

## Chapter 4

### CORPORATE GOVERNANCE

# BINDING MIGHT SOARING HEIGHT

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# HUMAN RESOURCES MANAGEMENT

## MEMBER LIST OF THE BOD, BOM AND SB

No.	Full name	Position	Number of DPM shares		Note
			Representative	Individual ownership	
<b>BOARD OF DIRECTORS</b>					
1	Mr. Nguyen Xuan Hoa	Chairman of the BOD	92,300,253	-	Elected to the BOD on 29 March 2024
2	Mr. Phan Cong Thanh	Member of the BOD	62,624,000	-	Elected to the BOD on 29 March 2024
3	Mr. Nguyen Ngoc Anh	Member of the BOD	39,140,000	-	Elected to the BOD on 27 June 2023
4	Mr. Trinh Van Khiem	Member of the BOD	39,140,000	-	
5	Mr. Ho Quyet Thang	Independent member of the BOD	-	-	Elected to the BOD on 27 June 2023
6	Mr. Louis T Nguyen	Independent member of the BOD	-	-	resigned on 27 June 2023
7	Mr. Hoang Trong Dung	Chairman of the BOD	-	-	resigned as Chairman and Member of the BOD on 27 October 2023 and 29 March 2024 respectively
8	Mr. Duong Tri Hoi	Member of the BOD	-	-	resigned on 29 March 2024
<b>BOARD OF MANAGEMENT</b>					
1	Mr. Phan Cong Thanh	President and CEO	-	-	appointed on 25 January 2024
2	Ms. Tran Thi Phuong Thao	Vice President	-	33,700	
3	Mr. Cao Trung Kien	Vice President	-	-	
4	Mr. Dao Van Ngoc	Vice President	-	-	
5	Mr. Ta Quang Huy	Vice President	-	-	
6	Mr. Le Van Quoc Viet	Vice President	-	-	retired from 1 June 2023
7	Mr. Le Cu Tan	President and CEO	-	-	resigned on 27 October 2023
8	Ms. Le Thi Thu Huong	Vice President	-	-	resigned on 15 August 2023
<b>SUPERVISORY BOARD</b>					
1	Mr. Huynh Kim Nhan	Chief Supervisor	-	-	
2	Ms. Tran Thi Phuong	Member of the SB	-	-	elected to the SB on 27 June 2023
3	Mr. Luong Phuong	Member of the SB	-	-	re-elected to the SB on 27 June 2023
4	Mr. Le Vinh Van	Member of the SB	-	-	resigned on 27 June 2023
<b>CHIEF ACCOUNTANT</b>					
1	Mr. Vo Ngoc Phuong	Chief Accountant	-	-	

## CHANGES IN THE BOD, SB AND BOM

In 2023 and in the first quarter of 2024, the Corporation has had some changes in members of BOD, SB and BOM as follows:

- ▶ BOD member whose term has ended: Mr. Le Cu Tan
- ▶ BOD members resigned: Mr. Louis T. Nguyen, Mr. Hoang Trong Dung and Mr. Duong Tri Hoi
- ▶ Newly elected BOD members: Mr. Nguyen Ngoc Anh, Mr. Ho Quyet Thang, Mr. Nguyen Xuan Hoa, and Mr. Phan Cong Thanh
- ▶ SB members whose term has ended: Mr. Le Vinh Van and Mr. Luong Phuong
- ▶ Newly elected SB members: Ms. Tran Thi Phuong and Mr. Luong Phuong
- ▶ President and CEO resigned: Mr. Le Cu Tan
- ▶ Newly appointed President and CEO: Mr. Phan Cong Thanh
- ▶ Vice President retired: Mr. Le Van Quoc Viet
- ▶ Vice President resigned: Ms. Le Thi Thu Huong

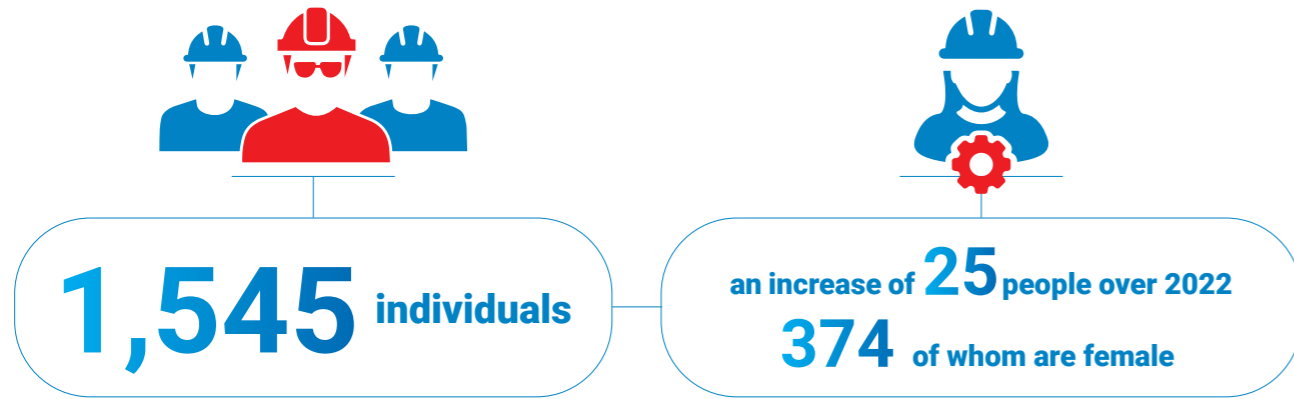




# HUMAN RESOURCES MANAGEMENT (continued)

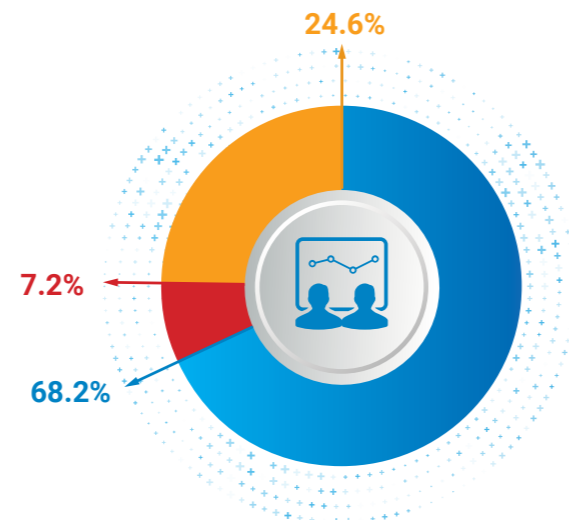
## HUMAN RESOURCE REPORT IN 2023

The Corporation's entire workforce, as of 31 December 2023 (including the parent firm and its subsidiaries) is:



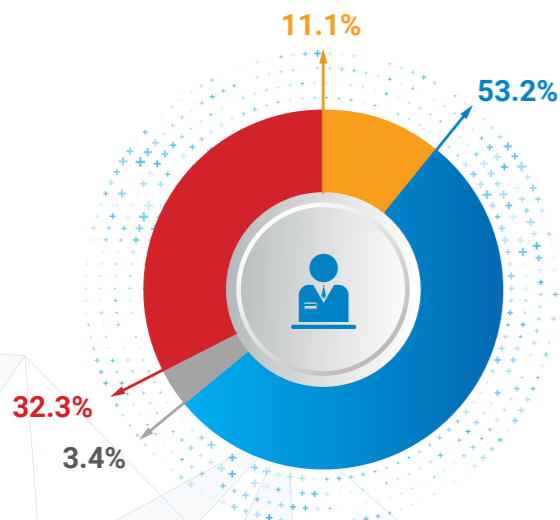
Classification by qualification:

Qualification	Quantity (employees)	Percentage (%)
University, College and Postgraduate	1,054	68.2%
Vocational	112	7.2%
Technical and Others	379	24.6%
Total	1,545	100%



Classification by managerial levels:

Managerial levels	Quantity (employees)	Percentage (%)
Leadership and Management	172	11.1%
Technical and Professional	823	53.2%
Supporting staff	53	3.4%
Workers	497	32.3%
Total	1,545	100%



## Labor policy

### Human resources policy

IN ITS JOURNEY OF GROWTH, PVFCCo CONSISTENTLY ACKNOWLEDGES THAT PEOPLE ARE THE FOUNDATION AND VALUABLE ASSETS OF EVERY ENTERPRISE. BUSINESS FLOURISHES ONLY WHEN EACH INDIVIDUAL AND TEAM ARE ACCOMPANIED, SUPPORTED TO EXCEL, AND ENCOURAGED FOR SELF-DEVELOPMENT.

The Corporation has established, promulgated, and implemented a wage scale and table with the goal of paying salaries comparable with the market, in compliance with applicable law and the current state of production and business. As a result, the Corporation has completed and implemented a 3P system for evaluating job performance (KPIs) and compensating employees based on the findings of capacity assessments and individual work performance.

Government regulations. In addition to this, the Corporation offers the following insurance programs: Health Care Insurance for employees, Voluntary pension insurance, Accident insurance for employees who travel overseas on business, and Life Insurance for employees, depending on the Corporation's production and business performance.

The Corporation administers Social Insurance, Health Insurance, Unemployment Insurance, and Occupational Accident and Disease Insurance for its employees in complete compliance with the rules of the Social Insurance Law and other

Additionally, the Corporation has issued an employment policy that maintains and enforces welfare policies for all employees, as well as a number of preferred policies for competent and loyal employees at the management level and above, which include Salary, bonus, training, study, rest, housing, and other welfare arrangements.

### Training and development policy

Training and development of human resources always play a very important role in production, business, and sustainable development, and the Corporation has accordingly paid attention to and developed mechanisms, policies, and regulations for scientific training which encourages staff and employees to improve their professional qualifications, including external training services and internal training.



## SHARES AND SHAREHOLDERS STRUCTURE

### SHARES

Total number of shares of the Corporation

**391,400,000** shares

all of which are common shares

Outstanding shares

As end of 2023, the total number of outstanding shares of the Corporation is

**391,334,260** shares

(excluding 65,740 treasury shares)

### CHANGE IN OWNER'S EQUITY

In 2023, the Corporation had no change in owner's equity.

### TREASURY SHARES

As start of 2023, the total number of treasury shares is

**65,740** shares

In 2023, there were no transaction during the year.

As at 31 December 2023, it remained at

**65,740** shares

### NUMBER OF SHARES AND SHAREHOLDERS

Based on the shareholder listing in the Vietnam Securities Depository, as at 28 February 2024,

there was a total of

**391,334,260** shares

owned by 18,463 shareholders

## SHAREHOLDERS STRUCTURE

### Domestic shareholders

Detailed information on domestic shareholder structure:

Shareholders	Quantity	Number of shares	Proportion of outstanding shares
Legal entities	84	264,202,124	67.51%
Individuals	17,859	92,446,237	23.63%
<b>Total</b>	<b>17,943</b>	<b>356,648,361</b>	<b>91.14%</b>

Detailed information on major domestic shareholders:

No.	Shareholders' name and address	Main business lines	Number of shares held	Proportion of outstanding shares
1.	<b>Vietnam Oil and Gas Group</b> Address: 18 Lang Ha Street, Ba Dinh District, Hanoi. State-Owned Corporation Website: www.pvn.vn	<ul style="list-style-type: none"> <li>Discover, develop, process, store and transport oil, gas and other related services locally in Vietnam as well as internationally. Supply material and equipment for oil and gas industry. Distribute and trade oil, gas and petrochemical products;</li> <li>Invest in production and trading of electricity, biofuel and renewable energy;</li> <li>Ancillary businesses pertaining to oil, gas and energy industries.</li> </ul>	<b>233,204,253</b>	<b>59.59%</b>

### Foreign shareholders

Detailed information on foreign shareholder structure:

Shareholders	Quantity	Number of shares	Proportion of outstanding shares
Legal entities	65	33,517,532	8.56%
Individuals	455	1,168,367	0.30%
<b>Total</b>	<b>520</b>	<b>34,685,899</b>	<b>8.86%</b>

Detailed information on major foreign shareholders: None



# CORPORATE GOVERNANCE REPORT



In accordance with the Enterprise Law 2020, PVFCCo applied a corporate governance model that includes a General Meeting of Shareholders, a Supervisory Board, and a Board of Management. Corporate governance complied with and met the requirements of Decree No.155/2021/ND-CP, dated 31/12/2020, issued by the Government.

All internal operations, supervision, and auditing were covered by the corporate governance practices. The financial statements were prepared in accordance with the law, reflecting accurately and honestly the production and business activities of the Corporation, and they were audited by renowned external auditors approved by the Ministry of Finance.

Members of the BOD, SB, and BOM are capable and qualified, and their services are free of conflicts of interest. They have performed their roles and duties effectively, contributing to help the Corporation to fulfill its annual production and business plan. The Corporation is constantly working to improve its governance management, heading towards successfully applying upstanding practices such as: improving the BOD's governance efficiency, improving the supervision of the SB, implementing supportive solutions in management and administration of production and business: ERP, ISO, KPI management and performance evaluation systems, etc.

## BOARD OF DIRECTORS


### Structure of the BOD

The Board of Directors in 2023 was elected by the General Meeting of Shareholders, including five members. (The details of member of the BOD are presented in "PVFCCo Management", pages 24-25). There is no subcommittee under BOD. The activities within BOD's authority were specifically assigned to full-time members in charge of each field for inspection and verification so that the BOD could make decisions while supervising, directing, and urging the Corporation to implement the provided resolutions and executive decisions depending on assigned fields.

### Activities of the BOD in 2023

As the highest management body, the BOD represents the interests of shareholders. In 2023, the current BOD had 5 incumbent members (1 independent member) who actively fulfilled their roles and responsibilities in compliance with good corporate governance standards.

In 2023, the BOD held 7 periodical meetings, in which they solicited written opinions from their members 75 times. Resulting from these requests, 89 resolutions, key executive decisions and many directional documents on critical matters were approved as follows:

-  **Strategic plan**
  - ▶ Approved and monitored the implementation of the 2023 production and business plan, adjusted a number of 2023 plan targets;
  - ▶ Approved production and business plan for 2024;
  - ▶ The BOD developed and reviewed the Corporation development strategy, approved the production and business plan for the 2021-2025 period.

-  **Organization- human resources**
  - ▶ Continued to oversee of the reorganization of the parent company's and subsidiaries' management system, as well as the improvement of salary policies;
  - ▶ Approved the workforce plan; Appointed and re-appointed personnel of the BOM and submitted to General Meeting of Shareholders for personnel of BOD and SB.
  - ▶ Established BOD Office, re-organized an Internal Audit Division.
-  **Corporate governance, risk management and internal audit**
  - ▶ Approving and implementing internal audit plans; monitoring activities of branch companies; directing the review and completion of the internal document system and the risk management system;
-  **Investment and implementation of projects**
  - ▶ Directed and completed verification of settlement report on completed project as for the projects of investing and upgrading capacity of NH<sub>3</sub> Factory of Phu My Fertilizer Plant and building NPK Chemical Technology Fertilizer Plant.
-  **Issued and amended regulations**
  - ▶ Submitted the GMS for approval on the Corporation's Charter, Internal Regulations on corporate governance, Operating Regulations of the BOD; released Regulations on Energy Efficiency of the Corporation; modified Compensation and Benefit Scheme for managers at the Corporation.
-  **Restructuring**
  - ▶ The overall restructuring of the Corporation and its subsidiaries was implemented.
-  **Investor relations**
  - ▶ Successfully held the Annual General Meeting of Shareholders (in June 2023). The event was directed the IR department in order to actively implement online contact and information exchange activities to ensure continuous and full disclosure of information on performance to shareholders and investors.
-  **Selection of an independent auditor**
  - ▶ The BOD coordinated with the SB to select an external audit firm for the financial statements audit as authorized by the General Meeting of Shareholders.

Apart from the periodic and extraordinary sessions, the BOD held regular weekly and monthly work briefings to inspect and evaluate its performance and oversee the BOM's compliance with BOD's resolutions and executive decisions in the production and business activities of the Corporation.

## CORPORATE GOVERNANCE REPORT (continued)

### BOARD OF DIRECTORS (continued)

#### Activities of the BOD in 2023 (continued)

##### List of resolutions and executive decisions of the Board of Directors approved and promulgated in 2023:

No.	Resolution/executive decision no.	Date	Contents
1	23-02/QĐ-PBHC	5/1/2023	Approved and issued of the Operating Regulations of the PVFCCo Military Command Board
2	23-010/QĐ-PBHC	12/1/2023	Assigned the dual role of Branch Director at PetroVietnam Fertilizer and Chemicals Corporation - Center of Research and Application
3	23-024/NQ-PBHC	17/01/2023	Approved contract and transaction of UFC85 supply between PVFCCo and PVCFC
4	23-027/NQ-PBHC	18/01/2023	Approved and assigned 2023 business plan for PetroVietnam Fertilizer and Chemicals Corporation
5	23-028/NQ-PBHC	18/01/2023	Approved 2023 business plan for North PetroVietnam Fertilizer and Chemicals Joint Stock Company
6	23-029/NQ-PBHC	18/01/2023	Approved 2023 business plan for Central PetroVietnam Fertilizer and Chemicals Joint Stock Company
7	23-030/NQ-PBHC	18/01/2023	Approved 2023 business plan for South-East PetroVietnam Fertilizer and Chemicals Joint Stock Company
8	23-031/NQ-PBHC	18/01/2023	Approved 2023 business plan for South-West PetroVietnam Fertilizer and Chemicals Joint Stock Company
9	23-051/NQ-PBHC	3/2/2023	Made 2022 dividend payment in advance for the first time
10	23-052/QĐ-PBHC	6/2/2023	Issued the Organizational and Operational Regulations of the Branch of PetroVietnam Fertilizer and Chemicals Corporation - Center of Research and Application
11	23-063/NQ-PBHC	15/02/2023	Approved 2023 operational plan for the BOD of PetroVietnam Fertilizer and Chemicals Corporation
12	23-080/NQ-PBHC	24/02/2023	Accepted agreement for settlement of purchasing contract with PV Gas from 1 January 2014 to 31 December 2018
13	23-081/NQ-PBHC	24/02/2023	Accepted agreement for settlement of purchasing contract with PV Gas for the period 2021-2022
14	23-082/QĐ-PBHC	24/02/2023	Consolidated personnel on the Verification Team for capital settlement of the project of investing and upgraded capacity of NH <sub>3</sub> Revamp - Phu My NPK Complex (Plant)
15	083/NQ-HĐQT	24/02/2023	Approved plan to organize the 2023 Annual General Meeting of Shareholders for PetroVietnam Fertilizer and Chemicals Corporation
16	23-083/NQ-PBHC	24/02/2023	Approved plan to organize the 2023 Annual General Meeting of Shareholders for PetroVietnam Fertilizer and Chemicals Corporation
17	23-084/NQ-PBHC	24/02/2023	Accepted the Agreement with Vietnam Public Joint Stock Commercial Bank for mortgaging the assets to be formed in the future of NH <sub>3</sub> -NPK project
18	23-085/NQ-PBHC	24/02/2023	Approved cost estimate plan for overall maintenance of Phu My Fertilizer Plant in 2023
19	23-086/NQ-PBHC	24/02/2023	Approved adjustment and released a set of norms for NPK production at Phu My Fertilizer Plant (Norm 8.1)

No.	Resolution/executive decision no.	Date	Contents
20	23-090/QĐ-PBHC	28/02/2023	Stopped assigning tasks for managing Internal Audit Division
21	23-091/QĐ-PBHC	28/02/2023	Stopped assigning tasks for managing Internal Audit Division
22	23-092/QĐ-PBHC	28/02/2023	Established the BOD Office
23	23-093/QĐ-PBHC	28/02/2023	Shifted and appointed Department Head and staff of the BOD Office
24	23-094/QĐ-PBHC	28/02/2023	Stopped assigning tasks and appointing staff members
25	23-100/QĐ-PBHC	1/3/2023	Assigned personnel to the BOD Office starting 1 March 2023
26	23-118/NQ-PBHC	15/03/2023	Accepted procurement of Ammonia (NH <sub>3</sub> ) between PVFCCo and PVCFC
27	23-121/NQ-PBHC	21/03/2023	Approved the 2023 Science and Technology Plan of PetroVietnam Fertilizer and Chemicals Corporation - Joint Stock Company
28	23-127/NQ-PBHC	23/03/2023	Renaming, adjusting/supplementing functions and tasks, personnel reshuffling, and supplementing workforce planning for certain departments/units within the Corporation
29	23-128/NQ-PBHC	23/03/2023	Approved the final settlement for PVFCCo's 2022 salary expenses
30	23-136/NQ-PBHC	27/03/2023	Approved and issued the Corporation's business plan for five years from 2021-2025
31	23-137/NQ-PBHC	27/03/2023	Approved 2023 operational plan for the Corporation's Internal Audit Division
32	23-170/NQ-PBHC	10/4/2023	Approved and issued the reward-penalty scheme for NPK production.
33	23-171/NQ-PBHC	10/4/2023	Approved 2023 practical program for saving and waste reduction
34	23-175/NQ-PBHC	13/04/2023	Approved appointment and re-appointment of staff members for all departments and divisions
35	23-177/NQ-PBHC	21/04/2023	Changed time to organize 2023 Annual General Meeting of Shareholders of PVFCCo
36	23-190/QĐ-PBHC	27/04/2023	Re-appointed Deputy Head and staff members for Internal Audit Division
37	23-203/QĐ-PBHC	5/5/2023	Mr. Le Van Quoc Viet – Vice President has resigned with retirement benefits
38	23-209/NQ-PBHC	11/5/2023	Approved the 2023 action plan to execute PVFCCo's 2023 mission
39	23-210/QĐ-PBHC	11/5/2023	Established PVFCCo's Internal Audit Team for the 1 <sup>st</sup> phase of 2023
40	23-229/NQ-PBHC	22/05/2023	Approved the social welfare implementation plan for 2023-2024
41	23-230/NQ-PBHC	22/05/2023	Approved the list of deposit-investment credit institutions in 2023
42	23-231/QĐ-PBHC	22/05/2023	Revised of the salary regulations, special job allowances, bonuses, and policy framework for Managers at PVFCCo
43	23-232/NQ-PBHC	22/05/2023	Approved the evaluation outcomes for the 2022 plan fulfillment across subsidiaries and affiliated units of the Corporation
44	23-236/QĐ-PBHC	25/05/2023	Stopped task assignment and changed job title for the Deputy Head of Internal Audit Division
45	23-237/QĐ-PBHC	25/05/2023	Stopped task assignment and changed job title of BOD Assistant



## CORPORATE GOVERNANCE REPORT (continued)

### BOARD OF DIRECTORS (continued)

#### Activities of the BOD in 2023 (continued)

#### List of resolutions and executive decisions of the Board of Directors approved and promulgated in 2023 (continued):

No.	Resolution/executive decision no.	Date	Contents
46	23-254/NQ-PBHC	5/6/2023	Approved PVFCCo's 2023 salary budget
47	23-275/NQ-PBHC	26/06/2023	Plan for nominating candidates to elect new BOD members
48	23-276/NQ-PBHC	26/06/2023	Approved the list of candidates for election as members of the BOD and SB
49	23-286/NQ-PBHC	30/06/2023	Adjusted certain standard norms
50	23-288/NQ-PBHC	30/06/2023	Issued Internal Governance Regulations for the Corporation
51	23-289/QĐ-PBHC	30/06/2023	Issued Operating Regulations for the BOD of the Corporation
52	23-290/NQ-PBHC	4/7/2023	Approved the working capital plan for Phu My branded fertilizer products in 2023
53	23-291/NQ-PBHC	4/7/2023	Policy on mobilization and appointment of Deputy Head of Planning and Investment Division
54	23-295/NQ-PBHC	6/7/2023	Assigned tasks to the Corporation's BOD regarding specialized fields and monitoring activities of departments/units under the Corporation
55	23-299/QĐ-PBHC	11/7/2023	Mobilized and appointed Deputy Head of Internal Audit Division
56	23-301/NQ-PBHC	12/07/2023	Approved the supplier selection and contract signing for financial statement auditing services in 2023
57	23-309/QĐ-PBHC	19/07/2023	Revised of the salary regulations, special job allowances, bonuses, and policy framework for Managers at PVFCCo
58	23-313/QĐ-PBHC	20/07/2023	Approved and issued Regulations on Energy Efficiency of the Corporation
59	23-325/QĐ-PBHC	2/8/2023	Shifted and appointed a new Deputy Head of BOD Office
60	23-331/NQ-PBHC	10/08/2023	Made 2022 dividend payment
61	23-339/QĐ-PBHC	15/08/2023	Dismissed the position of Vice President Ms. Le Thi Thu Huong
62	23-345/QĐ-PBHC	23/08/2023	Reconstitution of the Corporation's Scientific and Technological Council
63	23-348/QĐ-PBHC	24/08/2023	Approved salary ranges and job allowances for member of the BOD and SB
64	23-351/NQ-PBHC	25/08/2023	Approved business cooperation contract for the Hydrogen Peroxide Plant Project between PVFCCo and PV Chem
65	23-353/QĐ-PBHC	31/08/2023	Terminated labor contract with Ms. Le Thi Thu Huong
66	23-355/QĐ-PBHC	30/08/2023	Ms. Le Thi Thu Huong resigned from her position as Branch Director of Center of Research and Application

No.	Resolution/executive decision no.	Date	Contents
67	23-356/QĐ-PBHC	30/08/2023	Assigned the dual role of Branch Director at PetroVietnam Fertilizer and Chemicals Corporation - Center of Research and Application
68	23-393/NQ-PBHC	3/10/2023	Resolution of the meeting of the Corporation's BOD in September 2023
69	23-490/QĐ-PBHC	26/10/2023	Mr. Hoang Trong Dung resigned as Chairman of PetroVietnam Fertilizer and Chemicals Corporation
70	23-491/QĐ-PBHC	26/10/2023	Appointed Mr. Nguyen Ngoc Anh to be the Chairman of PetroVietnam Fertilizer and Chemicals Corporation
71	23-492/QĐ-PBHC	26/10/2023	Mr. Le Cu Tan resigned as President and CEO of PetroVietnam Fertilizer and Chemicals Corporation
72	23-493/QĐ-PBHC	26/10/2023	Appointed Mr. Dao Van Ngoc to be responsible for BOM of PetroVietnam Fertilizer and Chemicals Corporation
73	23-496/NQ-PBHC	31/10/2023	The Board of Directors delegates tasks in specialized domains and oversees the activities of departments/units within the Corporation
74	23-522/NQ-PBHC	17/11/2023	Approved allowances of positions responsible for the BOD and the BOM of the Corporation
75	23-525/QĐ-PBHC	20/11/2023	Established PVFCCo's Internal Audit Team for the 2 <sup>nd</sup> phase of 2023
76	23-536/NQ-PBHC	01/12/2023	Approved the settlement for overall maintenance of Phu My Fertilizer Plant in 2023
77	23-537/NQ-PBHC	01/12/2023	Approved the supplementary basic construction and asset procurement investment plan for 2023 within the Corporation
78	23-553/QĐ-PBHC	19/12/2023	Approved salary and job allowances for members of BOD within the Corporation
79	23-564/NQ-PBHC	26/12/2023	Resolution of the December 2023 meeting of the Corporation's BOD
80	23-565/NQ-PBHC	27/12/2023	Approved the adjustments to certain operational targets for production and business activities in 2023 at PVFCCo
81	23-566/NQ-PBHC	27/12/2023	Approved the adjustment to the 2023 North PetroVietnam Fertilizer and Chemicals Joint Stock Company
82	23-567/NQ-PBHC	27/12/2023	Approved the adjustment to the 2023 Central PetroVietnam Fertilizer and Chemicals Joint Stock Company
83	23-568/NQ-PBHC	27/12/2023	Approved the adjustment to the 2023 South East PetroVietnam Fertilizer and Chemicals Joint Stock Company
84	23-569/NQ-PBHC	27/12/2023	Approved the adjustment to the 2023 South West PetroVietnam Fertilizer and Chemicals Joint Stock Company
85	23-570/NQ-PBHC	27/12/2023	Approved and assigned PVFCCo's 2024 production and business operational plan
86	23-571/NQ-PBHC	27/12/2023	Approved the 2024 business plan of South East PetroVietnam Fertilizer and Chemicals Joint Stock Company
87	23-572/NQ-PBHC	27/12/2023	Approved the 2024 business plan of South West PetroVietnam Fertilizer and Chemicals Joint Stock Company
88	23-573/NQ-PBHC	27/12/2023	Approved the 2024 business plan of North PetroVietnam Fertilizer and Chemicals Joint Stock Company
89	23-574/NQ-PBHC	27/12/2023	Approved the 2024 business plan of Central PetroVietnam Fertilizer and Chemicals Joint Stock Company

## CORPORATE GOVERNANCE REPORT (continued)

### BOARD OF DIRECTORS (continued)

#### Training to improve BOD's corporate governance knowledge

At the time of their election or appointment, all members of the Board of Directors have expertise and training in Corporate Governance.

#### Implementation of corporate governance regulations

PVFCO complied with all the legal governance regulations of a listed company:

- ▶ To assure an appropriate proportion of non-executive members to independent members of the Board of Directors.
- ▶ To hold Annual General Meeting of Shareholders in full compliance with provisions of laws on business and regulations of management for publicly listed companies. To organize meetings and pass the resolutions of the BOD according to the Charter of the Corporation and the law on enterprises.
- ▶ To discharge all periodic and extraordinary information disclosure obligations for publicly listed companies in a timely and transparent manner.
- ▶ To prepare annual report and reports for submission to the General Meeting of Shareholders with full content and information on financial and production management, administration and supervision of the Corporation.
- ▶ The Board of Directors has formulated and promulgated the Regulations on Internal governance, Operational regulation of the BOD, and Regulations on the evaluation of the level of accomplishment of tasks.
- ▶ On improving corporate governance capacity in accordance with regional and international governance standards: To conduct/participate in training courses for members of the BOM/SB/BOD.



## REPORT ON THE ACTIVITIES OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

### Non-executive and independent members of the BOD's activities

Mr. Louis T. Nguyen and Mr. Ho Quyet Thang have served as non-executive independent members of the BOD, have attended or authorized to attend all meetings and given independent opinions and voted on issues decided by BOD; participated in supervising and directing the activities of BOM as assigned by BOD from their appointment until dismissal.

### Comments from the independent members of the BOD on the governance/management of PVFCO in 2023



- ▶ The Board of Directors and the Board of Management implemented their roles and duties in accordance with the laws on corporate governance, the Corporation charter and the executive decisions of the General Meeting of Shareholders and the BOD. The BOD and BOM's members performed their duties and fully complied with the responsibilities and authorities assigned, as stipulated to protect the interests of all shareholders. The results were reflected in the production and business plans and targets that PVFCO completed and exceeded in 2023.
- ▶ To approach and adhere to as closely as possible to the advanced corporate governance standards, the BOD was aware of and promoted the review and improvement of activities in the direction of enhancing the effectiveness of the management and supervision system while building up a strong and appropriate hierarchy to reduce its participation in executive activities. In 2023, the Corporation actively coordinated with professional consulting units to implement a restructuring program which would streamline the system while updating and perfecting the medium and long-term development strategy according to the orientation approved by the GMS.
- ▶ The independent members of the BOD have actively connected with the Management and functional divisions to continue communication to investors about the values and advantages of the Corporation and the efforts of the BOM, BOD to improve governance and ensure the interests of shareholders, as well as bringing contributions and ideas from investors to the Board of Directors on guidelines, development strategies, or directions on finding strategic investors. Based on the newly updated medium and long-term development strategy, the independent members have been assisting the Management in finding opportunities and potential partners in the production, distribution, marketing and sales of chemicals and sustainable fertilizer products. Among other companies which have changed from being wholly state-owned enterprises, the Corporation has demonstrated solid governance foundations.



# CORPORATE GOVERNANCE REPORT (continued)

## SUPERVISORY BOARD REPORT

### Income statement of PVFCCo and report on performance of the BOD and the President and CEO

#### Corporation's production results

##### Production output

Phu My urea: **815,548 tons**, achieving **104%** of the plan, a decrease of **11%** compared to 2022.  
Phu My NPK: **121,135 tons**, achieving **101%** of the plan, a decrease of **23%** compared to 2022.

##### Sales volume

Phu My urea: **878,734 tons**, achieving **106%** of the plan, an increase of **11%** compared to 2022.  
Phu My NPK: **137,761 tons**, achieving **106%** of the plan, an increase of **7%** compared to 2022.

##### Consolidated revenue

**VND 14,038 billion**, achieving **107%** of the plan, a decrease of **26%** compared to 2022.

##### Profit before tax

**VND 691 billion**, achieving **113%** of the plan, a decrease of **90%** compared to 2022.

#### Implementation of investment projects

The BOD is considering approving the NH<sub>3</sub>-NPK project capital settlement. We've finalized the Business Cooperation Contract with PVChem for the Hydrogen Peroxide (H<sub>2</sub>O<sub>2</sub>) production plant project, currently under review. The construction of a 20,000-ton finished product warehouse at the Phu My Fertilizer Plant is completed. We're completing the investment efficiency assessment for the H<sub>3</sub>PO<sub>4</sub> acid tank project and the feasibility report for the EU dust washing water tank construction at the NPK Plant. Other investment projects are progressing.

#### Regarding restructuring and completion of the governance and administration

We will expedite the construction of the overall organizational restructuring model for the Corporation's 2020-2025 phase. This involves establishing the new Center of Research and Application Branch, the Digital Transformation Project Steering Committee, and restructuring the BOD Office into a General Affairs Committee. We'll maintain the operational model of the four regional companies, review the internal regulatory document system, suspend restructuring phases 2 and 3 as proposed, and retain the headquarters at 43 Mac Dinh Chi while allocating workspace for 2 Committees within the Phu My Fertilizer Plant compound. We've updated and reported the plan to increase the charter capital for the 2023-2025 period to the relevant authorities.

#### Operational and financial supervisory activities

- ▶ The Corporation's financial situation is sound, with consolidated revenue exceeding targets. Selling and administrative expenses are down by 12%, equivalent to VND 183 billion compared to 2022. Consolidated profit before tax and profit after tax exceed the annual plan by 13% and 14%, respectively. As of 31 December 2023, consolidated total assets stand at VND 13,309 billion, a 25% decrease from the beginning of the year (13,309/17,699).
- ▶ Profitability ratios decreased compare to 2022, to be specific, ROA, ROE and ROS reached 3.98%, 4.59% and 4.92%, respectively. Short-term liquidity was ensured at 6.5 times.
- ▶ In 2023, the Corporation fully settled all principal and interest debts of the NH<sub>3</sub>-NPK project, reducing payable debts by 48% or VND 1,917 billion. Receivable debts increased by 25.16%, or VND 174 billion. The parent company strategically managed and invested idle cash in term deposits, generating VND 439 billion in interest income. Capital preservation coefficient was > 1; therefore, the Corporation can preserve and develop its owners' equity.



#### SB and Member of the SB self-assessment report

- ▶ The SB successfully conducted regular and scheduled monitoring and oversight of the Corporation's operations, in accordance with the approved plan from the 2023 Annual General Meeting of Shareholders. Additionally, it coordinated inspections of business and production activities for 2022, as well as the first 6 and 9 months of 2023, across subsidiary companies and affiliated units.
- ▶ The SB conducted regular and systematic monitoring, providing feedback, advice, warnings, and recommendations on management and operational matters within the Corporation and its subsidiaries.
- ▶ Members of the SB have diligently addressed tasks independently, proposing solutions within their purview. They've actively attended BOD and BOM meetings, successfully fulfilling assigned duties while adhering to legal and corporate regulations.



#### Remuneration, operating expenses and other benefits of the SB and members

- ▶ Salary, bonus and remuneration of members were setup and complied with the Decree No. 53/2016/ND-CP and the Resolution approved by the 2023 Annual General Meeting of Shareholders.
- ▶ The operating expenses of the SB and each of its members include: Stationery costs, equipment, phone charges, internet charges, business trip expenses and expenses for receiving guests and meetings, were accounted as business expenses in accordance with the laws on corporate income tax and recorded as a separate section in the Corporation's 2023 financial statements.



#### Summary of the meetings of the SB, conclusions and recommendations, results of supervision of the Corporation's operation and financial

The SB held six regular meetings to discuss task assignments, review financial statements, and approve monitoring and salary assessment reports. They also recommended the urgent completion of appointments for the Chairman and the President and CEO to ensure continuous and stable operations in accordance with legal requirements.

**The report assesses transactions between the Corporation and its subsidiaries, where the Corporation holds a controlling ownership stake of fifty percent (50%) or more. It includes evaluations of transactions involving members of the Board of Directors, the President and CEO, other executives, and related parties of these subsidiaries. Additionally, it examines transactions between the Corporation and its subsidiaries, involving individuals who have served as founders or business managers within the three years preceding the transaction**



**The transactions between the Corporation and its subsidiaries, where the Corporation holds controlling ownership of fifty percent (50%) or more of the charter capital, involve members of the BOD, the President and CEO, other executives, and related parties.**

In 2023, the Corporation has related transactions as follows:

- ▶ The Corporation engages in buying and selling fertilizer and chemical products with four subsidiary companies, where it holds controlling stakes exceeding 50%. These transactions, conducted through contracts establishing distribution networks, adhere to regulations and the Corporation's Charter, safeguarding shareholder interests.
- ▶ Transactions with related companies of major shareholders, owning over 10% stakes, include trademark usage transfers with PVN; gas purchases with PetroVietnam Gas Joint Stock Corporation, PetroVietnam Gas South East Transmission Company and PVGas; chemical purchases such as UFC85 and NH<sub>3</sub> with Ca Mau Petroleum Fertilizer Joint Stock Company; asset mortgage contracts for the NH<sub>3</sub>-NPK project with PVCombank; and a Build-Contract-Commission (BCC) agreement with PVChem for the hydrogen peroxide H<sub>2</sub>O<sub>2</sub> production plant project.

These transactions have been approved by the BOD and reported in the BOD operational report submitted to the GMS.

# CORPORATE GOVERNANCE REPORT (continued)

## SUPERVISORY BOARD REPORT (continued)

**There were no transactions between the Corporation and its subsidiaries involving Board of Directors members who had served as founders or business managers within the three years preceding the transactions**

### Result of supervision to the BOD, President and CEO and other Managers

- ▶ The BOD has implemented the contents approved by the GMS, ensuring continuous operation of the Corporation.
- ▶ The BOD oversees specific areas, reviews matters within its jurisdiction, makes decisions, supervises, directs, and ensures the Corporation implements BOD's resolutions and executive decisions, organizing regular meetings.
- ▶ The BOD operates with a sense of responsibility and transparency in its governance practices.
- ▶ The BOM efficiently executes resolutions from the General Meeting of Shareholders, makes prompt and flexible operational decisions, and exceeds production and business plan targets for 2023.

### Assessment on the coordination between SB and BOD, President and CEO and shareholders

The SB has received strong collaboration from the BOD and the President and CEO in fulfilling its duties. They have facilitated favorable conditions for the SB to effectively oversee the Corporation's management and operations, including inspections at branches and subsidiaries to enhance compliance and management effectiveness.

### Assessment result of the Corporation's reports

#### Assessment result of Business Performance Report

The SB has thoroughly examined the manufacturing and business performance report presented in the Business Performance Report submitted to GMS. It confirms that the Corporation has largely met the 2023 business targets set by the General Meeting of Shareholders. The report accurately portrays the Corporation's manufacturing and business operations.

#### Assessment result of the BOD's performance report

The SB has reviewed and verified the information and figures presented in the BOD's performance report submitted to GMS and has assessed that the report has been prepared in compliance with the Law on Enterprise, the Law on Security and the Corporation's Charter as well as reflecting fairly the operation of BOD.

#### Verification result of financial statements for 2023

Based on the separate and consolidated financial statements for the fiscal year from 1 January 2023 to 31 December 2023 issued by the Corporation and the figures provided by the Corporation, after consideration and verifying, the SB assessed that

- ▶ The financial statements have reflected the financial position and business results of the Corporation. The preparation and presentation of the financial statements have complied with the regulations of Corporate Accounting Standards and Regimes.
- ▶ The Corporation has prepared and submitted the financial statements in accordance with regulations and periodically disclosed information to State Securities Commission and Stock Exchange according to prescribed deadlines.
- ▶ The SB agreed with the separate financial statements and consolidated financial statements for the fiscal year from 1 January 2023 to 31 December 2023, which were audited by Deloitte Vietnam and signed the audit report on 8 March 2024.

# INVESTOR RELATIONS REPORT



PVFCCo'S ESG PERFORMANCE (VNSI 2023) ON HOSE'S GOVERNANCE CRITERIA: SHAREHOLDER RIGHTS (56%); STAKEHOLDER ENGAGEMENT (83%); TRANSPARENCY (89%); BOD'S RESPONSIBILITY (50%); CONTROLLED ENVIRONMENT (50%).

## Objectives

Strengthened transparent and timely information disclosure; Ensuring equal treatment and safeguarding shareholder rights to enhance corporate governance quality and adherence to sustainable development standards.

- ▶ Committed to consistently implementing principles in shareholder relation activities, ensuring compliance with regulations on information disclosure for listed companies, based on transparency and access to information in a fair manner.
- ▶ Had a focal point of implementing investor relation activities to ensure that the information disclosed to the outside was consistent, approved, directed and supervised from the highest level of leadership in the Corporation.
- ▶ Ensured that all shareholders had fair and favorable access to information through various forms of communication (direct, indirect, intermediary organizations etc.).

## In 2023, the IR department implemented the following main activities

- ▶ **Meetings with shareholders:** Hosted and participated in 25 meeting events, interacting with over 500 investors and shareholders periodically and on request. Quarterly, the IR department held online and in-person meetings with representatives of domestic and foreign investment funds and analysts from major brokerage organizations in the market place to update information on business results and respond to investors about issues of their interest.
- ▶ **Executed regular and ad-hoc information disclosures, along with specialized communication materials tailored for shareholders and investors:** Investor newsletters issued biannually and Annual Reports, quarterly meetings to update and address inquiries regarding regular operations through both in-person and online meetings with investors and brokerage firms domestically and internationally.
- ▶ **Organized the 2023 Annual General Meeting of Shareholders according to regulations.** The IR department actively implemented coordination and connection to ensure timely provision of information to shareholders before, during and after meetings in accordance with regulations and support procedures related to the full implementation of shareholders' rights at meetings.
- ▶ **Safeguarding shareholder rights and ensuring equitable treatment for all shareholders:** The IR department supports the Management in conscientiously safeguarding shareholder rights in accordance with the principles and regulations outlined in the Corporation's Charter and Vietnamese law.

In 2024, following the foundation and orientations on Investor Relations activities, under the direction and support of the Corporation's Board of Directors, the IR segment will continue to be consolidated and deployed in order to connect with the strategic goals of the Corporation with the goal of constantly improving the quality of corporate governance; transparency in information disclosure in all fields; ensuring compliance with regulations and principles of fair treatment of shareholders; heading to stable, sustainable development and constantly adding value to Vietnamese society, shareholders, partners and employees.



## REPORT ON IDENTIFICATION AND RISK MANAGEMENT

To effectively oversee and minimize risks, ensuring the secure operation of business activities and investments in 2023, PVFCCo has pinpointed critical risk categories and executed efficient risk management measures to meet its goals.

- Ensured the safe operation of Phu My Fertilizer Plant in the context of equipment degradation, highly fluctuating raw material costs and increasingly fierce competition in the consumption market.
- PVFCCo continued its diversification into new products while still developing its traditional products to affirm the leading position in fertilizer production and trading in the domestic market.
- Operated new investment projects with new products, deployed and traded fertilizer and chemical products manufactured by PVFCCo, in order to fulfill its long-term strategic objectives.

To realize the above-mentioned goals for the sustainable development and best protection of shareholders' interests while fulfilling social responsibilities in 2023, PVFCCo successfully managed the following key risk groups:

### MARKET RISK

#### Oversupply risk

The expanding landscape of Vietnam's economy, while yielding positive outcomes, exerts profound influence on PVFCCo's business endeavors. This influence is particularly felt amidst the escalating competition within the global and domestic fertilizer markets. Facing this challenge, PVFCCo has focused on consolidating and adjusting the domestic distribution system, enhancing customer care in order to develop genuinely in order to create a sustainable relationship between the parent company and the member companies and an agent system covering all regions of Vietnam, dispatching goods to key consumption areas to dominate the agriculture market, while maintaining a competitive advantage over competitors in the same industry, and maintaining the brand name. This is a strategic and long-term plan to help the Corporation develop a stable, solid and long-term sales system.

#### Input material prices risk

The primary raw material, namely gas prices, has experienced significant and consistent increases from 2022 to the present. This volatility has affected the PVFCCo's production costs. The global oil price has fluctuated considerably over the recent years. PVFCCo's profitability is highly dependent on variations in the cost of raw materials used in the manufacture of its fertilizer.

The Corporation has managed the price risk of oil and gas through short-term arbitrage and actions. Based on pricing scenarios, the Corporation proactively implemented flexible planning and budgeting. This provided the Corporation with control over unforeseen changes as business conditions varied. At the same time, PVFCCo negotiated with suppliers to achieve the suitable price path for production.

#### Commodity price risk

Since entering into a series of Free Trade Agreements, changes in global fertilizer prices have also immediately impacted domestic prices as the local products are direct competing with imported fertilizers and unregistered parallel imports from neighboring countries.

PVFCCo, as a manufacturer and trader of fertilizer, has balanced the risks and opportunities to decide to sell its products at a competitive price compared to the market price in order to maintain market share and competitive advantages.

#### Liquidity risk

PVFCCo has developed sales and credit guidelines that conformed to the needs of the local market. These guidelines are systematically implemented, controlled and administered from top down starting with the Corporation and extending to its subsidiaries. Credit terms are specific to each customer for every product group. The terms of credit are given after a financial assessment of the buyer, based on credit ratings and customer repayment ability. The general liquidity plan and specific inventory levels, along with accounts receivable, serve as meticulously monitored tools throughout the implementation of business operations.

#### Product development risk

PVFCCo has continued to promote its research and development activities to innovate and improve products, creating more high-quality products to meet product requirements for farmers as well as lead the market into the high quality product segment. Newly introduced products undergoing trial phases pose inherent risks upon entering the market.

Implementing the flexible and synchronous solutions to respond to the influences of market risk, in a timely and effective manner, ensuring the risk management plan:

- In order to support sales, PVFCCo has focused on distribution management and developed communication and branding strategies. These efforts have supported our competitive advantage and maintained profitability and the positioning of Phu My fertilizer in the domestic market.
- PVFCCo has developed communication channels with member companies and agents for capturing reliable just-in-time information to help manage changing markets affecting the industry.
- Reevaluating product pricing, enhancing marketing strategies, and exploring new online sales channels are vital steps to expand customer reach and business scale, ultimately boosting sales and reducing inventory.
- Researching and formulating rational risk management policies aim to mitigate the impact of price fluctuations on business operations.
- The management of the distribution system continues to be reinforced and refined with the objective of developing a sustainable and seamless distribution network.
- Much importance has been placed on this restructuring. PVFCCo has capitalized on its strengths and utilized resources in the most efficient way, improving its competitive advantage for the days ahead.
- In addition to market-based risk response solutions, PVFCCo has prepared a long-term market growth strategy.

### RISKS IN THE PRODUCTION ACTIVITIES

PVFCCo has continuously operated the Plant safely and achieved impressive records. However, the plant has been continuously operated for 20 years, thus, there potential risks remain. Therefore, risk management activities in the following years would focus on:

- Risk of fire and incidents at the plant disrupting production activities.
- Managing product quality.
- Managing and resolving production problems.
- Enhancing application in technological advancement and initiative promotion.
- Researching and developing new products.
- Information security risks.





## REPORT ON IDENTIFICATION AND RISK MANAGEMENT (continued)

### RISKS IN THE PRODUCTION ACTIVITIES (continued)

In 2023 and the coming years, PVFCCo has been recognizing and resolving issues through solutions



- ▶ Efficiently allocate resources for swift incident resolution, maintain safe operations and product quality at the Phu My Fertilizer Plant, and optimize plant maintenance.
  - ▶ To maintain the operating methods which produces the maximum output of urea products of Phu My Fertilizer and NPK Plant, as well as stably operating the UFC85/ Formaldehyde plant to improve the hardness of urea granules, enhance the product quality of PVFCCo, customers and urea plants.
  - ▶ To adjust and enact economic and technical norms to optimize production costs.
  - ▶ To concentrate on updating, developing, and promulgating technical procedures that are realistic in nature in order to quickly address abnormal manufacturing issues.
  - ▶ To seriously conduct periodic maintenance, preventive maintenance, purchase backup materials for important and high-risk equipment in the plant, especially for important static equipment. In addition, to maintain annual participation in workshops on maintenance and repair of the oil processing plants of Vietnam Oil and Gas Group where we can learn, share experiences, establish orientations, and provide management strategy for maintenance and repair according to the trends of aging machinery.
  - ▶ Leveraging advanced tools like Distributed Control System (DCS), Information Management System (IMS), Machinery Monitoring System (MMS), Program Logic Control (PLC), and Operator Training Simulator (OTS) for operations, maintenance, and equipment management.
- ▶ The Corporation has devised a long-term plant maintenance strategy, employing modern management methods like Condition Based Maintenance (CBM), Root Cause Analysis (RCA), Failure Mode and Effect Analysis (FMEA), Risk Based Inspection (RBI), Reliability Centered Maintenance (RCM), etc. It is actively implementing initiatives to boost operational efficiency and maintenance capacity at the plant, with the goal of enhancing product quality, reducing costs, and maintaining a competitive edge aligned with the Corporation's and PVN's development strategies.
  - ▶ To optimize the application of existing software systems such as CMMS system (Computerized Maintenance Management System): The activities of maintenance and repair of the plant have been completed through the CMMS system from requesting tasks to creating execution plans, exporting materials for maintenance, keeping records of maintenance results and inventory control; Oracle Process Manufacturing, etc.
  - ▶ In addition, to exploit and apply AIMS-Asset Integrity Management System and to execute RBI (Risk Based Inspection) to manage maintenance, assess equipment status, collect data for analysis and determination of equipment failure causes. Simultaneously, examining CUI (Corrosion under Insulation).
  - ▶ To organize and manage the investigation and inspection of machinery and equipment which have requirements regarding safety in the plant. Ensuring that equipment is inspected prior to use.
  - ▶ Continue to implement and enforce the system for standardizing PVFCCo material codes in accordance with the norm of Shell Mesc.

**Continuing the success in production management in 2023 and upcoming years, PVFCCo would maintain and effectively execute the key investment strategy in the system of managing production of the plant, focusing on the leverage to optimize production and operation costs.**

### FINANCIAL RISKS

#### Risk of oil price increase

Ongoing conflicts between Russia and Ukraine, as well as Israel and Hamas in the Middle East, have heightened concerns of regional escalation, contributing to increased oil prices. Anticipated global economic recovery in 2024 following a recession is expected to further drive up oil demand, exacerbating price hikes.

#### Risks regarding exchange rate

In 2023, fluctuating foreign exchange rates, driven by ongoing interest rate hikes to curb inflation, have affected both the operational efficiency and investment projects of PVFCCo utilizing foreign currencies. PVFCCo frequently updated the macro-economic situation, domestic and global financial status, seriously monitored exchange rate fluctuations to build up and execute appropriate and flexible import and business plans and enhance the efficiency of capital use. In addition to this, PVFCCo also seriously considered its financial management, analyzing and assessing the effect of exchange rate differences on executed projects.

#### Financial risks and the goal of reforming investment activities contributing capital to Associates

In 2023, PVFCCo has continued to gradually find solutions to divest investments in joint ventures and associates. Although PVFCCo's objective was to divest capital in these enterprises, it proved extremely difficult to reform long-term capital investment activity when the associate is not operating effectively. To support such members to gradually improve their performance, PVFCCo reinforced supervising associates managing activities through capital representatives while executing activities to support members in managing and directing enterprises.

#### Inventory risk

In early 2023, the high level of finished product inventory prompted the Corporation to regularly update market forecasts and trends, both domestically and internationally. This timely information assists the Corporation in making appropriate business decisions.

Exploit export opportunities for urea to ease domestic market pressure, implement rapid business strategies, and optimize inventory to mitigate product quality risks.





## REPORT ON IDENTIFICATION AND RISK MANAGEMENT

(continued)

### RISKS IN PROJECT'S INVESTMENT PROGRESS

With the strategic goal of transforming PVFCCo into a leading conglomerate in the fertilizer and chemical industry, the Corporation is currently embarking on a new investment project to diversify its product range by maximizing available resources.

- ▶ The Melamine Project: Reviewing market and technical information, assessing investment effectiveness, and seeking investment partnership opportunities.
- ▶ The DEF/AdBlue Project: Updating investment opportunity reports and proposing scalable production line investments aligned with market demand.
- ▶ Researching investment opportunities for chemical projects that can be integrated with the Long Son Energy Complex and proposing to PVN (H<sub>2</sub>SO<sub>4</sub>, H<sub>2</sub>O<sub>2</sub>, NH<sub>3</sub> & Methanol, PVC, ABS).

### RISKS REGARDING ENVIRONMENT AND REGULATIONS



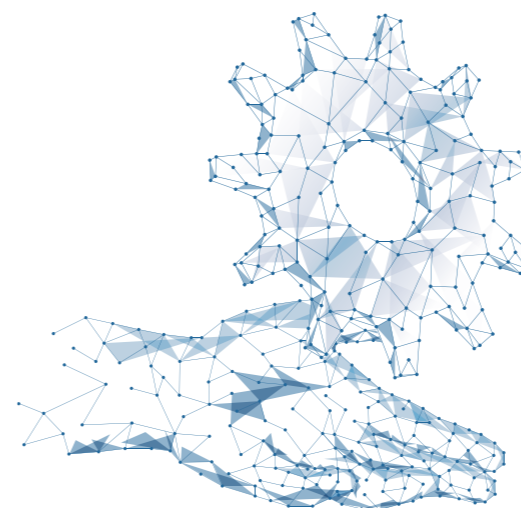
Climate change has impacted most majority of regions and crops in our country. In the future, climate change is expected to become even more unpredictable, indirectly affecting the business and production activities of fertilizer companies in general, and PVFCCo in particular.

The tax policies of Vietnam are frequent changes and supplements directly related to the fertilizer industry. Therefore, risks regarding tax policy application, changes to taxes on fertilizers will have great effects on PVFCCo's operation.

**PVFCCo continuously develops, implements and systematically updates risks management solutions with corporate management using advanced methods. This fulfills the role and enhances the ability of internal audit which is a crucial function in both risk and corporate management. In 2023, the internal audit division continued to perform the following tasks:**

- ▶ Conducting periodic audits that combine inspection of different fields to totally examine production and business activities at branches and subsidiaries with audit program being built based on risk groups.
- ▶ Conducting thematic audits based on anticipated, recognized, and assessed operational risks can have a direct impact on business efficiency.
- ▶ Cooperated with the training consultation organization to establish a management report system at PVFCCo according to advanced method, enhancing the ability and skills of audit.
- ▶ Through annual internal audits, the internal audit function at PVFCCo continuously amends significant control issues and assesses the control efficiency in order to maintain an internal control system operating effectively.
- ▶ Consulting for the Management in limiting and preventing risks through reporting, examining and appraising reports.

**In the view of "sustainable, effective and humane development" as well as constantly promoting governance in accordance with advanced practices, the Management of PVFCCo was determined to complete and effectively operate Enterprise Risk Management System (ERMS), oriented to strategic direction to enhance corporate management capacity, and maintain its leading position and brand in the fertilizer and chemicals industry among investors.**



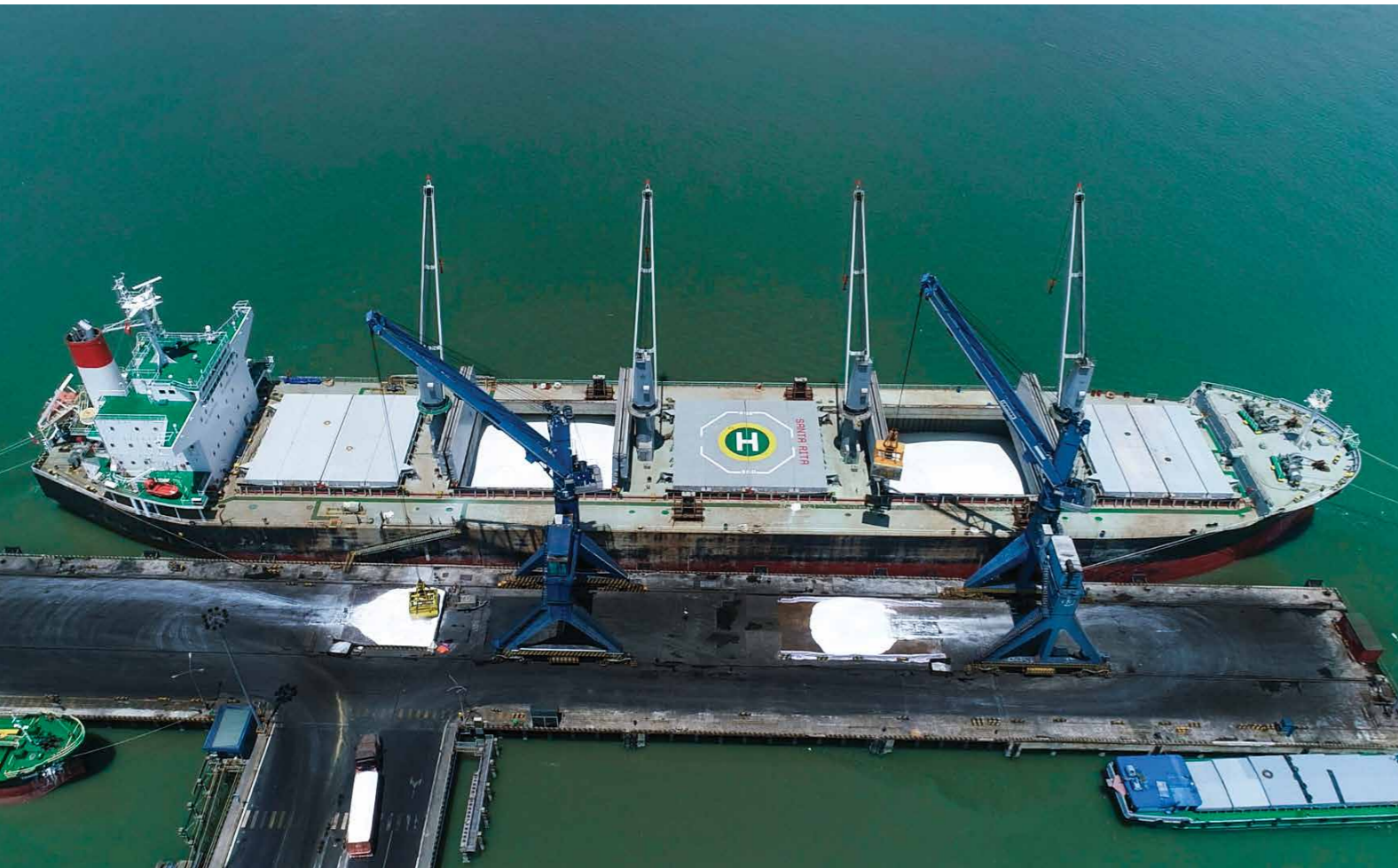


# REPORT ON TRANSACTIONS, REMUNERATION AND OTHER BENEFITS OF THE BOD, BOM AND SB

## SALARIES, BONUSES, REMUNERATION AND BENEFITS OF THE BOD, BOM AND SB

PVFCCo implemented an executive remuneration scheme for members of the BOD, SB and BOM in accordance with the law and PVFCCo's Compensation and Benefits Policy. This is aligned with its annual salary review and budget and the provision of fair reward for the competence and performance of each member.

Part-time members of BOD or SB are entitled to remuneration according to job role and responsibility.



### Details of salaries, remuneration and bonuses in 2023

(Unit: million VND)

No.	Full name	Position	Salary	Bonus	Total income	Note
<b>I Board of Directors</b>			<b>7,053.6</b>	<b>833.7</b>	<b>7,887.3</b>	
1	Hoang Trong Dung	Chairman of the BOD, Member of the BOD	1,408.9	172.5	1,581.4	resigned as Chairman of the BOD on 27 October 2023
2	Le Cu Tan	Member of the BOD cum President and CEO	1,444.7	180.6	1,625.3	resigned as President and CEO on 27 October 2023
3	Duong Tri Hoi	Member of the BOD	1,626.4	203.3	1,829.7	
4	Trinh Van Khiem	Member of the BOD	1,549.0	193.6	1,742.6	
5	Ho Quyet Thang	Member of the BOD	668.9	83.6	752.5	held the position of Member of the BOD on 27 June 2023
6	Louis T Nguyen	Part-time members of the BOD	171.1	-	171.1	resigned as Member of the BOD on 27 June 2023
7	Nguyen Ngoc Anh	Part-time members of the BOD, in charge of the BOD	184.7	-	184.7	held the position of Member of the BOD on 27 June 2023
<b>II Vice president, Chief accountant</b>			<b>9,176.1</b>	<b>1,147.0</b>	<b>10,323.1</b>	
1	Le Van Quoc Viet	Vice president	567.0	70.9	637.9	retired from 1 June 2023
2	Le Thi Thu Huong	Former Vice president	907.3	113.4	1,020.7	resigned as Vice president on 01 September 2023
3	Dao Van Ngoc	Vice president	1,534.9	191.9	1,726.8	
4	Tran Thi Phuong Thao	Vice president	1,626.4	203.3	1,829.7	
5	Cao Trung Kien	Vice president	1,568.4	196.0	1,764.4	
6	Ta Quang Huy	Vice president	1,496.8	187.1	1,683.9	
7	Vo Ngoc Phuong	Chief accountant	1,475.3	184.4	1,659.7	
<b>III Supervisory Board</b>			<b>3,058.0</b>	<b>353.7</b>	<b>3,411.7</b>	
1	Huynh Kim Nhan	Chief supervisor	1,626.4	203.3	1,829.7	
2	Le Vinh Van	Member of the SB	548.2	68.5	616.7	resigned as Member of the SB on 27 June 2023
3	Tran Thi Phuong	Member of the SB	655.2	81.9	737.1	held the position of Member of the SB on 27 June 2023
4	Luong Phuong	Part-time members of the SB	228.2	-	228.2	
<b>Total</b>			<b>19,287.7</b>	<b>2,334.4</b>	<b>21,622.1</b>	





## REPORT ON TRANSACTIONS, REMUNERATION AND OTHER BENEFITS OF THE BOD, BOM AND SB (continued)

### TRADING OF INTERNAL SHAREHOLDERS' AND RELATED PERSONS' SHARES



#### 16 January 2023

The related shareholders in a group of shareholders of Nghe An Agricultural Materials Joint Stock Corporation announced the purchase of 90,000 shares, increasing the ownership ratio of the shareholder group from 5.998% to 6.0001%.

#### 25 April 2023

The related shareholders in a group of foreign shareholders: CTBC Vietnam Equity Fund, DC Developing Markets Strategies PLC, Norges Bank announced the sale of 500,000 shares, decreasing their ownership ratio to 7.9141%.

#### 29 May 2023

The related shareholders in a group of foreign shareholders: CTBC Vietnam Equity Fund, DC Developing Markets Strategies PLC, Norges Bank announced the sale of 299,600 shares, decreasing their ownership ratio to 6.9941%.

#### 20 June 2023

The related shareholders in a group of foreign shareholders: CTBC Vietnam Equity Fund, DC Developing Markets Strategies PLC, Norges Bank announced the sale of 800,000 shares, decreasing their ownership ratio to 5.9093%.

#### 25 August 2023

CTBC Vietnam Equity Fund, DC Developing Markets Strategies PLC, Samsung Vietnam Securities Master Investment Trust, Norges Bank announced the sale of 970,000 shares, decreasing their ownership ratio to 4.8491% (below 5%).

### CONTRACT OR TRANSACTION WITH INTERNAL SHAREHOLDERS

In 2023, there were no transactions between the Corporation and the members of the Board of Directors, Supervisory Board, Board of Management and managers.

### CONTRACTS OR TRANSACTIONS WITH RELATED ORGANIZATIONS AND INDIVIDUALS

No.	Name of organization/individual	Relationship with the Corporation	Transaction value	
			Transaction	Value (VND)
1	Vietnam Oil and Gas Group (PVN)	Major shareholders own more than 10%	PVN trademark transfer contract	7,598,052,684
2	North PetroVietnam Fertilizer and Chemicals Joint Stock Company	Subsidiaries	Fertilizer sales and service contracts	1,893,063,337,750
3	Central PetroVietnam Fertilizer and Chemicals Joint Stock Company	Subsidiaries	Fertilizer sales and service contracts	2,875,207,007,010
4	South-East PetroVietnam Fertilizer and Chemicals Joint Stock Company	Subsidiaries	Fertilizer sales and service contracts	2,855,281,987,860
5	South-West PetroVietnam Fertilizer and Chemicals Joint Stock Company	Subsidiaries	Fertilizer sales and service contracts	2,174,473,612,518
6	Branch of PetroVietnam Gas Joint Stock Corporation - JSC - Southeastern Gas Transport Company	Related companies of major shareholders owning more than 10%	Gas sales contract in 2023	5,439,322,401,180
7	PetroVietnam Gas Joint Stock Corporation - JSC	Related companies of major shareholders owning more than 10%	Final settlement of gas purchase contract 2014-2018	470,611,350,000
8	PetroVietnam Gas Joint Stock Corporation - JSC	Related companies of major shareholders owning more than 10%	Final settlement of gas purchase contract 2022	-85,777,299,704
9	PetroVietnam Ca Mau Fertilizer Joint Stock Company	Related companies of major shareholders owning more than 10%	Urea formaldehyde concentrate (UFC-85) sales contract	140,722,688,611
10	PetroVietnam Ca Mau Fertilizer Joint Stock Company	Related companies of major shareholders owning more than 10%	Ammonia sales contract	(unrealized)
11	Vietnam Public Joint-stock Commercial Bank (PVComBank) - Ho Chi Minh City Branch	Branch of related companies of major shareholders owning more than 10%	Mortgage contract for NH <sub>3</sub> -NPK project	698,773,585,585