



**DEVELOPING COMMUNITY - CREATING DESTINATION - BUILDING HAPPINESS**

**SUSTAINABLE DEVELOPMENT REPORT 2018**  
**NOVALAND GROUP**



## ABBREVIATION

<b>AR</b>	Annual Report
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>BOD</b>	Board of Director
<b>BOM</b>	Board of Management
<b>CAGR</b>	Compound Annual Growth Rate
<b>CSI</b>	Corporate Sustainability Index
<b>CSR</b>	Corporate Social Responsibility
<b>ESG</b>	Environmental, Social and Governance
<b>ESOP</b>	Employee stock ownership plan
<b>GRI</b>	Global Reporting Initiative
<b>HCMC</b>	Ho Chi Minh City
<b>HNX</b>	Hanoi Stock Exchange
<b>HSX / HOSE</b>	Ho Chi Minh City Stock Exchange
<b>IDP</b>	Individual Development Plan
<b>IFC</b>	International Finance Corporation

<b>IT</b>	Information Technology
<b>KPI</b>	Key Performance Indicator
<b>Novaland/NVL</b>	Novaland Group/Group/Company
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PMS</b>	Performance Management System
<b>RPC</b>	Process and Compliance Department
<b>PRI</b>	Principles for Responsible Investment
<b>ROE</b>	Return On Equity
<b>SDG</b>	Sustainable Development Goals
<b>SGX</b>	Singapore Stock Exchange
<b>USD</b>	U.S. dollar
<b>VNSI</b>	Vietnam Sustainability Index
<b>WGBC</b>	World Green Building Council

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DEVELOPMENT REPORT 2018

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## COMMITMENTS IN REPORTING EFFORTS

Novaland's 2018 Sustainable Development Report adheres to Global Reporting Initiative (GRI) standards – the latest and most popular on sustainable development reporting. Data are collected from management systems that track and measure activities over time and serve internal reporting and disclosure purposes. Adoption of these standards to our sustainable development report is a testament to Novaland's commitment to integrity, transparency and accountability to stakeholders for performance of our critical fields of business. Our financials provided in sustainable development reports are audited against Vietnam Accounting Standards (VAS) and IFRS. Our reporting and data collection efforts are technically assisted by services from PwC Vietnam Co., Ltd.





## MESSAGE FROM THE CEO



*The perspective of NovaHills Mui Ne Resort  
& Villas Project (Phan Thiet)*

Dear our valued Shareholders and Stakeholders,

“ PERSISTING WITH PREDETERMINED TARGETS, ACCOMPANYING THE COMMUNITY ON SUSTAINABLE DEVELOPMENT JOURNEY, AND ENHANCING OUR CORPORATE SOCIAL RESPONSIBILITIES ARE OUR DEVELOPMENT APPROACH; THESE ARE ALSO NOVALAND'S COMMITMENTS TO OUR CUSTOMERS, TO THE SOCIETY AND THE COMMUNITY. ”

*(Message from Novaland's Chairman to Board of Directors)*

Across our history of 27 years, Novaland Group is persistent with our predetermined strategy and objectives, incorporates and integrates sustainable development elements to our operations, harmonizes growth targets with environmental targets and benefits, and upholds our corporate social responsibilities. The Group is committed to investing in, creating and sharing sustainable values, and contributing to national development and growth.

Novaland Group's sustainable development strategy is established by creating and sharing long-term sustainable values with stakeholders in alignment with global integration and United Nation's 17 sustainable development goals. Our corporate governance complies with international standards, including Principles of Corporate

Governance by the Organization for Economic Co-operation and Development (OECD), and ASEAN corporate governance scorecard.

Standing in Novaland's Sustainable Development Council are devoted members, whose sense of responsibility and years of experience in corporate governance have consistently assisted the Group's Board of Directors. The council has been the very factor that enables Novaland to overcome difficulties and challenges on our journey towards sustainable development.

By implementing sustainable business model and risk management on environmental, social and governance (ESG) in our business activities, the Group will probably encounter challenges and escalating costs, given the advanced and

environment-friendly technologies. This effort, however, will benefit our customers, shareholders and stakeholders with long-term sustainability, and open up more opportunities.

The Group has strengthened our management efforts to mitigate impacts on environment, manage resources efficiently, implement smart construction, adopt new building technologies to certain projects, and most importantly, consume energy sparingly and efficiently to reduce greenhouse gas emission. We prioritize creating wholesome living environments in our projects by introducing appropriate green space and adopting optimal standards to building management.

In term of responsible investing activities, in 2018, Novaland Group cooperated with the Boston Consulting Group (BCG), Military Bank (MB), Can Tho City People's Committee and representatives from Mekong Delta Provinces in setting out "Development of the Mekong Delta's Tourism Sector adapting to Climate Change," observed and praised by Vietnam Prime Minister. The initiative aims at planning and implementing tourism connectivity and development strategies for 13 Mekong Delta provinces, with Can Tho

City playing the central role. We also implement the relevant long-term plan and adjust our governance appropriately over time so that our investments will contribute significantly to development of critical sectors.

Novaland understands that success and brand values are not only recognized good business performance and gratifying remuneration, but also the company's contribution to the community and social responsibility. We coordinate with local authorities and people, organizations and partners to raise awareness and improve community capability. In short term, the Group will accompany the provinces that we are currently developing our projects, namely Ninh Thuan, Binh Thuan, Ba Ria – Vung Tau, Dong Nai, and other Mekong Delta provinces, etc. In addition to social welfare and poverty reduction programs, Novaland invests sustainability programs that deliver long-term impacts: onsite capability-building scholarships, local investment – tourism promotion. More importantly, these meaningful social activities are attended by the Group's employees, customers and partners.

From 2019, the Group's vision has changed towards concerted and complimentary development with a view to become "A leading economic group in Real Estate - Finance - Tourism - Infrastructure Development."

With our centralization approach, viable business strategy, abundant land bank, strong financial position, rigorous risk management, and utmost respect to the law, Novaland makes every effort to contribute sustainably to the society. Our human resources of Efficiency, Integrity and Professionalism will enable Novaland to enjoy outstanding and stable growth in the next five years. Novaland believes that with our "Developing Community – Creating Destination – Building Happiness" mission, our success will certainly bring values to the society, who will in turn recognize Novaland as a national brand, an active contributor to the development of the country.

Yours truly,

**BUI XUAN HUY**  
CEO



# OVERVIEW OF SUSTAINABLE DEVELOPMENT REPORT



Novaland's 2018 sustainable development report is based on prior reports and a tracking and measuring system, and adheres to Global Reporting Initiative's (GRI) Standards – the latest and most widely recognized standards on sustainable development reporting that observe transparency and accountability.

The Report also adheres to IFC's Environmental and Social Performance Standards, and additional standards on Construction and Property sectors. It also clarifies our strategic approach and commitments to sustainable development. The prioritized topics of our Sustainable Development Strategic Approach are based on United Nation's 17 Sustainable Development Goals framework (details in Sustainable Development Governance).



## Reporting Period

Novaland's 2018 Sustainable Development Report gives insight into the sustainable development efforts as part of the Group's business activities for the fiscal year of 2018 (from January 1, 2018 to December 31, 2018).

## Scope and Limit

The contents of this Report are sourced from Novaland's business activities in Vietnam. Data collection is limited to Novaland Group and its subsidiary that the Group holds more than 50% share. Details about financial position and governance of Novaland Group are available in our Annual Report (AR).

Novaland Group is committed to expanding the scope and limit of the report to accommodate growing requirements of stakeholders in the future.

## Usage

The Report is composed of 03 sections: Our Statements of Strategic Approach and Sustainable Development Governance; Performance of Critical Areas and Independent Assurance Report.

All comments and feedback are welcome for further discussion and improvement to this Report in all respects.

## Point of Contact:

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*Director of Communication and Community Support*  
 Novaland Office Building,  
 65 Nguyen Du, Ben Nghe Ward, District 1, HCMC  
 +84 906 353 838  
 duong.ntt@novaland.com.vn



# OVERVIEW OF NOVALAND

NOVALAND IS AN ESTEEMED PROPERTY DEVELOPER AMONG OUR CUSTOMERS. NOVALAND OWNS A DIVERSIFIED PRODUCT PORTFOLIO, WITH VARIOUS PROJECTS IN CRITICAL LOCATIONS OF HCMC.



Novaland is an established and esteemed property developer among our customers. Novaland owns a diversified product portfolio, with various projects in critical locations of HCMC. Novaland Group currently ranks second among the property developers listed on Vietnam's securities market with USD 2.6 billion in capitalization. Novaland was the only property brand honored with Listed Enterprise 2018 award by HCMC Stock Exchange (HOSE), Hanoi Stock Exchange (HNX) and Vietnam Investment Review. It is also named among 40 Most Valuable Vietnamese Brands by Forbes Vietnam.

Innovation and long-term approach enable Novaland to introduce strategic plans, open up opportunities of vibrant destinations from our potentials, create sustainable values to our shareholders, partners and stakeholders, and secure the Group's long-term growth.

For more details about our key business strategies, business activities and financial position, please see Novaland's 2018 Annual Report.

## NO VA LAND INVESTMENT GROUP CORPORATION (NOVALAND GROUP)

Head office	: Novaland Office Building, 65 Nguyen Du, Ben Nghe Ward, District 1 , HCMC
Tel	: +84 906 353 838
Website	: www.novaland.com.vn
Charter capital	: VND 9,372,766,740,000 (as at December 31, 2018)
Stock ticker	: NVL
Independent auditor	: PwC (Vietnam) Limited
Business registration certificate No.	: 0301444753
Major business lines	: Trading in properties and land use rights which are under our ownership, use right or from leases with an industry code of 6810 as defined in the VSIC (Vietnam Standard Industrial Classification) (under Article 10.1 of the Law on Trading of Properties)

## VISION

Novaland is a leading economic group in Real Estate - Finance - Tourism - Infrastructure Development

## MISSION

Developing Community – Creating Destination – Building Happiness

## CORE VALUES

Efficiency - Integrity - Professionalism

## CODE OF CONDUCT

Each business has its unique culture. At Novaland, the management is responsible for taking care of employees, who, in their turn, are responsible for taking care of customers. In order to build a professional Novaland team with high consistency, all conducts are required to adhere to standard rules. Individuals have their own rights to freedom to the extent these rights do not interfere with others'. Proper conducts will help preserve Novaland's core values Efficiency - Integrity - Professionalism will be both the guideline for all activities and the foundation for sustainable growth. Our code of conduct is available for reference at: <https://www.novaland.com.vn/gioi-thieu>



NOVALAND'S 5-YEAR STRATEGY  
(2018 - 2023)

NOTABLE FIGURES  
OF 2018

IN 2018, NOVALAND EMBARKED ON PHASE 2 OF ITS BUSINESS STRATEGY AND SIZABLE PROJECTS CARRYING SUCH BRANDS AS NOVAWORLD, NOVABEACH, AND NOVAHILLS HAVE BEEN LAUNCHED TO CREATE IMPECCABLE DESTINATIONS.

FOCUS STRATEGY

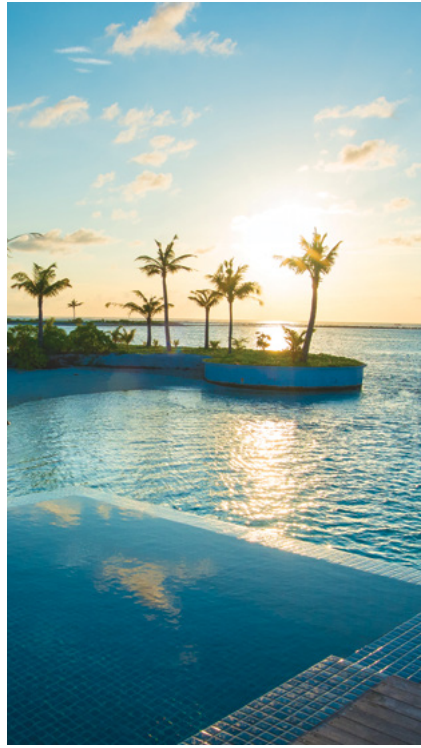
Novaland will continue to develop projects based on available land bank in HCMC and will focus on products at nearby provinces and tourism properties at provinces with tourism potentials such as Binh Thuan, Ba Ria - Vung Tau, Can Tho, Da Lat - Lam Dong...



Residential properties



Satellite towns



Mega metropolises  
of Tourism and Leisure

TOTAL ASSETS  
↑ 41% over the same period in 2017  
~ USD 3 BILLION  
VND 69,912 BILLION

NET PROFIT AFTER TAX  
↑ 58% over the same period  
in 2017  
VND 3,267  
BILLION  
Completed 102%  
of the profit plan in 2018

NET REVENUE  
↑ 31% over the same period  
in 2017  
VND 15,290  
BILLION

CASH AND  
CASH EQUIVALENTS  
VND 12,327  
BILLION

OWNER'S EQUITY  
↑ 54% over the same period  
in 2017  
VND 20,460  
BILLION

CHARTER CAPITAL  
↑ 44% over the same period  
in 2017  
VND 9,373  
BILLION

Successfully mobilized  
in 2018  
USD 570  
MILLION

MARKET CAPITAL  
(as at Dec 28, 2018)  
VND 59,735  
BILLION  
~ USD 2.6 BILLION

THE LIST OF  
CONSTITUENT  
STOCKS FOR THE  
SUSTAINABILITY  
INDEX

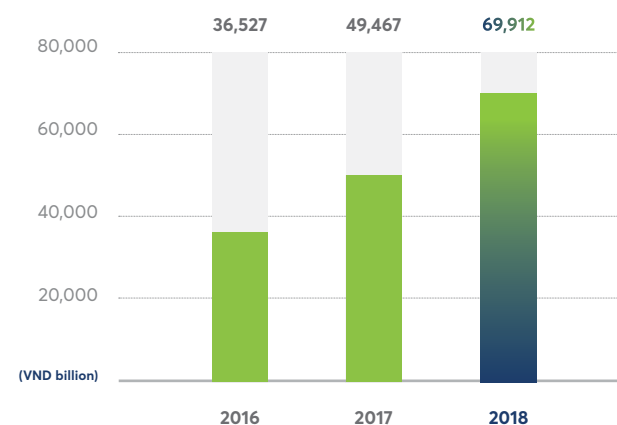
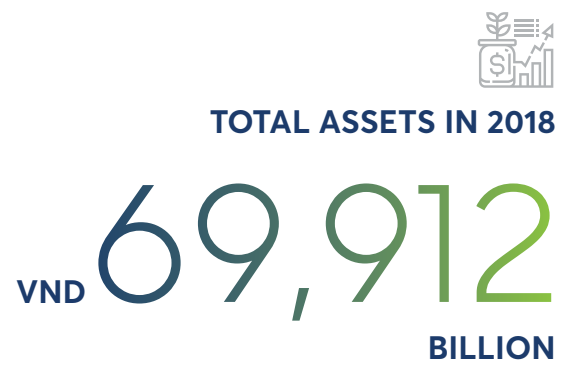
Contributing to  
community support and  
development activities  
VND ~76  
BILLION

HANDED-OVER AND BEING  
HANDED-OVER PROJECTS  
22

THE PERCENTAGE  
OF PRODUCTS  
chosen by customers  
95%

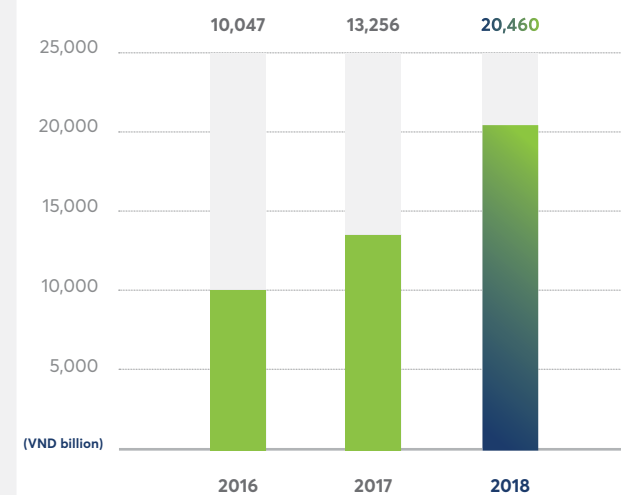
TOP 2  
LARGEST LISTED REAL ESTATE  
DEVELOPERS ON HSX  
(by market Capitalization)





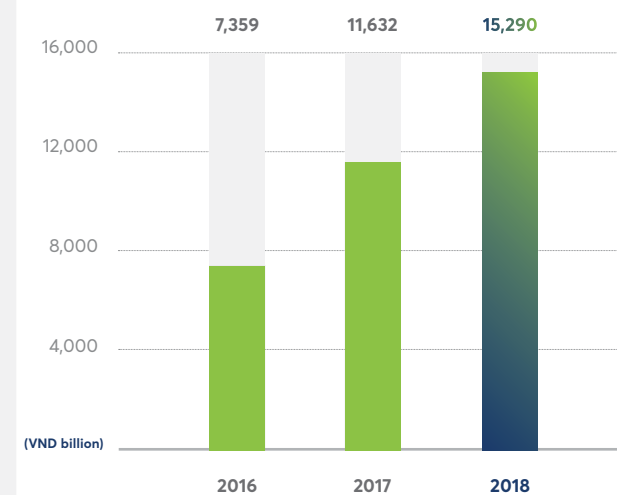
## OWNER'S EQUITY

↑ 54% over the same period 2017



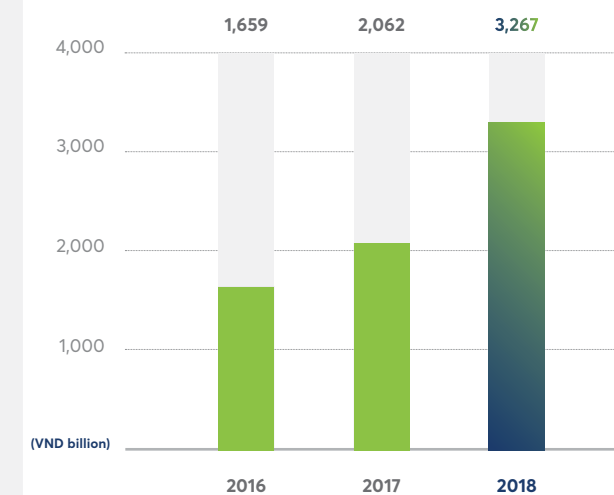
## NET REVENUE

↑ 31% over the same period 2017



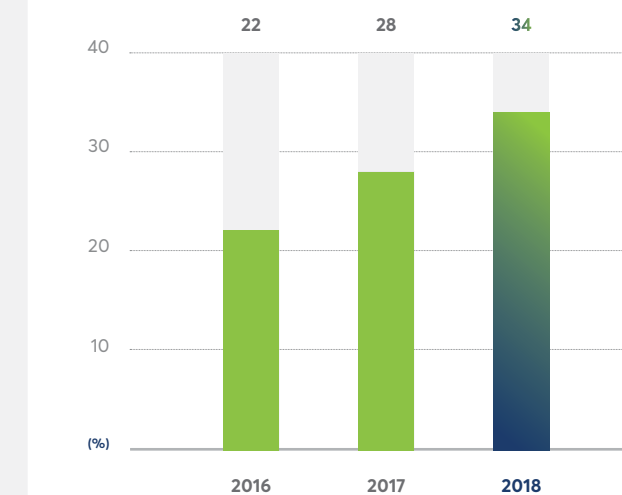
### NET PROFIT AFTER TAX

↑ **58% over the same period 2017**



## GROSS MARGIN

↑ 21% over the same period 2017





BY RELENTLESS EFFORTS IN BUSINESS OPERATIONS AND SUSTAINABLE DEVELOPMENT, IN 2018, NOVALAND GROUP WAS HONORED TO WIN RECOGNITION FROM MANY REPUTABLE DOMESTIC AND FOREIGN ORGANIZATIONS NOT ONLY IN BUSINESS, FINANCE, PROJECT DEVELOPMENT AND HUMAN RESOURCES DEVELOPMENT BUT ALSO FOR OUR EFFECTIVE COMMUNITY SUPPORT FOR SUSTAINABILITY GOALS.



# HẠNG MỤC NHÀ PHÁT TRIỂN BẤT ĐỘNG SẢN Y TÍN NHẤT



## AWARDS AND ACCOLADES IN 2018



TOP 20  
A NEW BENCHMARK FOR  
LIVING SPACE IN VIETNAM

Lakeview City Urban Area (District 2) was presented with "The Best Urban Area" award at the Vietnam National Property Awards 2018 and was honored in the Top 20 Vietnam New Benchmark for Living Space voted by readers of the Vietnam Investment Review.



"THE MOST PRESTIGIOUS  
PROPERTY DEVELOPER"  
IN 2018

The Vietnam National Property Awards 2018, the first national award in the property sector, honors businesses, projects and buildings that make outstanding contributions to the fast, sustainable and transparent development of the local market in the period of industrialization, modernization and integration.

Besides, Novaland Group was also honored among the Top 10 Most Reputable Property Developers 2018 according to Viet Nam Report. Reatimes, an online property magazine, included Novaland as one of the Top 10 Best Property Developers in Vietnam 2017, published in April 2018.



THE ONLY PROPERTY BRAND  
TO BE HONORED IN THE  
AWARDING CEREMONY OF  
LISTED COMPANIES VOTE 2018

On November 2, 2018, in the 2018 Listed Business Vote jointly held by the Ho Chi Minh Stock Exchange (HSX), Hanoi Stock Exchange (HNX) and the Vietnam Investment Review, Novaland Group was for the second time honored with Top 10 Best Annual Reports and the Top 10 Best Sustainability Reports.

As a prestigious award for listed companies, the results of the final-round reports of all categories were subject to review by the big four auditors including Deloitte, EY, KPMG and PwC. The adoption of international standards in financial statements and English-Vietnamese bilingual in annual report is an important factor that helps Novaland gain recognition and continuously win prizes in 2017 and 2018.



## AWARDS AND ACCOLADES IN 2018



### SECOND CONSECUTIVE HONOR AS ONE OF THE "TOP 40 MOST VALUABLE VIETNAMESE BRANDS"

Forbes Vietnam ranks the top brands in Vietnam by measuring their values through financial data. In 2018, Forbes Vietnam recorded the total brand value of the 2018 list as almost USD 8.1 billion, an increase of about 50% compared to the 2017 list. Novaland has been on this prestigious list for 2 consecutive years (2017 and 2018) right after its first year of listing on the stock exchange.



### TOP 50 BEST-PERFORMING BUSINESSES OF VIETNAM

The award was voted on by Thien Viet Securities Company and the Investment Bridge Magazine. The judges based their scoring and ranking decisions on market cap, revenue, net profit in the most recent 3 years, ROE, and dividend yield. According to the vote, Novaland had a market cap of USD 2.71 billion as at April 2, 2018, with a 3-year average ROE of 17.6%. Especially, from 2014 to 2017, Novaland achieved an average net revenue growth rate of 61%, namely from VND 2,802 billion in 2014 to VND 11,632 billion in 2017. The Group's profit after tax recorded a CAGR of 178% from VND 96 billion to VND 2,062 billion.



### THE SECOND-CONSECUTIVE- YEAR HONOR IN THE SPECIAL RECOGNITION IN CSR CATEGORY

At the announcement ceremony of Vietnam Property Awards 2018

Along with sustainable business activities, Novaland Group has been conducting a series of CSR-related activities in multiple fields: social security, health, education, and community development.

Also at the award ceremony, Novaland Group was also honored in two categories - Highly Commended Best Housing Architectural Design and Highly Commended Best Housing Development (HCMC) for Victoria Village project (Thanh My Loi, District 2).



### 3 NĂM LIÊN TỤC LÀ "THƯƠNG HIỆU TUYỂN DỤNG TỐT NHẤT CHÂU Á"

The award was granted by the Employer Branding Institute, the World HRD Congress, and the Stars of the Industry Group. Asia's Best Employer Brand Awards is regarded as one of the region's most valuable and prestigious awards in the human resources sector. Treating investment in human resources as the top priority, perpetually providing the most competitive compensation packages in the market, and offering professional development opportunities to all employees, the Novaland brand is honored to have been in this prestigious list for 3 consecutive years 2016 - 2017 - 2018.



### THE SECOND CONSECUTIVE HONOR AT VIETNAM HR AWARDS

Novaland Group was honored in two important prize categories: Best Workplace and Efficient Compensation and Benefits Vietnam HR Awards, sponsored by the Ministry of Labor, War Invalids and Social Affairs, is the first and only award that honors excellent HR policies in Vietnam. The award employs exclusive expertise and methodology from the Singapore Human Resources Institute (SHRI) - Singapore's largest HR research organization.



### VCCI'S TOP 100 SUSTAINABLE BUSINESSES 2018

Novaland was honored to secure a place in the Vietnam's Top 100 Sustainable Businesses 2018 hosted by the Vietnam Chamber of Commerce and Industry (VCCI) to acknowledge efforts to move towards comprehensive sustainable development standards. The company meets the criteria of the Corporate Sustainability Index (CSI) developed by the Vietnam Business Council for Sustainable Development (VBCSD) based on international practices and current Vietnamese regulations.

In July 2018, Novaland was officially added to the top Vietnam Sustainable Index (VNSI) businesses by the HCMC Stock Exchange (HOSE).

The VNSI criteria for assessment and selection reflect the sustainable management practices of listed companies. The recognition is an important basis for investors to consider and make decisions on their investment to ensure the principles for responsible investment (PRI).

The Group has also continuously intensified capital mobilization activities both at home and abroad. In April 2018, Novaland made a double transaction including the offering to foreign investors of USD 160 million in Convertible Bonds under Regulation S format and USD 150 million in share capital following the 144A format of the US Securities Act.



This is also the first double transaction structure implemented in Vietnam and voted "The Best Vietnam equity-linked deal" within the framework of the "The Asset Triple A Country Awards 2018" organized by The Asset (Hong Kong).





1.

## SUSTAINABLE DEVELOPMENT STRATEGY AND GOVERNANCE

With the vision of contributing to a happy and prosperous life within society, Novaland has developed a strategy based on the principles of transparency, accountability, advanced risk management and embedding stakeholders' participation within the sustainability approach.



## NOVALAND'S SUSTAINABLE DEVELOPMENT STRATEGY

Sustainable development has become a prerequisite in international economic integration, and enterprises play the major role in implementing and realizing sustainable development objectives. Given our vision to be a "Leading economic group in Real Estate - Finance - Tourism - Infrastructure Development," upholding core values of **"Efficiency - Integrity - Professionalism"**, Novaland's strategies are grounded on transparency and accountability requirements, advanced risk management, and sustainable development approach involving all stakeholders.



Novaland has gradually managed environmental and social impacts and long-term business performance in line with development approach. We are committed to sustainable development governance standards and practices. Our sustainable development strategy is built around 4Ps:



TO DETAIL OUR STRATEGY IN ALIGNMENT WITH THE UNITED NATIONS' 17 SDGS, SDG OBJECTIVES ACCORDING TO WORLD GREEN BUILDING COUNCIL. NOVALAND IDENTIFIES AND INCORPORATES THE PRIORITIZED GOALS BASED ON THE EXTENT OF THEIR IMPACTS ON OUR SD STRATEGY, WHILE BALANCING THE INTERESTS OF STAKEHOLDERS.



Source: World Green Building Council (WGBC)

### SUSTAINABLE DEVELOPMENT GOALS (SDGS) PRIORITIES OF NOVALAND

### TARGET SDGS FOR DELIVERY BY NOVALAND

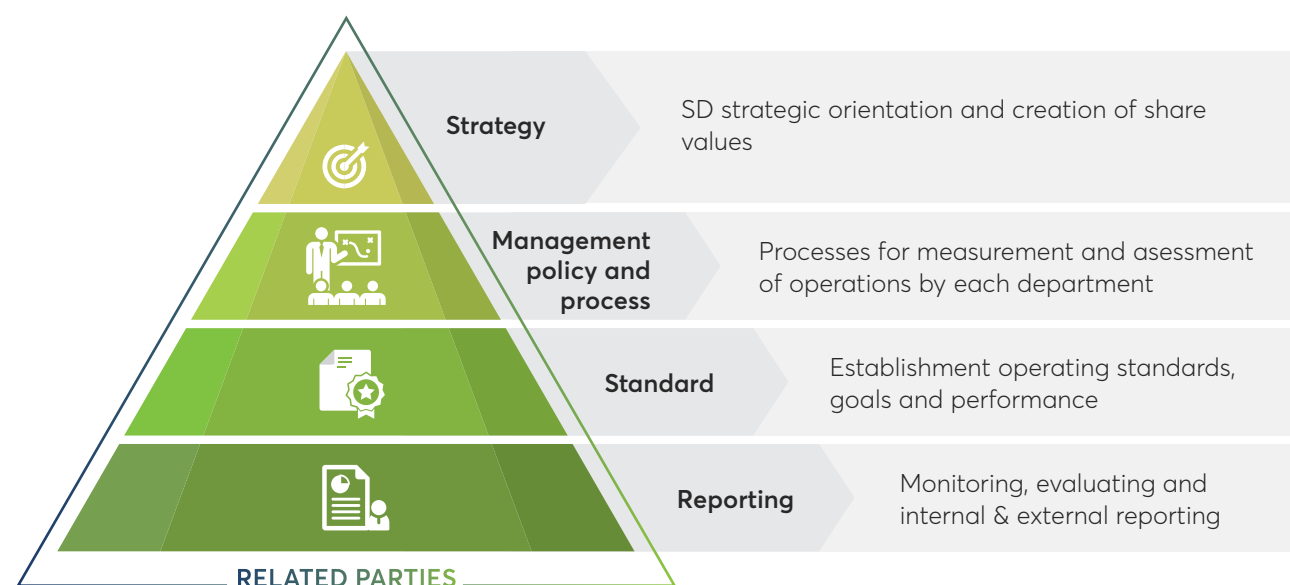


Novaland identifies and manages critical topics, and integrates stakeholders' concerns in daily business activities and decision-making processes. We managed to gain the trust of stakeholders and secure long-term growth. We build and maintain strong relationships on the ground of respect and cooperation with stakeholders, including shareholders, investors, banks, credit institutions, customers, suppliers, government and its agencies, employees and local communities.





NOVALAND'S GOVERNANCE IS REPRESENTED IN ALL OF OUR BUSINESS ACTIVITIES, AND COMPLIES WITH INTERNATIONAL STANDARDS AND PRACTICES. IT FOLLOWS A CONSISTENT APPROACH THAT HARMONIZES ECONOMIC GROWTH WITH CORPORATE SOCIAL RESPONSIBILITIES. MANAGEMENT FRAMEWORK, POLICY AND PROCESS FOR THE SAID CRITICAL SD TOPICS ASSIST THE GROUP'S MANAGEMENT IN PERFORMANCE ASSESSMENT AND IMPROVEMENT.

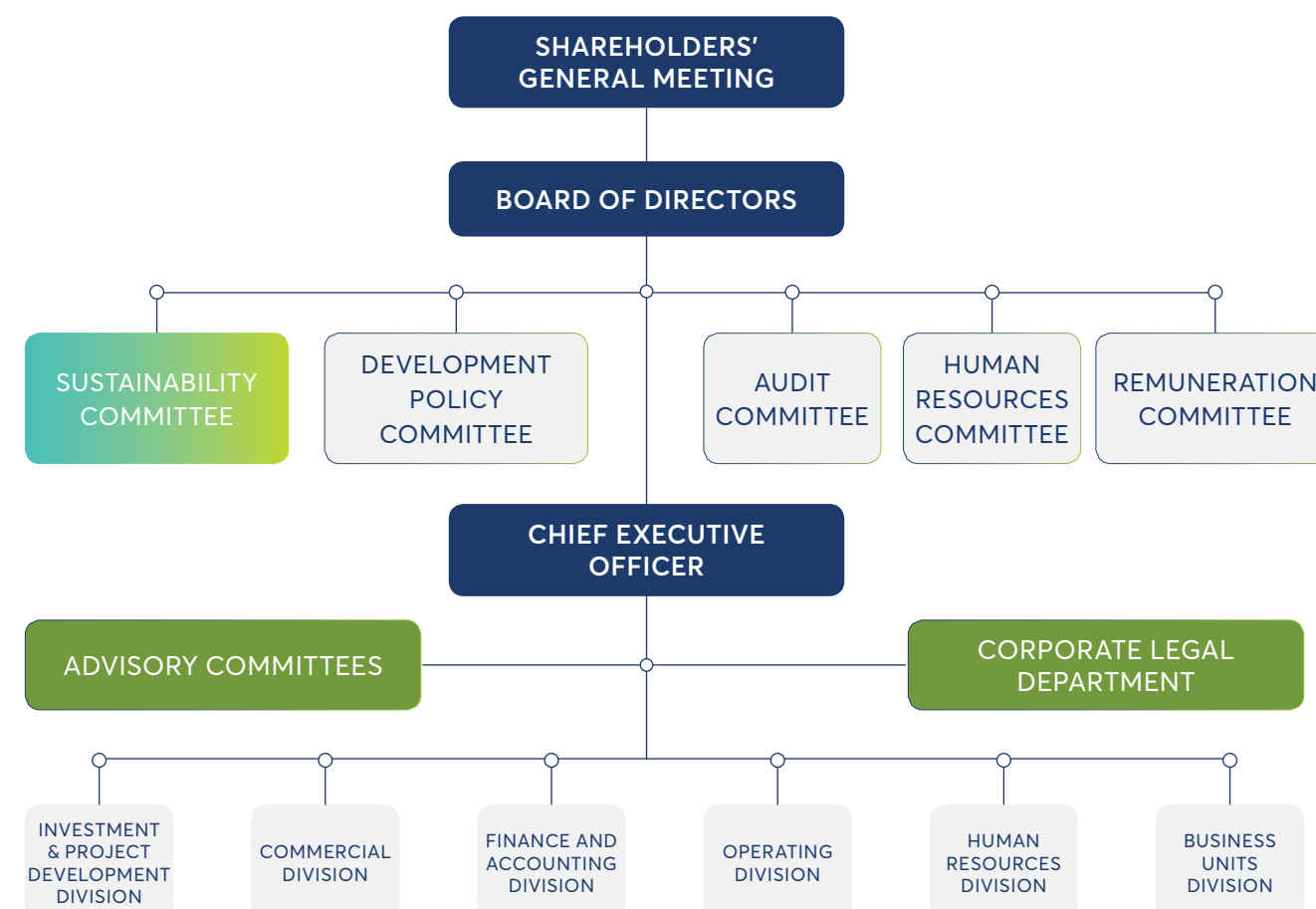


A Sustainable Development Council was founded in 2016 to supervise implementation of sustainable development strategy and preset goals. It is composed of independent experts with practical experience. The Council is independent in advising the Board in reviewing and approving the Group's sustainable development targets, policies and action plans, and creating values for major stakeholders by integrating work ethics, integrity, social and environmental compliance in daily activities. The ultimate purpose is to prepare the Group with necessary policies, standards, systems and people to identify and comply with international standards and practices in economic, environmental and social terms.

## SUSTAINABLE DEVELOPMENT STRATEGIC DIRECTIONS AND TASKS FOR THE PERIOD OF 2019 - 2023

- 1 » Further implementation of its development strategy in phase 2, focusing on key businesses, namely real estate projects in the middle and high segments to include residential real estate, satellite urban areas, and urban entertainment and leisure travel projects.
- 2 » Ensuring that the focus is on comprehensive and reciprocal development, clear business strategy, stable land availability, strong cash flows, strict management of risks and legal compliance to realize the goal of becoming a leading economic group in Real Estate - Finance - Tourism - Infrastructure development.
- 3 » Investment in developing high quality human resources to meet the development requirements in a new era of leadership and application of technology for a competitive advantage. Development of its corporate culture that promotes constant innovation as a foundation for sustainable development of the Group.
- 4 » Commitment to creating and sharing values , and responsible business practices in line with its "Developing Community – Creating Destination – Building Happiness" mission.

## SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE



Organizational Structure was issued in March, 2019



## SUSTAINABILITY COMMITTEE



**Mr. Philip Yeo Liat Koko**  
Senior Advisor

Mr. Yeo is Chairman, Economic Development Innovations Singapore (www.edis.sg) an economic development management services company. EDIS provides strategic advice and undertakes the development and management of integrated industrial and urban areas with an emphasis on job creation and industrial cluster development.

Mr. Yeo is Chairman of Accuron Technologies (www.accuron.com), a global technology group with core competencies in precision manufacturing, material processing and systems design and integration serving the aerospace, electronics and medical industries.

Mr. Yeo is an independent director on the board of directors of Hitachi Ltd (www.hitachi.com), City Developments Ltd (www.cd.com.sg), Kerry Logistics (www.kerrylogistics.com).

Mr. Yeo is the Chairman of SPRING (Standards, Productivity and Innovation for Growth), Singapore Government's enterprise development agency whose mission is to enable and grow Local Enterprises focusing on Small and Medium Enterprises.

He was former Chairman, Agency for Science, Technology & Research (www.a-star.edu.sg) and Economic Development Board (www.edb.gov.sg), and Senior Adviser of Science & Technology in the Ministry of Trade & Industry and Special Advisor for Economic Development in the Prime Minister's Office.

Mr. Yeo holds a Bachelor of Applied Science (Industrial Engineering) and an honorary Doctorate in Engineering from University of Toronto of Canada; Master of Science (Systems Engineering) from University of Singapore; Master of Business Administration from Harvard University of United States of America; Doctorate in Medicine from Karolinska Institute of Sweden; honorary Doctorate of Science from Imperial College of United Kingdom; honorary Doctor of Letters from National University of Singapore; and honorary Doctor of Law from Monash University of Australia.



**Mr. Lai Chun Long**  
Advisor

Mr. Lai Chung Loong is currently Corporate Advisor to Temasek International Advisors Pte Ltd.

Mr. Lai started his career at Chartered Industries of Singapore (CIS) in 1968. He rose to become Managing Director from 1983 to 1989.

Concurrently he was Managing Director of Singapore Technology Corporation Pte Ltd.

He was appointed President of CIS in 1989.

In September 1993 Mr. Lai moved to head Sembawang Industrial Pte Ltd serving as its Deputy Chairman & President.

Mr. Lai was the founding chairman of the Vietnam - Singapore Industrial Park (VSIP) in 1996. He assisted to bring Foreign Direct Investment into VSIP and other business sectors in Vietnam. For his contributions to Vietnam, Mr. Lai was awarded the Friendship Medal by the President of Vietnam in 2006.

Mr. Lai served in numerous community positions over the past 35 years and is currently a Patron of Clementi Constituency.

He served as a Member of the Management Council of the German-Singapore Institute from 1982 to 1989. He was a Member of the Board of Governors of the Singapore Polytechnic from 1983 to 1992. He was the Chairman of the National Automation Master Plan Committee under EDB from 1987 to 1988.

Mr. Lai was awarded a Public Service Medal (PBM) in 1992.

Mr. Lai graduated with a Bachelor in Engineering (Mechanical) from the University of Auckland under a Colombo Plan Scholarship in 1967. He holds a MBA degree from the University of California, Los Angeles in 1980 and completed the Advanced Management Program at Harvard University in Fall 1987.



**Ms. Lam Thi Ngoc Hao**  
Member of Committee

- ACCA fellow member.

- CFA charter holder.

- Certified Public Accountant, Australia.

- Certified Public Accountant, Vietnam.

Ms. Hao is an audit partner in the HCMC office of KPMG Vietnam. She has been working with KPMG for more than 18 years and was involved in a wide range of external audit assignments which include statutory audits under local regulations and annual audits of financial statements of local and multinational clients which require awareness of Vietnamese Accounting Standards, International Financial Reporting Standards and corporation systems.

Ms. Hao is currently leading Private Business which aims to support fast growing business to overcome challenges through planning and managing the growth. She manages a team consists of dedicated experts and professionals, with in depth global experience and local knowledge, who can assist fast growing business on growth strategy, corporate structure, process, procedures, system, and developing professional management practices.



**Mr. Lau Boon Tuan**  
Member of Committee

Mr. Lau has extensive experience in managing business in South East Asia and especially in Vietnam.

In Vietnam, when he was the Finance Director of Pepsi-Cola International, he was one of the key team members to explore business opportunities in Vietnam in 1992. He was part of the team who identified potential JV partners and negotiated on the overall structure of the shareholding for Pepsi-Cola Vietnam which went into operation successfully within 4 hours of the US embargo being lifted in 1994.

In 2008, he was appointed Head of Vietnam with the objective to spearhead Fullerton Financial Holding's (FFH) entry strategy into Vietnam through the setup of a finance company as well as an acquisition of local bank. After he sealed the deal with all regulatory approvals in 2011, he was the first foreign CEO to be appointed to run the local bank, Mekong Development Bank.

Before joining FFH, in 2005, he was appointed as the Group CEO of Singapore Post Limited (SingPost) where he improved SingPost's net income over 3 years with a CAGR growth of 15%. As a result, SingPost stock price went up 41.0% during his tenure and the market cap exceed \$2 billion dollars. SingPost became the 40th largest listed company in the Singapore Stock Exchange in terms of market cap during that period.

In his career that spans over more than 30 years, he held different key positions starting at PriceWaterHouse, Finance Director Pepsi International, COO Yeo Hiap Seng (Singapore), CEO CitiBank Consumer Bank Thailand, Group CEO Singapore Post Ltd, Head of Vietnam Fullerton Financial Holdings (wholly owned subsidiary of Temasek Singapore) and CEO of Mekong Development Bank.

Mr. Lau graduated from University of with a Bachelor of Commerce degree.



**Mr. Pham Phu Ngoc Trai**  
Chairman

- Founder & Chairman, GIBC.

- Chairman, Masan Nutri Science.

- Chairman, Rolex Vietnam.

- Chairman of Advisory Board, VinaCapital.

- Senior Editor Advisor, Forbes Viet Nam.

- Chairman, Leading Business Club (LBC).

Mr. Pham Phu Ngoc Trai – Chairman of Global Integration Business Consultants (GIBC), a company which was established with the mission of facilitating the integration and sustainable growth of Vietnamese Businesses – has more than 30 years of experience in various FMCGs business including state-owned enterprises, joint-ventures and foreign companies, spanning across Vietnam and countries worldwide.

Mr. Trai held the position of Chairman and CEO of Saigon Food Processing Company (Foodexco), General Director of SPco. Holdings Company, International Beverages J>V Company (IBC), before being appointed to the President & CEO of PepsiCo Vietnam and South East Asia, Vice President – Corporate Affairs in Asia Pacific,... He was among the very Vietnamese senior leader in charge of regional business in leading multi-national company. Under his leadership, PepsiCo Vietnam had consecutively won 4 prestigious DMK awards-the most honorable award of PepsiCo International.

Apart from his business leadership, Mr. Trai is also known as a pioneer of CRS work in VCCI, the Saigon Times Foundation, Sponsored Association for Poor Patients in HO Chi Minh City the Saigon Golf Association.

The Sustainable Development Council convenes on a regular basis to review performance of sustainable development programs and targets to raise awareness about these targets among the Group. The said performance on sustainable development targets will be reported to the Board for informed decision-making. In 2018, because of the SDC's advice and efforts made by the Board of Management, Novaland was included in Vietnam Sustainability Index (VNSI) launched by HCMC Stock Exchange. This is a group of VN100 listed companies that fulfill green criteria and excellent sustainable development governance in environmental – social – governance terms.





## THE ROLE OF RISK MANAGEMENT

Risk management is an integral part to sustainable development of a business. Good risk management means maintaining a reasonable level of control over the impacts and probability of risks, less affected by unforeseen impacts, and being able to take prompt actions to mitigate any losses incurred as a result of risks. Fully aware of this, Novaland Group has always regarded risk management as one of the key functions.

## FUNCTIONS OF THE RISK MANAGEMENT TEAM

Novaland's risk management efforts are advised and supervised by the Risk Management, Process and Compliance Department (RPC) with the following functions:

- » Own risk management implementation and supervision activities within the Group.
- » Advise the Board of Management (BOM) on risk management related issues in the Group.
- » Develop and implement tools, models, and measures to improve the efficiency of the Group's risk management function.

## RISK MANAGEMENT POLICY

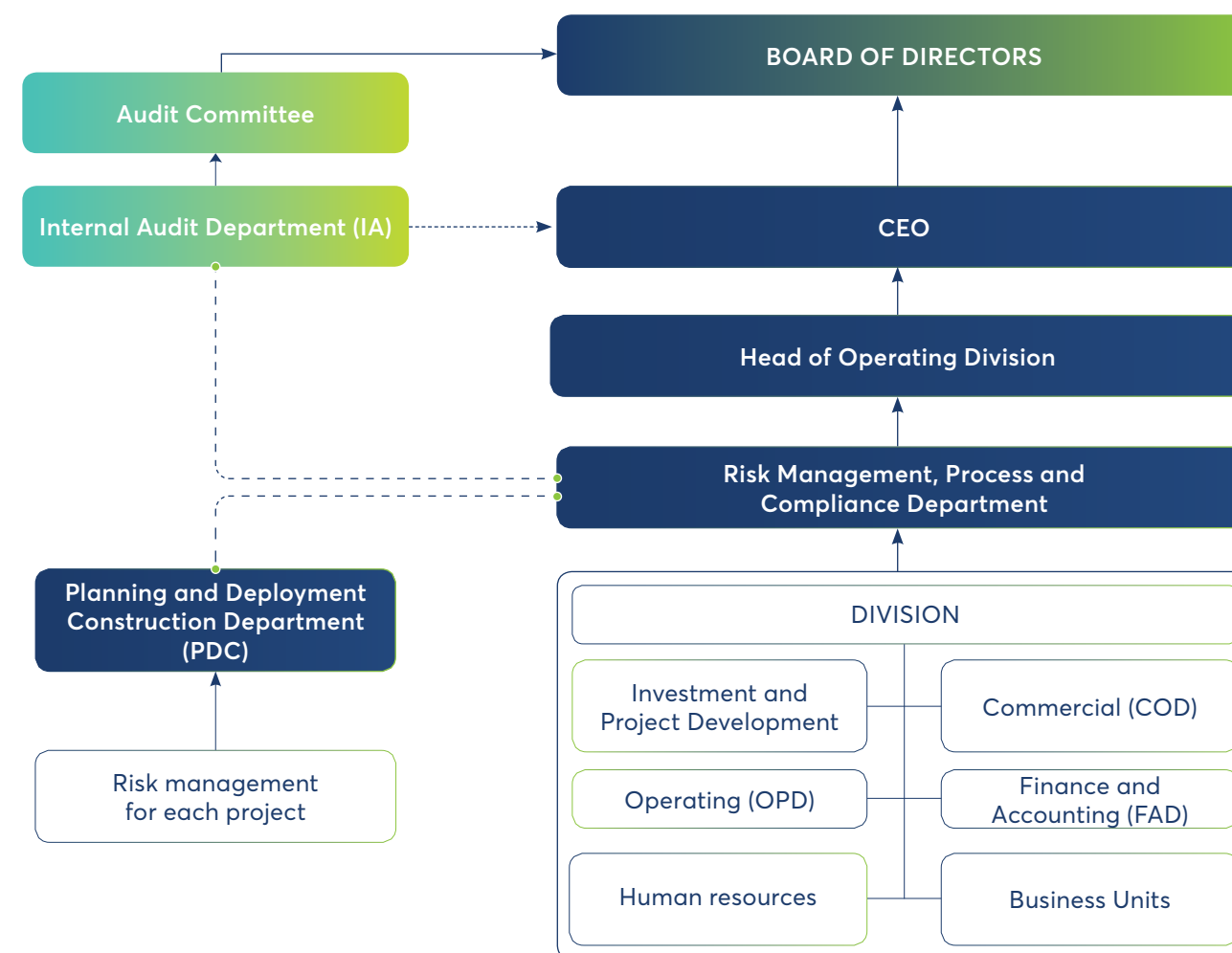
Risk management policy dictates the risk management way-of-working at Novaland Group that enables smooth coordination between RPC and other Divisions/Departments in risk management efforts, and supports BOM in mitigating losses and leveraging opportunities.

With the support of consulting firm KPMG, the Group's first risk management policy was developed in 2015, adopting requirements of the ISO 31000:2009 International Standard and the 2004 COSO Standard. Such adoption of international standards to risk management policy speaks volume for our commitment to building and maintaining an advanced and effective risk management framework, promoting preventiveness, and cementing our "no-surprise risk" culture in Novaland's risk management.

Our risk management policy is updated on an annual basis to ensure alignment with our business strategy in each of the Group's development phases.

## THE GROUP'S RISK MANAGEMENT STRUCTURE

Novaland's risk management is structured in 03 lines of defense, and is adopted consistently across all subsidiaries. This will make risk management efforts efficient by popularizing and implementing across all levels of the Group.



### INTERPRETATION:

- Risk owner (1<sup>st</sup> defense layer)**  
Most risks are proactively managed on daily basis at Divisions/Departments/Projects.
- Risk management units (2<sup>nd</sup> defense layer)**  
Monitoring units including the Planning and Deployment Construction Department and the Risk Management, Process and Compliance Department are responsible for collecting and analyzing risk information from multiple different sources.
- Independent assessment & inspection team (3<sup>rd</sup> defense layer)**  
The Internal Audit Department provides an independent opinion to verify the risks and effectiveness of control activities.
- Function reporting.**
- Administrative reporting.**
- 2-way exchange of information on risks.**



## IMPLEMENTATION OF RISK MANAGEMENT IN 2018

NOVALAND ENCOURAGES PRO-ACTIVE RISK MANAGEMENT: EVERY EMPLOYEE PROACTIVELY IDENTIFIES AND REPORTS POTENTIAL RISKS, OR REPORTS INCIDENTS ONCE THEY OCCUR TO FACILITATE RPC DEPARTMENT WITH ADEQUATE INFORMATION TO COORDINATE WITH SPECIALIZED DEPARTMENTS IN ANALYZING, EVALUATING AND HANDLING RISKS MORE EFFICIENTLY.

In 2018, RPC Department collaborated with other departments to:

- 1 Advise and assist other departments in completing Group's critical risks portfolio as well as specific risk portfolios for individual departments and projects.
- 2 Review to improve current processes and strengthen controls to identify and prevent potential risks.
- 3 Work with QA department to successfully deploy a project risk management software for a number of ongoing projects.
- 4 The software system supports project risk management in a systematic way:
  - » Project risks related data will be updated periodically and managed consistently. Thereby, the Group is capable of building a project risk related historical data source, making risk management efforts more concrete and efficient since risk identification, assessment, analysis and management is done on real data.
  - » Online approval of project risk management outputs to minimize review time and streamline risk files management.
  - » Risk issues are timely reported to enable quick responses in case of high to very high probability. Reporting needs of stakeholders are also met.
  - » IT enables users to recognize risk criticality to take prompt actions and mitigate residual risk to the predefined target.
- 5 Organize internal training courses to ensure the Risk Management Process is properly understood and adhered to by employees.

In particular, Novaland implemented the following measures for major risks in our business activities:

### ENVIRONMENTAL RISKS



*The Sun Avenue Project, District 2, HCMC*

**As a property developer, Novaland consistently prioritizes identifying environmental risks and mitigating environmental impacts throughout our business activities, from investment to project development and building management. The Group always aims for improvement, innovation, and application of advanced technology in addressing environmental pollution.**

For noise pollution risk, if project area is subjected to noise restrictions, the Group will examine and request contractors to use equipment with limited noise and

avoid working at night. In addition, we strengthen relationship with local residents and welcome their feedback on noise pollution to work out mitigating measures.

As for construction site hygiene, Novaland regularly supervises contractors' transport of soil and materials to and from construction sites, and monitors cleaning of the areas beyond the project boundary.

The Group carries out overall environmental impact assessment for all projects as required by Vietnamese law. We observe efficient and economical use of resources – energy, water, building materials from the very design stage. In addition, Novaland's pollution control efforts include sewage and waste treatment that meets legal requirements. This enhances the Group's long-term performance and sustainable development.



QUALITY  
RISKS

Sunrise Riverside Project, District 7, HCMC

It is always Novaland's top priority to maintain high product quality at each and every project to meet customers' expectations.

In order to mitigate the potential risks in our activities detrimental to project quality, the Planning and Deployment Construction Department (PDC) always closely monitors activities at construction sites, and strictly complies with construction quality management and project risk management processes.

The Group selects strategic suppliers against strict criteria of product quality and commitment to integrity to make sure materials and supplies always meet quality and design requirements. This also removes the risks of staff integrity that may compromise the quality of outsourced materials and services. On execution phase, the Quality Assurance (QA) Department

regularly examines and evaluates product quality before hand-over in order to detect and immediately address any potential defects (if any).

In an effort to ensure the best products are delivered to consumers, the Group sends random inspection squads to project sites to enforce compliance with the Group's policies, procedures, regulations and guidelines governing construction quality, occupational safety and environmental sanitation on all projects owned by the Group or its subsidiaries. This random construction inspection effort adds a proactive line of defense that regularly updates the BOM with potential risks to product quality arising from project implementation to make sure timely actions are taken.

Strict product quality management is the best way to protect the Group's reputation and prevent losing market share to competitors.

LEGAL  
RISKS

Changes in the local macro economy and legal system present challenges to property developers.



Changes in policies by both central and local governments may result in significant impacts on property market in general and investment in this market in particular.

To control this risk, Novaland is committed to building a competent and experienced legal team in two specialized departments, responsible for advising, reviewing and implementing legal activities for each of the Group's areas of business:

- » Legal Department (LCD) responsible for corporate legal affairs.
- » Project Legal Department (PLG) responsible for project legal affairs.

By maintaining two specialized legal departments, the Group is able to review and address project and corporate legal issues in a closer and more efficient manner, and respond appropriately to changes in the current legal system. These two legal teams maintain a reasonable level of two-way interaction to ensure the Group's compliance in all respects.

In addition, significant changes in legal system that may affect the Group's operation are regularly communicated to all employees through internal channels to ensure compliance across the Group.





## INFORMATION SECURITY RISKS



Cyber attacks, with increasing sophistication and complexity, can result in information loss or even total system breakdown. This poses financial, reputational and legal risks to the Group.

The emergence of information technology shifts most of the Group's information storage and communication towards computer systems/cyberspace. Cyber attacks, with increasing sophistication and complexity, can result in information loss or even total system breakdown. This poses financial, reputational and legal risks to the Group.

Fully aware of the importance of information security, in April 2018, Novaland established an Information Security Board (ISB) to advise and assist the BOM in establishing information security policies, procedures and standards, improving the Group's network security maturity, and monitoring compliance and effectiveness of information security.

In 2018, ISB has planned an independent monitoring system (in addition to the existing IT system that serves the Group's daily operations) to track unusual behaviors and mitigate information security risks such as data encryption attacks, information leaks, brute force attack, etc. In addition, the Committee monitors threat management, security holes, and carries out performance review on a monthly basis.

Besides, ISB supervises many projects to improve information security: adjust network organization unit of respective departments/functions, optimize user management system, improve network security capabilities such as network partitioning and network architecture, deploy and adopt firewall policies, deploy network account privilege management software, deploy network port security, and so on.

In 2019, ISB will continue to monitor abnormal information and activities, periodic filling of security holes, if any, and multiple projects to further improve security.

## RISK MANAGEMENT TARGETS FOR 2019

- 1 Build a detailed historical database of incidents and hazards to enable identifying, analyzing and assessing risks. This will also help assess performance of risk management activities by comparing the residual risks over the years or various periods.
- 2 Update 2019 Risk portfolio to ensure risk management is consistent with the development approach and business strategy.
- 3 Monitor execution of risk handling actions on a quarterly basis and report to the CEO to ensure all risks are within the target level determined by the BOD from the beginning of the fiscal year.
- 4 Organize risk management training courses for the BOM and senior managers.
- 5 Coordinate with QA Department to implement a risk management system following ISO 45001 – International Standard on Occupational health and safety. In particular, RPC shall work with QA to identify external and internal issues that threaten the expected results of the Occupational Health and Safety management system. In addition, RPC and QA will also assess the requirements of employees and other stakeholders, and scope of the Occupational Safety and Health management system to identify the risks and opportunities that need addressing to:

- Ensure the Occupational Health and Safety management system can achieve the expected results;
- Prevent or reduce undesired outcomes;
- Maintain continuous improvement.







DAILY ACTIVITIES OF NOVALAND'S EMPLOYEES ARE REGULATED BY THE GROUP'S CODE OF CONDUCT TO MAINTAIN TRANSPARENCY AND INTEGRITY, AND PROVIDE CUSTOMERS WITH QUALITY PRODUCTS AND PROFESSIONAL SERVICES.

Once issued, it was made available to every employee, who signed the Compliance Agreement to all provisions of the Code of Conduct. From the Board of Directors, Board of Management to supervisors and staff are committed to the Code, and supervision of such is carried out regularly. The Group maintains a hotline to receive complaints about frauds or offenses, and, in an effort to raise awareness about exposing offenses, establishes that covering for those would violate the Labor Code. Any offense to the Code of Conduct or Core Values of the Group will be duly dealt with. Novaland classifies degrees of violation and corresponding disciplinary actions.

Novaland introduces steps to protect the Core Values, namely "Efficiency - Integrity -

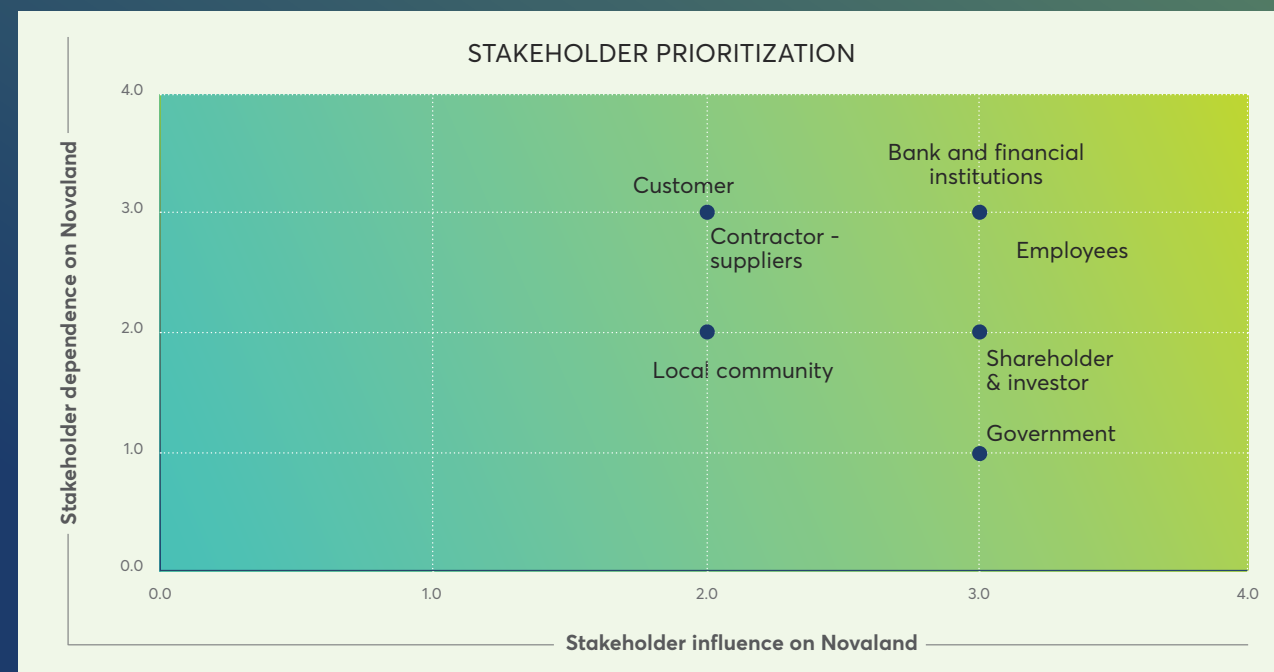
Professionalism", and communicate the Code of Conduct across the Group and to external stakeholders. These are also basic contents included in required on-boarding training to make sure every employee understands and complies.



STAKEHOLDER ENGAGEMENT IS KEY FOUNDATION FOR IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT STRATEGY AND LONG-TERM DEVELOPMENT OF THE GROUP. THE GROUP ALWAYS PLACES TRANSPARENCY AND ACCOUNTABILITY AT THE TOP AS GUIDING PRINCIPLES OF OUR ACTIONS FOR RELIABLE AND COOPERATIVE RELATIONS WITH STAKEHOLDERS.



Driven to create superior values, Novaland always meets the increasingly demanding requirements of stakeholders with dedicated and passionate services and a professional management and operation system according to international practices.



The Group has established regulations to standardize stakeholder engagement, thereby receiving feedback and expectations from the relevant stakeholders via each operation's communication channels, ensuring timely and effective resolution of the parties' issues and concerns. The stakeholder engagement consultation process is conducted in a certain order of priority according to the level of influence and dependence of each party while ensuring the information exchange requirements of accountability, materiality and completeness. Based on the functions and tasks and the assigned plan, the Divisions shall consult with related parties, assess requirements and develop response plans for synthesis and reporting to the Board of Management.





WE ENSURE THE ESTABLISHMENT AND MAINTENANCE OF SUSTAINABLE RELATIONSHIPS ON THE BASIS OF MUTUAL RESPECT AND COOPERATION WITH STAKEHOLDERS AT EACH STAGE OF THE VALUE CHAIN, INCLUDING CUSTOMERS, SUPPLIERS, SHAREHOLDERS, INVESTORS, CREDIT INSTITUTIONS, GOVERNMENTAL AGENCIES, EMPLOYEES, AND LOCAL COMMUNITIES.

Over the years, we have maintained many ways of communication with stakeholders to make timely amendments to our policies. These channels are getting enhanced to improve feedback and expectations gathering.



#### WITH CUSTOMERS

Novaland upholds the motto: "Customers First" The Group care about our customers' health and safety, and invest significantly in quality control, from construction to building operation and aftersales service. In addition, we adopt technologies to cater customers' growing demands, maintain meticulous from design to construction, advise customers to select suitable products, and stay receptive to all customers' feedback to improve our products and services.



#### WITH SHAREHOLDERS & INVESTORS

Novaland is committed to protecting interests of our shareholders and investors through honest, timely and transparent disclosure of performance in our regular meetings.



#### WITH BANKS AND CREDIT INSTITUTIONS

The Group communicates and coordinates closely with banks and credit institutions to maintain effective financial management, improve credit rating and governance to international standards and practices.



#### WITH CONTRACTORS/SUPPLIERS

Novaland timely updates contractors and suppliers with policies and selection criteria to maintain strong partnerships.



#### WITH THE EMPLOYEES

The Group adopts many technologies and policies in people management to nurture professional and competent human resources. These include PMS, IDP, KPI, remuneration, benefits, welfare, training, and high-standard corporate culture.



#### WITH THE LOCAL COMMUNITIES

Novaland understands our responsibilities in contributing to community development. Therefore, we are not just satisfied with Community support, but expand to raising awareness and developing community capability through providing social welfare, care for the poor, and rural infrastructure such as bridges.






#### WITH GOVERNMENT

We vigorously cooperate with authorities to catch up with and adopt new policies, increase cooperation efficiency and contribution to economic development.



## OUTCOMES OF STAKEHOLDER ENGAGEMENT

STAKEHOLDERS	CONCERNS	NOVALAND'S ACTIONS
<b>CUSTOMERS</b> 	<ul style="list-style-type: none"> <li>» Commitment to product and service quality</li> <li>» Specific policies to cater customers' demands</li> <li>» Supplying responsibly and sustainably</li> </ul>	<ul style="list-style-type: none"> <li>» Product quality control system, green and sustainable solutions</li> <li>» Product development; serve with honesty and dedication; cater to customers' growing demands and lifestyle</li> <li>» Assess suppliers by sustainable practice criteria among others</li> </ul>
<b>BANKS/ CREDIT INSTITUTIONS</b> 	<ul style="list-style-type: none"> <li>» Business performance and payment to creditors</li> <li>» Compliance and transparency in Information disclosure</li> <li>» Sustainable lending and investing</li> </ul>	<ul style="list-style-type: none"> <li>» Improve credit ratings through robust financial management</li> <li>» Introduce company-wide risk management, improve governance and transparency</li> <li>» Be transparent and timely in disclosure</li> </ul>
<b>CONTRACTORS/SUPPLIERS</b> 	<ul style="list-style-type: none"> <li>» Share resources to improve contractors' competitive advantage</li> <li>» Occupational health and safety and environmental management</li> </ul>	<ul style="list-style-type: none"> <li>» Establish strong partnership with contractors/suppliers</li> <li>» Improve awareness about best practices environmental management</li> </ul>

STAKEHOLDERS	CONCERNS	NOVALAND'S ACTIONS
<b>EMPLOYEES</b> 	<ul style="list-style-type: none"> <li>» Employment, salary and working condition, remuneration and bonus</li> <li>» Motivation, training for career development</li> <li>» Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>» Improve income and benefits for employees, nurture a standard working environment, and transparent feedback channel</li> <li>» Provide training courses regularly based on personal needs survey and work requirements</li> <li>» Occupational health and safety programs</li> </ul>
<b>SHAREHOLDERS &amp; INVESTORS</b> 	<ul style="list-style-type: none"> <li>» Business performance and profits for shareholders</li> <li>» Compliance and transparency in Information disclosure</li> <li>» Sustainable development strategy and roadmap, and corporate social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>» Secure market share and diversify</li> <li>» Introduce company-wide risk management and governance</li> <li>» Adopt green and sustainable construction</li> <li>» Be transparent and timely in information disclosure</li> </ul>
<b>LOCAL COMMUNITIES</b> 	<ul style="list-style-type: none"> <li>» Community/ local infrastructure development</li> <li>» Employment and job opportunities</li> <li>» Timely and accountable response to complaints</li> </ul>	<ul style="list-style-type: none"> <li>» Increase investment in community development</li> <li>» Cooperate and develop human resources for local community</li> <li>» Timely and transparent complaint handling arrangements</li> </ul>
<b>GOVERNMENT</b> 	<ul style="list-style-type: none"> <li>» Sustainable economic growth, job creation, tax obligations.</li> <li>» Socioeconomic development programs for the community</li> <li>» Environmental and social impact management</li> </ul>	<ul style="list-style-type: none"> <li>» Contribute to sustainable economic and tourism development in many geographies</li> <li>» Focus on prioritized community development programs</li> <li>» Increase internal monitoring for compliance</li> <li>» Consult local community and authority regularly on impacts</li> </ul>



## CRITICAL TOPICS ASSOCIATED WITH UN'S 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs)



IDENTIFICATION OF KEY ASPECTS BASED ON REQUIREMENTS AND EXPECTATIONS UPDATED FROM STAKEHOLDERS, IN ACCORDANCE WITH DEVELOPMENT STRATEGIES SERVES AS AN IMPORTANT FOUNDATION AND PREREQUISITE FOR THE GROUP TO MANAGE RISK AS WELL AS OPTIMIZE OPPORTUNITIES IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT.

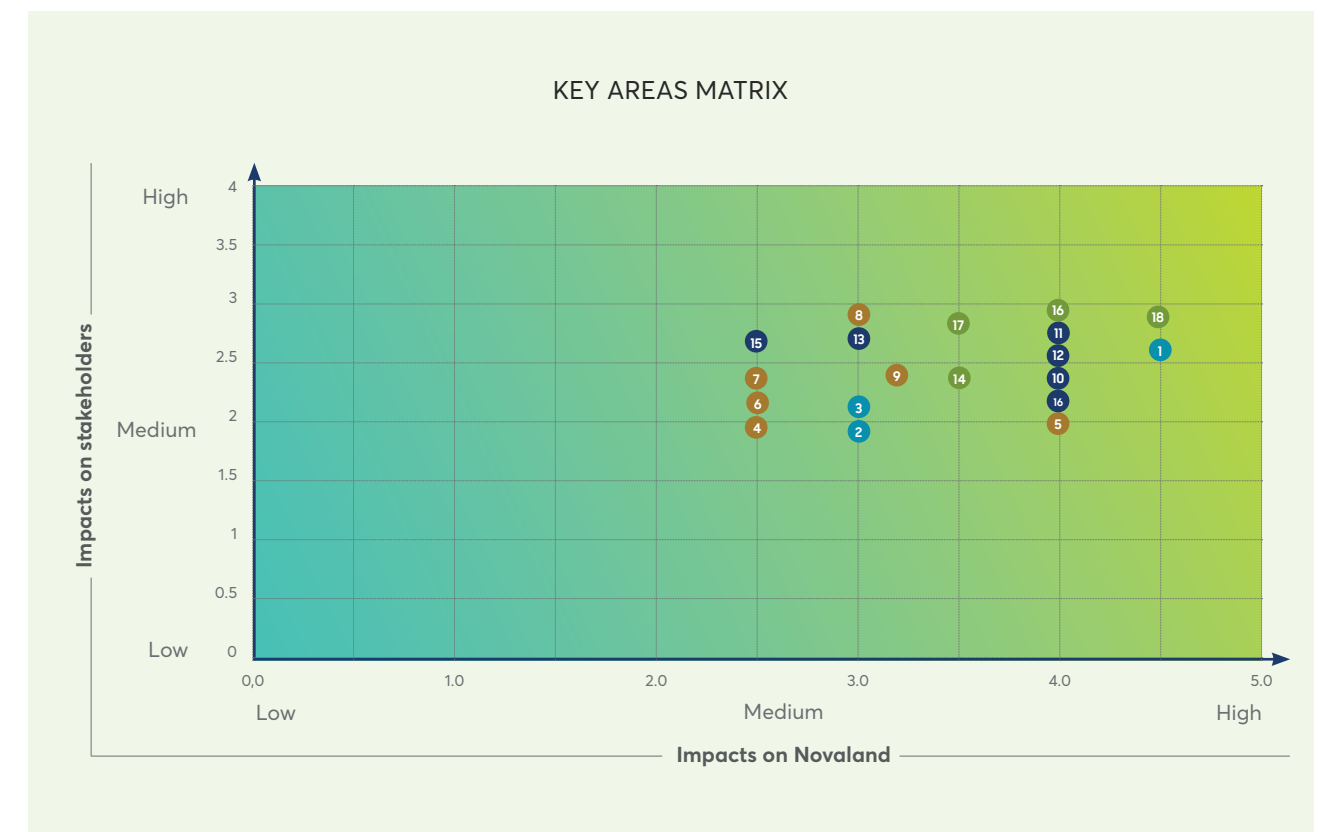


In 2018, we conducted a review and updated critical assessment of areas and aspects that affect the Group's business performance and development, at the same time reflecting the high interest of the stakeholders. Matters of sustainable development in the value chain of the Group are sector-specific and

international practices on sustainable governance are also reviewed and analyzed based on priority considerations. Accordingly, Novaland Group reaffirmed its strategy of sustainable development, contributing to promoting and creating a strong and fair society.

Key areas reviewed were referenced to the framework of the UN's 17 SDGs, which aim to help the Group identify impacts as well as contribute to realizing key SDGs. The critical assessment content was also generated through workshops with Senior Managers. Analytical results of the key areas in terms of economic, environmental

and social aspects of prioritized areas based on sustainable development strategies are presented on the matrix. Newly added areas that attract higher level of interest from stakeholders include: diversity of equal opportunities, technological innovation and sustainable procurement practices.



### ECONOMIC EFFICACY AND SUSTAINABLE DEVELOPMENT

- 1 Direct economic impacts
- 2 Indirect economic impacts, reducing inequalities
- 3 Sustainable procurement practices



### INVESTMENT IN HUMAN DEVELOPMENT

- 10 Jobs
- 11 Employment relations
- 12 Employment health and safety
- 13 Education and training
- 15 Diversity and equal opportunities



### MANAGEMENT OF ENVIRONMENTAL IMPACTS

- 4 Materials
- 6 Energy
- 6 Water
- 7 Waste and waste water
- 8 Environmental compliance
- 9 Technology innovation



### CREATING AND SHARING VALUES

- 14 Investment in community development
- 16 Customer satisfaction
- 17 Customers health and safety
- 18 Assurance of product quality and service





An aerial night photograph of a modern residential development. In the foreground, a large, rectangular swimming pool is illuminated with warm lights. Surrounding the pool are numerous villas with dark roofs and warm interior lighting. A central pond is surrounded by palm trees and landscaped gardens. In the background, a city skyline is visible across a body of water, with a prominent skyscraper illuminated. The sky is a deep blue with some clouds.

2.

## PERFORMANCE OF SUSTAINABLE DEVELOPMENT ACTIVITIES

Innovation and a long-term approach enable Novaland to introduce strategic plans, open up opportunities based on our development potentials and establishment of vibrant destinations, create sustainable values to our shareholders, partners and stakeholders, and secure the Group's long-term growth.



# SUMMARY ASSESSMENT OF SUSTAINABLE DEVELOPMENT ACTIVITIES PERFORMANCE

Results of the implementation of sustainable development plans in 2018 are summarized as follows:



## ECONOMIC PERFORMANCE AND SUSTAINABLE DEVELOPMENT

### Initiatives

- » Improved management capability to ensure economic efficiency and sustainable growth
- » Indirect economic impacts, contributing to reducing inequality from the development process
- » Practiced responsible procurement.

### Results

- » Reinvested for new project development, and prepared for tourism property projects
- » Increased investment in technical infrastructure to bring benefits to communities and stakeholders
- » Created jobs, improved labor productivity, and reduced inequalities to ensure growth
- » Supplied environmentally friendly green materials, solar solutions for a number of projects
- » Conducted supplier assessment based on social and environmental compliance practices.



## INVESTMENT IN HUMAN DEVELOPMENT - HUMAN RESOURCE MANAGEMENT FOR SUSTAINABLE DEVELOPMENT

### Initiatives

- » Development programs for high level leadership; middle management (MMDP)
- » Specialized training program for Real Estate Consultants
- » Office 365 training
- » E-Learning system.

### Results

- Implemented training programs with a total of over 50,000 hours of training hours
- » 234 courses were held in 2018
  - » 27 new Masters graduated from Mini MBA course
  - » Sharing experiences from High-Level Project Management team with 22 management topics throughout a Real Estate project
  - » Presented 193 new warriors who understand the products of the Group, customers' preferences and obtain skills of a professional Real Estate Consultant.
  - » Conducted Office 365 training program for Managers and employees to ensure a clear understanding of new operating mechanism and effective conversion planning
  - » The E-Learning system was developed and built with more than 16 sections, officially operated for all employees and is continued being built with other supporting sections.

SUMMARIZING PERFORMANCE EVALUATION OF SUSTAINABLE DEVELOPMENT CARRIES AN IMPORTANT CONTENT FOR MANAGEMENT TO CONSIDER AND EVALUATE ASPECTS THAT NEED FURTHER IMPROVEMENT. THE GROUP'S LEADERSHIP CLEARLY DEFINED PRIORITIZED TASKS, AIMING FOR CONTINUAL IMPROVED OPERATIONAL EFFICIENCY THROUGH THE APPLICATION OF INTERNATIONAL PRACTICES ON SUSTAINABLE DEVELOPMENT MANAGEMENT, WHILE AT THE SAME TIME ENHANCING THE EFFECTIVE ENGAGEMENT AMONG STAKEHOLDERS TO ACHIEVE THE SET FORTH GOALS.



## MANAGEMENT OF ENVIRONMENTAL IMPACTS - DEVELOPING GREEN AND SUSTAINABLE PROJECTS

### Initiatives

- » Evaluated standards for materials used, energy and environmental management in projects
- » Conducted training to raise awareness about environmental monitoring management
- » Conducted research on and implemented green construction projects
- » Applied advanced IT in management and business areas
- » Conducted research on and implemented the use of clean energy.

### Results

- » Developed energy use norms and energy saving practices
- » Conducted environmental impact assessment for all projects
- » Evaluated the implementation of green construction projects according to IFC's EDGE standards
- » Implemented a center for remote project monitoring to manage and operate synchronously and monitor the implementation of projects
- » Deployed project risk management software system in a number of projects under construction
- » Built a 500 KWp solar battery station at Azerai Can Tho project and a garden lighting system combining battery charging pole at Lakeview City project (District 2).



## CREATING AND SHARING VALUES

### Initiatives

- » Ensured product quality through each stage from design, construction to handover
- » Addressed customer feedback and gained customer satisfaction
- » Monitored safety management according to project implementation stages
- » Developed sustainably with the community, improved corporate social responsibility; spread the impact from the programs and values created to all stakeholders.

### Results

- » Conducted independent assessment of product quality before handover
- » Shortened the time to address and respond effectively to customer requirements. Measured customer satisfaction and developed action plans for improvement
- » Projects fully complied with the requirements of safety and health standards, and fire protection
- » Spent nearly VND 76 billion on community activities, with millions of beneficiary. Programs focused on supporting community development, education, public health and social security, including the "Clean water for school" program.



THROUGH OUR 27 YEARS OF ESTABLISHMENT AND GROWTH, NOVALAND GROUP HAS CONSTRUCTED A COMPLETE DEVELOPMENT STRATEGY THAT BALANCES GROWTH OBJECTIVES WITH ENVIRONMENTAL AND SOCIAL GOALS AND BENEFITS WITHIN OUR OPERATIONS.



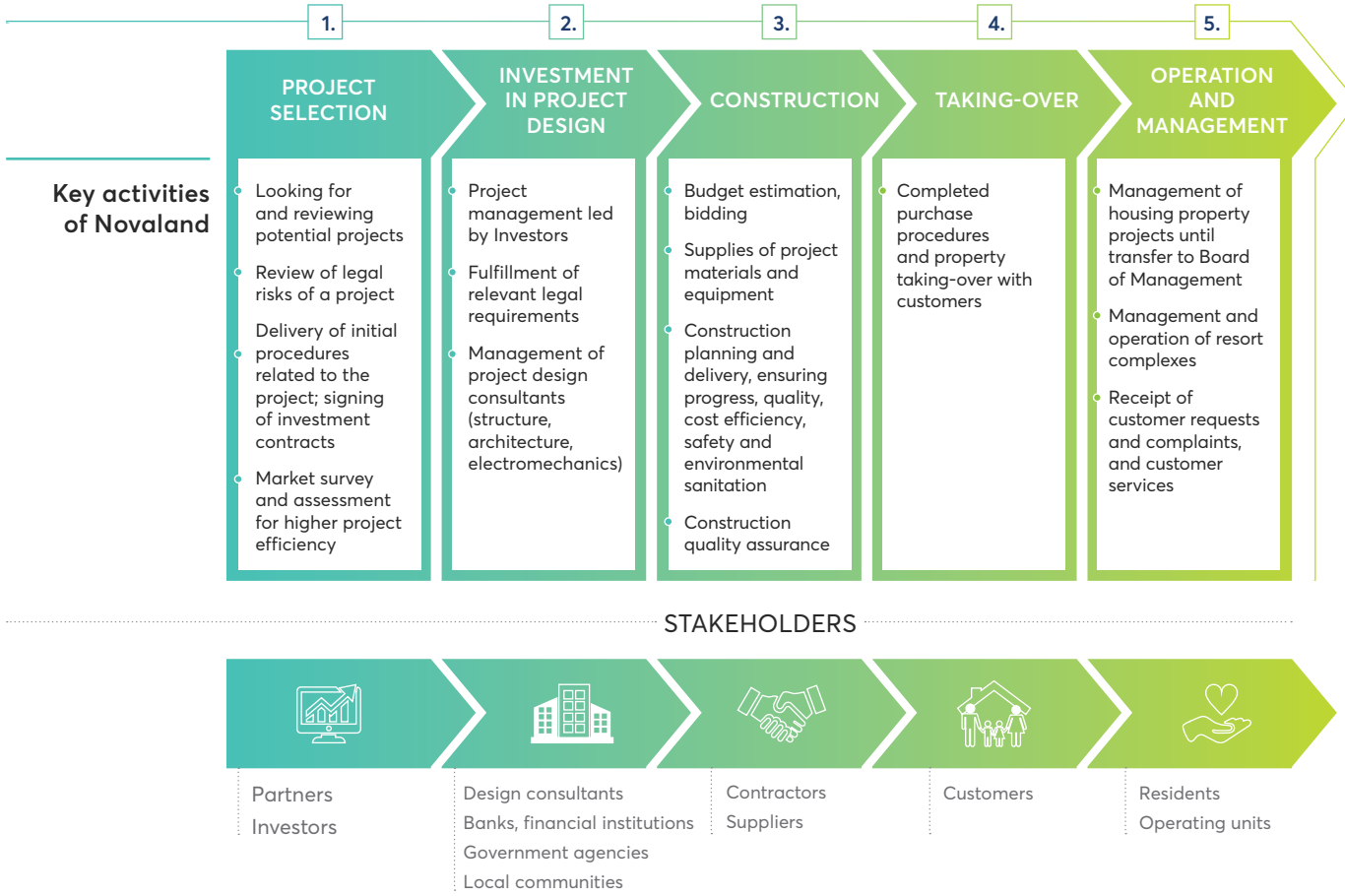
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## ECONOMIC PERFORMANCE AND SUSTAINABLE GROWTH



### NOVALAND'S SUPPLY CHAIN

Prudent and efficient supply chain management helps Novaland optimize its operations, contributing to add value to products at reasonable prices for customers. At each stage, responsible departments are identified with specified roles, functions and tasks. Stringent and consistent management processes ensure that the SDGs are monitored throughout the operation of Novaland's supply chain.





Novaland's development model is built in accordance with the strategy to increase real-estate value, and update the trend of developing new integrated urban areas with diverse infrastructure, landscape and utilities to bring about long-term benefits, contributing to solving urban planning and development complexity.

In conquering the new road, in addition to continuing to develop projects based on available land bank in HCMC, Novaland gradually develops more tourism properties in areas with potential for tourism such as Binh Thuan, Ba Ria - Vung Tau, Can Tho, Da Lat - Lam Dong, etc.

ECONOMIC  
PERFORMANCE

Indicator(s):

GRI 201-1 Direct economic value generated and distributed

Founded in 1992 and listing since December 2016, Novaland Group is now the second largest real estate company in Vietnam by total market capitalization value as of December 28, 2018, with chartered capital of VND9,373 billion, solid financial capacity and stable business growth. With such strong foundation, the Group can contribute to build a prosperous community, towards long-term benefits of shareholders and stakeholders. In addition, the Group contributes positively to the state budget, reaching to international markets connecting with developed capital markets, contributing positively to improving the domestic capital and financial markets. To name an example, the issuance of USD 240 million convertible bonds in 2018 listed on the Singapore Stock Exchange.

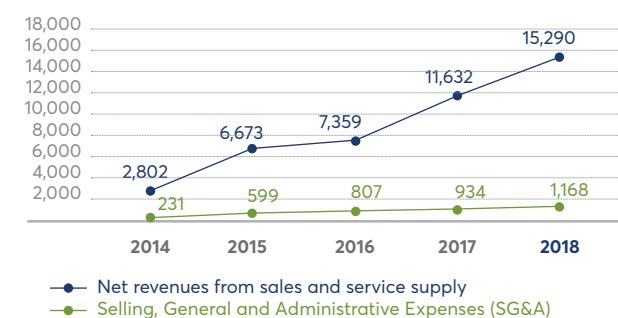
IN 2018, NOVALAND HAS ENTERED THE SECOND PHASE OF THE BUSINESS STRATEGY, IN ADDITION TO CONTINUING TO PROMOTE THE STRENGTH OF CORE PRODUCTS IN RESIDENTIAL REAL ESTATE, THE GROUP WILL CONTINUE TO DIVERSIFY ITS PRODUCTS TO SATELLITE URBAN AREAS, WHILE AT THE SAME TIME EXPAND INTO MEGA TOURISM PROPERTIES IN THE PROVINCES WITH TOURISM POTENTIAL.

VND **9,373**  
BILLION  
CHARTERED CAPITAL

VND **15,290**  
BILLION  
NET REVENUE IN 2018

VND **3.267**  
BILLION  
NET PROFIT AFTER TAX IN 2018

## Net revenue and operating expenses (VND billion)



Source: Novaland Group

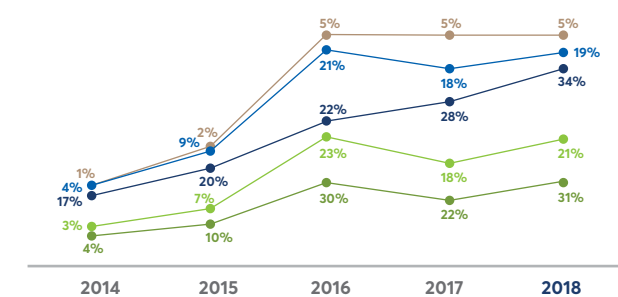
In the period 2014 - 2018, Novaland recorded stable business results with net revenue increased from VND 2,802 billion to VND 15,290 billion, or CAGR of 53%. Selling and General administration expenses increased from VND 231 billion in 2014 to VND 1,168 billion in 2018. Net profit after tax grew from VND 96 billion to VND 3,267 billion in the same period, with CAGR reaching 142%.

Total assets at the end of 2018 amounted to VND 69,912 billion, up 41% compared to the same period of 2017; and equity capital reached VND 20,460 billion, up 54% compared to the same period of 2017.

Indicator/Year	Unit	2014	2015	2016	2017	2018
Loan interest paid	VND billion	509.0	520.0	849.0	1,104.3	1,793.3
Dividend paid in cash	VND billion	-	-	55.0	68.0	13.0
Issuance of bonus shares (conversion based on par value)	VND billion	-	230.0	520.0	-	2,023.2

Source: Novaland Group

## Key financial indicators



Source: Novaland Group

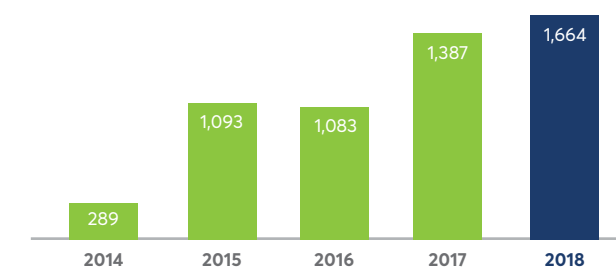
— Gross profit ratio  
— Net profit ratio  
— Gross margin  
— ROE  
— ROA

The Group has strived to hand over 4,589 products of the quality committed to customers, and introduced to the market two residential real estate projects: Victoria Village (District 2, HCMC) and The Grand Manhattan (District 1, HCMC). Currently, Novaland maintains a portfolio of more than 40 residential real estate projects including land banks, ranging from high-rise, commercial housing to urban projects, contributing more than 27,000 houses to housing stock in HCMC, while significantly improving quality life of residents and urban beauty.

Joining the trend of both domestic and global real estate markets, and also in Phase 2 of the business strategy, from 2018, Novaland Group began to expand into developing tourism properties in cities with great tourism potential such as Can Tho, HCMC, Ba Ria - Vung Tau, Phan Thiet - Binh Thuan, Ninh Thuan, Cam Ranh - Khanh Hoa, etc. Through combining the work of consultants and professional operating teams, the Group aims to create "Destinations of Excellence" for domestic and international tourists, turning these locations into prominent tourist - resorts - entertainment centers in the region, contributing to mark the imprint of Vietnam on the world travel map.

Since its establishment, Novaland has always fully complied with tax obligations and payable amounts to the State Budget where contributions trends up gradually over the years:

## Total tax paid (VND billion)



Source: Novaland Group



Indicator(s):

GRI 203-1 Infrastructure investments and services supported

GRI 203-2 Significant indirect economic impacts



Sunrise Cityview project, District 7, HCMC

IT IS THE CHARACTERISTICS OF THE REAL ESTATE INDUSTRY THAT RESIDENT LIVING ENVIRONMENT IS AN ESSENTIAL FACTOR REFLECTING THE QUALITY OF PRODUCTS AND SERVICES. IN 2018 THE GROUP INCREASED ITS INVESTMENT IN BUILDING GREEN SPACES AND TECHNICAL INFRASTRUCTURE, THEREBY BRINGING SUSTAINABLE VALUE TO COMMUNITIES AND CONTRIBUTING TO THE CREATION OF BENEFITS FROM MODERN INFRASTRUCTURE DEVELOPED AT PROJECT AREAS. IN PARALLEL WITH THE CONSTRUCTION OF UTILITY FACILITIES, THE GROUP ALSO FOCUSED ON DEVELOPING TRAFFIC INFRASTRUCTURE IN PROJECT AREAS AS AN EFFORT TO MINIMIZE TRAFFIC CONGESTION.

Novaland creates indirect economic impact through two key areas: Residential projects and tourism property projects.

Novaland Group is actively preparing for large-scale tourism property projects in provinces of high tourism potentials and convenient transportation such as Ba Ria - Vung Tau, Phan Thiet, Cam Ranh, etc., contributing to create remarkable changes in local appearance in many aspects from technical infrastructure, living environment to tourism environment, creating jobs, increasing income, and contributing to state budget revenue. During the implementation of projects, it is expected to create thousands of jobs, boosting revenue for partners in business such as construction materials, services, passenger transport, cuisine, tourist guide, etc. in the localities.



### GREEN PARKS DEVELOPMENT

In the context of rapid urbanization where urban space is increasingly cramped, the need to enjoy green spaces of urban residents grows increasingly urgent. These greeneries provide residents with space to immerse themselves in nature, enjoy fresh air, meet the needs for exercise, community exchange and leisure, while also contribute to create desirable urban landscape and improve the living environment. Therefore, Novaland Group is always aware of the need to invest in building green parks in project areas and consider this an indispensable criterion when making project investment decisions.

In 2018, along with continuing to invest in developing and building projects in HCMC, the Group also focused on investing in utility items to serve the community at the projects in particular and for the neighborhood in general, such as green parks at the Botanica Premier project (3,200 m<sup>2</sup>) and Richstar project (750 m<sup>2</sup>) to name a few. In 2019 plan, the Group will continue to hand over a land bank with an area of about 6,387 m<sup>2</sup> to invest in building green parks and schools, serving the community development in Tan Phu district.



RichStar project, Tan Phu District, HCMC

### TECHNICAL INFRASTRUCTURE DEVELOPMENT

Archetypal technical infrastructure projects implemented by the Group in 2018 included the construction of new D1 road at Richstar project, the road connecting to Nguyen Truong To street at Saigon Royal project, road D connecting Hong Ha and Pho Quang street; or the D4 road widening project that passes through Sunrise Cityview project. These projects all contribute to increase the area or route of transportation for vehicles, creating an open landscape, serving as premise for local economic development.

### LOCAL TOURISM DEVELOPMENT

In Ba Ria - Vung Tau, the Group will deploy projects including 3 to 5 star hotel and resort villas operated by international management companies, Safari, facilities and entertainment. The project cluster will attract numerous new visitors annually and create a range of local jobs when it goes into full operation.

In Phan Thiet, the Group plans to invest in construction projects with a scale of about 1,000 hectares (Ha). The project cluster includes a water park, a theme park, an international standard 36-hole golf course of more than 200 Ha along with tourism property products. The number of tourists attracted to the locality as well as the number of jobs created when the project is put into operation is expected to increase strongly in accordance with actual demand.





Indicator(s):

<b>GRI 204-1</b>	Proportion of spending on local suppliers
<b>GRI 308-1</b>	New suppliers that were screened using environmental criteria
<b>GRI 414-1</b>	New suppliers that were screened using social criteria

THE GROUP IS GRADUALLY BUILDING A SUSTAINABLE SUPPLY CHAIN; ACCORDINGLY, POLICIES ARE DEVELOPED BASED ON "STRATEGIC PARTNERSHIP" WITH SUPPLIERS TO ENSURE BULK PURCHASES AT STABLE PRICES AND SUSTAIN SUPPLY CONTINUITY.

In 2018, Novaland implemented a series of initiatives to promote sustainable procurement practices including: choosing green and environmentally friendly materials such as synthetic granite to replace natural granite, using alternative industrial flooring in replacement for natural wood flooring in our projects; or running Buggy electric vehicle system powered by solar for Azerai Can Tho Resort to save energy and contribute to protect the environment.

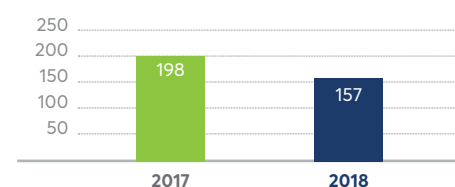
The Group's procurement policy is to purchase goods in bulk, to stabilize prices and maintain the continuity of supplies. Therefore, the Procurement Department (PRO) enters into between 01 to 03 MOUs for each good item.

In pre-selection of suppliers in 2018, the PRO prequalified 02 suppliers through field assessment process, which includes environmental impact criteria. In the 2018 list of suppliers, Novaland has 02 strategic suppliers that meet environmental standards, through providing environmental impact reports or certificates.

In the supply chain of projects, Novaland ensures that selected suppliers comply with legal requirements and meet environmental standards, and in certain cases field assessment is required. Novaland always maintains the continual evaluation process from prequalification to contractor selection and contractor quality assessment; maintains review and screening to categorize suppliers that do not meet the required standards for materials into "blacklist". Therefore, in 2018, the total number of active suppliers decreased to 157 compared to 198 in 2017, of which, most were local except for 01 international supplier.

Total value of transactions with each group of suppliers in 2018 as below:  
Local suppliers: 99.998 % - International suppliers: 0.002 %

Suppliers with transactions in 2017-2018



Source: Novaland Group

Suppliers by geography



Source: Novaland Group

In 2019, in order to stabilize prices and maintain the continuity of supply, Novaland set up a list of strategic suppliers according to the Group's standard framework of supplier evaluation. The framework is developed based on surveys and consultations from suppliers, integrating compliance requirements on environmental impacts, seeking and developing additional green and sustainable materials with the suppliers' social criteria, and compliance with labor regulations and employee policies.



## COMPLIANCE WITH THE LAW

## Compliance with the law - A key criterion in the Group's business operations

We deeply comprehend that compliance with the law is the foundation to ensure sustainable development. Throughout the history and development of the Group, the Board of Management, the Board of Directors and each member of the Group are always aware of compliance with the law. Upholding that principle, the Company Charter, Code of Conduct, and Company Regulations are developed and exercised throughout the Group by each employee - regardless of position and level, to ensure the most effective and complied execution of the Group's business and operation, aligning with the core values **Efficiency - Integrity - Professionalism** that we are pursuing.

## Compliance activities at Novaland

The Legal Division of the Group is responsible for issuing contract forms, preparing legal risks reports and providing legal advice to ensure that other specialized departments always comply with the law when making investments in real estate projects and other investment activities of the Group, comply with internal management procedures as well as regulations of the Company. In order to realizing this determination, Novaland has listed two senior personnel to be the legal representatives of the Group, the Chief Executive Officer and the Legal Director to ensure specialized operations of the legal representatives as well as compliance with the provisions of the law.

On June 29, 2018, Novaland Group announced the revised Company Charter to implement the content in the Resolution of the 2018 Annual General Meeting of Shareholders. The amendment and supplement of the internal management documents is to meet and ensure consistency with the new requirements in public corporate governance stipulated by the Government in Decree No. 71/2017/ND-CP dated June 6, 2017 on guidance for corporate governance in public companies. Additionally, this amended Charter also demonstrates the feasibility of assigning management responsibilities in actual business practices and daily operations of the Company.

The legal compliance of the Company also shows that the Company has proactively answered questions on legal issues related to ongoing projects for business partners, investors, customers and the public. Such actions bring about transparency of information and responsibilities of the Group to governmental agencies, partners, customers and investors regarding the Group's investment process. At the same time, with the responsibility of a public company, Novaland has fully carried out information disclosure procedures in a public and transparent manner in accordance with the law.

The legal and compliance system built and developed during the past years provides a solid foundation for Novaland Group in the future ahead. On that foundation, Novaland Group will be able to mitigate existing and potential legal risks, continue to adhere to the development strategy a leading economic group in Real estate - Finance - Tourism - Infrastructure Development, contributing to provide the community with a happy and prosperous life.





2.

## PEOPLE FOR SUSTAINABLE DEVELOPMENT



**HUMAN IS NOVALAND'S MOST VALUABLE RESOURCES, A DECISIVE DRIVER OF BUSINESS PERFORMANCE AND DELIVERY OF SD STRATEGY.**

GRI 401

## HUMAN RESOURCES MANAGEMENT

Reporting requirements:

**GRI 102-8** Information on employees and other workers

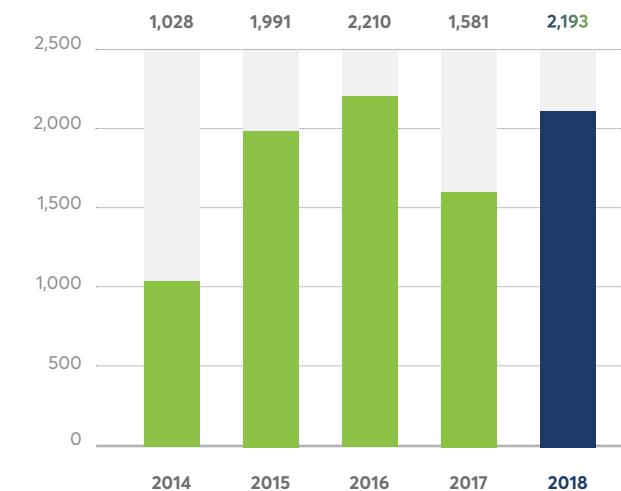
**GRI 401-1** New employee hires and employee turnover

**GRI 401-2** Benefits provided to full-time employees that are not provided to temporary or part-time employees

**GRI 401-3** Parental leave

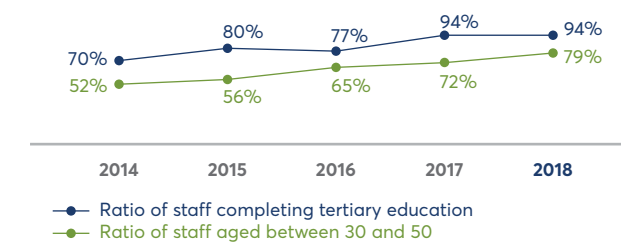
**GRI 405-1** Diversity of governance bodies and employees

**Novaland's workforce over the years**  
(Employees)



Source: Novaland Group

**Chart of employee education and age group**  
The share of 30 – 50 age group increased to 79% from 2017's 72%.



Source: Novaland Group



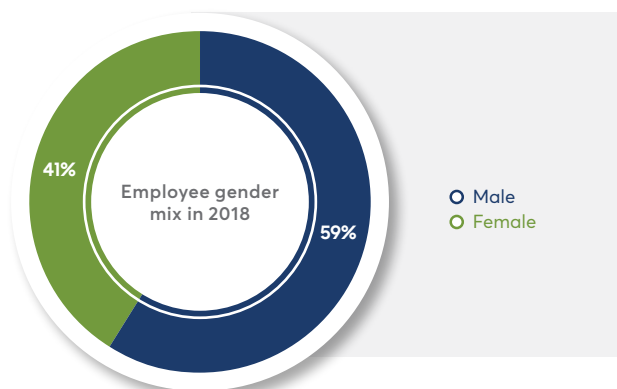
Novaland recruitment day

Human is Novaland's most valuable resources, a decisive driver of business performance and delivery of SD strategy. Therefore, the Group adopts human resources development strategy to accommodate new requirements, focuses on resources to create the best working environment with development opportunities, non-discrimination, and optimal remuneration policies based on performance and contribution to the Group.

In 2018, by streamlining the organization and built a strong team, The Group has overcome market challenges. Team structure, however, remained unchanged: the well - educated (from college, university and higher) rate was similar to 2017's 94%.

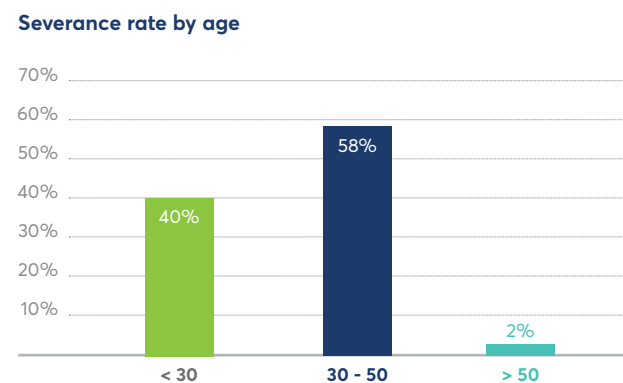


The share of 30 – 50 age group increased to 79% from 2017's 72%. The Group restructured to facilitate further development. This resulted in voluntary turnover rate of 13.5% (from 2017's 12.8%). This actually was lower than Talentnet's 2018 market turnover rate forecast of 15.6%.



Source: Novaland Group

Maintaining gender balance in labor force is a huge challenge for any construction or property company. The Group's current gender mix is 41% female and 59% male. Among the management staff, 28% is female, and 50% of executive and board members are female.



Source: Novaland Group



## STAFF POLICIES

Current lowest monthly income is VND 5 million, still higher than the Government's requirements. In addition to good remuneration, Novaland offers many benefits to both increase income and reward contribution.

Female staff enjoys statutory maternity leave and all other relevant benefits offered by the Group while on leave. 90% of female staff returns after maternity leave.

In addition, the Group bases on market payroll report to offer competitive remuneration over local and foreign peers. This helped attract quality talents from the market.

Although 2018 was a difficult year for Novaland due to market conditions, the Group managed to maintain and introduce new and attractive policies to strengthen and encourage employees, for example, ESOP, life insurance, etc.

- » ESOP is a special offer for employees. In 2018, the Board of Directors approved issuance of 22,670,000 shares in option for staff at VND 10,000 each. This is the Group's token of gratitude towards them for their contribution. It also strengthens their loyalty to the Group.

## ANNUAL PAID LEAVE POLICY

The annual paid leave policy offered by the Company to its employees provides better benefits than current Labor Code; the annual paid days range from 12 to 15, depending on working positions and divisions.

Employees get 01 additional leave day for every three cumulative consecutive years working at the Group, starting at the time the employee completes the three-year instalment.

The Group encourages employees to take all the leave days available to enable regeneration and efficiency. Line managers should arrange workload and facilitate reporting staff to take their leave.

- » Life insurance is a highlight in talent-retaining strategy of the Group. Since the beginning of 2018, a five-year life insurance program was offered to Supervisor level and above. This is a valuable cumulative benefit that encourages the key talents to contribute to the Group.

- » In our Sustainable Development strategy, investment in technology, especially IT, is a key focus. SAP-ERP project is a big step in applying IT to corporate governance, automating processes and managing operations. The Group established a dedicated team for the project to introduce international standards in management. SAP project team is under special benefits: on top of outstanding benefits, sponsored vacation, teambuilding, quarterly incentive, separate pantry, sponsored transport expense, home buying allowance, project bonus, etc.

- » Thanks to team efforts, in 2018 the Group successfully implemented SAP's Success Factor in two modules Performance and Goal and Employee Central. These enable time saving, real-time and efficient information management.

- » In addition to these policies, Novaland applies many other benefits to bid our edge in attracting talents, for example project bonus, year-end PMS bonus, etc.

The Group holds annual Townhall meeting by divisions and departments. This is an effective communication channel for the Board of Management to share business plan, human resources policies, remind compliance to guideline and core values, and respond to the staff's expectations or inquiries.

Through the said policies, the Group recognizes employees' contribution, and strengthens their loyalty. The Group's benefits are based on the perspective that human is the key talent force, and the Group takes full responsibilities to staff as reward for their contribution.



## EDUCATION AND TRAINING

Reporting requirements:

<b>GRI 404-1</b>	Average hours of training per year per employee
<b>GRI 404-2</b>	Programs for upgrading employee skills and transition assistance programs
<b>GRI 404-3</b>	Percentage of employees receiving regular performance and career development reviews

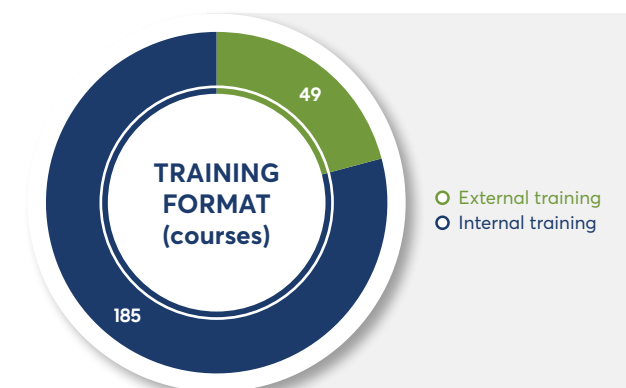
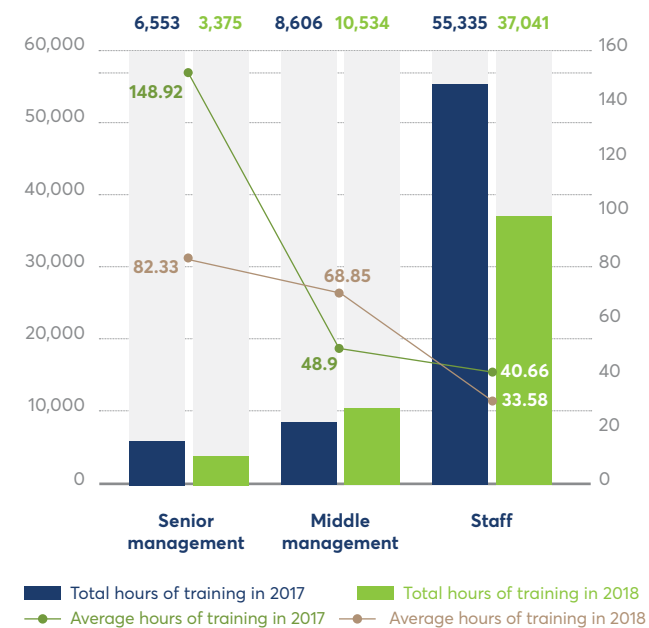
NOVALAND IDENTIFIES THAT THE GROUP'S DEVELOPMENT GOES TOGETHER WITH INDIVIDUAL EMPLOYEE'S CAREER DEVELOPMENT. WE MAKE EVERY EFFORT TO OFFER EMPLOYEES OPPORTUNITIES THAT MATCH THEIR POTENTIALS. EDUCATION AND TRAINING PLAY AN IMPORTANT ROLE IN CATERING NEW REQUIREMENTS. THEREFORE, TRAINING PROGRAMS ARE BASED ON ACTUAL REQUIREMENTS TO PROVIDE NEW KNOWLEDGE AND MANAGEMENT EXPERIENCE FOR OUR EMPLOYEES TO CATER THE GROUP'S DEVELOPMENT.



Building on our previous achievements, in 2018, the Group welcomed 27 new Masters of Mini MBA courses, a cooperation effort between Novaland Leadership Center and FPT School of Business. Since 2016, 66 employees have completed the said Mini MBA program, and 15% of these that still working by December 31, 2018 are designated to higher position.

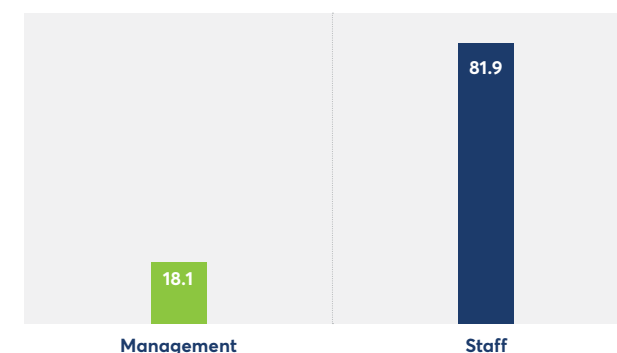
The knowledge management system is built on sharepoint platform, which is regularly updated with project delivery use cases from Investment & Project Development Division. Currently, it maintains an archive of 800 articles and portfolios, which was contributed by many project management offices, departments and experienced personnels under Investment & Project Development Division. It enables employees to leverage available knowledge and actively applies values to work performance. In our future implementation plan, the knowledge management system will be expanded to all staff as a valuable source of reference.

Hours of training by level (Hours)



Source: Novaland Group

Participation rate in 2018 PMS review by level of employment (%)



Source: Novaland Group

Total hours of training for 2018 was 50,950 hours, of which for senior managers was 3,375 hours, for mid managers was 10,534 hours, and staff was 37,041 hours. The most focus group was senior manager with 82.33 hours each. Number of courses was 234, most of which prioritized internal facilitators (79% courses) from NLC and departments.

2019 will continue second phase of the development strategy in three key areas: residential property, satellite cities and leisure properties. Therefore, strengthening human resources quality will be NLC's top priority to cater the Group's development. The main target for training in 2019 is management training for residential and leisure properties.

- » Specialized courses on overall project management skills for project managers, e.g. financial management, project legal management, and marketing.
- » Site visits to local and oversea leisure resorts to study the model.
- » Onsite enhancing programs based on work requirements and personal needs.
- » Ongoing cooperation with FPT School to deliver mini-MBA courses to middle managers.

Performance Management System (PMS) was introduced in 2016 to carry out performance review on all employees every 3 months based on a set of criteria associated with the Group's strategic plan. Performance review enables the Group's targets to be implemented consistently from the board to each unit and employee. It also enables bonus calculation and role designation. In addition, PMS is the testament of a professional environment that enables communication, consultation and feedback between management and staff.

50,950  
HOURS

TOTAL HOURS OF TRAINING FOR 2018



Reporting requirements:

<b>GRI 403-1</b>	Occupational health and safety management system
<b>GRI 403-2</b>	Hazard identification, risk assessment, and incident investigation

GIVEN OUR FIELD OF BUSINESS, THE GROUP PRIORITIZES OCCUPATIONAL HEALTH AND SAFETY: "SAFETY IS NO. 1 PRIORITY" THROUGH EMBEDDED SAFETY CULTURE IN ALL OUR ACTIVITIES, AND THOSE OF CONTRACTORS AND RELEVANT STAKEHOLDERS.



Expenses and resources vested in safety assurance efforts are included in project investment expenses. We cooperate with leading, established contractors with high safety performance on top of experience in construction field. The Group is implementing an Occupational Health & Safety (OH&S) management system following ISO 45001:2018 to control safety risks.

ISO 45001:2018 is the first international OH&S standards to replace OHSAS 18001 in the next three years (as of official launch on March 12, 2018). Accordingly, Novaland management approved ISO 45001:2018 Proposal in 2018. This will benefit Novaland as follows:

- » Improvement in compliance;
- » Reduction on cost of accident; elimination or reduction of OH&S risks;
- » Reduction on time and cost of disruption;
- » Reduction of insurance expense;
- » Reduction on absence and attrition rate;
- » Protection of reputation.

Novaland gradually develops and approves processes, forms, and regulations on contractor safety management and safety reporting. It requires relevant departments to carry out the following steps:

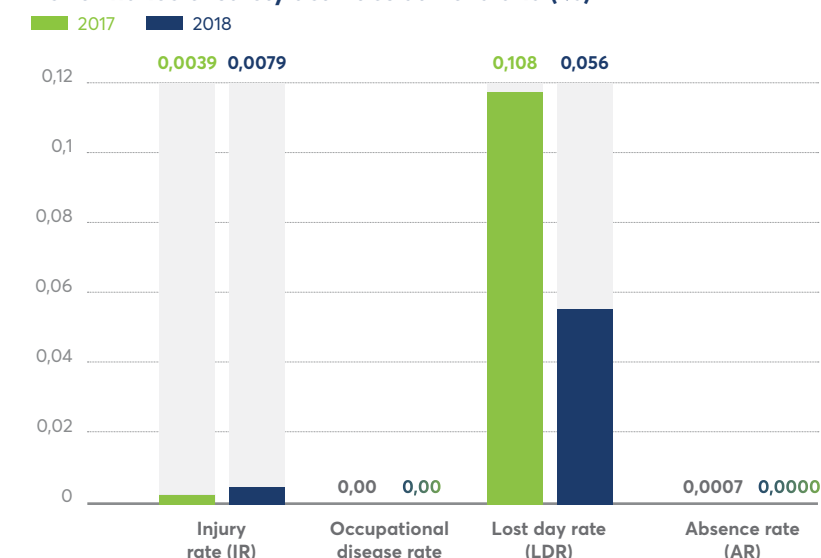
- Prepare Standards & Reward / Discipline Sanctions to Labor Safety.
- Include regulations and reward / discipline sanctions in Construction Contract.
- Implementation through periodic inspection and self-reporting in case of incident.

Management processes and occupational safety standards set out control requirements, monitoring and management of materials & supplies, people and operations. The dedicated safety teams are responsible for regular checking & monitoring against safety processes and standards.

Efficiency of safety management by contractors and project management offices is assessed regularly to enable improvements. As part of construction management, on top of contractor's monitoring, the Group usually holds safety training and monitoring teams to promptly identify and mitigate possible risks. In addition, remote management technology using onsite surveillance camera enables monitoring efforts for prompt intervention. Safety checking and reporting cover all incidents and safety risks, and provide effective remedies.

Safety performance of 2018 is represented by safety statistics and absence of accidents. Total safe working hours was 25,913,451 for both Novaland and contractors. Safety monitoring and communication with Contractor was prioritized to enable such achievements. We also held monthly seminars and included unsafe cases as lessons learned for projects. Safety culture is thereby introduced and communicated across the Group and stakeholders.

Performance of safety activities at Novaland (%)



Source: Novaland Group

As part of construction management and monitoring, Novaland enables close coordination with contractors to identify high safety risks and promptly introduce measures to mitigate and eliminate the probable risks. In addition, the Group holds monthly safety discussion session for project management offices to discuss, share lessons learned on safety management and implement preventive measures.

The Group monitors employee health care on a regular basis to mitigate health risks from construction activities. On top of required medical insurance, the Group also provides the all-time health & accident insurance policy for our employees on their very first working day.

In hotel projects, staff are trained how to use equipment/tools and how to handle potential risks to avoid accidents (for example, kitchen staff are trained how to avoid injury from kitchen, fire or hot materials), and are provided with proper safety kits, including shoes, cap, etc. In 2019, hotels will provide training intensively to raise safety awareness.

In 2019, Novaland Group will promote safety management efforts to achieve targets, including occupational health communication to staff and stakeholders.





3.

## GREEN AND SUSTAINABLE PROJECTS



The perspective of NovaHills Mui Ne Villas with a longest ever swimming pool (Phan Thiet)



## EFFICIENT USE OF ENERGY AND RESOURCES

### MATERIALS



Reporting requirements:

GRI 301-1

Materials used by weight or volume

GRI 301-2

Recycled input materials used

Although materials account for major share in investment expenses, a long-term procurement strategy enables the Group to alleviate impacts of price fluctuation. Existing strategic partnership contracts allow the Group to manage inputs for our projects.

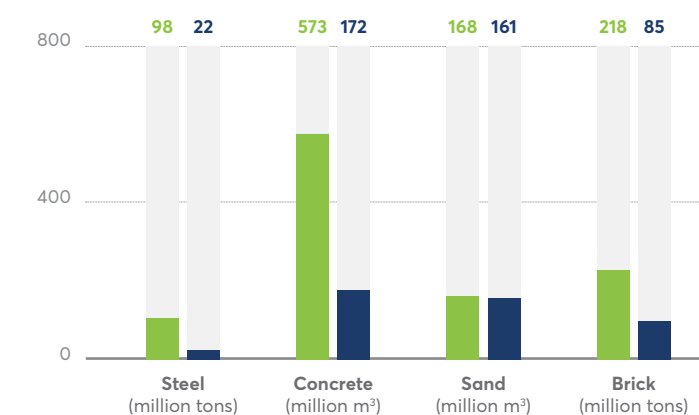
Environment-friendly and local materials (bricks, stones, equipment, pipeline, etc.) are gradually replacing imported materials. In addition, light weight brick, unburnt brick, or compartment wall, etc. are replacing traditional brick to reduce energy consumption; artificial wood made of recycled woodchip, husk, sawdust, etc. to replace timber. Some wastes are also considered to be reused as inputs to save resources and mitigate environmental impacts.

Since the number of implemented projects dropped from 19 in 2017 to 16 in 2018, quantity of input materials dropped accordingly. Monitoring by project management offices is also enhanced to ensure contractors' efficient use of materials.

Research & Development team has assessed potential to implement environment-friendly and human-friendly material initiatives to provide sustainable values for the community.

### Used materials

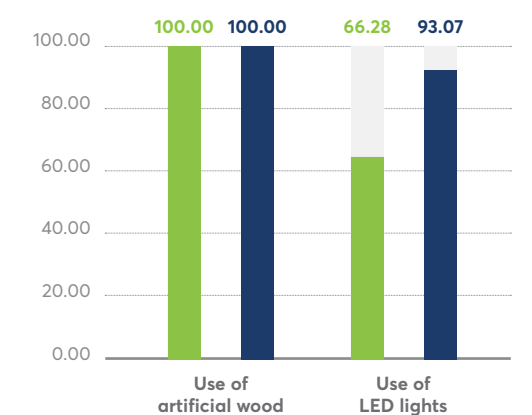
2017 2018



Source: Novaland Group

### Proportion of alternative materials used

(Unit: %) 2017 2018



Source: Novaland Group



## ENERGY



Reporting requirements:

GRI 302-1 Energy consumption within the organization

GRI 302-3 Energy intensity

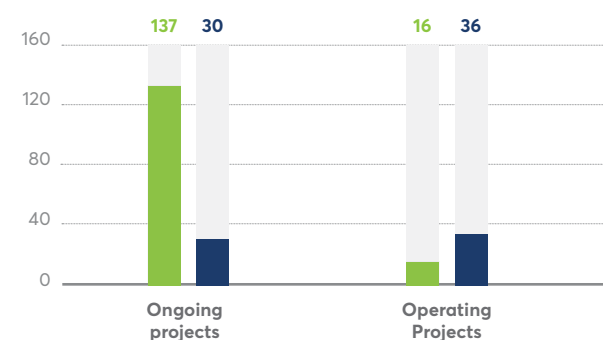
FOR CONSTRUCTION, ENERGY IS USED MAINLY FOR CONSTRUCTION, TRANSPORTATION AND OPERATION EQUIPMENT.



Energy consumption is controlled by operation time, transportation distance, Hotel projects equipment, restriction in material drainage, and energy saving, etc. On top of that are applying new technologies in construction and operation, monitoring and controlling operation equipment to cut down on energy consumption. LED is used extensively to replace fluorescence and compact lighting. The Group also save energy from ventilation and water supply by using High-efficiency pumps and fans for most ongoing projects.

## DO oil

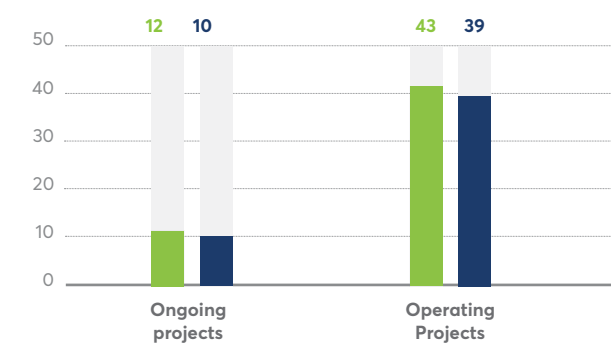
(Unit: Thousand liter) 2017 2018



Source: Novaland Group

## Electricity consumption

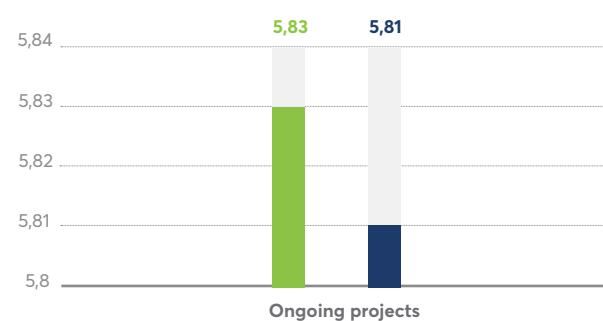
(Unit: Million Kwh) 2017 2018



Source: Novaland Group

## Energy intensity

(Unit: Kwhr/sq.meter) 2017 2018



Source: Novaland Group



Azerai Can Tho Resort

Assessment by Ministry of Construction indicates that new projects may have potential to save energy by 30-40%, and ongoing and operational projects 15-25%. Efficient energy consumption solutions were implemented in synergy in 2018 in accordance with QCVN 09:2017/BXD. These include selecting suitable materials, High-efficiency equipment, design aligned with climate conditions to control energy consumption. Projects' energy intensity decreased from 5.83 kwh/m<sup>2</sup> to 5.81 kwh/m<sup>2</sup>.

Solar energy was also implemented through a 500KWp solar battery station in Azerai Can Tho project that connects to national grid, and a plan to implement garden lighting system combining battery charging pole in Lakeview City project (District 2). For future projects, the Group will use solar energy outdoor lighting system for leisure resort.



The 500KWP Solar Energy Station in Con Au, Can Tho City



## WATER



Reporting requirements:

GRI 303-1

Interactions with water as a shared resource



WATER CONSUMPTION IS ALSO EFFICIENT THROUGH WATER SAVING DURING CONSTRUCTION, INCLUDING CHECKING AND CONTROLLING CRUDE WATER SUPPLY POINTS IN CONSTRUCTION, AND MANAGING WATER CONSUMPTION IN BUILDING OPERATION.

These include automatic valve control in public toilet for saving water, monitoring watering in gardening, using sensors to limit water drainage, using gauge in public areas, regularly monitoring for effective compliance control, using automatic watering system in certain projects.

Water consumption at projects is under close monitor and control to ensure efficient use and compliance control with environmental standards. Lakeview City (District 2) is among the first projects designed and implemented under criteria of green building projects and model urban area with reusable recirculating domestic waste water treatment system for landscape watering. This is an important achievement, and premise for the Group to implement in future projects.

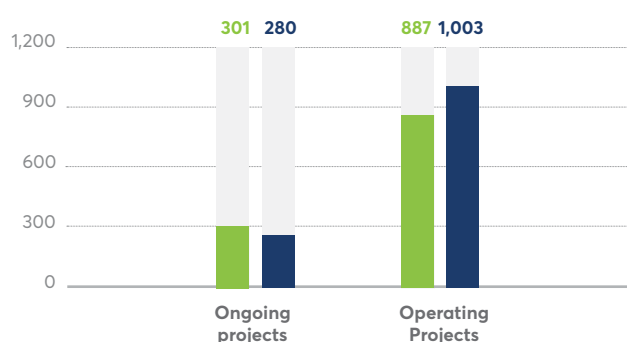
In 2018, Novaland's total water consumption for construction was 280,251 m<sup>3</sup>, Decreasing by 6.96% compared to the year 2017 (at 301,223 m<sup>3</sup>) with

intensity was 0.17 m<sup>3</sup>/m<sup>2</sup>. With 17 projects and 01 leisure resort under operation, total water consumption of 2018 increased by 13% from 15 projects operating in 2017.

#### Total water consumption

(Unit: thousand m<sup>3</sup>)

2017 2018



Source: Novaland Group

EFFLUENTS  
AND WASTE

Disclosures

GRI 306-1

Water discharge by quality and destination

GRI 306-2

Waste by type and disposal method

In 2018, effluent and waste management was tightly monitored. Novaland Group carried out many steps to control effluent and waste from projects. Effluents from construction and operation are treated to environmental standards, and monitoring results are regularly reported to regulators semiannually as required.

Domestic wastewater from concrete pile foundation and equipment maintenance are treated to environment standards before discharging to urban sewer system. With our projects going live altogether (16 ongoing projects, 1 leisure resort project and 17 projects), total actual effluents increased from 2017.

Construction waste is tightly monitored to ensure that collection and treatment are carried out by competent vendors to comply with environmental standards and mitigate environmental impacts. Total emission, including hazardous and normal solid wastes of 2018 dropped drastically from 2017.



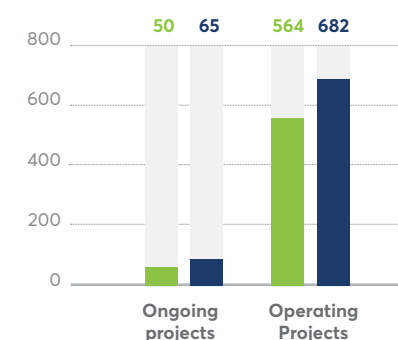
Lakeview City Urban area, District 2, HCMC

Specific solutions of managing construction wastes are tightly monitored to ensure controlling environmental impacts. In actual implementation, Project Management board strengthen monitoring and collaborate with contractors and other related parties to improve efficiency of collection and recycling.

#### Total wastewater volume

(Unit: thousand m<sup>3</sup>)

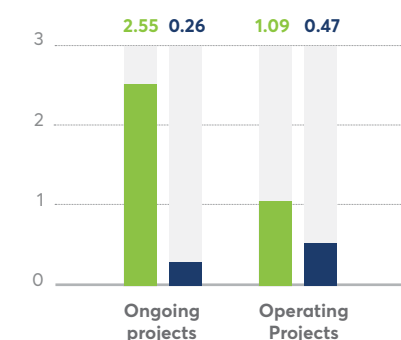
2017 2018



#### Hazardous waste volume

(Unit: Tons)

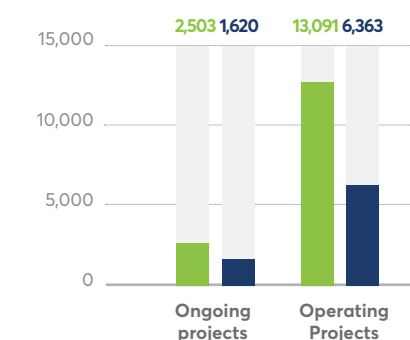
2017 2018



#### Household waste volume

(Unit: Tons)

2017 2018



Source: Novaland Group



ENVIRONMENTAL  
COMPLIANCE

Reporting requirements:

GRI 307-1

Non-compliance with environmental laws and regulations

IT IS A PRIORITY TO COMPLY WITH LAW AND REQUIREMENT OF ENVIRONMENTAL PROTECTION, WHICH IS COMMUNICATED TO PROJECT MANAGEMENT OFFICES AND CONTRACTORS.

**During the project implementation, the Group always:**

- » Applies a variety of measures for natural resource uses and environmental protection according to the Environmental Impact Assessment Report and the Environmental Management Plan approved by the project management board;
- » Determine clear roles and responsibilities for environmental protection in each project;
- » Monitor the delivery of environmental and social measures during the construction process;
- » Monitor the performance of its partners and contractors in their compliance of environmental standards;
- » Monitor the preparation of periodic environmental quality monitoring reports.



In design phase, green and sustainable elements are paid great attention as part of requirements for consultants. In project design, landscape design is mainly carried out by reputable local and foreign consulting companies. In overall design, Novaland prioritizes retaining original state, natural terrain, and design solution must maintain and uphold the natural beauty of the site. For example, in the Azerai Can Tho Resort, the Group set out from the stage of design and ground planning that the construction items should be intertwined with existing ancient trees, and the mangrove ecology be maintained.

There are many initiatives in consumption of materials, water, energy, waste, for example, alternative and recycled materials, energy saving technology, smart energy management system, advanced effluent and waste management system. Revolving systems of water recycling are fitted in our projects.

In reality, Novaland is among the limited number of property developers that pioneer in adopting the EDGE green building system of International Finance Corporation(IFC) under World Bank in design and construction with the goal of reducing the material consumption by 20% in power consumption, and water consumption.

*The perspective of NovaHills Mui Ne Resort & Villas projects (Phan Thiet)*

## GREEN BUILDING PROJECTS

WITH A TARGET TO EFFECTIVELY USE OF RESOURCES AND ENVIRONMENTAL PROTECTION, NOVALAND ADOPTS GREEN AND SUSTAINABLE STANDARDS AND CRITERIA, STARTING FROM SEARCHING AND SELECTING PROJECT, DESIGN TO CONSTRUCTION AND OPERATION. THE GROUP PRIORITIZES SOLUTIONS THAT LEVERAGE NATURAL, OPEN SPACE AND LOCAL, TRADITIONAL SOLUTIONS SUCH AS PATIO AND TILE, AND LOCALLY AVAILABLE MATERIALS.





## IMPLEMENTATION RESEARCH AND TECHNOLOGY ENHANCEMENT

According to a survey carried out by KPMG on over 270 senior managers of property companies (issued on September 2018), 97% of them believed that improving digital technology and technologies in general will be detrimental to their business activities. However, 66% of them confessed that they have no clear vision and strategy at company level on digital technology and technologies enhancement.

SINCE 2016, THE GROUP SET A TARGET OF TECHNOLOGY ENHANCEMENT, PARTICULARLY IN DIGITAL TECHNOLOGY. ADOPTION OF ADVANCED TECHNOLOGIES ENABLE EFFECTIVE MANAGEMENT AND CUSTOMER SERVICE IMPROVEMENT.

In 2018, Novaland strengthened this commitment by launching a core system for business activities, project operation management system, and communication and collaboration system for all staff. Business management solutions are tightly monitored to ensure stable operation and readiness to support in case of incidents. Risk management solution is also in place for quality control of the system.

Control activities information safety, IT activities and processes are reviewed meticulously to fix any shortcomings and provide solutions, including automatic tools that prevents and limits human errors. User security is strengthened through two factor verification function in accessing critical systems.

In second quarter of 2018, the Group's affiliates started using SAP resources planning system. All critical data, from project structure, bidding plan, sales program to accounting documents, etc. were implemented on SAP. Reports were developed to support daily activities. The internal operation support team also handled most incidents and requests from other teams.

Novaland's notable achievements in technology research, execution and enhancement in 2018 include implementation and adoption of Power BI software to view MIS reports which provide information of effective monitoring construction activities to complete the target, usage of governance, risk and compliance software solution to implement quality control, occupational safety, and risk management reports from 4<sup>th</sup> quarter of 2018, and popularization of Office365 application for the Group's staff after successful pilot.



## PLAN OF 2019 AND NEXT DIRECTION

THE 2016 - 2018 PERIOD CAN BE CONSIDERED AS AN ESTABLISHMENT PERIOD OF BASIC SYSTEM FOR BUSINESS OPERATION TO CATCH UP WITH INTERNATIONAL STANDARDS. IN THE NEXT PERIOD OF 2019 - 2021, WE WILL FOCUS ON TECHNOLOGY ENHANCEMENT BY IMPROVING CUSTOMER SERVICE, AND PERFORMANCE AND BUSINESS GOVERNANCE THROUGH IMPLEMENTING SMART REPORTS AND ANALYTICS IN EACH TEAM. THE GROUP ALSO PLANS TO APPLY 4.0 TECHNOLOGIES SUCH AS ARTIFICIAL INTELLIGENCE (AI) TO BOOST APPLICATION EFFICIENCY, INTERNET OF THINGS (IOT) AND BIG DATA FOR SMART HOME AND SMART BUILDING SOLUTIONS AS A PREPARATION FOR IMPLEMENTATION STRATEGY OF SATELLITE URBAN AREA AND RESORTS IN NEXT PERIOD.





4.

## CREATE AND SHARE VALUES



The Sun Avenue Project, District 2, HCMC



## SERVICE QUALITY ASSURANCE

PROJECT QUALITY ASSURANCE IS CONSIDERED AS THE KEY TO GOOD PRODUCTS AND LONG LASTING CUSTOMER'S LOYALTY WHICH IS THE DETERMINED AND ULTIMATE GOAL OF NOVALAND.

27,000<sup>+</sup>  
PRODUCTS

HANDED-OVER AND UNDER DEVELOPMENT

40<sup>+</sup>  
PROJECTS\*  
\* including land bank



Lakeview City Urban area, District 2, HCMC

Regular quality assurance is implemented for comprehensive assessment of the work quality in all steps from design, work quality control and assurance, labor safety and sanitation to guidance and control over the quality management documentation, formulation and update of the manual, design and construction standards, and inspection for acceptance against standards set forth by the Group. In each phase, the Quality Assurance (QA) Department provides guidance and allocates resource to optimize the quality control, and ensure the timely handing over of the product and firmly enhance the reputation of Novaland brand name.

In addition to the selection of experienced and competent designing contractor, the QA Department also scrutinizes the design details in terms of structure, infrastructure, mechanic - electricity, fire fighter system to ensure consistency between components, compliance to the prevailing regulations and most of all, to meet the utility as committed to the customer.

To keep its commitment of good products and maintain the customer's trust, the Quantity Surveyor Department develops its procurement plan and requests for proposal before selecting the contractor; then it interviews to select the contractor, negotiates the price and contract, signs and manages construction contracts which meet the Group's requirements on progress, quality, budget and in line with its business strategy. In addition, the Quantity Surveyor Department monitors and gives projections on the construction market price fluctuations to solicit the proper strategy for selecting or seeking for contractors who are qualified to meet the Group's strategy.

During the project construction, in addition to the supervision consultant team and Project Management Board who are experienced in

construction and management, the Quality Assurance members who were carefully selected from the pool of competent and disciplined candidates will conduct independent and objective inspections to enhance the product values and to improve the project activities. We apply procedures to inspect the quality of construction works and mechanical-electrical installations as well as procedure to inspect all key mechanical-electrical equipment of the project based on the quality policy and inspection standard guidance widely accepted by all relevant departments and units of the Corporation to ensure the product consistency and strengthen our commitment to the customer on product quality. Together with the strict occupational health, safety and environment (HSE) procedures and standards, the quality assurance engineers of QA Department have made significant contribution to the deployment of labor safety and safe construction methods in all projects, affirming Novaland's superiority over other investors in term of construction discipline, and paving the ground for trust, peace of mind and comfort of the future residents.

During the handing over preparation period, QA Department team applies procedures to inspect the quality of all construction works and mechanical-electrical installations in apartments, office and office-tel, public areas of the building, facilities, swimming pool, children's recreation area, underground parking area, technical area and landscape infrastructures. QA Department proposes to test individual and collative functions of all facilities to ensure that equipment interacts with each other in a consistent and effective manner for the benefit of the residents. These activities are conducted in the final stage to confirm that every single and minor detail has been carefully and satisfactorily completed before being handed over to the customers.



## CREATE AND SHARE VALUES

The performance of QA Department is visualized by the fact that all inspected departments will be handed over to the customers without nonconformance categories. QA Department conduct at least two inspections which is implemented separately with Project Management Board when the project comes to the finalization stage before handing over. The inspection is carefully designed and implemented to cover all items and details of each departments. The department will be handed over to the customer only when it is certified by the QA Department that no construction flaw is found in such unit.

Compliance risk management software has been used since the fourth quarter of 2018 to record project quality assessment data. The QA Department issues the report and the Project Management Board corrects the imperfections and updates the status to the software. Information of nonconformance categories on site is continuously updated on real time basis to facilitate the monitoring and timely instructions given by management of all levels. Initial results show better collaboration in information processing, holistic storing of data which facilitates the clear and transparent comparison/ cross check between projects.

All data on potential risks and nonconformance categories on site are analyzed and presented in a report by the software which enables the assessment and comparison of effectiveness in quality control throughout the construction period by management of all levels.

Risks are also identified by Planning and Deployment Construction Department and then recorded impact and likelihood in the software by the Risk Management Unit. The system will calculate the risk exposure based on these parameters and support the users by suggesting proper risk control and mitigation measures to minimize the risks of ongoing projects.

Thanks to the use of such professional software, Novaland has successfully developed a standard and consistent database system which supports the necessary cross checks without losing time on data consolidation and retrieval. In addition, data storing standardization also results in the formulation of a historical typical imperfection database for the benefit of training activity and prevention of such committed faults in the future.

The quality assurance inspections are regularly updated and improved to enhance the product quality. The competence of QA team is continuously improved thanks to the experience and knowledge shared in monthly discussions.



## CUSTOMER HEALTH AND SAFETY

Performance reporting indicator:

GRI 416-1

This indicator assesses the health and safety impacts of products and services.

**NOVALAND GIVES TOP PRIORITY TO THE CUSTOMER HEALTH AND SAFETY; THIS IS OUR MOTIVATION TO CONTINUOUSLY IMPROVE THE QUALITY OF THE PROVIDED APARTMENTS AND SERVICES TO ENSURE THE GOOD LIVING ENVIRONMENT IN ALL STEPS OF THE PROJECT DEVELOPMENT PROCESS.**



All products developed by Novaland secure the requirements of public health and safety. In particular, our facilities fully satisfy the fire prevention and fighting requirement as well as requirements related to disabled people. We pay special attention to user's health regulations. Guidance and safety warnings are well designed to meet the required standards in our residential facilities, hotels or resorts.

## CUSTOMER SATISFACTION

THE CUSTOMER'S LOYALTY IS OUR ASPIRATION FOR RELENTLESS DEVELOPMENT EFFORTS SO AS TO BETTER SERVE THE INCREASING EXPECTATIONS OF THE CUSTOMERS. NOVALAND'S SUCCESSES HAVE BEEN RECOGNIZED AND CELEBRATED WITH VARIOUS HONORABLE AND REPUTABLE AWARDS AND PRIZES, BOTH DOMESTICALLY AND INTERNATIONALLY.



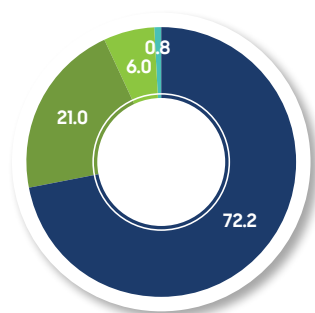
The Group implemented various surveys in 2018 to measure the customer's satisfaction in an attempt to improve our service quality and professionalism.



**Results of customer's satisfaction surveys  
in transaction centers in 2017**

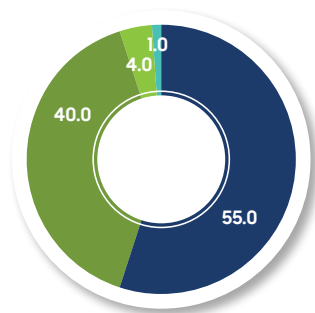
(Unit: %)

Very satisfactory Satisfactory  
Normal Unsatisfactory

**Results of customer's satisfaction surveys  
in transaction centers in 2018**

(Unit: %)

Very satisfactory Satisfactory  
Normal Unsatisfactory



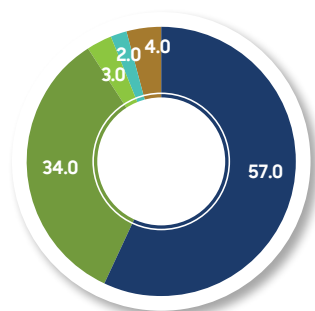
A customer's satisfaction survey was conducted in 2017 in our real estate transaction centers by filling out online form which is set up in the centers' iPads. This program was deployed in Novaland's five real estate transaction centers namely Nha Be, Phu Nhuan, An Phu, Binh Khanh and Nguyen Du Real Estate Transaction Centers. 1,746 customers participated in this program, 93% of whom gave good evaluation on their experience with Novaland's real estate transaction centers.

In 2018, the survey's coverage shrank to two centers (i.e. Nguyen Du and Nguyen Thi Minh Khai real estate transaction centers) and the duration was rather short. This change resulted in only 527 responses. In this survey, 95% of the customers made good remarks on their experience with Novaland's real estate transaction centers; of which 55% stated their evaluation at "very satisfactory" level. Novaland has drawn good lessons learnt for survey implementation thanks to activities in the last two years and plans to conduct a survey in 2019, which combines the methodologies applied in the last two years for better and more comprehensive data on the customer's interests.

**Survey on customer's satisfaction upon  
receiving the product in 2018**

(Unit: %)

Good Normal Bad  
No comments Excellent



The "Survey on customer's satisfaction upon receiving the product" was conducted by our sales persons in two projects of Sun Avenue and Sunrise Riverside. The results were optimistic with more than 61% of the customers indicating their satisfaction at "Good" and "Excellent" levels when receiving the apartments. Based on this survey results, Novaland noted the well-scoring and imperfection items for developing its work plan that better meets the customer's expectations.

In addition, the Corporation deploys a Thank you program applicable to their VIP customers in form of vouchers for complementary two days and one night staying at the luxury Azerai Can Tho Resort to convey their gratitude to customers. Azerai Can Tho Resort is the Group's first resort project introduced in June 2018.

Source: Novaland Group

**HANDLING OF CUSTOMER'S REQUESTS/ CLAIMS**

Customer First, in addition to customer services, we also pay attention to the satisfactory handling of the customer's requests and claims by issuing the "Customer's request processing and responding procedure" to standardize the activities and reduce the processing duration for prompt and effective response.

Below is our procedure for receiving and handling customer's claims. All customer' claims and requests are sent to customer care department via various channels (such as hotline, website, email, etc.) which will then be distributed to responsible units for their actions and updated in the CRM system once the issues have been addressed.



We also apply mechanism to receive customer's feedback on our service quality, i.e. (1) feedback questionnaires are put at the convenient locations in service agencies to facilitate the feedbacks of the customers; (2) managers are encouraged to collect direct feedback from customers on daily basis; and (3) these feedbacks will then be compiled and discussed with the staff under their management in daily meetings. In 2019, we plan to launch the Mystery Audit program to evaluate and improve our service quality.

A showcase of our efforts in addressing customer's claims in 2018 was the mitigation measures in response to the impact of Usagi storm. This storm splashed water into a number of departments on 25 November 2018, leading to wall and wooden floor dampness or ceramic floor and interior furniture damages.

Understanding the urgency for timely remedial measures, the Customer Care

Department cooperated with other relevant departments including the Planning and Deployment Construction (PDC) Department and the Building Management Board to make proactive liaison with the affected department owners and schedule the repairs to avoid negative impacts on their daily lives.

In one apartment of the Sun Avenue project, the wooden floor swelled due to the storm water and the customer wished to replace the material before installing their wooden furniture. The Customer Care Department received the request on 26 November and immediately transferred it to the Sun Avenue Building Management Board. Within two working days, the Building Technician in cooperation with the PDC Department inspected the waterproofing and replacement of wooden floor for this apartment and updated the customer of the remedial measure. The work completed on 6 December and the customer confirmed their satisfaction to PDC on 8 December which found the basis for the Customer Care Department to close the case.

Procedure standardization proves to have successfully solicited the closer cooperation between different departments and units, clear responsibility allocations as well as frequent liaison between the functioning units with the customers during the handling process. The regulated steps ensure thorough handling of the claims and maximize the customer's satisfaction.

**CUSTOMER CARE PROGRAM PLAN IN 2019**

In implementing its strategy of Customer First, Novaland pays special attention to the customer and resident service to maintain their trust and loyalty by timely handing over of new products in 2019. Frequent customer care program is officially launched and NovaLoyalty

membership cards are distributed to all customers who are using products and services provided by the Group's companies. The program's slogan is "Sustainable relationship - Privileged gifts" and brings about superior benefits to the customers including information update, discount and other benefits in while staying in Novaland's resorts. It is considered an opportunity for Novaland to create additional value to the customer's lives.



## CREATE SHARED VALUE THROUGH PARTNERSHIP

Measurement and reporting of indicators:

GRI 413-1

Operations with local community engagement, impact assessment, and development programs

## NOVALAND GROUP RELENTLESS EFFORTS FOR A SUSTAINABLE COMMUNITY

Throughout its journey and underpinned by strategic orientations of sharing values with stakeholders, Novaland has been implementing a series of activities embedded with community responsibility while gradually assessing the impacts along the way.

The company's CSR programs are centered around four main pillars: community development, education, health and social security. In addition, the Group also encourages all employees to actively participate in volunteering, sharing and helping people in need nationwide.

With a view to developing a coherent community, Novaland Group has also actively cooperated with local government agencies, non-governmental organizations, partners and local people to build awareness and community capacity.

Novaland's social responsibility is also evidenced by due care in the working environment and welfare of the Group's employees, all for employee engagement, sustainable business development, and happy lives for

the staff, in recognition that staff is not only a valuable asset of the Group, but also important asset of the whole society.

In 2018, Novaland allocated nearly VND 76 billion on community development activities for millions of beneficiaries, covering social security, school health protection for students and teachers, support to people in difficult situation, mitigation of the impact of natural disasters, cultural and artistic activities to preserve and promote the national identities, joint efforts to develop infrastructure like building rural bridges and schools, offering houses of gratitude as a form of appreciation, granting study scholarships to students, and support to poor young patients.

In addition to the cross-cutting coordination with reputable organizations, Novaland's charity activities continue to see a wide participation of many officials, employees, and customers who share social responsibility with the Group.

Education support  
VND 5.6 BILLION

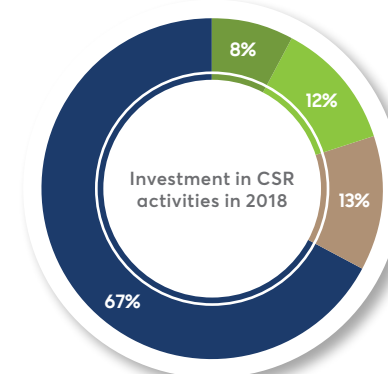
Health care  
VND 9.5 BILLION

Philanthropy  
VND 9.6 BILLION

Community development  
VND 51 BILLION

Total of funding amount  
VND 75.7 BILLION

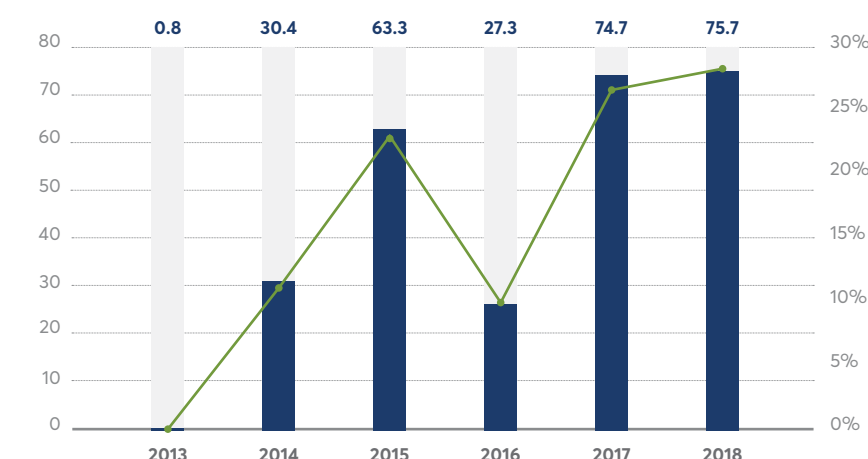
Education  
Health care  
Philanthropy  
Community development



Source: Novaland Group

### Cost of corporate social responsibility

(Unit: VND billion) ■ Cost of corporate social responsibility — %



Source: Novaland Group

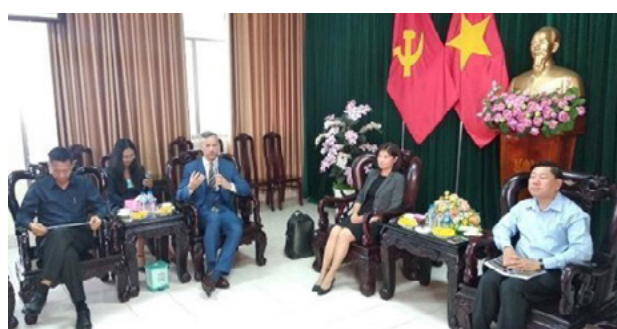




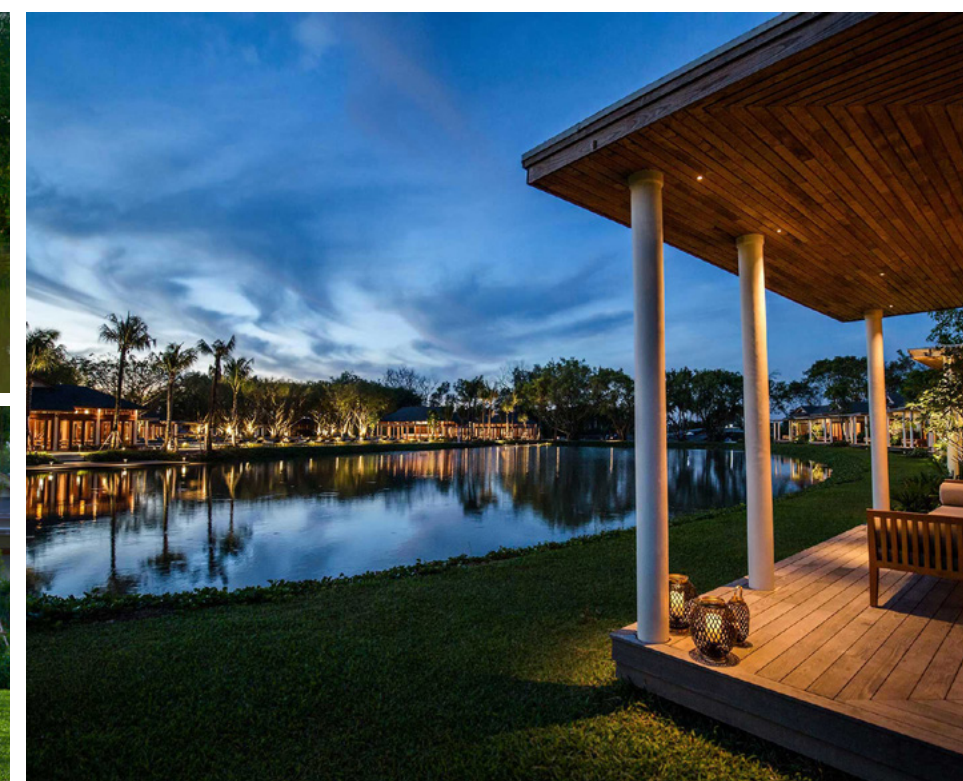
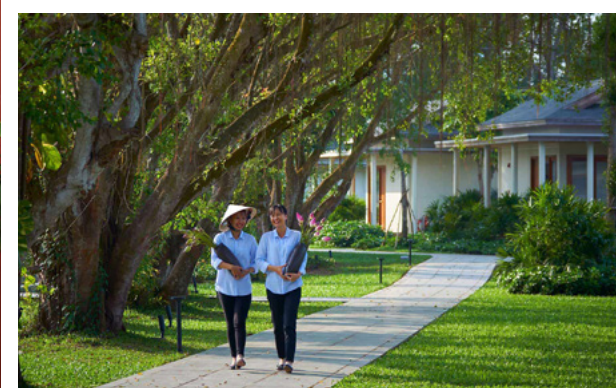
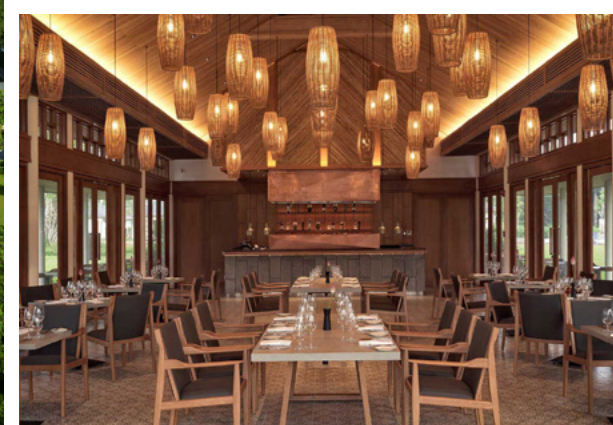
**INVESTMENT IN SUSTAINABLE COMMUNITY  
DEVELOPMENT AND RESPONSIBLE INVESTMENT**

In 2018, Novaland Group cooperated with BCG (the Boston Consulting Group), Military Bank, People's Committee of Can Tho City and representatives of the Mekong Delta provinces to devise a strategy for climate-smart Mekong Delta tourism development for which the Prime Minister witnessed the signing ceremony and provided encouragement. Novaland's long-term plan is also delivered to improve each stage of management process and introduce appropriate investment projects to drive development in key areas.

In particular, the project for "Development of the Mekong Delta's Tourism Sector bằng adapting to Climate change" sets its goal to develop and deliver a strategy to unlock the full potential of tourism in the Delta's 13 provinces and cities, and Can Tho City as a tourism hub. According to tentative estimation by the BCG Consulting Group, more than 300,000 jobs will be possibly created in the tourism sector by 2025, generating an important diversification to the economy and sustainable income for the Mekong Delta communities.



*The meeting between Novaland Group - BCG Consulting Group and the leaders of Dong Thap and Vinh Long provinces on the project for "Development of the Mekong Delta's Tourism Sector adapting to Climate change"*



*Signing ceremony of the cooperation agreement between Can Tho City People's Committee - Novaland Group - The Boston Consulting Group (BCG Consulting Group) - Military Commercial Joint Stock Bank (MB Bank) on March 27, 2018 in Can Tho.*



## EDUCATION SUPPORT

Education support has been a priority area of Novaland for many years to encourage future generations to overcome their difficulties, make efforts in their study to realize their dreams and achieve great aspirations, as well as create enabling conditions for graduate students in research activities for national development, in addition to improvement of teaching and learning environment by providing finance for construction of schools. Key activities in the field of education support include:

- » A grant of VND 1 billion to Vietnam National University (VNU-HCM) Development Fund, focusing on scholarships for postgraduate students
- » 14 consecutive years of implementation of the Teacher Nhe scholarships in Dong Thap province, with more than 1,000 scholarships awarded to students from primary to high schools for a total value of billions of VND.
- » A grant of VND 02 billion to STF-Pham Phu Thu Scholarship Program under Saigon Times

Foundation, granting 600 scholarships to studious students in Ben Tre province, Long An province, Dong Thap province, Da Nang province and Quang Nam province in 2018

- » Financial contribution of VND 2.5 billion for construction of Hieu Ve Trai Tim Primary School in Dak Nong province, where disadvantaged mountainous students will receive full-scaled support for tuition, nutrition and health
- » A sponsor of the campaign "Path to schools" organized by Binh Thuan Learning Promotion Fund, donating VND 300 million to support scholarships to studious students
- » A sponsor of the 6th program "Vietnam Youth - A Peace Story" organized by Tuổi Trẻ Newspaper and the Central Committee of the Vietnam Student Association, in addition to granting of 100 scholarships (equivalent to VND 1 billion) to selected students with excellent academic performance.



The "Teacher Nhe scholarships" program of Novaland Group has been undertaken for 14 consecutive years in Dong Thap province



The groundbreaking ceremony of the construction of the Hieu Ve Trai Tim Primary School in Dak Nong in May 2018



Awarding STF-Pham Phu Scholarship to the studious students in Ben Tre province

## COMMUNITY HEALTH CARE



The "Clean water for schools" Program brings joy and peace of mind about clean tap water to students in Thanh Phu district, Ben Tre province and Tan Tru district, Long An province

VND **6.1**  
BILLION  
THE PROGRAM "CLEAN WATER  
FOR SCHOOLS"

**344**  
RAIN WATER TANKS

**693**  
WATER FILTRATION SYSTEMS  
FOR CLEAN TAP WATER



Community health care, especially for children, has always been one of four priority areas of Novaland.

In 2018 in particular, Novaland sponsored and jointly implemented the program "Clean water for schools" in Long An province and Ben Tre province, provided 693 water filtration systems for clean tap water and 344 rain water tanks for 79 schools with a total budget of more than VND 6.1 billion, significantly contributing to a better health care of more than 32,000 teachers and students from preschools to high schools. The program received strong support from local authorities and communities. In 2019, Novaland will continue to deliver this program in the Mekong Delta.

In addition, the Group continued to join, as a Gold Sponsor, in the charity fund-raising night held by Operation Smile Vietnam, in order to call for support for more than 400 children with cleft lip and cleft palate to receive free surgery.



SOCIAL SECURITY  
DEDICATED AND PRACTICAL

Great care and frequent support to local communities and children living in difficult conditions during the Lunar New Year, sowing happiness to thousands of households during this occasion



Novaland Group has allocated VND 10 billion and undertakes to deliver its corporate social responsibility in Ba Ria - Vung Tau province in the period of 2019 - 2020



Festive celebration of Ky Hoi Tet in the newly built and spacious houses for poor households in Can Gio (HCMC)



Novaland staff members enthusiastically participate in volunteer activities, performing its corporate social responsibility in Chau Duc district (Ba Ria - Vung Tau province)

Novaland has always paid much attention to social security by joining hands with local authorities and many reputable social organizations in providing support to those living in difficult conditions on special occasions, creating enabling conditions and opportunities for poor people to escape poverty and build a better life; undertaking to implement its corporate social responsibility in some provinces, contributing finance to construction of houses of gratitude; offering Tet gifts to poor communities; and supporting needy children. Charity activities organized by Novaland

have always generated a strong positive response from its staff members who have been standing ready to join the Group in its great work for sustainable development of the country.

Besides, it has actively been participating in social security and charity activities, which is part of its culture since establishment fostered by Novaland Group's managers and employees. Charity activities have always stimulated enthusiasm among its staff members, thereby highlighting the awareness and readiness of every Novaland employee to join the Group in its great work for sustainable community development.

## Some key activities:

- » Donation of thousands of gifts to poor and near-poor households on the occasion of the 2018 Lunar New Year in Dong Thap, Quang Nam, Phu Yen; support to organization of celebration events on Lunar New Year occasion for local communities in Can Tho and HCMC with billions of VND.
- » Financial support of VND 1.4 billion to build 28 houses of gratitude in Can Gio, HCMC, Tra Vinh province and Binh Thuan province.
- » Commitment to deliver its corporate social responsibility in Ba Ria - Vung Tau province in the period of 2019 - 2020 with a budget of VND 10 billion.
- » Novaland employees raised over VND 250 million to organize Mid-Autumn Festival for children with extremely difficult conditions in Ba Ria - Vung Tau province; book donation to schools in Ben Tre province.



## CSR AWARD

PROPERTYGURU VIETNAM PROPERTY AWARDS 2018 RECOGNIZES  
AND HONORS NOVALAND GROUP IN COMMUNITY SUPPORT AND DEVELOPMENT

At the gala dinner on June 22, 2018, Novaland Group was honored at Vietnam Property Awards 2018 (PropertyGuru Vietnam Property Awards 2018), which is the top event for Vietnamese real estate developers, in Special Recognition in CSR category. This award is a recognition of Novaland's efforts in its effective community support activities for sustainable corporate and social development goals. This is the second consecutive year that Novaland received this honor.



Novaland Group has always focused on social work in its development strategy, seeing this as part of its social responsibility to contribute to the long-term and sustainable development of the society. In 2019, Novaland Group will further work on its strong commitment for wider impacts of community activities, focusing on key programs: protection of school health, education investment, contribution to infrastructure development for the society, financial support for a better life of poor and needy communities. In addition to social security programs, Novaland has invested in sustainable activities that have long-term impacts on local development such as: study scholarships for development of local human resources, marine environmental protection, and local investment - tourism promotion... These activities will be implemented in collaboration with partners and stakeholders to further spread the sense of social responsibility among local communities for a brighter Vietnam.





3.

## INDEPENDENT ASSURANCE REPORT

Limited assurance of the Sustainable Development Report that fully delivers data transparency to stakeholders is a task given by the Board of Management to the Internal Audit Department in 2018 for a phased approach to independent assurance in accordance with international standards and practices. The Internal Audit Department has reviewed and provided objective independent opinions on the performance of sustainable development management for selected indicators according to internal audit procedures and standards.



LIMITED ASSURANCE REPORT  
OF INTERNAL AUDIT



In order to assure the reliability for selected indicators in Novaland’s 2018 Sustainability Report, the Internal Audit Department has been engaged to perform a limited assurance engagement on selected 2018 Sustainability Indicators.

RESPONSIBILITIES OF THE BOARD OF MANAGEMENT

The Board of Management of Novaland is responsible for the preparation and presentation of 2018 Sustainability Report in accordance with the Global Reporting Initiative Standards on Sustainability Reporting (GRI Standards) and the scope of activities in each field. The Board of Management is also responsible for the design and implementation of internal controls which are determined to be necessary to ensure the fairness of information and data presented in 2018 Sustainability Report.

RESPONSIBILITIES OF INTERNAL AUDIT DEPARTMENT

The Internal Audit Department’s responsibilities are to provide a limited assurance on selected 2018 Sustainability Indicators based on the procedures stipulated in the Group’s Internal Audit Manual. The Manual requires that internal auditors comply with Code of Ethics and adopt risk-based methodology in planning and performing the engagement to express the conclusion with limited assurance on 2018 Sustainability Report.

Limited assurance engagement was primarily based on interviewing and performing the analytical procedures supplemented by testing transactions, internal reports, invoices, confirmations from suppliers and reconciliations on a sample basis. Our limited assurance engagement has been undertaken in respect of the selected Sustainability Indicators for the year ended 31 December 2018 as reported in 2018 Sustainability Report only. Our limited assurance has not been provided for information or data pertaining to earlier periods or any other elements included in 2018 Sustainability Report and therefore, do not express any conclusion thereon.

Assurance results and recommendations for improvement have been discussed with the Board of Management and Head of related Divisions/Departments.

SCOPE OF REVIEW

Based on existing resources, the Internal Audit Department has provided limited assurance service for selected Sustainability Indicators for the year ended 31 December 2018 as reported in 2018 Sustainability Report according to GRI Standards, including:

GRI 404-1	Average hours of training per year per employee (Page 60)
GRI 301-1	Materials used by weight or volume (Page 65)
GRI 302-1	Energy consumption within the organization (Page 66)
GRI 303-1	Water withdrawal by source (Page 68)
GRI 306-1	Water discharge by quality and destination (Page 69)
GRI 306-2	Waste by type and disposal method (Page 69)
GRI 413-1	Operations with local community engagement, impact assessments, and development programs (Page 80)

CONCLUSIONS

Based on the work described above, nothing has come to our attention that causes us to believe that the selected Sustainability Indicators mentioned in Scope of Review have not been fairly presented, in all material respects, in accordance with Novaland ’s reporting scope and principles as presented in the Overview of Sustainability Report for the year ended 31 December 2018.

Internal Audit Director

Nguyen Thi Minh Thanh



# GRI STANDARDS INDEX

For "Core Appropriate Method"

This report is prepared according to core requirements of GRI standards.

GENERAL DISCLOSURES			
Disclosure	Published information	Report content	Page/ Explanation
ORGANIZATIONAL PROFILE			
GRI 102-1	Name of the organization	Overview of Novaland	Page 10
GRI 102-2	Activities, brands, products, and services		Page 10
GRI 102-3	Location of headquarters		Page 10
GRI 102-4	Location of operations		Page 12
GRI 102-5	Ownership and legal form	Human resources for sustainable development	Refer to the AR pages 148-149, 208-209
GRI 102-6	Markets served		Page 12
GRI 102-7	Scale of the organization		Page 12-13
GRI 102-8	Information on employees and other workers	Supply chain	Page 57-58
GRI 102-9	Supply chain		Page 49
GRI 102-10	Significant changes to the organization and its supply chain	Overview of the report	Page 9
GRI 102-11	Precautionary Principle or approach	Risk Management	Page 28-34
GRI 102-12	External initiatives	Stakeholder Engagement	Page 37
GRI 102-13	Membership of associations		NA
STRATEGY AND ANALYSIS			
GRI 102-14	Statement from senior decision-maker	CEO message	Page 6-7
GRI 102-15	Key impacts, risks, and opportunities	Risk Management	Page 28-34
ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards, and norms of behavior	Ethics and Integrity	Page 36
GRI 102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity	Page 36
GOVERNANCE			
GRI 102-18	Governance structure	Governance structure for sustainable development	Page 24-25
GRI 102-19	Delegating authority	Strategic orientations for sustainable development	Page 24-25
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics		Page 24-25
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	Page 38-39
GRI 102-22	Composition of the highest governance body and its committees	Refer to the AR	Page 82-83 of the AR, Page 97, Corporate Governance Practice Report
GRI 102-23	Chair of the highest governance body		
GRI 102-24	Nominating and selecting the highest governance body		

GENERAL DISCLOSURES			
Disclosure	Published information	Report content	Page/ Explanation
GRI 102-25	Conflicts of interest	Refer to the Annual Report	Page 72
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Strategic orientations for sustainable development	Page 24
GRI 102-27	Collective knowledge of highest governance body		
GRI 102-28	Evaluating the highest governance body's performance		
GRI 102-29	Identifying and managing economic, environmental, and social impacts		
GRI 102-30	Effectiveness of risk management processes	Risk Management	Page 30-35
GRI 102-31	Review of economic, environmental, and social topics	Strategic orientations for sustainable development	Page 42-43
GRI 102-32	Highest governance body's role in sustainability reporting		
GRI 102-33	Communicating critical concerns		
GRI 102-34	Nature and total number of critical concerns		
STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholder groups	Stakeholder Engagement	Page 37-41
GRI 102-41	Collective bargaining agreements		Page 37, 59
GRI 102-42	Identifying and selecting stakeholders		Page 37
GRI 102-43	Approach to stakeholder engagement		Page 37-41
GRI 102-44	Key topics and concerns raised		Page 40-43
REPORTING PRACTICE			
GRI 102-45	Entities included in the consolidated financial statements	Overview of the report	Page 9
GRI 102-46	Defining report content and topic Boundaries	Evaluation of material topics	Page 9
GRI 102-47	List of material topics		Page 43
GRI 102-48	Restatements of information	Overview of the report	Page 9
GRI 102-49	Changes in reporting		
GRI 102-50	Reporting period		
GRI 102-51	Date of most recent report		
GRI 102-52	Reporting cycle		Page 4
GRI 102-53	Contact point for questions regarding the report		
GRI 102-54	Claims of reporting in accordance with the GRI Standards		
GRI 102-55	GRI content index		Page 92-95
GRI 102-56	External assurance	Report on independence and objectivity of internal audit	Page 90-91



# GRI STANDARDS INDEX

For "Core Appropriate Method"

ANNOUNCEMENT OF TOPIC-SPECIFIC STANDARDS				
Disclosure	Standards	Description	Report content	Page/ Explanation
ECONOMIC				
Sectors				
1. Economic performance	GRI 103	Management approach: Ensuring economic performance and evaluating management effectiveness	Economic performance, economic value generated and distributed to social development	Page 50-51
	GRI 201-1	Direct economic value generated and distributed		
2. Indirect economic impacts	GRI 103	Management approach on ensuring indirect economic impacts		Page 52-53
	GRI 203-1	Infrastructure investments and services supported		
	GRI 203-2	Significant indirect economic impacts		
3. Procurement Practices	GRI 103	Management approach on sustainable procurement practices	Sustainable procurement practices	Page 54
	GRI 204-1	Proportion of spending on local suppliers		
ENVIRONMENTAL				
Sectors				
1. Materials	GRI 103	Management approach on materials	Efficient management and use of resources	Page 65
	GRI 301-1	Materials used by weight or volume		
	GRI 301-2	Recycled input materials used		
	GRI 301-3	Reclaimed products and their packaging materials		
2. Energy	GRI 103	Management approach on energy	Energy efficiency	Page 66-67
	GRI 302-1	Energy consumption within the organization		
	GRI 302-3	Energy intensity		
3. Water and Effluents	GRI 103	Management approach on sustainable management and use of water resource	Water efficiency	Page 68
	GRI 303-1	Water withdrawal by source		
4. Effluents and Waste	GRI 103	Management approach on effluents and waste	Impact mitigation	Page 69
	GRI 306-1	Water discharge by quality and destination		
	GRI 306-2	Waste by type and disposal method		
5. Environmental compliance	GRI 103	Management approach on compliance	Environmental compliance	Page 70
	GRI 307-1	Non-compliance with environmental laws and regulations		
6. Supplier Environmental Assessment	GRI 103	Management approach on supplier assessment	Supplier assessment	Page 54
	GRI 308-1	New suppliers that were screened using environmental criteria		

ANNOUNCEMENT OF TOPIC-SPECIFIC STANDARDS				
Disclosure	Standards	Description	Report content	Page/ Explanation
SOCIAL				
Sectors				
1. Employment	GRI 103	Management approach on sustainable employment	Sustainable employment	Page 57-59
	GRI 401-1	New employee hires and employee turnover		
	GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
	GRI 401-3	Parental leave		
2. Occupational Health and Safety	GRI 103	Management approach on sustainable employment	Health and safety management	Page 62-63
	GRI 403-1	Workers representation in formal joint management worker health and safety committees		
	GRI 403-2	Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities		
	GRI 103	Management approach on education and training		
3. Education and training	GRI 404-1	Average hours of training per year per employee	Education and training	Page 60-61
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs		
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews		
4. Diversity and equal opportunity	GRI 103	Management approach on education and training	Ensuring diversity and equal opportunity	Page 57-58
	GRI 405-1	Diversity of governance bodies and employees		
5. Local Communities	GRI 103	Management approach on managing investments in community development	Investment in community development	Page 80-87
	GRI 413-1	Operations with local community engagement, impact assessment, and development programs		
6. Supplier Social Assessment	GRI 103	Management approach on supplier social assessment	Supplier assessment	Page 54
	GRI 414-1	New suppliers that were screened using social criteria		
7. Customer Health and Safety	GRI 103	Management approach on supplier social assessment	Customer's health and safety management	Page 77
	GRI 416-1	This indicator assesses the health and safety impacts of products and services.		
8. Marketing and Labeling	GRI 103	Management approach on marketing and labeling	Information of products and services	Page 74-75
	GRI 417-1	Requirements for product and service information and labeling		
9. Socioeconomic compliance	GRI 103	Management approach on legal compliance in social issues	Compliance with legal requirements	Page 55
	GRI 419-1	Non-compliance with laws and regulations in the social and economic area		

For environmental protection purposes, the Sustainability Development Report of Novaland Group is printed in small quantities. If you no longer need your printed report, please give it to those who might be interested.

In addition, the Sustainable Development Report of Novaland Group is also published online, Should you be interested, please visit our website: [www.novaland.com.vn](http://www.novaland.com.vn)





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