

Annual Communication on Progress (COP)

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Prepared for: United Nations Global Compact

Period of coverage: 1 October 2019 to 30 September 2020

Submitted: 18 September 2020

1.0 STATEMENT OF CONTINUED SUPPORT

Esoft Vietnam continue to be committed to adhere to the 10 principles promoted by the UN Global Compact (UNGC). We are completing the last aspect of our organizational change project, setting up detailed career development plans for all staff. As a result, we are now engaging a in variety of other projects to develop and professionalize our set up and strengthen our corporate culture.

We continue to be at the forefront when it comes to implementing good corporate citizenship, and we are still pleased with the benefits we derive from our efforts.

This report covers the period from October 2019 to September 2020.



A red circular stamp is positioned over a horizontal line. The stamp contains the text: "M.S.D.N.: 0102314333 - C.T.T.N.H.", "CÔNG TY TNHH ESOFT VIETNAM", and "THÀNH PHỐ HÀ NỘI". A blue handwritten signature is written over the stamp and extends to the right.

Thomas Frisenberg
Managing Director

2.0 HUMAN RIGHTS

Our commitment

Esoft Vietnam commit to fully support and respect the human rights related regulations set by the ILO as well as the Labor Law in Vietnam.

| Action | Actions implemented in the last year | Measurable results and outcomes | Targets for the coming year |
|---------------------------------|---|--|--|
| Labor contracts and regulations | <p>We continue to update our labor contract template and refine our C&B model/structure to ensure compliance but also to provide a better service to our staff.</p> <p>We continue to enhance our HR system (EZ System) to better administrate, access and the use of HR related data – also to provide more transparency and a better user experience for employees.</p> <p>We have implemented career development plans for all employees.</p> <p>We are in the process of updating our internal company regulations to comply with the revised Labor Code 2019 that will take effective from 1st of January 2021.</p> <p>At the peak of the Covid-19 pandemic during March, April and May, we saw a significant reduction in revenue, but swift action meant that not only could we continue our operations but could do so without any major staff cuts.</p> | <p>Employee satisfaction when measured in August 2020 (measured once a year) continues to stay high level, with an eNPS of 36 (down from 43 the year before).</p> <p>This year, we have seen an increase in staff turnover partly also related to some organizational changes in the light of Covid-19. Currently the staff turnover stands at 17% for the fiscal year.</p> <p>So far in 2020, we have trained and employed 120 new staff.</p> | <p>Increase the average annual income for staff also based on increased efficiencies, especially in our production.</p> <p>Maintain high satisfaction among staff and increase our eNPS.</p> <p>Continue to offer better career development opportunities for staff and hence improve staff turnover rate. This also to mitigate the trend we have seen where staff got involved in competing activities outside the company.</p> <p>We will continue improve activities related to labor and other regulations to stay aligned with the revised labor code of 2019.</p> |
| Work environment | <p>We continue to work with our meal supplier to ensure quality and quantity especially during supper. Recently, we have changed our food supplier and service model to allow for a</p> | <p>Generally, the response from staff and clients when it comes to our handling of the Covid-19 pandemic has been very positive. In our recent client satisfaction survey, we scored 9.5 out 10</p> | <p>Reconsider layout of selected areas to both cope with an increasing number of staff but also ensure a motivating working</p> |

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| | <p>better and more attractive meal serving to staff.</p> <p>We continue to work to improve the overall environment and among some of the initiatives taken is the installation of 02 new coffee machines (free usage), repainting the entire office, installing ceiling fans for all working areas to allow for better air circulation</p> <p>During Covid-19, we have been very proactive in ensuring compliance with regulations issued by the government as well as local authorities. We have done our utmost to ensure the safety of our staff.</p> | <p>for our response.</p> | <p>environment.</p> <p>We want to Improve relaxing areas and pantry areas including installing new furniture.</p> |
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3.0 LABOR

Our commitment

Esoft Vietnam uphold the freedom of association and the right to collective bargaining of its staff members. Esoft Vietnam support and fully complies with the international standards when it comes to elimination of forced labor, discrimination at the work place and child labor.

| Action | Actions implemented in the last year | Measurable results and outcomes | Targets for the coming year |
|----------------------------|---|--|---|
| Collective agreement | <p>The Company Trade Union is functioning well and all employees are members. In the past year, the Trade Union has actively involved into relevant labor issues and also been a driver when it comes to the organization of social activities including summer trip, sport activities and recognition of important holidays.</p> <p>As part of our effort to strengthen communication on all staff levels including overcoming the challenge when operating 03 shifts, we have implemented and speaker/sound system which allows us to communicate updates/important messages to all staff – in a concise and effective manner.</p> <p>We continue our monthly town hall meetings, and have supplanted this with weekly updates sent via email during the Covid pandemic. The weekly update has been taking place since February.</p> <p>We continue to tailor our corporate and training activities to promote the Esoft culture.</p> | <p>The company meets with the trade union representatives every 3 months, and in addition, we conduct a company meeting every 6 months. This to ensure that we maintain a close dialogue with employees and keep employees informed about the company's development. The latest meeting was conducted in July 2020 where staff could also attend online (in order to allow for more staff to join).</p> <p>We organize Labor Conference one per year aiming to maintain dialogue with employees and keep employees informed about the company's development. The latest meeting was conducted in Jan 2020.</p> <p>Since the beginning of Covid-19, we have on a weekly basis been updating all staff on the company's business performance as well as sharing relevant information and guidance. This has been supplemented by additional information shared via email, intranet, sound system and face-to-face.</p> | <p>We will continue to encourage all employees to join the company trade union.</p> <p>We will continue to promote transparency and sharing information via our communication channels.</p> <p>We will continue improve activities related to labor and other regulations in accordance with revised labor code 2019.</p> |
| Equal opportunity employer | <p>We continue to promote our equal opportunity policy, and promote the employment of disabled, disadvantaged and</p> | <p>The percentage of staff affected by disability currently stands at 10.6% as of 1st September</p> | <p>We want to make a new push towards to recruitment of people with disabilities with the aim to bring up the percentage of people with</p> |

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| | <p>female staff. Aside from proactively seeking to reach out to the aforementioned groups in our recruitment process, we continue to engage in various CSR activities that are linked to recruitment of disabled and disadvantaged people.</p> | <p>2020.</p> <p>Female employment stands at 33.7% as of 1st of September 2020.</p> | <p>disabilities working with Esoft.</p> <p>As part of our review of non-financial benefits, we are also considering how to improve work life balance for staff and generally make it more attractive to work with Esoft.</p> |
| Social contribution | <p>We held a number of fundraising activities such as our Challoween event to get contribution from not only our staff but also our partners. The proceeds will be used for charity activities (carried out by our staff) in a remote location in Northern Vietnam.</p> <p>We have had disabled and poor students from vocational training centers visiting the company for job orientation, and then gone on to create jobs for qualified candidates.</p> <p>We continue to offer our post processing image services to local NGOs, in order to help them enhance their visual communication.</p> | <p>More than USD 4,000 has been raised by staff for charity activities We continue to support school in a remote village in Northern Vietnam. However, this year we could not visit the school due to Covid-19 but we have still channeled the funds to the school to make further improvements to the school's facilities.</p> | <p>We want revisit our CSR strategy and ensure that we remain an example to follow when it comes to being a socially responsible company.</p> <p>Continue our fundraising activities driven by the employees.</p> <p>Reach out to more NGOs to establish collaboration regarding enhancing their visual profile and communication.</p> |

4.0 ENVIRONMENT

Our commitment

Esoft Vietnam remain aware of its responsibility towards protecting the environment and although we work exclusively in a digital environment, we are committed to do our part to promote environmental responsibility and sustainability.

| Action | Actions implemented in the last year | Measurable results and outcomes | Targets for the coming year |
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| Energy | <p>We continue to push for minimizing our electricity consumption by raising awareness among our staff and encourage the use of fans rather than air conditioning.</p> <p>We have set up ceiling fan to reduce the reliance on air conditioning.</p> | <p>Use of fans in the office has cut energy consumption and helps to circulate airflow.</p> <p>As a result, we continue to see our electricity costs go below budget.</p> | <p>Our target for the coming year is to continue to take a pro-active approach to reducing electricity consumption.</p> <p>Deploy the green office standard into our office.</p> |
| Equipment | <p>We purchase high quality IT hardware to reduce the effect of noise and energy consumption.</p> <p>Our IT team has been working to find solutions for improving performance of our workstations.</p> <p>We also work pro-actively with suppliers to ensure that equipment is maintained at least once a year including cleaning of all workstations. Damaged equipment is repaired whenever possible.</p> <p>All old IT equipment has been liquidated and sent for recycling through the Vietnam Recycling Platform, a consortium of leading producers of electronic equipment helping to reduce electronic waste, increase recycling and manage the environmental, health and safety impact of such products at the end of their life cycles</p> | <p>By investing in quality equipment, we ensure a longer life span of purchased equipment.</p> <p>We can see that the life span of our workstations can be prolonged when upgrading certain parts, so instead of discarding a whole workstation, we only need to discard/change certain parts.</p> <p>Most of our data is now stored in the cloud, reducing the need for servers installed locally.</p> | <p>For the coming year, we aim to further optimize and stabilize our IT/hardware set up.</p> <p>Continue to recycle liquidated hardware.</p> |
| Waste | <p>The set up of a HR software (EZ System) to</p> | <p>Our new HR system reduced the use of paper</p> | <p>Continue to strengthen our recycling policy and raise awareness among staff so they also</p> |

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| | <p>reduce paper work in office.</p> <p>Reuse cartons to make hoods for desktop screens in our production department.</p> | <p>and ensured a better service to our staff.</p> <p>More than 300 screen hoods have been produced using recycled carton paper.</p> | <p>showcase good practices outside of the office.</p> <p>Improve office meal registration, to better manage actual quantity and avoid wasting food.</p> |
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5.0 ANTI-CORRUPTION

Our commitment

Esoft Vietnam embrace a zero-tolerance approach to corruption and copyright infringement.

| Action | Actions implemented in the last year | Measurable results and outcomes | Targets for the coming year |
|------------------------|---|---|---|
| Corruption | <p>Relevant staff are informed about our zero-tolerance policy, namely our accounting and purchasing staff as well as management staff.</p> <p>We are subject to an annual audit by E&Y Vietnam.</p> <p>We have updated our business ethical principles, and the updated document is available from our website – esoft.com.</p> | <p>No incidents relating to corruption have been recorded in the past year.</p> | <p>No incidents relating to corruption will be recorded.</p> <p>We stay in full compliance with the relevant laws affecting to our business operations.</p> |
| Copyright infringement | <p>Software license updates are being monitored through our inventory management system. This is being reviewed on a monthly basis by our finance team.</p> <p>We continue to be in close dialogue with Adobe and Autodesk, the main providers of software to Esoft Vietnam.</p> <p>We are working on an initiative to further ensure the protection of copyrights when it comes to usage of music tracks (video production), image assets (such as blue skies) and 3D furniture.</p> | <p>All software used in Esoft Vietnam is paid licenses. Meaning we are in full compliance with applicable copyright laws.</p> | <p>Continue to ensure that all software and other copyrighted assets used in the office is fully licensed.</p> <p>We will try to further promote the use of legal software by working together with relevant software companies, hoping that it will have a positive effect on other companies – not least those in our industry that are not adhering to the same high standards as Esoft Vietnam.</p> |

