Business Ethical Principles

ESOFT VIETNAM CO., LTD.
Content

Why do we have a code of conduct? 3
Values 3
Purposes 3
Labor and Human Rights 5
Antidiscrimination 5
Anti-Harassment and Abuse 7
Juvenile Worker Protections 7
Student Worker Protections 7
Working Hours 8
Wages and Benefits 9
Freedom of Association 10
Occupational Health and Safety 10
Emergency Prevention, Preparedness, and Response 11
Working and Living Conditions 11
Energy Efficiency, Hazardous Waste and Resource Reduction 13
Ethics 14
Business Integrity 14
Disclosure of Information 14
Protection of Intellectual Property 15
Community Engagement 15
Management Commitment 16
Audits and Assessments 16
Documentation and Records 17
Training and Communication 17
**Why do we have a code of conduct?**

In Esoft Vietnam, we aim to sell proven service solutions that allow our clients to create sustainable competitive advantages for themselves and their customers through innovative visual solutions. But our success must be based on good business ethics and reflect our core values and purposes as stated in our business strategy and internal regulations including:

**Values:**

- Innovation
- Care
- Credibility
- Quality
- Passion
- Openness

**purposes:**

- Be a "home" for our employees
- Be a value add for our clients
- Be an asset to society
- Be a facilitator for further growth of the group
- Be a profit center generating profit for the shareholders

We want our customers, employees, colleagues, authorities, media and other stakeholders to know we operate an honest business, and our employees should be proud of what they have achieved and how they have achieved it. Over the past decade, Esoft Vietnam has gone from a small start-up to being one of the leading image processing platforms in the world with more than 550 staff servicing clients around the clock on five continents.

In this document, we describe the business ethics that apply for our relation to clients, authorities and other stakeholders in the local society and Vietnam in general as well as our internal relations. But rather than just lay out the principles, we want to tell how Esoft Vietnam and our employees...
are working with business ethics in order to provide a workplace that we are proud to be part of, and which at the same time can be an example for other companies to follow.

"During my first posting to Vietnam eight years ago, I visited Esoft Vietnam for the first time. It was just a small company at the time, but with the support from Danida a B2B partnership was established, with a strong focus on CSR. It is impressive to come back now and see how Esoft Vietnam has grown, with Vietnam, over the years, to be strong, without any need of support from Danida. However, I am also pleased to see that despite the changes taking place over the years, and the strong growth Esoft Vietnam has experienced, CSR remains an important pillar for the company. As back then, Esoft Vietnam is still an example for others to follow."

Charlotte Laursen, Danish Ambassador to Vietnam

We expect that all our employees live up to the highest standards of ethical behaviour and integrity and our business ethical principles go beyond mere compliance with laws and regulations. We do so because we believe that ethical and economical values are interrelated, and that it strengthens our corporate foundation, allowing us to attract and retain talents and clients that appreciate a competent and responsible employer and partner.

Hanoi, July 1st 2018.
**Labor and Human Rights**

Esoft Vietnam believes that all staff deserve a fair and ethical workplace. Staff must be treated with the utmost dignity and respect, and therefore we are also upholding the highest standards of human rights.

Since 2010, Esoft Vietnam has been a member of United Nations Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

**Antidiscrimination**

Esoft Vietnam believes in the right person based on the qualifications required for a specific position and provides equal opportunities regardless of age, disability, ethnicity, gender, marital status, national origin, political affiliation, race, religion, sexual orientation, or union membership, in hiring and other employment practices.
Esoft Vietnam pro-actively promotes the employment of disabled, disadvantaged and female staff, and we have set concrete targets in our strategy for employment of staff belonging to these groups:

- **Disabled and disadvantaged staff**: Shall make up at least 12% of the staff force at any given time
- **Female staff**: Shall make up at least 35% of the staff force at any given time

As of 1st of July 2018, the status is:

- **Disabled and disadvantaged staff**: 13%
- **Female staff**: 32%

While we encourage to the employment of female staff the nature of the work we carry out tends to see a higher portion of male candidates when we advertise job openings in our production. Furthermore, the fact that most positions in the production require that staff are flexible in terms of production shifts (can work night shift) also favours male staff also due to the cultural aspect in Vietnam.

We believe in localizing our set-up in the sense that we prefer to employ Vietnamese people in as many positions as possible. We have over the years succeeded in doing so, and today we have just six non-Vietnamese employees out of a staff force of more than 550. Among our senior management, only our Managing Director, Chief Operations Officer and Quality Managers are non-Vietnamese.
**Anti-Harassment and Abuse**

In Esoft Vietnam we do not accept harassment or abuse of any kind. We believe we have a very tolerant workplace where all staff can feel comfortable and secure. Our employment of people with many different kinds of disabilities have also resulted in a very considerate environment where this group of staff work fully on par with other staff and participate in all activities both inside and outside the office.

We employ a number of deaf-mute staff, and to facilitate communication with this group, we have provided sign language training to a number of staff just as we have a professional interpreter joining important meetings to ensure that important information is available to this group of staff as well.

As a foreign-invested company, Esoft Vietnam makes sure that all staff information provided in writing is available in English as well as Vietnamese.

**Juvenile Worker Protections**

We believe in skills and knowledge, and fully respect children’s right to development and education. Therefore, we do not accept juvenile workers younger than 18 years, which is consistent with both national law as well as ILO’s Minimum Age Convention.

In Esoft Vietnam we employ a number of so-called little people who can be mistaken for children, but we make sure to mention this clearly when we have guests visiting our office to avoid any confusion, and any possible unease for the aforementioned employees.

**Student Worker Protections**

In Esoft Vietnam, we welcome interns both local interns as well as interns from overseas including Denmark. We ensure that internships are well managed both prior to the arrival to the company/Vietnam as well as during the internship. Aside from providing financial support to interns, we assist with locating accommodation, transportation and ensure that the necessary work permit and visas are in place. All interns go through a mandatory induction before starting up in Esoft Vietnam.
Our aim is to create a win-win situation where the student can gain valuable experience from working in a professional environment, while at the same time contribute value through various tasks and assignments.

Most of our internships relate to technical areas such as graphic design and 3D visualization but we also accept interns in our HR and sales/marketing departments. We have established a successful collaboration with Syddansk Business Academy as well as Copenhagen Technical College, and have accepted a number of interns from both schools. Most of them have spent their entire internship period with Esoft Vietnam (stretching over three years). In 2013, Esoft A/S was awarded as the best Internship Workplace on Fuen (Denmark) where Esoft’s head office is located.

“For the first time in my life, I feel that I am doing something I enjoy”. This happened after joining Esoft Vietnam in Hanoi. When I get up in the morning, I look forward to coming into the office. It is no longer about just being able to pay the bills.

Professionally, I feel that Esoft Vietnam is genuinely interested in me as a person. Esoft Vietnam follows up on my progress and that we stay on track with the educational plan.”

Mick Kjaer Nielsen, Intern at Esoft Vietnam

In addition, we often accept to participate in various student projects (master thesis and PhD) related to CSR, cross cultural themes or business operational issues. We also have MBA classes, primarily from Denmark, visiting from time to time.

**Working Hours**

Our internal labour regulations regarding working time is formulated so that they fully comply with current regulations also relating to overtime and work on public holidays.
The workweek is set to 44 hours for employees working in our production and 40 hours for employees working in non-production.

Esoft Vietnam is currently not operating on Sundays.

Wages and Benefits

All our employees have signed a labour contract that contains all information regulating the employment required by the labour law in Vietnam.

Salaries are negotiated on an annual basis as part of an annual performance review. In order to ensure a close dialogue between employees and direct managers, a shorter monthly performance review is conducted with each employee in the company.

Salaries are paid in a timely manner and on a monthly basis in accordance with the law and our internal regulations. Each staff receives a detailed salary note on the day that the salary is transferred to their account.

In Esoft Vietnam we as a minimum, comply with all regulations regarding overtime payment, minimum salary, sickness leave and other forms of compensation. We offer up to 14th months of salaries where the norm in Vietnam is 13th months of salaries. The additional salary is paid out shortly before the Lunar New Year.

Various kinds of financial and non-financial benefits and incentives are provided mainly focusing on developing skills and knowledge among staff. This includes training internally as well as externally. We also employ an English teacher.

In accordance with the law, Esoft Vietnam has supported the employees in establishing a trade union, and so far all employees have decided
**Freedom of Association**

to join the company trade union. The trade union and the company management meet on a regular basis to ensure a good and constructive dialogue. Twice a year, the company management and the trade union organize a company meeting where we gather all staff to update them on business developments as well as disseminate relevant information.

In Esoft Vietnam we have build an organization and culture, which to a large extend is based on a Danish/Scandinavian model, with a low hierarchy as well as an open dialogue between employees and managers. Although this differs from local norms, we find that employees are inspired and highly appreciate to work for this type of organization.

**Occupational Health and Safety**

We take our employees' health and well-being very serious, and offer our full-time employees, a private health insurance on top of the mandatory social insurance that both employer and employee contribute to on a monthly basis. Furthermore, we have a doctor coming into our office once a month, where staff can book appointments for an initial consultation and be referred to a hospital nearby the office. Once a year, all staff are joining a mandatory health check sponsored by Esoft Vietnam.

Work stations are arranged in a way that allow for a comfortable work space just as we use state-of-the-art equipment to ensure not only quality of the product but also the best possible environment for the employees who spend a lot time in front of the screen. We hold regular trainings on ergonomics and encourage employees to do small exercises in the office throughout their shift.

Based on a request from staff, we have installed an additional ventilation system in order to further improve air quality. The combination of a high number of staff and a lot of IT equipment means that at times, the original ventilation system installed cannot supply sufficient fresh air. Furthermore our entire office space is smoke free, meaning that employees can only smoke outside the building.

We have put in place a health room where pregnant employees and those that feel uncomfortable can lie down and take a rest. A medical box with necessary medicines such as painkillers and eyedrops is accessible to all employees around the clock. In addition, we
conducted an annual awareness-raising session on HIV/AIDS prevention, and as a supporting action, we provide free condoms that staff can take in our toilets.

Esoft Vietnam’s premises are located in a modern office building, owned and managed by a South Korean firm. The building provides state-of-the-art facilities also relating to fire safety, emergency exits. The building is accessible to disabled employees just as our toilet facilities and workstations have been fitted to accommodate people using wheelchairs.

Our cleaning staff have been trained by professional people from the hospitality industry on how to ensure the cleanliness of our office space as well as how to use cleaning equipment/substances in a proper and safe manner. We ensure that at all times working facilities including working area, toilets and canteen are kept clean and safe.

**Emergency Prevention, Preparedness, and Response**

In collaboration with the building management, Esoft Vietnam has appointed a number of staff as emergency responsible, and they have been undergoing training and exercises on fire safety, emergency evacuations. Evacuation plans and emergency lighting are in place and follow the standards set by law.

**Working and Living Conditions**

On an annual basis, we have a certified external consulting company to conduct a work environment audit in order to ensure that we maintain a top quality working environment and ensure continuous improvement. We operate with a no-shoe policy, meaning that employees and guests have to take off their shoes before entering the work area. This not only for sanitary and cultural reasons, but also reduces noise. Furthermore, we believe it stimulates creativity.
We have since the establishment of the company had a meal arrangement where each employee receives one hot meal per shift. The meal arrangement is co-financed so Esoft Vietnam pays 75% of the costs and the employees 25%. In this way, we ensure that all employees receive a nutritious meal during working hours. In our canteen, we serve some 130,000 meals per year.

A restaurant located in the building we occupy supplies the meal service, and as part of the contract signing, we have ensured that the restaurant has all the necessary permits as required by law and follows required procedures regarding food safety. This is reviewed periodically.

Esoft Vietnam also has a number of water stations, where staff can access cold and hot water just as Esoft Vietnam provide funds for snacks, tea and coffee administered by the trade union. As per company regulations, food is not to be consumed outside the canteen and all liquids for consumptions must be kept in closed drink containers/bottles if brought into the working area. This is both for safety and sanitary reasons.

Employees are provided with the key to one locker where they can keep their belongings, this also to prevent possible theft inside the working area.

Esoft Vietnam is furthermore supporting employees in finding suitable
accommodation. This is particularly relevant for foreign staff arriving to Vietnam as well as disabled and disadvantaged employees.

Recreational activities are also organized in collaboration with the company’s trade union. This includes various sport and social activities. Each summer, we organize a summer trip that is open to all employees as well as spouses.

Energy Efficiency, Hazardous Waste and Resource Reduction

Given the fact that our production setup works with digital images, our main focus in terms of environmental protection relates to electricity consumption. We have implemented several initiatives in order to reduce electricity consumption including using state-of-the-art IT equipment that reduces the energy consumption and release of heat. Furthermore, we have changed all light bulbs to a more expensive but more energy efficient model.

Due to the nature of our business, we have limited exposure to hazardous waste, but we ensure that damaged IT equipment is transferred to companies that can recycle most of the parts. On a bi-annual basis, we conduct a thorough maintenance of all our IT equipment including deep cleaning. This helps to reduce dust just as the maintenance prolongs the life cycle of our IT equipment.

Internal communication is to the extent possible handled via digital media in order to reduce use of paper. Internal documents that need to be printed are printed on two sides, and we make sure that all our paper waste is being recycled. In Vietnam, you can sell all types of waste paper to recycling.
Ethics

Esoft Vietnam expects the highest standards of ethical conduct in all of our endeavors, and we shall always be ethical in every aspect of our business, including relationships, practices and operations.

Business Integrity

In Vietnam, corruption is widespread but Esoft Vietnam’s exposure to this is limited by the fact that all our business is based on digital solutions transferred via the Internet, and the fact that we exclusively deal with clients outside of Vietnam. However, we are still very aware of the exposure, and disapprove of any type of corruption.

Esoft Vietnam’s reputation and honesty cannot be brought into question due to untimely payments. When in contact with authorities and other public stakeholders, Esoft Vietnam employees are not to offer or promise any form of unrightful financial or non-financial advantage – direct or indirect.

We care about our trustworthiness by rejecting gifts and other services just as we instruct our employees not to offer existing or potential collaborators gifts, payments, representation or services if this can be considered to affect business dispositions, or do not fall within what is considered normal business practice or is prohibited by law.

Esoft Vietnam was founded with support from Danida’s Business to Business Programme administered by the Danish Embassy to Hanoi, and we have at all times been diligent and transparent in meeting the requirements of Danida. Esoft Vietnam has in many ways been a success story, and we receive many prominent guests including ministers, royalty, journalists/TV and various business people who are interested in learning from Esoft Vietnam’s experience.

Disclosure of Information

We strive to record all information regarding our business and operational activities accurately, and shall disclose such information, without falsification or misrepresentation, to appropriate parties.
Protection of Intellectual Property

Esoft Vietnam respects intellectual property rights and safeguard customer information as also clearly specified in all contracts. Here it is noticeable that Esoft Vietnam uses licensed software only, unlike most of our competitors, at least in the region we operate in. We have a close collaboration with Adobe Systems and Autodesk (most of our software origins from here and both companies visit Esoft Vietnam on a regular basis, and recognize Esoft Vietnam as best practice example.

Community Engagement

Esoft Vietnam has since its establishment taken an active role in fostering social and economic development and contributing to the sustainability of the community in which we operate. Esoft Vietnam has engaged in numerous activities but the most important is our effort to provide training and employment opportunities to disabled and disadvantaged people.

We work with local non-governmental organizations as well as relevant local authorities to identify suitable groups that we can train. This activity also supports our aim to promote employment of disabled and disadvantaged people, and a considerable number of our existing employees belonging to this staff group have been joining us after having participated in this type of community based training.

“I highly appreciate Esoft Vietnam’s strong engagement in CSR, and has been particular impressed with the company’s dedication to train and employ disabled people as well as former sex workers. These initiatives are setting standards for both foreign and Vietnamese companies”.

John Nielsen, Former Danish Ambassador to Vietnam
In addition, our employees organize a number of fundraising activities where the proceeds will be donated to a designated project or community through a charity event organized every October. In October 2017, the staff raised more than USD 6,000 which is mostly used to support the development of schooling facilities in remote areas of Vietnam.

Management Commitment

Esoft Vietnam applies various periodic audits and evaluations of our facilities and operations conducted by internal staff as well as external professionals. Among those audits are an annual work environment audit carried out by a certified external consulting company as well as a financial audit, currently carried out by E&Y Vietnam.

Audits and Assessments

We also conduct an annual staff satisfaction survey that help not only tell us how staff perceive the company and their job, but also provide a lot of valuable input on what to improve. The latest staff satisfaction survey was carried out in 2017, and had a participation rate of 98%, and came out with a record high score of 3.98 out of 5.00. We believe in happy people!
Despite the rapid changing legal framework in Vietnam, Esoft Vietnam aims, at all times, to be fully up to date and react to legal changes by subscribing to a special information service via E&Y Vietnam that allows us to receive legal updates relating to finance, tax and HR practices. The same service also enables us to work directly with E&Y Vietnam on the understanding and application of those legal changes.

All new staff are going through an induction programme where relevant information is shared including our internal staff handbook; we also conduct periodical awareness-raising activities on relevant topics such as ergonomics, insurance issues, health matters.

Important information is furthermore shared via our intranet, and followed by team meetings led by our HR and finance departments. We seek a close dialogue with employees to ensure that we have an ongoing process to obtain feedback on practices related to these principles and to foster continuous improvement and corrective actions.

We furthermore communicate many of our stories and achievements through our website and monthly newsletters that are sent to clients, colleagues and other stakeholders.