRI Standard - the latest version International Standard on sustainable development, which is now applied globally. The critical issues are identified based on a combination of stakeholders' interest and their impact on Phat Dat. We also refer to the State Securities Commission's Guide to Environmental and Social Information Disclosures, IFC and Circular 155/2015/TT-BTC to report easily, standardly, transparently and efficiently.

### SCOPE OF REPORT

The report is made in Vietnam on real estate investment and business.

**This report is prepared for the scope of:**

**Phat Dat Real Estate Development Joint Stock Company, including Head Office and 03 branches, as follows:**

- Phat Dat Real Estate Development Joint Stock Company – Head office.
- Phat Dat Real Estate Development Joint Stock Company – Quang Ngai branch.
- Phat Dat Real Estate Development Joint Stock Company – Phu Thuan branch.
- Phat Dat Real Estate Development Joint Stock Company – District 5 branch.
- Phat Dat Investment Limited Company is a subsidiary of Phat Dat (Phat Dat holds 100% of capital).

### REPORTING PERIOD


The information in the report is updated for fiscal year 2017, starting 1<sup>st</sup> January 2017 and ending 31<sup>st</sup> December 2017. Starting in 2017, Phat Dat will carry out annual sustainable development reports and publish them together.




### CONTACT INFO


We are looking forward to receiving comments from stakeholders on issues related to the reports. Please send your valuable contribution to:

 **Phat Dat Real Estate Development Corporation**

 **Address:** 422 Dao Tri Str, Quarter 1, Phu Thuan ward, District 7, HCMC

 **Website:** www.phatdat.com.vn

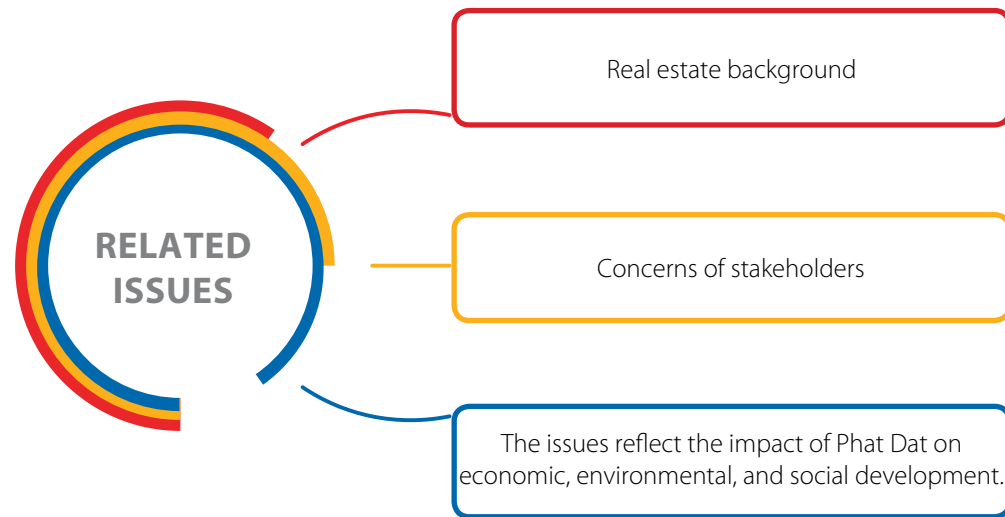
 **Tel:** (028) 3773 2222

 **Fax:** (028) 3773 8908

# DEFINITION OF CRITICAL ISSUES

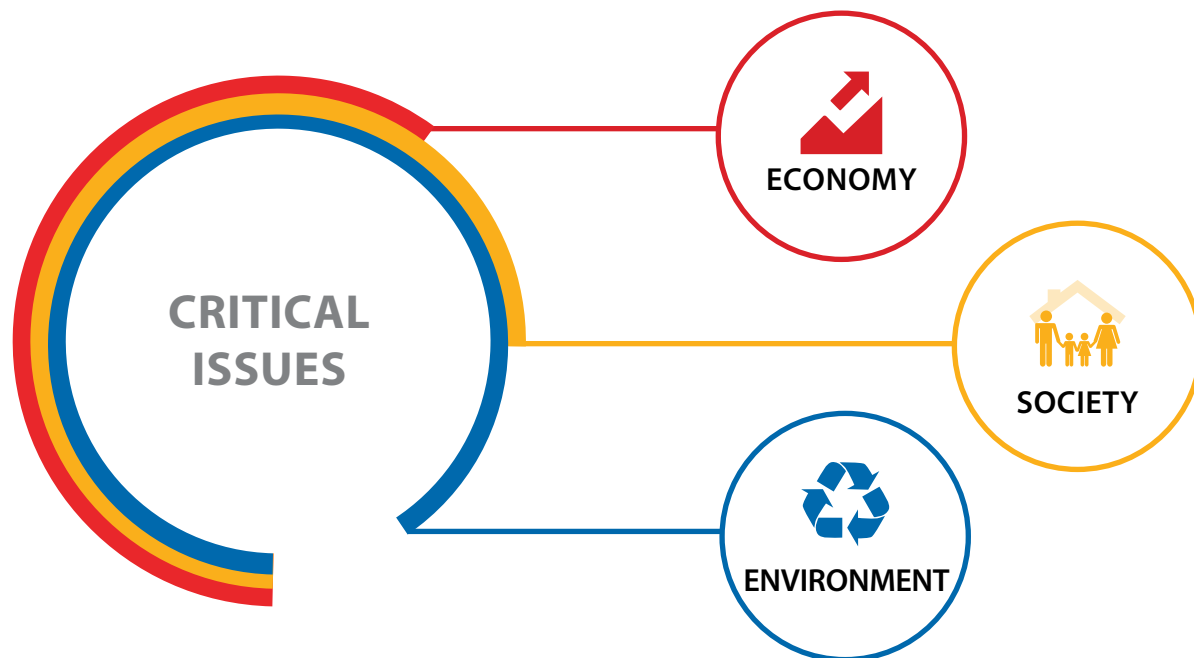
## IDENTIFY RELATED ISSUES




Phat Dat identifies the related sectors based on:



## IDENTIFY CRITICAL ISSUES

Phat Dat gives a critical assessment of the relevant issues to identify the following critical issues:



Indicator	Critical issues	Crucial levels of all stakeholders	Crucial levels of Phat Dat
 <b>Economy</b>	Economic performance	9	9
	Corporate governance towards sustainability	9	9
	Market development	7	7
	Diversify and improve products/services quality	9	9
	Local economic development	7	7
 <b>Society</b>	Job	8	8
	Occupational health and safety	9	9
	Training and developing	7	9
	Diversity and equality	7	7
	Relationship between managers and employees	8	9
	No child labor and forced labor	9	9
	Anti-corruption	8	8
	Anti-unfair competition	8	8
	Responsibility to local communities	8	8
	Responsibility for the products	9	9
 <b>Environment</b>	Respect the interests of stakeholders	8	8
	Working environment	8	8
	Efficient use of water and energy	8	8
	Mitigation measures affect the environment	7	7
	Use environmentally friendly materials	7	7

## ECONOMIC ISSUES

### ECONOMIC PERFORMANCE

Indicators of economic performance of Phat Dat in 2017 are shown in the table below:

No.	Indicators	Revenue
<b>I.</b>	<b>Direct economic value created</b>	<b>1,524,459,000,000</b>
1	Sales revenue from projects	1,322,265,000,000
2	Millennium Project Management consultancy revenue	12,000,000,000
3	Revenue from investment cooperation of 239 CMT8 project	180,000,000,000
4	Revenue from financial activities and other services	10,194,000,000
<b>II.</b>	<b>Economic distribution value</b>	<b>1,084,580,000,000</b>
1	Operation costs	925,013,000,000
2	Expenses for employee salaries and wages	43,894,000,000
3	Payments to the capital provider	639,000,000
4	Contributions to the State budget	110,988,000,000
5	Investment costs for the community	4,046,000,000
<b>III.</b>	<b>Economic value not distributed</b>	<b>439,879,000,000</b>

The direct economic value generated by revenue in 2017 is VND 1,524.46 billion, of which the sales of The EverRich Infinity valued to VND 1,457 billion.

The remaining value of 2016 is VND 54.147 billion, generating the total for Phat Dat at VND 492.578 billion, including undistributed economic value in 2017.

### PRESENCE IN THE MARKET

#### The ratio of starting salaries by gender compared to the regional minimum wage

The average starting salary of male employees in 2017 is VND 18,500,000, or 462% higher than the minimum salary of the region (VND 4,012,000).

The average starting salary for female employees in 2017 is VND 13,000,000, which is 325% higher than the regional minimum wage (VND 4,012,000).

### ANTI-CORRUPTION

#### 1

#### Identify risks associated with corruption

Through the assessment, Phat Dat identified the key risks associated with corruption in the following activities:

- » Land clearance and compensation for land and houses.
- » Bidding to select service providers and construction contractors.
- » Managing contractors in providing services and construction.
- » Distribution of the Company's products to customers.

From this assessment, Phat Dat can identify the risk of corruption occurring within the Company and related to the Company, thus improving its policies and procedures to prevent corruption.

#### 2

#### Communication and training on anti-corruption policies and procedures

At regular monthly meetings, Phat Dat reminds workers about bribery and corruption. In Phat Dat, 100% of employees were informed about the Company's regulations regarding bribery and corruption. This communication helps build awareness and capacity for staff in anti-corruption.

*Phat Dat has provisions related to bribery and the penalties are clearly stated in the contracts with business partners.*

*Thanks to the above activities, no corruption cases are detected in 2017.*

## ECONOMIC ISSUES (continued)



### ANTI-COMPETITIVE BEHAVIOR

Phat Dat commits to compete fairly based on product quality and price, without defamation or bad news about competitors or competitors' products.

Phat Dat carefully monitors its competitors' marketing & communications to immediately detect unfair competitive behavior from competitors (if any).

### RESPONSIBILITY FOR THE PRODUCTS

To ensure the absolute benefit of customers, Phat Dat pay attention to quality inspection from starting to delivering the project. Product quality checking of Phat Dat is summarized through 04 steps as follows:

- 1 Check input quality**
  - » Check construction drawings.
  - » Check and control all materials used.
  - » Deploy product model.
- 2 Quality control during construction**
  - » Approve the construction method.
  - » Supervise quality during construction.
  - » Check, test and accept each construction work.
  - » Control quality through author supervision and quality control of agencies such as Fire Prevention and Fighting Agency, Construction Inspectorate, Testing Unit. . .
- 3 Check the finished product quality**
  - » Check and test intermittent with/without load for all systems.
  - » Invite the State management agencies to inspect, take over and give license for use.
  - » Invite customers to check the real products compared with product sample (if any).
- 4 Hand over the products**
  - » Set up a commission for inspection and acceptance of product quality, including the investor, the Management Board, the consultant and the contractor to check the product quality before handing it over to the customers.
  - » Invite customers to receive the products directly at the field. Note the customers' opinion on the shortcomings and fix (if any).

## ENVIRONMENTAL ISSUES



### GREEN SOLUTION FOR ENVIRONMENT

PHAT DAT MANAGES THE BUILDINGS' OPERATION TO ENSURE LIFE QUALITY, THUS PROTECTING THE GREEN AND CLEAN ENVIRONMENT. THE BUILDING MANAGEMENT BOARD WAS FORMED EARLY TO MANAGE THE ACTIVITIES SUCH AS SECURITY, MAINTENANCE, TECHNIQUE, OPERATION AND MANAGEMENT. THE BOARD ALSO MONITORS THE CRITICAL ISSUES SUCH AS: REGULARLY RUNNING THE WASTEWATER TREATMENT PLANT; MANAGING THE COLLECTION AND CONTRACTS WITH WASTE COLLECTION UNITS; MANAGING THE AMBIENT AIR ENVIRONMENT, AND APPLIES CHANGES IN CONSTRUCTION TECHNOLOGY AND MATERIALS, THUS CREATING THE PERFECT LIVING SPACE FOR THE PEOPLE AND COMMUNITY, SO AS TO BUILD A GREEN, SAFE AND SUSTAINABLE ENVIRONMENT FOR FUTURE GENERATIONS.



## ENVIRONMENTAL ISSUES (continued)



PHAT DAT FOCUSES ON MODERN TECHNOLOGICAL APPLICATION IN THE CONSTRUCTION OF HIGH-CLASS APARTMENT BUILDINGS UNDER THE BRAND “THE EVERRICH”. IT ALSO APPLIES ENERGY-SAVING AND ENVIRONMENTALLY-FRIENDLY BUILDING MATERIALS TO ENSURE THE HEALTH OF THE USERS, TO INCREASE THE LIFE OF THE WORKS AND TO CONTRIBUTE TO THE IMPROVEMENT OF ENVIRONMENTAL SUSTAINABILITY.



### ENVIRONMENT IMPACTS DURING THE PROJECT OPERATION

#### Indicators and needs of water

- The planning area is located in Ho Chi Minh City.
- Coefficient of unregulated water consumption  $K_{day} = 1.2$ .
- Demand for water for the project will be calculated in accordance with Vietnam Construction Standards QCXDVN 01: 2008/BXD, as follows:
  - » The demand for water supply for residents: 200 liters/person/day.
  - » Water supply for public areas & services: 10% of domestic water supply.
  - » Water for washing & parking floor: 0.5 liters/m<sup>2</sup>/day.
  - » Water for plants & flower gardens: 3 liters/m<sup>2</sup>/day.
  - » Water for swimming: 10% of pool volume.
  - » Water for backup & leakage: 10% of total water.

- In reality, given the current status of population, customs and habits of Vietnam and the status quo in the apartments under operation, there are 4 people in 2-bedroom apartment, and 2 people in 1-bedroom apartment. Hence, the forecast of water supply in operation will be as follows:

Data sheet: Estimated maximum water volume of 1 project

No.	PURPOSE OF USING WATER	STANDARD	UNIT	SCALE	VOLUME (M <sup>3</sup> /DAY)
1	Water supply for apartment: 653 apartments x 4 people/apartment	200	liters/person/day	2,612 people	522.4
2	Water supply for office: 404 offices x 2 people/office	200	liters/person/day	1,616 people	323.2
3	Water supply for commercial & services	-	-	10% of domestic water supply	84.6
4	Water for plants	3	liters/m <sup>2</sup> /day	2,000	6.0
5	Water for washing road	0.5	liters/m <sup>2</sup> /day	1,651.3	0.83
6	Water for swimming pool	(The amount of water added to the swimming pool is equal to 10% of the pool volume)			48.7
7	Water for backup	10% of total water use			98.6
<b>Total</b>					<b>1,084.3</b>



## ENVIRONMENTAL ISSUES (continued)

Phat Dat determines that when the project is put into operation, it will cause some impacts on the environment. The sources related to waste and not related to waste are summarized as follows:

### THE ENVIRONMENTAL IMPACT WHEN THE PROJECT IS PUT INTO OPERATION

OPERATION	SOURCE OF INFLUENCE	INFLUENCED OBJECTS	SCOPE OF INFLUENCE			RECOVERY
			SPACE	TIME		
Activities of residents in the building and operation of commercial and service areas	Cooking of each family	Air quality from burning liquid petroleum (LPG) for cooking.	Within the apartment	During the life of the project		High
	Domestic wastewater	Sanitation and drainage of the area	In the project and the surrounding area	During the life of the project		Medium
	Solid waste	Quality of air environment Scene in the area Earth environment	Garbage focus area	During the life of the project		Medium
	Vehicles (motorbikes, cars)	Quality of air environment. Transportation of the area	Basement area, area around the project	During the life of the project		High
	Air-conditioning system	Heat pollution	In the project area	During the life of the project		High
Operation of backup generator	Generator	Quality of air environment Noise and vibration	Basement area, area around the project	During the life of the project, interrupted and discontinuous		High
Operation of sewage systems and wastewater treatment plants	Drainage and waste water treatment system	Quality of air environment Drainage area	In the project area	During the life of the project		Medium
Incident	Explosion	Assets in the project The human's life	In the project and the surrounding area	During the life of the project		Medium
	Incinerator of wastewater treatment plant	Drainage area Quality of wastewater after treatment Flooding and sanitation	In the project and the surrounding area	During the life of the project		Medium

### ENVIRONMENTAL IMPACTS RELATED TO WASTES DURING THE OPERATION OF THE BUILDING

- Impacts caused by emissions from cooking of apartments

POLLUTANT	LOAD OF POLLUTION (kg/month)		LOAD OF POLLUTION (kg/day)	
	LPG butane	LPG propane	LPG butane	LPG propane
NO <sub>x</sub>	31.41	33.50	1.05	1.12
CO	4.36	4.34	0.15	0.14
CO <sub>2</sub>	30,708.48	29,559.00	1,023.62	985.30
TOC	1.22	1.18	0.04	0.04

#### Load of pollutants from the households' cooking

- » **Notes:** Pollution load (kg/month) = Pollution factor (kg/1000l) x amount of gas used (liter/month).
- » **Comment:** CO<sub>2</sub> is the pollutant created with the largest load when LPG is burned. Load from remaining pollutant such as NO<sub>x</sub>, CO and TOC is low. The amount of pollutants generated by LPG burning is much lower than that of conventional fuels in cooking such as firewood, coal and oil. Therefore, LPG is considered a clean fuel in cooking.
- Impact from waste water
- » Domestic waste water
- » Rainwater flows
- Impact from solid waste
- » Domestic solid waste
- » Hazardous waste
- Impact from heat pollution from the air conditioning system
- Impacts arising from the activities of internal traffic in the building area, such as pollution of motorbike, car, etc...

POLLUTANT	DAILY AVERAGE POLLUTANT LOAD (G/DAY)	AVERAGE CONCENTRATION (MG/M <sup>3</sup> )	ENVIRONMENTAL BACKGROUND CONCENTRATION (MG/M <sup>3</sup> )	CALCULATED CONCENTRATION (MG/M <sup>3</sup> )	QCVN (MG/M <sup>3</sup> )
NO <sub>x</sub>	9.92	0.56	81.0	81.56	200 (*)
CO	198.35	11.28	5,000.0	5,011.28	30,000 (*)
THC	19.53	1.11	-	1.11	1,500 (**)
NH <sub>3</sub>	2.79	0.16	-	0.16	200 (**)

#### Concentration of pollutants in exhaust gases arising from the operation of vehicles in the project area.

- » **Notes:**
- (\*) QCVN 05:2013/BTNMT: National technical regulation on ambient air quality.

(\*\*) QCVN 06:2009/BTNMT: National technical regulation on some hazardous substances in ambient air.

The concentrations of pollutants caused by vehicles entering and leaving the project area are within the permitted

standard of QCVN 05:2013/BTNMT and QCVN 06:2009/BTNMT for air quality. The impact of emissions from vehicles is negligible due to wind to dilute the traffic emission.

The emissions of these vehicles only arise at the time the vehicles move into and out of the project area. Vehicles do not operate while parking in the designated area; leading to no emission effecting the surrounding environment.

## ENVIRONMENTAL ISSUES (continued)



### GREEN TECHNOLOGY SOLUTION FOR THE PROJECT

Phat Dat technical departments has encouraged the design consulting units to propose green technology solutions and new construction materials. As a result:

- Phat Dat's works are designed to apply the heat insulation calculation method of wall covering and glass to meet national standards for energy saving construction QCVN09/2013-BXD.
- The design of E low-emission glass door solution reduces the heat transfer from outside to minimize the amount of ultraviolet and infrared light passing through, but does not reduce the amount of light transmitted, thereby saving electricity and the cost of using air conditioners for residents.
- Design hot water system with solar energy, bringing economic efficiency and contribute to environmental protection.
- Design and implementation of Westin Cam Ranh, The EverRich Infinity, Millennium projects are complying with the EDGE Green Architecture Standards of IFC - World Bank. All criteria under the responsibility of the Company have been fulfilled. Currently the design department is building guidances for customers to install energy & water saving appliances.
- The wastewater treatment system is planned to be installed in the deep basement with wide and clear space. Therefore, the risk of spreading smells is not high, does not affect the environment and the population around the project.

### NEW MATERIAL SOLUTIONS TO PROTECT ENVIRONMENT

In construction, Phat Dat has strategically partnered with reputable construction contractors, such as Cotecons. Phat Dat's technical department has been constantly researching construction materials and technologies, thus applying change selectively and effectively according to the word trend with the desire to create sustainable and safe quality works for residents to protect green environment. Specifically:

- Gradually replacing traditional bricks which increase air pollutant emissions by light bricks, unbaked bricks to ensure the structural strength and environmental protection.
- Using artificial flooring made of recycled wood, sawdust to replace natural wood. Artificial wood has good features, less warp, water resistance, abrasion resistance, aesthetic and cost-effective. Some types of bamboo flooring with durability, light weight and rapid regeneration, environmentally friendly are also installed in a number of projects.
- Putting LED lamps to reply fluorescent and compact lamps to ensure the true and natural lighting for users. Despite the higher initial investment in LED system, its use saves considerable electricity, costs, and reduce environmental impact.
- Use energy-saving lifts.

### ENVIRONMENTAL COMPLIANCE

With a sense of environmental protection and sustainability, in 2017 Phat Dat has implemented measures to contribute to environmental protection as mentioned above. The Company strictly adheres to the environmental law and does not violate any regulations on environmental protection.



## SOCIAL ISSUES



Phat Dat determines human resource as one of the key factors for sustainable development. Therefore, the Company has set up and implemented an innovative HR strategy; train and develop quality human resources to create an attractive and friendly working environment between management and workers. The Code of Conduct "Phat Dat-ers" has been developed based on civilized behaviors in compliance with the Company's regulations and the law.

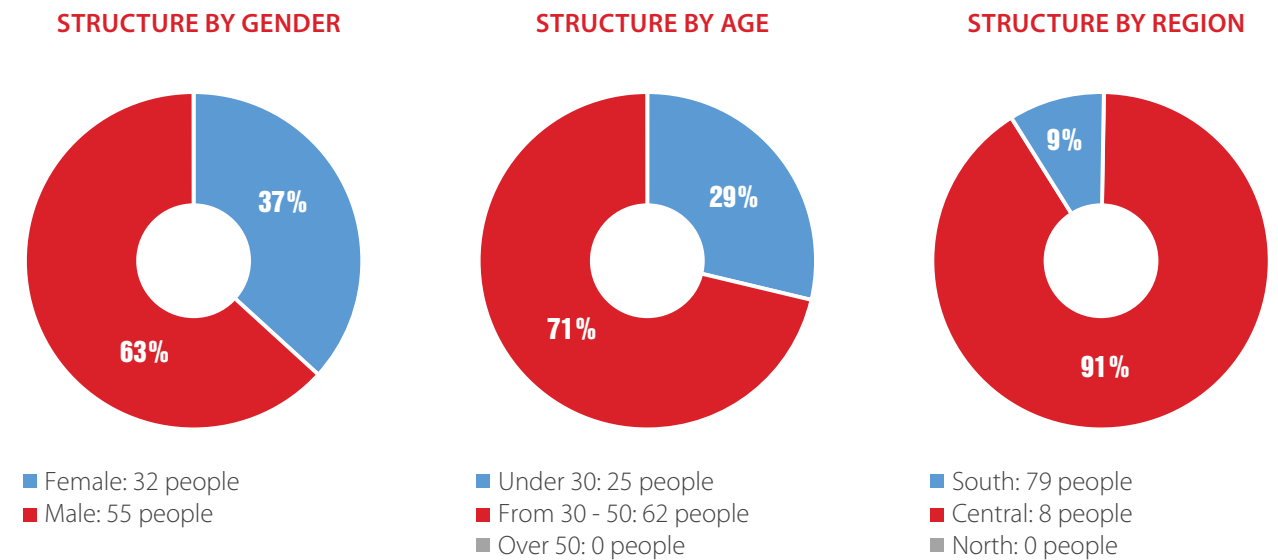
Defining that "Individual builds collective and collective builds the Company", Phat Dat appreciates each individual regardless of their location, age, gender, religion, etc. All people have equal rights and are clearly assigned responsibilities to entitle benefits from the performance results. All are trained to develop careers along with the sustainable development of Phat Dat.

### JOB

#### THE NUMBER OF NEW EMPLOYEES AND JOB RETRENCHMENT

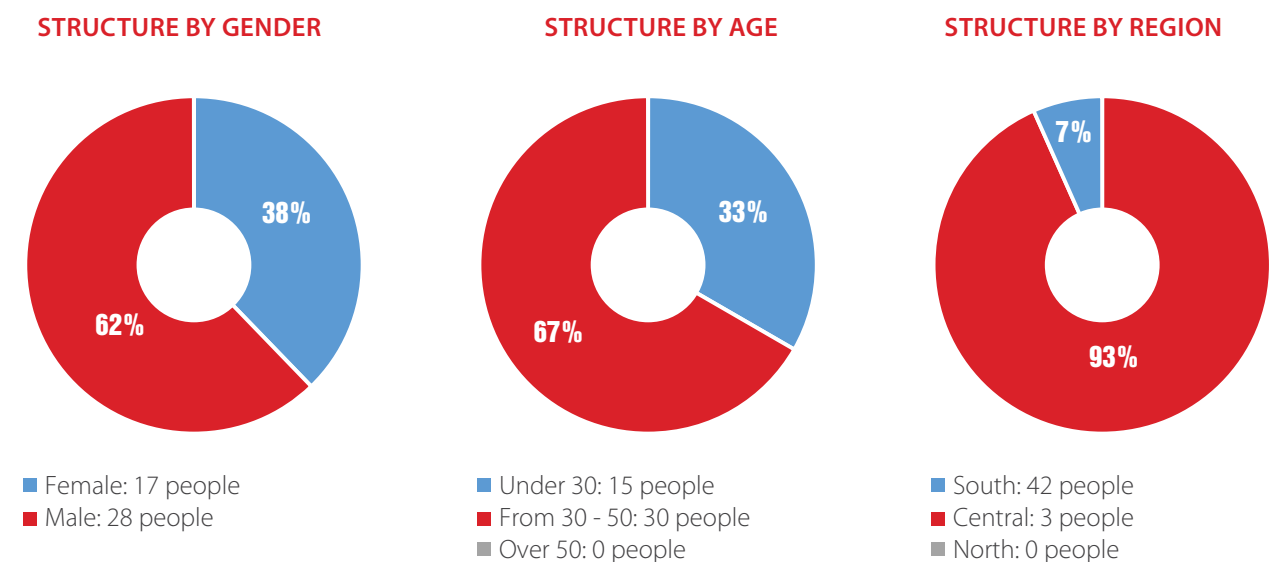
Total number and percentage of new hires in 2017, by age (under 30, 30-50 and over 50), by gender and region (North, Central and South); Total number and percentage of retrenchment in 2017, by age, by gender and by region.

#### NEW RECRUITMENT: 87 PEOPLE, OF WHICH



Total number and percentage of new employees in 2017

#### RESIGNATION: 45 INCLUDING 16 NEW RECRUITS IN 2017



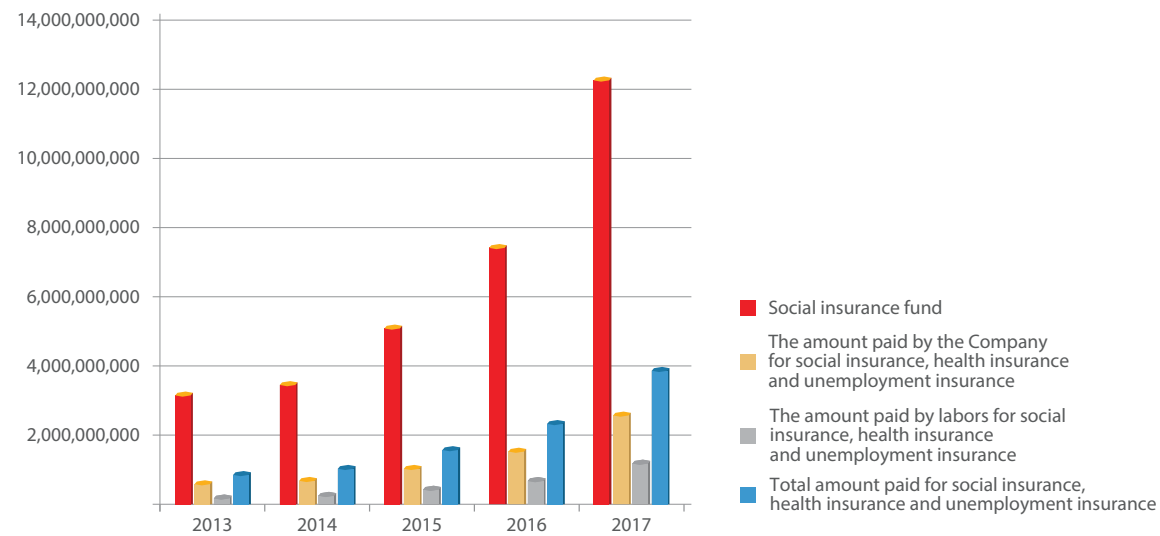
Total number and percentage of employees resigned in 2017

Ratio of resignation on new hires rate is  $16/87 = 18\%$ . Job retrenchment rate:  $45/165 = 27\%$

## SOCIAL ISSUES (continued)

### WELFARE FOR FULL TIME EMPLOYEES

Phat Dat has policy of compensation, insurance, health care, maternity leave, stock ownership and other benefits. The Company has provided health insurance for managers and combined accident insurance for all employees, as shown in the chart below:



Welfare for full-time employees

### MATERNITY LEAVE

CONTENT	NUMBER OF EMPLOYEES (people)	RATIO (%)
Total number of employees entitled to maternity leave	5	
Total number of employees who took maternity leave	5	
Total number of employees returning to work after termination of maternity leave	1	Unable to calculate the ratio as the employees are under
Total number of employees retained 12 months after returning to work		maternity leave in 2017

- Return Rate: 100%
- Retained Rate: 100%

### OCCUPATIONAL HEALTH AND SAFETY

**PHAT DAT UNDERSTANDS, APPRECIATES AND REGULATES THE WELL-PAID BENEFITS FOR EACH INDIVIDUAL WHO CONTRIBUTE TO THE DEVELOPMENT OF THE COMPANY. IT ALSO ENSURES LABOR SAFETY RIGHTS AND CONDITIONS, OCCUPATIONAL SAFETY AND HEALTH FOR THE EMPLOYEES.**

#### APPLY LABOR SAFETY

The Company regularly propagates food hygiene and labor safety to minimize the risk of serious illness and create a safe working environment. Therefore, in 2017, occupational disease was not reported to workers in Phat Dat.

It also focused on education and training. Competent employees train newcomers to ensure the inheritance and promotion of the Company's strengths.

#### DIVERSITY AND EQUAL OPPORTUNITY

The Company encourages and creates equal opportunities for employees to train and develop their career advancement. In reality, many young talents have been trained and promoted to managers.

#### THE DIVERSITY OF MANAGERS AND STAFF

Percentage of individuals in the management level of the Company by gender and age: See Reports in "Organization and Human resources" Section on page 39.

#### NO DISCRIMINATION

Phat Dat commit does not discriminate on race, color, gender, religion, political opinion, national origin or social background.

In 2017, there was no discrimination in Phat Dat.

#### CHILD LABOR AND FORCED LABOR

The Company does not employ child labor and forced labor.

#### LOCAL COMMUNITY

In 2017, Phat Dat contributed VND 3,857,390,000 to support the social welfare, study encouragement funds, pro-poor funds and other charitable activities.

## COMPLIANCE WITH ECONOMIC AND SOCIAL LAW



<p>② 2 cases</p>	<p><b>Criteria</b> Total monetary value of the considerable penalties</p>
<p>⊗ None</p>	<p><b>Criteria</b> Total non-monetary penalties</p>
<p>⊗ None</p>	<p><b>Criteria</b> The cases are made through dispute resolutions</p>

### IN 2017, PHAT DAT COMPANY WAS FINED TWO CASES

First Case - Tax Inspection: In 2017, the inspection team of the Tax Department of Ho Chi Minh City has checked the financial statement of 2016 in the Company. After the inspection, some expenses were excluded such as pre-deducted expenses, some invoices of the partners have escaped and some bills of more VND 20 million which were paid in cash. The Company had to pay an additional tax amount of VND 382,044,972.

Second Case - Construction Inspectorate: In 2017, the Inspectorate of the Ministry of Construction inspected the implementation of the planning, quality management, compliance of housing and real estate business of the Company. As a result, the Company was administratively fined of VND 347,500,000.

### OTHERS

In 2017, the Company did not incur any incidents related to corruption or conflict of interest. The Company absolutely does not use forced labor, child labor and always abides by the laws on salary, social insurance, health insurance and other employee-based compensation.



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