



NURTURING THE FUTURE

Not only does bamboo carry profound cultural value, but it is also a sustainable and environmentally friendly material with significant economic value. Bamboo is akin to the embodiment of Searefico, with the principle "Lives Kindly - Works Hard - Endows Legacy". Searefico aims for sustainable growth to become a leading corporation in Vietnam in the fields of engineering and technology, combining social development goals and environmental protection, thereby contributing positively to the overall development of society

1. OVERVIEW OF SUSTAINABLE DEVELOPMENT REPORT

The approach to sustainable development at Searefico is based on the goal of sustainable growth and becoming Vietnam's leading corporation in the field of engineering and technology, in addition to our social development goals of protecting the environment and positively contributing to the overall development of the entire society:



Continue maintaining, developing, and strengthening the management system by applying good practices and complying with general development trends in the world.



Closely follow the requirements of the State Securities Commission (SSC), guidance of the International Finance Corporation (IFC) and World Bank (WB) for sustainable development, and requirements of the Intergovernmental Panel on Climate Change (IPCC), National Program on Green and Sustainable Growth, and Vietnamese laws.



Organize the system of controls for greenhouse gas (GHG) emissions and consider this as a new requirement in the production and business activities of the Searefico Group. Develop internal regulations/procedures/guidelines for GHG emission control activities.



Develop sustainable human resources through the inheritance of knowledge from previous generations and apply the cultural handbook into practice so that employees are fully aware of Searefico's cultural identity. Meanwhile, Searefico should strengthen training activities and apply advanced technology to ensure the employees' flexibility and readiness to adapt to market changes.



Consider Searefico's development mission in association with the interests of the community and society, balancing the stakeholders' interests by offering opportunities for union activities and providing material and mental support with time and resources to community activities, social security, and charity works. All activities are specified in the Cultural Handbook and implemented through processes/regulations. Searefico commits to setting aside 10% of the BOD's bonus and welfare fund for environmental protection programs and community protection activities.

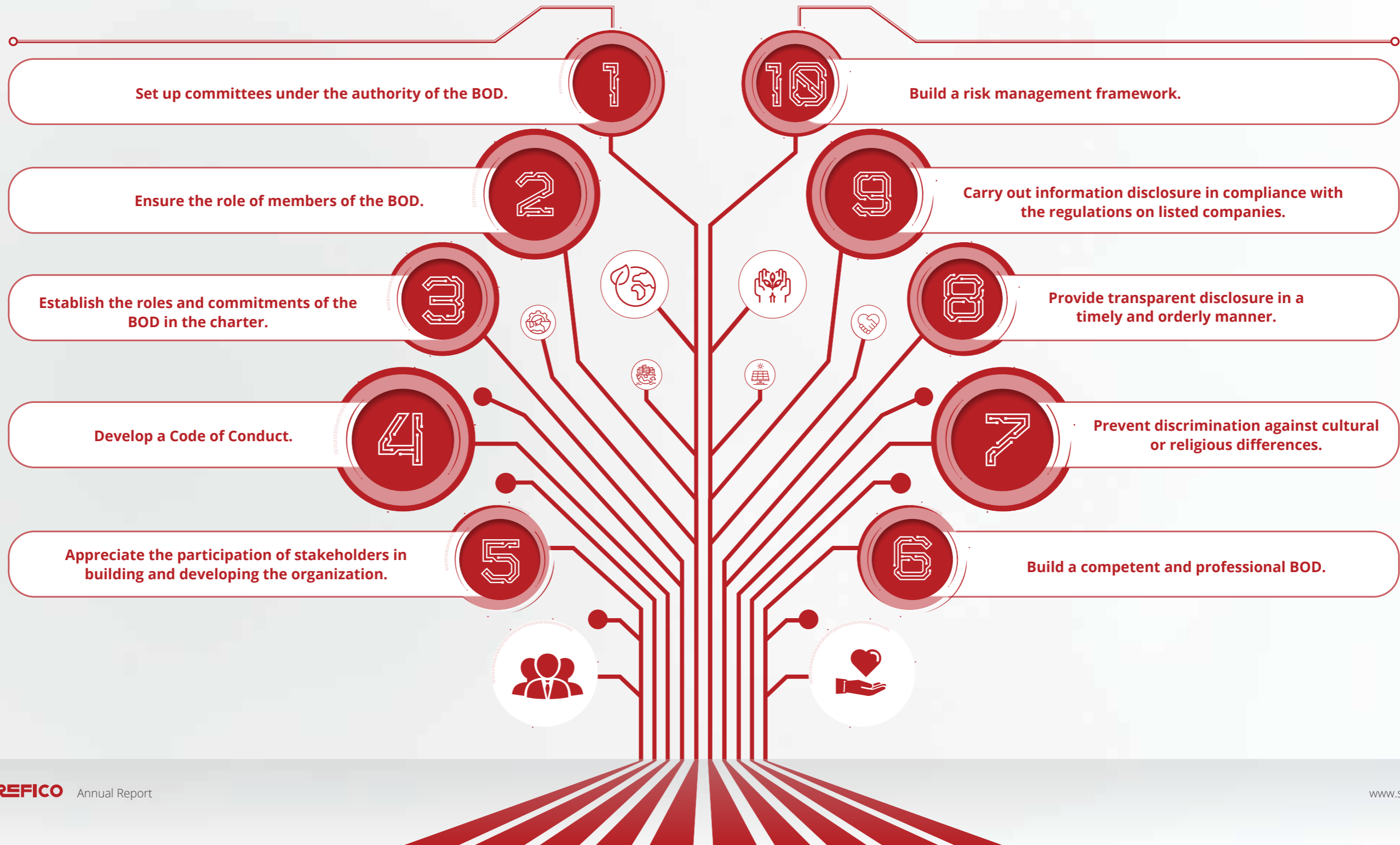
2. GOVERNANCE WITH FOCUS ON SUSTAINABLE DEVELOPMENT

2.1. Foundational factors

- » Board of management of Searefeco Reinvention Project (SRP) completes the framework for Governance and Management Documents to decentralize and define the roles between administrative activities and operating activities.
- » Continuously update and adjust the governance and management documents to timely adapt to production and business activities in compliance with the Group's new management model.
- » Management model with focus on sustainable development:

2.2. Total Quality Management/TQM

- » In the process of organizational restructuring and implementation of the pivot strategy to achieve sustainable development goals, Searefeco Group focuses on modern management methods. In 2023, Searefeco continued being re-certified for ISO 9001 Quality Management System: 2015 by the British Standards Institute (BSI).
- » Occupational Health and Safety Management System (ISO 45001: 2018) and Environmental Management System (ISO 14001: 2015) continued being upgraded to improve the efficiency of management of occupational health, safety, and environment (HSE) control processes.
- » Regarding social responsibility: Gradually apply the Social Responsibility Management System (SA 8000: 2014) into activities for the benefit of the community and harmonize the interests of employees, shareholders, and stakeholders.



3. REINVENTION, KNOWLEDGE MANAGEMENT, DIGITALIZATION



Searefico Reinvention Project (SRP)

Searefico Reinvention Project (SRP): In 2023, SRP project streamlined the governance and management document system in compliance with 6 principles set out by the BOD to ensure streamlined, efficient, and suitable operations. As a result, Searefico managed to reduce from 110 to less than 60 document categories. This task was designed in a project model to promote creative capability. In 2024-2025, Searefico will continue streamlining its entire document system in the ecosystem.

Reduce more than



document categories

Knowledge Management Project (KMP)

Once again, we reaffirm that “Knowledge is an asset” of the Company. Therefore, the BOD continues promoting activities related to knowledge management and reading culture. With strict and close supervision and high determination, during the year, we organized 4 seminars on management science and organizational development; gave away monographs to individuals and working groups; maintained the operation of the Hoa Tri Thuc virtual library with more than 7,000 books on science and technology, management science, society, foreign languages, industry standards, design, materials, etc., in the model of sociological practice; and organized internal knowledge sharing sessions to turn tacit knowledge into explicit knowledge.



Searefico Digitalization Project (SDP)

The BOD has identified digital transformation as a crucial trend for businesses in the era of industry 4.0. The year 2023 set many milestones for our digitalization activities, especially in relation to human resource management, control and optimization of resources. We have digitalized our document system in the new management model. The key task assigned for the 2023-2024 period is to digitally manage the document system (phase 1) and work towards digitalization of the operating process (phase 2) from 2024 to 2028.



4. APPLICATION OF BUILDING INFORMATION MODELLING (BIM)



Since the middle of the last decade, the BOD and BOM have identified BIM as a good practice management method with many advantages. Acknowledging this fact, Searefico applied BIM to the implementation of many foreign-invested and high-end projects from 2014 until now, prior to the effect of Decision No. 258/QĐ-TTg of the Prime Minister on 17/03/2023 on the approval of the roadmap for applying building information modeling (BIM) in construction activities.

In 2023, our subsidiaries have strengthened their design, monitoring, and IT teams. Currently, we have 27 engineers that are proficient in using REVIT (AutoDesk's 3D design software), of which 3 have been trained and certified about BIM by the British Standards Institute (BSI).

In our opinion, BIM changes the way we work and is the upcoming trend in the construction industry. Thus, our subsidiaries will continue investing resources to increasingly improve the efficiency of project management by using BIM to increase bidding opportunities and achieve long-term goals.

5. PRODUCTION AND BUSINESS ACTIVITIES ASSOCIATED WITH ENVIRONMENTAL PROTECTION

With a balanced and sustainable development orientation and business philosophy of maintaining our credibility, gratitude, and balancing interests, we have established a tracking and monitoring system for all production and construction activities in various sectors to comply with the regulations on reducing GHG emissions to protect our Ozone layer. Specifically:

5.1. Regarding environmental protection activities in various fields

a. Supply and installment of air conditioning system and industrial refrigeration equipment

In the activities of refilling, maintaining, and serving the air conditioning system, we completely stopped using HCFC-22 (R22) gas and replaced it with R123, R134A, R467A, or equivalent gases that cause no harm to the Ozone layer, require no refrigerant oil, and save energy.



b. Production of PIR panels

In order to raise the product position in the market, especially to develop the production field and use of light, unburned materials, to meet the increasingly strict requirements of the market for sound and heat insulation, resistance against erosion, moss, and mold. Greenpan's PIR Panel is the most modern production technology line imported from Europe.

In the process of production and construction, PIR Panels of Greenpan generate no emissions such as HCFCs and VOCs that damage air quality and ozone layer.



c. Solar solution (SOLAR) to neutralize GHG emissions

We commit to the implementation of COP26 on a national scale. To this end, Phoenix, a subsidiary in our ecosystem operating in the field of solar energy, rent the roofs and walls of factories and buildings to turn them into generator sets with generating capacity of 500KWpeak to 1,000KWpeak. Within its ecosystem, the projects undertaken by Phoenix have resulted in electricity production reaching nearly 2.2MW (equivalent to 330,000KWh annually). Additionally, Phoenix has deployed projects nationwide to contribute to the neutralization of greenhouse gas emissions. Despite certain challenges, the company has operated efficiently, profitably, and distributed dividends to shareholders in 2023.



5.2. Achievements from environmental impact reduction activities

a. Monitoring the production environment

All environmental monitoring test samples conducted by competent testing agencies met the requirements on temperature, humidity, light, noise, dust, magnetic field, ergonomics, and toxic gases such as CO_x, NO_x, SO_x. Specifically, Arico tested 97 samples and Greenpan tested 108 samples.

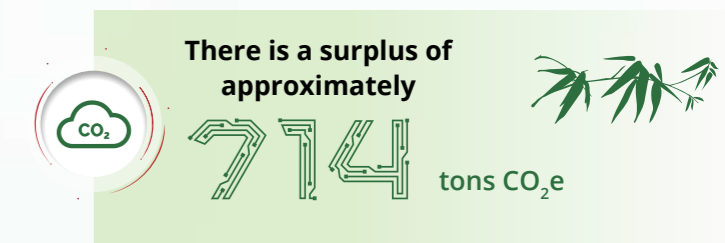
Regarding the collection, sorting of solid waste, household waste, hazardous waste; preventing chemical leaks in industrial production; fire prevention and fighting compliance; water sources for living and production are treated according to the Environmental Protection Law and current regulations at locations with offices and factories of the Searefico Group.

b. Greenhouse gas emissions report

Searefico has been organizing a system to control fuel and energy consumption levels to measure and evaluate CO₂e emissions. The determination of the total CO₂e is carried out in accordance with Decision No. 2626/QĐ-BTNMT dated October 10, 2022, by the Ministry of Natural Resources and Environment on the announcement of the emission factor list for greenhouse gas inventory, and the guidelines issued by the State Securities Commission (SSC) and the International Finance Corporation (IFC), a member of the World Bank Group (WB).

Therefore, with the annual electricity production of 330,000 KWh, the CO₂e offset from Solar projects is calculated to be 1,650 tons of CO₂e. After offsetting, there is a surplus of approximately 714 tons of CO₂e. This confirms that Searefico has demonstrated a high responsibility for growth coupled with sustainable development, in line with the general policy of Vietnam signed at the United Nations Climate Change Conference (COP-21)

All data are periodically reported and strictly controlled by the subsidiaries in our ecosystem with references to the use of raw materials, fuel, energy, and chemicals to create products, and other emission sources in the annual production process. The total CO₂e for Scope 1 and Scope 2 in 2023 is 936.2 tons of CO₂.



6. SENIOR MANAGEMENT COMMITMENT

The direction, strategy, and operating activities must always be associated with the commitments to promoting all efforts, prioritize the implementation of sustainable development plans, and enhance positive impacts on the environment, society, and governance (ESG).

To the employees

- » Build a positive and healthy working environment that has a profound impact and facilitates the employees to improve their personal and professional development pathway in compliance with the laws.
- » The Company is committed to fulfilling our obligations to the employees and complying with labor laws in a transparent, complete, and comprehensive manner: Offer welfare, health insurance, social insurance, and allowance programs to ensure timely and due payment of salary and benefits with a transparent reward and evaluation mechanism.
- » The Company always takes efforts to overcome difficulties to maintain continuous production and business activities, create jobs and stabilize incomes for employees to cope with the challenges and fluctuations in 2023.
- » Action plans are always associated with our vision, mission, core values, and principles. The Board of Directors of the Company always motivates and promotes creativity, and builds a strong team in accordance with the spirit of "We don't build companies, but we build people, and then people will build companies".
- » In 2023, the BOM and Searefico Trade Union Standing Committee organized a Labour Conference. The parties reached an agreement on promulgating the Internal Labour Regulations and Collective Labour Agreement with many improved clauses for employees over the applicable Labour Code.

To the investors and shareholders

- » To the shareholders: We always comply with the regulations on information disclosure, listen and respond to all comments and requests of shareholders, remain careful and responsible in business management to preserve capital and increase value for shareholders.
- » To the strategic shareholders: With the shareholders of Taisei Oncho and Sanyo Engineering & Construction - 2 leading mechanical & electrical Japanese contractors, the Company has increased the energy in core business activities of the Company, especially training a team of quality engineers to meet the increasing requirements of the market, improve competitiveness, increase chances of winning bids for bidding packages.
- » We pursue advanced governance models and management systems that are in compliance with good practices in the world.

To the subcontractors and suppliers

- We always commit to accompanying the subcontractors and suppliers for mutual benefits:
- » Share the technology and construction method to ensure the quality;
 - » Train subcontractor's personnel;
 - » Develop the roadmap for cooperation, share opportunities and reap success;
 - » Cooperate under a spirit of joy, respect, and understanding for a common goal;
 - » Quick and convenient payment process.

To the customers

- » All processes are standardized in compliance with the standard requirements of QMS, OH&S, EMS, SA management systems, etc., in line with global good practices. Especially in project management, many clauses of the Professional Project Management (PMP) model have been applied. From mobilization of resources to control of progress, quality, operating environment, procurement, design, manufacturing, installation, and construction, all of which are compliant with the commitments set out in the policies on quality, safety, and environment.
- » "Prestige over gold" has always been a guideline in business activities of the Company. Over the past year, many traditional customers have put their trust and chosen Searefico and subsidiaries as the supplier and joint venture partner to implement large projects.

To the state

- » Properly and fully comply with the requirements of the State Securities Commission on listing and information transparency mechanism.
- » Make a declaration of taxes and payment to the state budget in compliance with applicable regulations.
- » Make other payables related to social insurance, health insurance, and trade union fees in accordance with regulations.

To the community and society

- » The Safety - Health - Environment Department of each subsidiary in the Group periodically propagandizes and monitors the activities of factories and projects where production and construction activities are located to ensure compliance with environmental laws and regulations and minimize negative impacts on the ecosystem.
- » Apply monthly KPIs for managers and employees to improve their awareness in the fields of Safety - Health - Environment.
- » Develop the regulations on reward and punishment for internal violations in the fields of safety, environment, security, fire prevention, and fighting.
- » Strictly comply with the regulations on fire prevention and fighting, emergency incidents and rescue, set up emergency incident response teams, and provide first aid on the scene.

7. ACHIEVEMENTS FROM SUSTAINABLE DEVELOPMENT ACTIVITIES



- » Despite the difficulties of the economy, Searefiers' average income in 2023 grew by 3% over that in 2022. Our revenue from production and business activities has improved and recovered to be equivalent to that before the Covid-19 pandemic.
- » In the past 5 years, there have been no strikes, slowdowns, or violations of labor laws resulting in any escalated complaints.
- » There were no administrative sanctions for violations of labor laws and other administrative codes related to project management, construction, industrial production, labor safety, fire and explosion, and the environment.

- » For 3 consecutive years 2021, 2022, and 2023, Searefico was praised as one of the Top 100 Best Places to Work in Vietnam in addition to many other prestigious awards.
- » Created a solid foundation for the breakthrough journey of **"Firmly Rooted - Growing High"**. The year 2023 is a pivotal year in the 5-year strategy (2024-2028) as set out by the Board of Directors.

