

CHAPTER 4

CORPORATE GOVERNANCE

Member list of the BOD, BOM and BOS in 2020	62
Changes in the BOD, BOM and BOS	63
Shares and shareholders structure	64
Corporate governance report	66
Board of Directors report	72
Report on the activities of independent members of the Board of Directors	78
Board of Supervisors report	80
Report on transactions, remuneration and other benefits of the BOD, BOM and BOS	82
Investor Relations (IR) report	86
Risk management report	90
Evaluation of the corporate governance practices was conducted based on the asean corporate governance scorecard	100



MEMBER LIST OF THE BOD, BOM AND BOS IN 2020

NO.	FULL NAME	POSITION	NUMBER OF DPM STOCKS	
			Representative	Individual ownership
BOARD OF DIRECTORS				
1	Nguyen Tien Vinh	Chairman of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations	92,300,253	
2	Le Cu Tan	Member of the BOD cum President & CEO, not concurrently holding any position in other organizations	62,624,000	170,500
3	Trinh Van Khiem	Member of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations	39,140,000	-
4	Duong Tri Hoi	Member of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations	39,140,000	-
5	Louis T Nguyen	Independent Member of the BOD, Non-Executive, CEO of SAM (Saigon Asset Management)	-	-
6	Ta Quang Huy	Independent Member of the BOD, Non-Executive	-	-
7	Nguyen Hong Vinh	Member of the BOD, Full-Time (retire on 01 May 2020)	-	-
8	Le Minh Hong	Independent Member of the BOD (resign on 30 September 2020)	-	-
BOARD OF MANAGEMENT				
1	Le Cu Tan	President & CEO	62,624,000	170,500
2	Le Van Quoc Viet	Vice President	-	-
3	Le Thi Thu Huong	Vice President	-	63,500
4	Tran Thi Phuong Thao	Vice President	-	63,700
5	Cao Trung Kien	Vice President	-	-
6	Dao Van Ngoc	Vice President	-	-
7	Tu Cuong	Vice President (retire on 01 September 2020)	-	-
BOARD OF SUPERVISORS				
1	Huynh Kim Nhan	Chief Supervisor (Full-Time)	-	-
2	Le Vinh Van	Member of the BOS (Full-Time)	-	-
3	Luong Phuong	Member of the BOS	-	-
CHIEF ACCOUNTANT				
1	Vo Ngoc Phuong	Chief accountant	-	24,700



CHANGES IN THE BOD, BOM AND BOS

Major changes in BOD and BOM in 2020:

- Mr. Nguyen Hong Vinh vacated his position as Member of the BOD for retirement as of 1 May 2020.
- Mr. Trinh Van Khiem was elected to the BOD on 16 June 2020.
- Mr. Le Minh Hong was retired from the position of Member of the BOD on 30 September 2020 by letter of resignation.
- Mr. Ta Quang Huy was elected to the BOD on 30 September 2020.
- Mr. Dao Van Ngoc was appointed to hold the title Vice President commencing 21 April 2020.
- Mr. Tu Cuong was removed from the position of Vice President effective 1 September 2020 for retirement.





SHARES AND SHAREHOLDERS STRUCTURE

TOTAL OUTSTANDING SHARES

391,334,260

SHARES OWNED BY
11,042
SHAREHOLDERS

SHARES

- › Total number of shares of the Corporation: 391,400,000 common shares.
- › As end of 2020, there were 391,334,260 outstanding shares (excluding 65,740 treasury shares).

CHANGE IN OWNER'S EQUITY

- › In 2020, the Corporation had no change in owner's equity.

TREASURY SHARES

- › As start of 2020, there were 65,740 treasury shares.
- › In 2020, there were no transaction during the year. As at 31 December 2020, it remained at 65,740 shares.

SHAREHOLDERS STRUCTURE

- › Based on the shareholder listing in the Vietnam Securities Depository, as at 31 August 2020, there was a total of 391,334,260 shares owned by 11,042 shareholders.

DOMESTIC SHAREHOLDERS

Detailed information on domestic shareholder structure

SHAREHOLDERS	QUANTITY	NUMBER OF SHARES	PROPORTION OF OUTSTANDING SHARES
Legal entities	82	269,407,056	68.83%
Individuals	10,503	78,152,683	19.97%
Total	10,585	347,559,739	88.80%

Detailed information on major domestic shareholders

SHAREHOLDERS' NAME AND ADDRESS	MAIN BUSINESS LINES	NUMBER OF SHARES HELD	PROPORTION OF OUTSTANDING SHARES
Vietnam Oil and Gas Group <i>Address: 18 Lang Ha Street, Ba Dinh District, Hanoi.</i> State-Owned Corporation <i>Website: www.pvn.vn</i>	<ul style="list-style-type: none">› 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;› Invest in production and trading of electricity, biofuel and renewable energy;› Ancillary businesses pertaining to oil, gas and energy industries	233,204,253	59.59%

FOREIGN SHAREHOLDERS

Detailed information on foreign shareholder structure

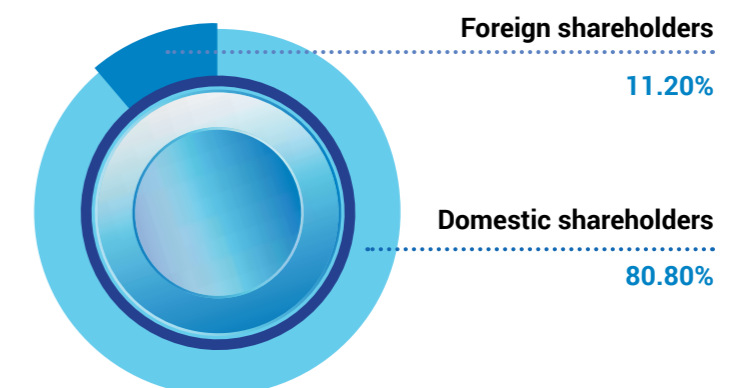
SHAREHOLDERS	QUANTITY	NUMBER OF SHARES	PROPORTION OF OUTSTANDING SHARES
Legal entities	54	42,460,733	10.85%
Individuals	403	1,379,528	0.35%
Total	457	43,840,261	11.20%

Detailed information on major foreign shareholders: None

STATE-OWNED SHAREHOLDER

Vietnam Oil and Gas Group (as above)

Shareholders structure





CORPORATE GOVERNANCE REPORT

INTRODUCTION OF PVFCCo

CORPORATE STRUCTURE
AND HUMAN RESOURCES
MANAGEMENT

CORPORATE PERFORMANCE
REPORT

CORPORATE GOVERNANCE

SUSTAINABLE DEVELOPMENT
REPORT

CONSOLIDATED FINANCIAL
STATEMENTS

CORPORATE GOVERNANCE REVIEW BY THE BOD

PVFCCo APPLIED THE CORPORATE GOVERNANCE MODEL THAT INCLUDED GENERAL MEETING OF SHAREHOLDERS, BOARD OF SUPERVISORS, AND THE BOARD OF MANAGEMENT IN COMPLIANCE WITH THE LAW ON ENTERPRISES 2014. THE STANDARD OF CORPORATE GOVERNANCE HAS COMPLIED AND MET THE REQUIREMENTS OF DECREE NO. 71/2017/ NĐ-CP, DATED 06 JUNE 2017, ISSUED BY GOVERNMENT.

The corporate governance practices covered all internal operations, supervision and audit. The financial statements were prepared in compliance with the laws on transparency and accountability and audited by leading external auditors approved by the Ministry of Finance. Members of the BOD, BOS and BOM are capable and qualified and served without conflict of interests. They have fulfilled their roles and duties effectively during the

year. The Corporation improved the standard of corporate governance in several ways. It leveraged on the management experience of the BOD as well as the supervisory strength of the BOS. It applied support system and solutions to business operations and administration, such as ERP, ISO, KPI management and performance evaluation.



In addition, PVFCCo ensured optimum production efficiency. Given that Phu My Urea is the main product earning the highest revenue, in 2020, the Corporation focused on cost and asset management, as well as improving the business of other fertilizers. The Corporation actively promoted the sales of its specialty Phu My fertilizer products (Phu My NPK, Phu My MOP) which contributed to the success results. The subsidiaries in the distribution sector took the initiative to gradually improve business competitiveness in fertilizers, oil and gas. The Corporation has managed to export more than 70,000 tons of Urea.

The Urea production plan was successfully completed by Phu My Fertilizer Plant in under 36 days. Nearly 115,000 tons of NPK and sales volume of approximately 95,000 tons were achieved in 2020 by the Phu My NPK Plant.

OVERVIEW

In 2020, the Vietnamese economy remained resilient with relatively positive indicators despite Covid-19 as a global challenge.

The fertilizer sector recorded increasingly cut-throat competition among enterprises; while 2020 saw fertilizer consumption directly affected by the serious impacts on the agriculture industry and continues to be troubled by epidemics; Input VAT costs which were not directly deducted continued to account for a significant part in production costs. However, reduced supply of imported fertilizers facilitated domestic enterprises to increase fertilizer exports. Thanks to the great concern of the leaders and timely support from the authorities and industries, PetroVietnam, with the support of its valued shareholders, sound solutions, drastic directions of the Management and great unity and determination to overcome challenges by officials and employees, the key tasks of 2020 production and business plan were successfully fulfilled by the Corporation.

RESULTS

The discussions from the two Annual General Meetings of Shareholders are summarized as Advantages or Limitations. The Corporation successfully achieved and exceeded its annual planned targets in production, and operations and financial performance.

The Corporation has adopted the principle of honesty and transparency. As an award winning business, the management maintained the principle as its basis for and standard in, best practice. In 2020, besides having an effective integrated management systems ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004; Systems: ERP, STOP, 5S, Six Sigma, CBM, RCA, FMEA, RBI, RCM, etc. The Corporation set up a list of indicators to assess the effectiveness of the KPI and Innovation projects of wages (3P). This is to create a professional work environment that is fair and efficient. There was a new audit methodology and tools for enhancing risk management in business and production.

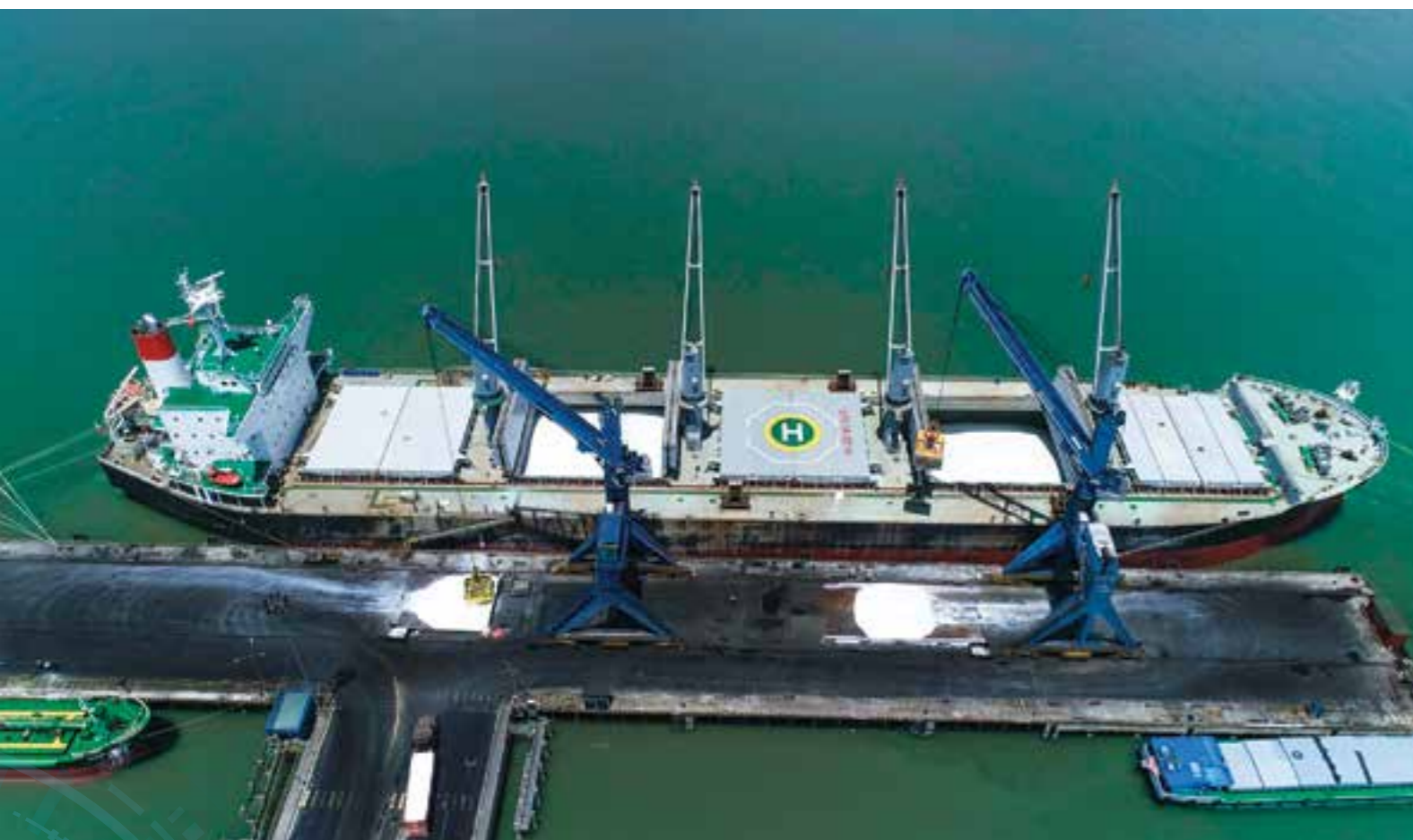
With the above situation, the Corporation's profit before tax amounted to VND 848 billion, far exceeding its target approved by the General Meeting of Shareholders.

LIMITATIONS AND SOLUTIONS

The BOD has reviewed and evaluated the achievements and results in 2020 and found that there were restrictions that need to be addressed:

Production

Phu My Fertilizer Plant: Despite regular maintenance after more than 16 years of continuous operations, the incidents started to be more diversified. Phu My NPK Plant was not operated at maximum capacity.



PVFCCo has ever exported highest volume



Production costs management

In the early stage of NPK plant, the establishment of consumption rate and the control of production costs was not effective as expected due to unstable operation, low production volumes and non-optimal preparation of source material.

Capital Contribution to Associated Companies

The planned divestments and withdrawal of capital from associated companies, such as VNPOLY (PVTEX), PVC Mekong, PAIC and Ut Xi Aquatic Products Processing Corporation were delayed.

EVALUATION ON THE ACTIVITIES OF THE BOARD OF MANAGEMENT

General assessment of the BOD on business operation management:

- › The members of the Board of Management are qualified, competent, fully trained professionals knowledgeable in areas under their charge. They possess much years of experience in managing and operating projects and big business.

Phu My Urea Kebo is launched and welcomed by the market in 2020

- › The President & CEO has a clear assignment for the Vice Presidents. Weekly briefings are held to assess the results of the work and to deliver the next work plan period.
- › The Board of Management implemented business initiatives in line with resolutions passed at the General Meeting of Shareholders. Business operations followed advice from the Board of Directors, especially on the direction and in compliance with the business charter and the provisions of law.
- › The Board of Management always allows flexibility in production and business operations. To effectively control the operations and production, BOM is given the jurisdiction to approve documents. The BOM also controls internal risk from the Executive Board to middle management.

PLANS AND ORIENTATIONS OF THE BOD IN 2021

In 2021, there remains difficulties arising from the state of the fertilizer market and gas prices as in 2020. In particular, new supply sources for natural gas have become more scarce, while cheaper existing gas sources are being depleted. However, with strong determination to complete major investment projects, PVFCCo expects that the NH₃ Revamp - Phu My NPK Complex will enter commercial operation stably and make a considerable contribution to the revenue and profit in the upcoming period.

Facing these difficulties and challenges, the Board of Directors in coordination with the Board of Management and all employees, and with the support of the State shareholders, will strive to govern and manage the company to fulfill the objectives and tasks submitted to the General Meeting of Shareholders in 2021 according to the development plan below:

PRODUCTION TARGETS

NO.	ITEM	UNIT	PLAN 2021
1	Production output		
1.1	Phu My Urea	Ton	766,000
1.2	Phu My NPK	Ton	150,000
1.3	UFC 85/Fomaldehyde	Ton	12,500
1.4	NH ₃ (for trading)	Ton	63,000
2	Sales volume		
2.1	Phu My Urea	Ton	770,000
2.2	Phu My NPK	Ton	140,000
2.3	UFC 85/Fomaldehyde	Ton	8,500
2.4	NH ₃	Ton	63,000
2.5	Other fertilizers	Ton	189,000
2.6	CO ₂	Ton	50,000
2.7	Chemicals	Ton	648

THE CORPORATION'S FINANCIAL PLAN (CONSOLIDATED)

NO.	ITEM	UNIT	PLAN 2021
1	Total revenue	Billion VND	8,331
2	Profit before tax	Billion VND	437
3	Profit after tax	Billion VND	365
4	Budget payable	Billion VND	156



CORPORATE GOVERNANCE REPORT (CONTINUED)

INTRODUCTION OF PVFCCo

CORPORATE STRUCTURE
AND HUMAN RESOURCES
MANAGEMENT

CORPORATE PERFORMANCE
REPORT

CORPORATE GOVERNANCE

SUSTAINABLE DEVELOPMENT
REPORT

CONSOLIDATED FINANCIAL
STATEMENTS

PARENT COMPANY'S PLAN

NO.	ITEM	UNIT	PLAN 2021
1	Owner's equity	Billion VND	7,584
	<i>Of which: Charter capital/average charter capital</i>	Billion VND	3,914
2	Total revenue	Billion VND	7,859
3	Profit before Tax	Billion VND	419
4	Profit after Tax	Billion VND	355
5	Ratio of Profit after Tax/Average Owner's equity	%	4.55
6	Ratio of Dividend/Charter capital*	%	10
7	Total debt/total Owner's equity	Time(s)	0.38
8	Budget payable	Billion VND	140
	- Tax	Billion VND	140

(*) The dividend payment plan is estimated based on an assumed gas price for producing Phu My Urea. The 2021 dividend distribution shall only be initiated by PVFCCo when the gas price/freight of 2021 Phu My Urea's production is approved/accepted by the competent authority.

CAPEX AND PROCUREMENT PLAN

NO.	ITEM	UNIT	PLAN 2021
I	Total capital investment	Billion VND	364.2
1	Capex	Billion VND	314.2
2	Procurement projects	Billion VND	50
3	Capital contribution to member companies	Billion VND	-
II	Capital investment source	Billion VND	364.2
1	Owner's equity	Billion VND	182.6
	- In which: increase in charter capital	Billion VND	-
2	Loans and others	Billion VND	181.6
III	Capital expenditure	Billion VND	364.2
1	Owner's equity	Billion VND	182.6
	<i>In which: increase in charter capital</i>	Billion VND	-
2	Loans and others	Billion VND	181.6





BOARD OF DIRECTORS REPORT

BOARD OF DIRECTORS (BOD)

The Board of Directors (BOD) in 2020 was elected by the Annual General Meeting (AGM) with 6 members as clearly indicated above. There were no Sub-committees established. 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 the assigned fields.

ACTIVITIES OF THE BOD IN 2020

The BOD represents PVFCCo to the shareholders. In 2020, the current BOD had 06 members (02 independent members), actively fulfills their role and responsibilities in compliance with good corporate governance standards. The Board conducts their duties, making group decisions and assigning duties to its members.

In 2020, the BOD held 4 periodical meetings, in which

they took 111 times to collate and carefully analyze documented opinions from their members. As the result, 73 resolutions and executive decisions on critical matters were approved as follows:

STRATEGIC PLAN

- › The 2020 operating plan was approved, implemented and monitored;
- › It was required to employ a consultant to review and amend the Corporation's Development Strategy.

ORGANIZATION - HUMAN RESOURCES

- › Leadership positions (Member of the Board of Directors, Vice President) were consolidated;
- › The restructuring of the management system and master restructuring plan in the parent company and subsidiaries was reviewed and completed;
- › The number of employees is approved.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL AUDIT

The internal audit system was approved and implemented according to the final report of the project that established the internal audit processes. Phase 2 of the ERP system was directly implemented.

INVESTMENT AND IMPLEMENTATION OF PROJECTS

Outstanding issues and problems were cleared up to complete the final test run of the NH₃ Revamp - Phu My NPK Complex.

PROMULGATION, AMENDMENTS AND SUPPLEMENTS OF REGULATIONS

Regulations on member companies' representative management, Regulations on fertilizer production and business management, Regulations on domestic traveling expense policy, vehicles and other administrative expenses; Regulations of salary and bonus payment and welfare fund distribution, etc.

RESTRUCTURING

A Steering Committee was established to implement the comprehensive restructuring of the Corporation and its subsidiaries.

INVESTOR RELATIONS

Successfully organized 02 General Meetings of Shareholders, including the 2020 Annual General Meeting (in June 2020) and Extraordinary General Meeting related to changes in the member of the BOD (in September 2020). In the time of struggling against Covid-19 pandemic, the IR Team encouraged resorting to online communication activities to ensure continuous and timely disclosure of performance results to shareholders and investors. Quarterly online investor meetings were organized to coincide with the release of Financial Statements and 03 online forums were held with domestic and foreign investors in Quarter 3 and Quarter 4 as well as approximately 10 on-site meetings with investment funds (in the non-social distancing period) as prescribed. In addition to strict adherence to regulations on information disclosure, the release of quarterly Investor news/bulletins on the Company's performance continued; Cooperated with brokers and media agencies on investment and finance to disclose and give transparent, timely responses regarding PVFCCo



information; maintained partnerships with key shareholders and major domestic and foreign financial investment institutions.

SELECTION OF INDEPENDENT AUDITOR

BOD coordinated with the BOS to select an external audit firm for the financial statements audit as authorized by the General Meeting of Shareholders.

Apart from the periodic or extraordinary sessions, BOD often held weekly or monthly meetings to review and appraise BOD's performance and oversee BOM's compliance with BOD's resolutions and executive decisions

The members of BOD performed their assigned duties of directing, monitoring and ensuring the performance of BOM, through the following activities:

- › The BOD attended and chaired the Executive Meetings to implement the resolutions and executive decisions and to prepare project proposals for submission to the BOD.
- › The BOD participated in periodic briefings and guided the BOM.
- › The BOD conducted meetings and discussed matters relating to pricing, sales, human resources, labor, business plan, for subsidiaries and associate companies, in reporting and reviewing of key missions, etc.
- › Through BOM's reports and documentations to BOD, the latter Board monitored and reviewed the business operations.
- › The BOD provided guidelines and suggestions to the BOM on key issues arising from the management or operations.





BOARD OF DIRECTORS REPORT (CONTINUED)

LIST OF RESOLUTIONS AND EXECUTIVE DECISIONS OF THE BOARD OF DIRECTORS APPROVED AND PROMULGATED IN 2020

NO.	RESOLUTION/EXECUTIVE DECISION NO.	DATE	CONTENTS
1	20-20-NQ-PBHC	14/01/2020	Resolution on ratifying the 2020 Annual General Meeting of Shareholders of PVFCCo
2	20-21-NQ-PBHC	14/01/2020	Resolution on ratifying the 2020 operating plan of the PVFCCo Internal Audit Division
3	20-49-NQ-PBHC	20/02/2020	Resolution on approving the 2020-2021 credit limit
4	20-57-NQ-PBHC	11/03/2020	Resolution on cash management of Q1.2020
5	20-58-NQ-PBHC	17/03/2020	Resolution on approving the Parent Company's 2020 working capital plan for Phu My Urea product
6	20-60-NQ-PBHC	18/03/2020	Resolution on approving the 2020 gas purchase agreement signed with PVGas
7	20-61-NQ-PBHC	18/03/2020	Resolution of the 1 st Meeting (2020) of the BOD
8	20-62-QD-PBHC	23/03/2020	Executive Decision on amending and supplementing the regulations on domestic business travel expense, vehicles and other administrative expenses
9	20-64-NQ-PBHC	25/03/2020	Resolution on approving the 2020 saving enforcement and anti-waste practice program
10	20-70-NQ-PBHC	1/04/2020	Resolution on approving appointment of new leaders
11	20-73-QD-PBHC	7/04/2020	Execution Decision on approving Mr. Tran Tuan Nam's resignation from PVFCCo capital representative at PVFCCo CENTRAL
12	20-81-NQ-PBHC	9/04/2020	Resolution on first round dividend payment in 2019
13	20-85-NQ-PBHC	13/04/2020	Resolution on approving staff referral & appointment plan
14	20-90-QD-PBHC	21/04/2020	Executive Decision on appointing Mr. Dao Van Ngoc as PVFCCo's Vice President
15	20-91-QD-PBHC	21/04/2020	Executive Decision on appointing Mr. Dao Van Ngoc as PVFCCo Capital Representative at VNPOLY
16	20-97-NQ-PBHC	27/04/2020	Resolution on approving cost estimates of the turnaround maintenance of Phu My Fertilizer Plant
17	20-100-NQ-PBHC	29/04/2020	Resolution on approving the 2020 Science and Technology Plan of PVFCCo
18	20-101-NQ-PBHC	29/04/2020	Resolution on adjusting PVFCCo's 2020 Annual General Meeting of Shareholders' time
19	20-104-NQ-PBHC	7/05/2020	Resolution on approving PVFCCo's 2020 salary budget planning

NO.	RESOLUTION/EXECUTIVE DECISION NO.	DATE	CONTENTS
20	20-82-QD-PBHC	10/04/2020	Executive Decision on the resignation for retirement of Mr. Nguyen Hong Vinh
21	20-107-QD-PBHC	11/05/2020	Resolution on cash management of Q2.2020
22	20-108-NQ-PBHC	11/05/2020	Resolution on approving interim set of minimal norms for reserve material at Phu My NPK Plant
23	20-110-NQ-PBHC	11/05/2020	Resolution on duty assignment in Corporation's Board of Directors regarding profession and operations monitoring of member companies
24	20-111-NQ-PBHC	12/05/2020	Resolution on approving the social responsibility
25	20-112-NQ-PBHC	12/05/2020	Resolution on approving interim norms for loss from broken NPK packages during export and norms for broken 50 kg/25 kg packaging at plant and ports
26	20-117-NQ-PBHC	18/05/2020	Resolution on approving the adjustment of norm set No. 01 - the consumption norms for chemicals, materials, fuels and energy for production at Phu My Fertilizer Plant
27	20-121-QD-PBHC	22/05/2020	Executive Decision on appointing Mr. Nguyen Quang Doan as PVFCCo's capital representative at PVFCCo North
28	20-122-NQ-PBHC	22/05/2020	Resolution on allocating and managing contributed capital of PVFCCo's capital representative at PVFCCo North
29	20-128-NQ-PBHC	28/05/2020	Resolution on ratifying the agenda and materials of PVFCCo's 2020 Annual General Meeting of Shareholders
30	20-134-QD-PBHC	4/06/2020	Executive Decision on consolidating PVFCCo Science and Technology Council
31	20-43-NQ-PBHC	16/06/2020	Resolution of the 2020 Annual General Meeting of Shareholders
32	20-146-NQ-PBHC	23/06/2020	Resolution on approving the list of deposit, investment and credit institutions in 2020
33	20-148-NQ-PBHC	29/06/2020	Resolution of the 2 nd Meeting (2020) of the BOD
34	20-149-QD-PBHC	29/06/2020	Executive Decision on establishing PVFCCo internal audit team - phase 1 (2020)
35	20-150-NQ-PBHC	29/06/2020	Resolution on approving the internal audit program - phase 1 (2020)
36	20-156-NQ-PBHC	1/7/2020	Resolution on duty assignment in Corporation's Board of Directors regarding profession and operations monitoring of member companies (superseding the Resolution No. 110/NQ-PBHC dated 11 May 2020)
37	20-155-QD-PBHC	1/7/2020	Executive Decision on the position allowance of Mr. Trinh Van Khiem
38	20-172-NQ-PBHC	9/7/2020	Resolution on approving the gas purchase payment agreement signed with PVGas from 1 January 2019 to 31 December 2019



LIST OF RESOLUTIONS AND EXECUTIVE DECISIONS OF THE BOARD OF DIRECTORS APPROVED AND PROMULGATED IN 2020 (CONTINUED)

NO.	RESOLUTION/EXECUTIVE DECISION NO.	DATE	CONTENTS
39	20-174-NQ-PBHC	10/7/2020	Resolution on approving the results of supplier selection and signing the auditing service agreement for 2020 Financial Statements
40	20-177-NQ-PBHC	15/07/2020	Resolution on approving key points of insurance package bidder selection plan for Phu My Fertilizer Plant operation in the period of 2020 - 2022
41	20-190-NQ-PBHC	20/07/2020	Resolution on approving the main contents of the bidder selection plan for Phu My Fertilizer Plant's Operation Insurance package in the period of 2020-2022
42	20-192-NQ-PBHC	21/07/2020	Resolution on signing the labor contract with the Corporation's managers
43	20-198-NQ-PBHC	30/07/2020	Resolution on HR guideline of Fertilizer and PetroChemical Project Management Unit (PMU)
44	20-199-QD-PBHC	3/8/2020	Execution Decision on approving Mr. Nguyen Van Quyen's resignation from PVFCCo's capital representative at PVFCCo Central
45	20-204-NQ-PBHC	10/8/2020	Resolution on organizing the Extraordinary General Meeting of Shareholders of PVFCCo
46	20-205-NQ-PBHC	10/8/2020	Resolution on cash management of Q3.2020
47	20-208-NQ-PBHC	12/8/2020	Resolution on appointment of Mr. Le Ngoc Ban
48	20-249-NQ-PBHC	24/08/2020	Resolution on approving staff referral & appointment plan - Mr. Nguyen Cong Bang
49	20-250-QD-PBHC	24/08/2020	Execution Decision on approving Mr. Trinh Van Khiem's resignation from PVFCCo's capital representative at PVFCCo South West
50	20-251-QD-PBHC	24/08/2020	Executive Decision on the appointment of Mr. Nguyen Cong Bang as PVFCCo's capital representative at PVFCCo South West
51	20-279-NQ-PBHC	22/09/2020	Resolution on appointing a staff to concurrently hold the title of the Corporation's Capital Representative and Chairman of Board of Directors of PVFCCo Central
52	20-280-NQ-PBHC	23/09/2020	Resolution on approving the agenda and materials of PVFCCo's 2020 Extraordinary General Meeting of Shareholders
53	20-284-NQ-PBHC	28/09/2020	Resolution of the 3 rd Meeting (2020) of the BOD
54	20-283-QD-PBHC	28/09/2020	Executive Decision on amending and supplementing the PVFCCo's regulations on salary and bonus payment and welfare fund distribution
55	20-285-QD-PBHC	28/09/2020	Executive Decision on issuing the regulations on salary, job-specific allowance, bonus and remuneration policy for managers at PVFCCo
56	20-45-NQ-DHDCD	30/09/2020	Resolution of the 2020 Extraordinary General Meeting of Shareholders
57	20-288-QD-PBHC	2/10/2020	Executive Decision on promulgating the Regulations for managing PVFCCo Representatives at enterprises
58	20-363-QD-PBHC	26/10/2020	Executive Decision on promulgating the PVFCCo's regulations on fertilizer business management (superseding the Executive Decision No. 12/QĐ-PBHC dated 15 January 2018)

NO.	RESOLUTION/EXECUTIVE DECISION NO.	DATE	CONTENTS
59	20-373-NQ-PBHC	30/10/2020	Resolution on approving the amendment to the detailed list of norms No. 4 & 5
60	20-372-NQ-PBHC	30/10/2020	Resolution on approving the guidelines for transforming the purpose of use for the Fertilizer Pelleting Pilot System
61	20-382-NQ-PBHC	9/11/2020	Resolution on duty assignment in Corporation's Board of Directors regarding profession and operations monitoring of member companies
62	20-387-NQ-PBHC	12/11/2020	Resolution on cash management in Q4.2020
63	20-411-NQ-PBHC	26/11/2020	Resolution on launching Phu My Fertilizer Plant's operation insurance package in the period of 2020-2021
64	20-417-NQ-PBHC	30/11/2020	Resolution on approving the 2020 headcount plan
65	20-434-NQ-PBHC	15/12/2020	Resolution on approving the additional life insurance procurement plan for selected managers of the Corporation
66	20-433-QD-PBHC	15/12/2020	Executive Decision on amending and supplementing several provisions of the PVFCCo's regulations on salary and bonus payment and welfare fund distribution
67	20-467-NQ-PBHC	30/12/2020	Resolution on approving the Draft Brand Use Right Transfer Contract between PVFCCo and PVN
68	20-468-NQ-PBHC	30/12/2020	Resolution of the 4 th Meeting (2020) of the BOD
69	20-469-NQ-PBHC	30/12/2020	Resolution on approving and assigning the 2021 production and business plan of PVFCCo
70	20-472-NQ-PBHC	31/12/2020	Resolution on approving the 2021 business plan of PVFCCo Central
71	20-473-NQ-PBHC	31/12/2020	Resolution on approving the 2021 business plan of PVFCCo North
72	20-474-NQ-PBHC	31/12/2020	Resolution on approving the 2021 business plan of PVFCCo South East
73	20-475-NQ-PBHC	31/12/2020	Resolution on approving the 2021 business plan of PVFCCo South West





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



Mr. Louis T Nguyen, independent member of the BOD received Top 5 Listed Mid-cap Companies awarded with the Best Corporate Governance in 2020.

NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOD'S ACTIVITIES

Mr. Louis T Nguyen, Mr. Le Minh Hong, Mr. Ta Quang Huy are 3 independent members of the BOD. They participated actively in all the official duties and assignments. They also monitored and provided guidance to BOM in discharging the operations since their participation.

COMMENTS OF THE BOD'S INDEPENDENT MEMBERS ON THE GOVERNANCE/MANAGEMENT OF PVFCCo IN 2020

Roles and assigned tasks have been fulfilled successfully by the Board of Directors (BOD) and the Board of Management (BOM) in accordance with the legal regulations on corporate governance, PVFCCo's Charter and the executive decisions of the General Meeting of Shareholders and the BOD. The assigned rights and obligations have been fulfilled thoroughly and observed by the members of the BOD and managers for the purposes of ensuring the benefits

of all the shareholders of PVFCCo. The results show that 2020 production and business indicators were completed and exceeded expectations.

In the Corporation, as did other shareholders, the State shareholders had an expectation that the value of the Corporation would increase. In addition to complying with regulations on corporate governance, administrators who are capital representatives were responsible for the management and preservation of the State capital. The Corporation relied heavily on the costs of production materials in the context of declining low-cost gas supply, and the Board of Management made every endeavor to present, propose and protect the State commitments or policies which were most beneficial to it in the field in short and long term. The BOD observed corporate governance standards for listed companies, ensuring that both members and independent members of the BOD enforce their powers and responsibilities.

To adhere as closely as possible to existing advanced corporate governance standards, the BOD will review and enhance activities by offering more orientations, strategies, and supervision while building up a strong and appropriate hierarchy to reduce its participation in executive activities.

One independent member of the BOD is in charge of investor relations, especially with foreign investors, currently representing a large ownership in DPM. In 2020, on the one hand, the independent member of the BOD continued to communicate the values and advantages of PVFCCo and the efforts of the Board of Management to the investors. On the other hand, the independent member also brought to the Board of Directors the investors' advice and ideas for strategies, or directions in which strategic investors might be found. Being among the companies that were transformed from state-owned enterprises, the Corporation has benefited from a strong governance foundation. Continuous improvement for efficient operation is certainly that all shareholders desire.

BOARD KNOWLEDGE OF CORPORATE GOVERNANCE

All BOD members are trained and experienced in corporate governance at the time of election and appointment.

Members of BOD have taken ownership of their own learning and personal development to fulfill the responsibilities and requirements of their role.

FULFILLMENT OF RESOLUTIONS AND CONTENTS AUTHORIZED BY THE GENERAL MEETING OF SHAREHOLDERS

According to the Resolutions of the 2020 Annual General Meeting (AGM), BOD got PVFCCo to accomplish key planning objectives. With reference to guidelines, the BOD was authorized to seek for and take control in deciding on gas material procurement for Phu My Fertilizer Plant production. These actions were taken under the authority of the AGM and in accordance with PVFCCo's production and business demand and directions of the competent authorities at all levels. The BOD adopted an extension of the 2020 Gas Sales Contract until of 30 April 2021 and made great endeavors to obtain a gas supply contract for 2021 and following years.



BOARD OF SUPERVISORS REPORT

PVFCCo's INCOME STATEMENT REGARDING THE PERFORMANCE OF THE BOD AND PRESIDENT AND CEO OF PVFCCo

2020 recorded excessive fulfillment of production and business targets approved by the General Meeting of Shareholders. The BOD and President & CEO's Reports submitted to the 2021 Annual General Meeting of Shareholders was appraised and considered to truly and honestly reflect PVFCCo's operations, specifically:

PRODUCTION AND BUSINESS RESULTS OF PVFCCo

Phu My Urea production output: 865,905 tons, reaching 110% of the annual plan, 114,923 tons of Phu My NPK, accomplishing 64% of the annual plan, sales volume of Phu My Urea: 826,763 tons, fulfilling 106% of annual plan, 94,488 tons of Phu My NPK, performing 52% of annual plan. Consolidated revenue reached the point of VND 8,038 billion, fulfilling 87% of annual plan. Profit before tax obtained VND 848 billion, fulfilling 165% of annual plan, increase in 82% as compared to that of 2019.

DEPLOYMENT OF PROJECTS' INVESTMENT

NH₃ Revamp – Phu My NPK Complex was completed and put into operation. A third-party consultant was employed to assess and handle the checklists for official hand-over and settlement of the works.

Completion of "Investment project for construction of an extended (bulk) Fertilizer Warehouse - Phu My NPK Plant" was settled.

CORPORATE RESTRUCTURING, RENOVATION & REFINING OF MANAGEMENT AND GOVERNANCE

Commenced the comprehensive restructuring of PVFCCo's organizational structure in the period of 2020-2025, identifying the key tasks related to administrative organization of the Parent Company and Phu My Fertilizer Plant, restructuring the regional companies, and continuing to facilitate affiliates' effective operations to initiate divestment.

Amend, supplement and promulgate the Regulations on managing PVFCCo Representatives, Regulations of Business Management and Regulations on salary



and bonus payment and welfare fund distribution. Upgrading IT systems is intended to successfully improve PVFCCo's governance performance.

OPERATIONAL AND FINANCIAL SUPERVISORY ACTIVITIES

The Company has worked closely with the internal audit team and functional divisions to inspect and supervise PVFCCo's production and business operations, put forward recommendations, assess whether Financial Statements provide a true and fair view about PVFCCo's production, business and financial position; recording, classification and presentation comply with Vietnamese accounting standards and applicable regulations, and are reviewed and audited by Deloitte Vietnam Company Limited.

SELF-ASSESSMENT REPORT ON THE ACTIVITIES OF THE BOARD OF SUPERVISORS AND ITS MEMBERS

The Board of Supervisors has prepared the operational plan, allocated member-specific duty assignments, completed the ongoing and periodic inspection and supervision and made recommendations on production and business for entities in 2019 and the first six months of 2020. Assessment: Outperformed the assigned tasks

Members of the Board of Supervisors outperformed the assigned inspection and supervision tasks under PVFCCo's Charter and complied with the legal regulations.

REMUNERATION, OPERATING COSTS AND OTHER BENEFITS OF THE BOARD OF SUPERVISORS AND MEMBERS OF THE BOARD OF SUPERVISORS

Salary, bonus and remuneration of members were setup and complied with the Decree No. 53/2016/ND-CP and the Resolution approved by the 2020 Annual General Meeting of Shareholders.

The operating costs of the Board of Supervisors and its members were VND 354.36 million, including office supplies, tools and instruments, equipment, telephone bill, Internet, travel costs and meeting expenses.

SUMMARY OF MEETINGS OF BOARD OF SUPERVISORS, CONCLUSIONS, RECOMMENDATIONS AND OPERATING AND FINANCIAL SUPERVISION RESULTS OF PVFCCo

4 meetings were organized by the Board of Supervisors to assign duties to members, approving the entity-based inspection and supervision plans, appraise the quarterly/semi-annual/annual financial statements, salary appraisal report and review report on task fulfillment of members and entire Board of Supervisors.

ASSESSMENT REPORT ON TRANSACTION BETWEEN PVFCCo, SUBSIDIARIES AND OTHER COMPANIES WITH MORE THAN 50% CHARTER CAPITAL CONTROL RIGHTS HELD BY PVFCCo, MEMBERS OF THE BOD, THE PRESIDENT AND CEO OR ITS RELATED PERSONS

As of 31 December 2020, total contributed capital of VND 386.25 billion into 4 subsidiaries was characterized by contributed capital percent of 75%/charter capital. Such subsidiaries acted as PVFCCo's product distribution agency system. The

sales transactions complied with regulations, the company's charter and assured with shareholders' benefits.

TRANSACTIONS BETWEEN PVFCCo AND COMPANIES WHERE MEMBERS OF THE BOD WERE FOUNDERS OR MANAGERS (SUBSIDIARIES) IN 03 YEARS IMMEDIATELY PRIOR TO THE TRANSACTION DATE

None

SUPERVISION RESULTS FOR THE BOD, THE PRESIDENT AND CEO AND OTHER MANAGERS

Each authorized member was assigned relevant duties in accordance with their expertise by the BOD to inspect the aspect they were in charge. The BOD, therefore, was able to make decisions, direct, organize regular meetings and accelerate PVFCCo to enact the resolutions and executive decisions of the BOD under their assigned fields. Their periodic meetings were fully organized. The BOD worked with a high sense of accountability and transparency in governance. By working closely with the BOM, the BOD effectively managed, directed and performed the resolutions of the General Meeting of Shareholders and made timely executive decisions, exceeding the 2020 planned production and business targets.

RESULTS OF THE ASSESSMENT OF COORDINATION BETWEEN THE BOARD OF SUPERVISORS AND THE BOD, THE PRESIDENT AND CEO AND SHAREHOLDERS

As for the recommendations and contributions made by the Board of Supervisors, the BOM directed the functional divisions to prepare and release a written response. The Board of Supervisors received close coordination and favorable conditions from the BOD and the BOM to outperform the functions and missions of PVFCCo governance and management. The Board of Supervisors was invited to join and give comment at the meetings.



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

SALARIES, BONUSES, REMUNERATION AND BENEFITS OF BOD, BOM AND BOS

PVFCCo implemented an executive remuneration scheme 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 competence and performance of each member.

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

DETAILS OF SALARIES, REMUNERATION AND BONUSES IN 2020

Unit: Million VND

NO.	FULL NAME	POSITION	SALARY FUND	BONUS FUND	TOTAL INCOME	REMARKS
I.	BOARD OF DIRECTORS		5,259	618	5,884	
1	Nguyen Tien Vinh	Chairman of the BOD	1,326	166	1,491	
2	Le Cu Tan	Member of the BOD cum President and CEO	1,313	164	1,477	
3	Duong Tri Hoi	Member of the BOD	1,150	144	1,294	
4	Nguyen Hong Vinh	Member of the BOD	320	40	360	Retired, effective 1 May 2020
5	Trinh Van Khiem	Member of the BOD	558	71	636	Held the position since 16 June 2020
6	Ta Quang Huy	Independent Member of the BOD (Full - time)	269	34	303	Held the position since 30 September 2020
7	Louis Nguyen	Member of the BOD (Part-time)	199	-	199	
8	Le Minh Hong	Member of the BOD (Part-time)	124	-	124	Retired, effective 30 September 2020
II.	VICE PRESIDENT AND CHIEF ACCOUNTANT		6,954	869	7,823	
1	Le Van Quoc Viet	Vice President	1,150	144	1,294	
2	Le Thi Thu Huong	Vice President	1,137	142	1,280	
3	Dao Van Ngoc	Vice President	739	92	832	Appointed on 21 April 2020
4	Tu Cuong	Vice President	719	90	809	Retired, effective 1 September 2020
5	Tran Thi Phuong Thao	Vice President	1,150	144	1,294	

Unit: Million VND

NO.	FULL NAME	POSITION	SALARY FUND	BONUS FUND	TOTAL INCOME	REMARKS
6	Cao Trung Kien	Vice President	1,030	129	1,159	
7	Vo Ngoc Phuong	Chief Accountant	1,027	128	1,155	
III.	BOARD OF SUPERVISORS		2,269	262	2,531	
1	Huynh Kim Nhan	Chief Supervisor	1,150	144	1,294	
2	Le Vinh Van	Member of the BOS	946	118	1,065	
3	Luong Phuong	Member of the BOS (Part-time)	172	-	172	
	TOTAL		14,482	1,749	16,238	

TRADING OF SHARES FROM INTERNAL SHAREHOLDERS AND RELATED PERSONS: None





REPORT ON TRANSACTIONS, REMUNERATION AND OTHER BENEFITS OF THE BOD, BOM AND BOS (CONTINUED)

CONTRACT OR TRANSACTION WITH INTERNAL SHAREHOLDERS

In 2020, there were no transactions between the Corporation and the members of the Board of Directors, Board of Supervisors, Board of Management and managers.

CONTRACTS OR TRANSACTIONS WITH RELATED ORGANIZATIONS AND INDIVIDUALS

- Gas sales contract signed with PVGas.
- Brand franchise contract signed with PVN.



PVN's Chairman working at PVFCCo

IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS

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

- › To assure the appropriate proportion of the non-executive members to independent members of the Board of Directors.
- › To hold an 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 provisions of 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 reports 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.
- › To strictly adhere to the regulations on information disclosure to the stock market and regulations on listed business administration
- › The Board has formulated and promulgated the set of Regulations on internal management, the Regulation on coordination between the Board of Directors and the CEO, the Board of Supervisors, and the Regulation on evaluation of the level of accomplishment of tasks.

To raise the standards of good corporate governance towards regional and international standards, the Corporation conducted training courses for the Board of Management, Board of Supervisors, and Board of Directors.





AS FOR PVFCCo AND DPM SHARES, EARLY 2020 WITNESSED CONCERNS AND DETAILED SPECULATION (FROM 2019'S LESS POSITIVE PERFORMANCE AND UNFAVORABLE MARKET ENVIRONMENT), BUT 2020 ENDED UP WITH BEYOND EXPECTATION OPERATING RESULTS THANKS TO TREMENDOUS EFFORTS IN RISKS MANAGEMENT AND COST CONTROLS.

DPM's share price in 2020 strongly performed from its low in March 2020, obtaining VND 18,800/share on 31 December 2020, an increase of approximately 60%, much higher than that on VN-Index, 15%. Positive indicators included Liquidity was remarkably improved, achieved approximately 2.5 million shares/transaction date on average. As a result of DPM's rapid share-price rise in the second half of the year, there was special interest in market information updates from individual and institutional investors as well as major brokers.

The IR Team conducted periodic and unscheduled information disclosures, online and offline meetings among shareholders, investors and PVFCCo leader representatives and with receptiveness and

transparent spirit for the purposes of accurate and timely information disclosures on Corporation-related issues, such as: policies (gas price, VAT, divestment, etc.), governance and administration (cost controls, restructuring, operation efficiency of plants, selling price and output). Such information was disclosed in a transparent and timely manner (especially during the social-distancing period) by IR Team, as a result of enhancing trust and facilitating PVFCCo to strictly control and ensure that DPM information was not misleading or misused.

Following the direction and support of PVFCCo's leadership team, the BOD office as a focal point for IR team, cooperated to participate in major events as follows:





INVESTOR RELATIONS (IR) REPORT (CONTINUED)



MAINTAIN REGULAR CONNECTION AND ON-DEMAND INFORMATION EXCHANGE WITH THE INVESTORS IN THE NEW CONTEXT

The IR Team kept track of market trend, thereby the policy and orientation's adjustments of leadership team so that they could be kept informed to deliver key message and performance to the market based on various channels. Above all, online channels prioritized. These included software applications

and online information channels (securities investment websites and online financial news). Regular publication of quarterly financial statement, conference calls were held with the presence of brokers, domestic and international investment funds to address questions on operating results. Besides, the IR Team actively not only engaged in online forums, interacting with domestic and international investor community but also maintained direct meetings with investment funds and brokers (at non-social distancing times) as required by the investors.

The IR Team was also receptive to suggestions, opinions from shareholders and investors to understand market expectations on DPM shares to summarize information in a timely manner and report to the Corporation leaders. Particularly, the Corporation management representative also spent time on online meeting with key foreign shareholder groups and IR Team to directly answer the unsettled questions and update the 2020 operating results. The viewpoints and recommendations of such key shareholder groups were also attentively listened to further improve Corporation governance and administration.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Under the direction of Corporation Management, two General Meetings of Shareholders were held by the IR Team in 2020, in coordination with the Office of the BOD; The 2020 Annual General Meeting of Shareholders (held in June 2020) and the Extraordinary General Meeting of Shareholders regarding HR changes in the PVFCCo BOD (held in September 2020). At these meetings, all proposals were voted to ratify by the shareholders and their proxies. The IR Team coordinated to fully and timely update information for foreign and domestic shareholders; address and elucidate the voting relevant questions and issues with foreign and domestic shareholder groups before and after the meeting (mainly related to the 2020 plan and procedures for electing additional independent members of the BOD).



PERIODIC INFORMATION DISCLOSURE, FINANCIAL COMMUNICATIONS

In addition to strictly adhering to the State regulations regarding information disclosure to the stock market, PVFCCo continued to maintain special communication and information disclosure publications for shareholders and investors, enhancing cooperation with the financial publications.

In 2020, the IR Team continued to improve the quality of publications, including Annual Reports, Quarterly Investor Bulletins (Q3 & Q4) in reference to new criteria on information disclosure regulations. Due to peer-to-peer meeting restrictions, the IR Team

launched bilingual (English - Vietnamese) summary information releases on quarterly performance (clarifying financial indicators within the quarterly Financial Statements) to provide timely updates for domestic and international shareholder groups as organizations, shareholders and brokers. The IR Team also publicly published the information in the Investor Relation tab of the Corporation's website.

Furthermore, IR Team members also actively and positively participated in training courses on governance, information disclosure, amendments on Enterprise Law, coaching on information disclosure instructions, meetings and training courses on "Sustainable Development Report" held by Hochiminh Stock Exchange (HOSE) and the State Securities Commission.

A RECAP OF PERIODIC ANALYSIS REPORTS ON PVFCCO PERFORMANCE AND DPM SHARE

On a quarterly and on-demand basis, IR Team regularly summarized the assessments and judgements of investors and brokers on the Corporation's governance and administration operation performance, price development and DPM share transactions and industrial players in the market, so that Management would promptly understand, provide feedback and obtain the proper insights for corporate governance plans and policies.

PARTICIPATION IN INVESTOR EVENTS AND CORPORATE GOVERNANCE AWARDS

Thanks to the great efforts in production and business activities, and the great coordination and timely support for IR communication, in 2020, DPM continued to receive great interest, trust and appreciation from investors regarding governance and administration transparency. PVFCCo was honored to receive prizes in voting for listed companies by investors and regulators, including:

- › Vietnam's Top 50 Brands (Forbes Vietnam);
- › Top 5 Listed Mid-cap Companies awarded with the Best Corporate Governance (voted by Hochiminh Stock Exchange)
- › Top 30 Listed Companies with the Best Annual Reports (Mid-cap)



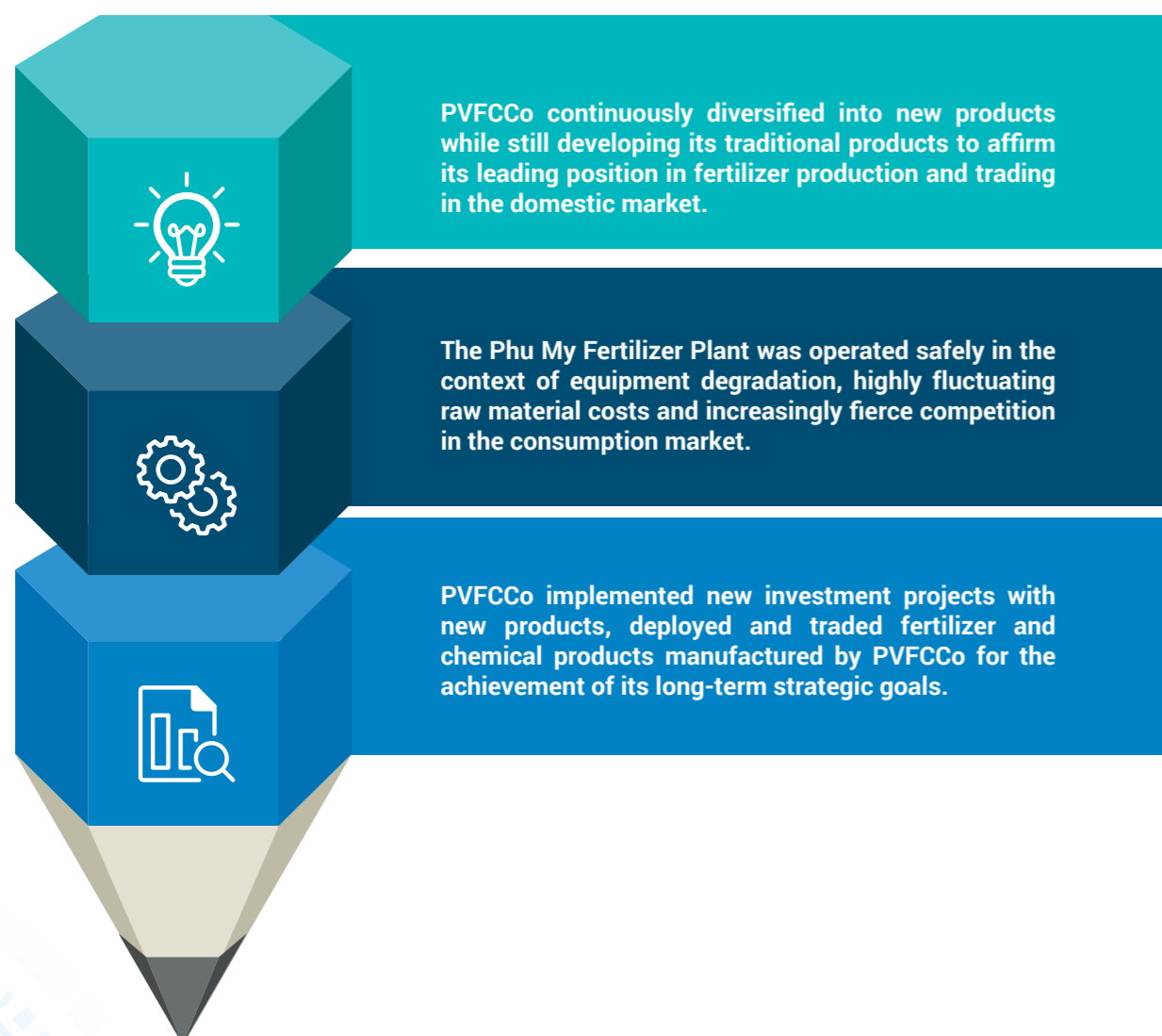


RISK MANAGEMENT REPORT



IN 2020, PVFCCo ENCOUNTERED MANY DIFFICULTIES, FROM TRADE WARS TO ADVERSE CLIMATE CHANGES, AND THE OVERALL FERTILIZER PRODUCTION AND BUSINESS WERE SIGNIFICANTLY AFFECTED. PVFCCo WAS NO EXCEPTION. RIGHT FROM THE BEGINNING OF THE YEAR, ITS PRODUCTION AND BUSINESS ACTIVITIES WERE ADVERSELY AFFECTED BY THE COVID-19 PANDEMIC.

IN ORDER TO RESTRICT RISKS, MAINTAIN AND UPHOLD THE RISK MANAGEMENT EFFICIENCY AND ENSURE OPERATING AND INVESTMENT SAFETY IN 2020, PVFCCo IDENTIFIED THE KEY RISK GROUPS AND LAUNCHED THE EFFECTIVE RISK MANAGEMENT SOLUTIONS TO FULFILL THE OBJECTIVES:



To realize the above-mentioned goals for the sustainable development and best protection of shareholders' interests while fulfilling social responsibilities in 2020, PVFCCo successfully managed the following key risk groups:

MARKET RISKS

In order to sustain the top position in the domestic fertilizer sector, PVFCCo has well controlled the following risks:

OVERSUPPLY RISK



Due to the oversupply, the Urea market in particular and the fertilizer products in general always faces the competitive pressure at present and in the future, especially after Vietnam has entered into a series of Free Trade Agreements and has been heavily affected by climate change. Faced with these challenges, PVFCCo focuses on strengthening and adjusting its domestic distribution system, enhancing customer care with in-depth development to create a sustainable link between the parent company, associated companies and a wide system of agents across all regions of the country, dispatching goods to the key consumption sectors to dominate the market, maintaining the competitive advantage against its 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, long-term sales system.

INPUT MATERIAL RISK



In the past years, the oil price which is determined by supply and demand and market sentiment, has fluctuated widely. The volatility has affected the production cost of PVFCCo. The global oil price fluctuated unstably over the past many years. Similarly, the unpredictable global oil price may negatively impact the Corporation's financial plan. As the Government determines and allocates resources towards general objectives of the economy, changes in oil supply and prices would impact the plans and activities.

PVFCCo's profit is subjected to input material cost. The Corporation managed the price risk of natural gas through short-term arbitrage and actions. Based on pricing scenarios, the Corporation proactively implemented flexible planning and budgeting. This provided the enterprise control over unforeseen changes as business conditions varied.





RISK MANAGEMENT REPORT (CONTINUED)

COMMODITY PRICE RISK

Domestic fertilizer prices significantly correlated with the movements, and were affected by global fertilizer prices. Changes in global fertilizer prices immediately impacted domestic prices as the local products are direct competitors against imported fertilizers and unregistered parallel imports from neighboring countries.

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

PRODUCTS DEVELOPMENT RISK

The pressures from the market demand for high quality fertilizers and regulations on environmental protection has driven the manufacturers and traders to provide differentiated, high quality, multicomponent, environment-friendly fertilizers at a competitive prices to meet the increasingly diverse and rigorous demands.

To increase competitiveness, maintain existing market share while developing new markets, the Corporation has continuously promoted its research and development to innovate and improve products, create more high quality products in order to meet the tastes of farmers.

PVFCCo has applied an advanced chemical production technology for Phu My NPK in 2020. In recent years, there were plans for a large-scale market development of NPK that has met market acceptance.

LIQUIDITY RISK

Liquidity risk is caused by the inability of buyers to pay for their purchases on due date. Bad debts significantly affected the planned use of capital as well as production and business results.

Noting this, PVFCCo has developed a sales and credit guidelines that conformed to the needs of the local market. These guidelines are systematically implemented, controlled and administered top down from the Corporation to 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 rating and customer repayment ability. At PVFCCo, the working capital plans and inventory control are approved, monitored and reported in a timely and adequate manner. In 2020, with proper understanding and effective management, PVFCCo did not have any non-performing accounts.

In 2020, the following effective and timely measures were carried out to handle the influence

- › In order to support sales, PVFCCo focused on distribution management and developed communication and branding strategy. These efforts supported competitive advantage and maintained profitability and the positioning of Phu My fertilizer in the domestic market.
- › PVFCCo developed communication channels to member companies capturing reliable just-in-time information for manage changing markets affecting the industry.
- › PVFCCo held conferences and seminars on business operations, branding, market information, contributing an important part in promoting the products and images of PVFCCo, seeking cooperation opportunities in the domestic and foreign markets, contributing to improve the business plans and strategies.
- › PVFCCo completed its brand portfolio on its products for Phu My by importing high quality fertilizers to supply to the needs of market.
- › The important policies were updated and revised in the light of new business developments: Regulation on fertilizer business management; Regulations on construction and development of PVFCCo's fertilizer distribution system; Processes of communications and creative design; Processes of trade promotion and fertilizer sales support; The implementation of customer care programs, etc. The policy changes help enhance corporate governance in PVFCCo as it faces new market challenges.
- › Effectively restructured and divested capital. Improved competitiveness and adapted to changes in the business environment, PVFCCo completed its first phase of organisation restructuring, and so far its subsidiaries included PVFCCo North, PVFCCo Central, PVFCCo SE, PVFCCo SW are officially traded on HNX.
- › Much importance has been placed on this restructuring. PVFCCo has capitalised 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

- › To retain its No.1 position in production, fertilizer trade and chemical production with a primary focus on petrochemicals.
- › To retain the market share of Phu My Urea through: Leveraging the distribution network, best-in-class technical support, customer centric after-sales policy, increasing distribution networks in some potential countries.
- › PVFCCo is at the forefront of Research & Development (R&D) such as: Investment in fertilizer production, selected choice of Urea on the acceleration roller (pilot scale), diversification of product range of Phu My Urea, new NPK formula, new fertilizer products, enhanced application organisational model, improved agricultural business model, value chain alignment with the PVFCCo business standards. In addition, PVFCCo is continuing researching & diversifying chemical products of UFC 85/ Formaldehyde Plant.
- › Implementing policies to ensure and preserve the reputation and brand name of PVFCCo among investor community.
- › Strengthening management approaches through integration of advanced IT systems to achieving strategic objectives, promoting automation monitoring than manual monitoring, optimizing technology to effectively manage risks.





PRODUCTION RISKS

In 2020, PVFCCo proactively halted operations in order to complete essential maintenance and facilitate connection with between the NH₃ Revamp Project and Phu My NPK Plant. In the following years, risk management activities will focus on:

- › Product Quality Management;
- › Problem management and troubleshooting;
- › Cooperating with the Project Management Unit of the NH₃ Revamp - Phu My NPK Complex to make capital settlement of the project.
- › Promoting a pioneering position in technological innovation and promoting initiatives.

Over the years, the Phu My Fertilizer Plant has maintained its safe and efficient operation. However, with over 17 years of continuous operation and only biannual periodic maintenance, it is inevitable that the potential risks from technical problems leading to breakdowns will cause increases in the costs of operation and maintenance and affect the overall goals of PVFCCo.

The NH₃ Revamp - Phu My NPK Complex project has been tested, accepted and put into commercial.

IN 2020, PVFCCo HAS IDENTIFIED AND PROCESSED THROUGH SOLUTIONS

- › Continuing to maintain the mode of operation to produce the maximum output of Phu My Urea, Phu My NPK and stably operate the UFC85/ Formaldehyde Plant to improve the product quality.
- › Maintaining, monitoring, correcting and issuing economic-technical norms, including consumption norms of chemicals, materials and energy; consumption norms for grease, gas and oil; norms of minimum reserve supplies; norms of spare parts for periodic maintenance to optimize production costs, reduce production prices.
- › Focusing on updating, building and issuing technical plans considering the actual conditions to promptly deal with unusual incidents during production.
- › Performing periodic maintenance, preventive maintenance well; ordering reserve supplies for equipment in the Plants, especially for important

static equipment. In addition, the Corporation participates in the annual maintenance and repair workshop for oil and gas processing plants of PetroVietnam to exchange experiences and orientations and develop the strategies for management of maintenance and repair with the trend of aging machinery.

- › Optimizing the application of existing software systems such as CMMS (Computerized Maintenance Management System): Maintenance activities of the factory have been implemented through the CMMS system, from work requirements, implementation planning, supplies for maintenance, maintenance records, inventory control and Oracle Process Manufacturing, specifically:
 - Managing maintenance and repair of technology equipment; Filing records and documents about the entire history of machinery and equipment.
 - Updating service records and the list of equipment of the new project (NH₃ Revamp - Phu My NPK Complex) into the CMMS system.
 - Managing the inventories, updating the minimum inventory list by norms into the CMMS system;

Comparing the quantity of maintenance material as against the actual material. Automatically exporting the list of materials and spare parts as required by the maintenance work.

- Performing the Maintenance Task Analysis (MTA) and using MTA to deploy the PMO (Preventive Maintenance Optimization) analysis on CMMS.
- › In addition, the AIMS (Asset Integrity Management System) and SYSTEM 1 software programs were used and RBI (Risk Base Inspection) were implemented in phase 2 for maintenance management, equipment status assessment and data collection to analyze for the cause of damage of machinery. At the same time, all of the CUI (Corrosion Under Insulation) test results were implemented.
- › Organizing and controlling the inspection and testing of machinery and equipment with safety requirements in the Plant. Making sure the equipment is tested before use.
- › Continuing to implement PVFCCo's standards based software coding system according to Shell Mesc standards.

MAINTAINING THE SUCCESS IN PRODUCTION MANAGEMENT IN 2020 AS WELL AS THE COMING YEARS, PVFCCo HAS LAUNCHED THEIR INVESTMENT STRATEGY TO LEVERAGE THE OPTIMAL COST OF PRODUCTION AND OPERATION

- › Effectively applied safety and environment standards such as ISO 14001:2004 and OHSAS 18001:2007. Identify and assess risks, propose additional safety measures to minimize risks and clearly communicate said measures to employees and contractors.
- › Focusing on training the existing labour force to operate the NPK Plant and meet the long-term production goals.
- › Reviewing the applicable technical and economic norms of the Phu My Fertilizer Plant, setting norms for the NPK plant, and integrating it with the existing norms of the Phu My Fertilizer Plant to form general norms applied to PVFCCo operations.
- › Enhancing the role of innovation, production rationalization, and preventive maintenance in order to prevent unexpected equipment failure.
- › Maintaining maintenance strategies that achieve optimum levels and fit with Phu My Fertilizer Plant, maintain the periodic maintenance (short, medium and long-term) with special attention to important static equipment that has been used for more than 17 years in order to prevent failures and ensure operation of Phu My Fertilizer Plant safely, stably and efficiently.
- › Reviewing and updating the hazard identification and environmental aspects of the plant.
- › Updating the project to improve the operation, maintenance and efficiency of Phu My Fertilizer Plant together with the new plants put into commercial operation.



RISKS IN INVESTMENT

In 2020, PVFCCo focused resources on implementation of handling the checklist of NH₃ Revamp - Phu My NPK Complex to achieve long-term strategies.

With the purpose of promptly settling the investment project capital and successfully commencing processing, PVFCCo focused manpower and identified the project's material risk to work out the best solutions and directions for settling the EPC contract and the investment capital for 02 key projects:

- › Cooperating with the Contractor, the BOD, the BOM and the functional divisions in combination with PMU and the Phu My Fertilizer Plant, unsettled issues were addressed to ensure stable operation of plant and equipment in order to finalize each item and fund.
- › PVFCCo calculates and updates project efficiency in terms of each specific product with fluctuation parameters such as raw material prices, selling prices, variable costs, differences in exchange rates, tax policies... even the financial structure of the project is properly reviewed and finalized based on the overall financial resources of PVFCCo.
- › By employing the independent auditor, the Corporation is carrying out the review and preparation of dossiers in service of capital settlement of the project.



EXCHANGE RATE RISK



In recent years, exchange rates have been volatile and fluctuations in exchange rates can affect PVFCCo's business performance and investment projects in foreign currencies. Knowing the importance of managing exchange rate risk, PVFCCo regularly monitors both global and domestic financial situations from a macroeconomic point of view. The Corporation specifically monitors exchange rate fluctuations closely to develop and implement attractive business import options so as to maximize capital efficiency. The Corporation carefully considers the impacts of financial management, analysis and evaluation of exchange rate differences on the efficiency of on-going projects.

ENVIRONMENTAL AND LEGAL RISKS



In 2020, the Central and South West region of Vietnam – a large agriculture production region - was seriously affected by prolonged storms, hurricanes and heavy rains. Cultivation and crops were adversely affected. In the future, this phenomenon is forecast to occur with unanticipated development and much severe impacts, indirectly affecting the production and business activities of the fertilizer industry in general and PVFCCo in particular.

Vietnam will open the fertilizer market and foreign companies will invest in producing and trading fertilizers. The experienced foreign companies have good corporate governance and will compete in Vietnam market.

However, fake and poor quality fertilizers have not been strictly controlled, leading to disadvantages for reputable business enterprises such as PVFCCo.

The Government has been reviewing tax policy for fertilizer industry. Hence, the risks of applying tax policy and changes in tax rate for fertilizers have significantly impacted the operation of PVFCCo, the transfer of fertilizers from a product with VAT rate of 5% to one with no tax makes all input VAT for fertilizer production and business become nondeductible and to be accounted to the costs, leading to a substantial fall in profit. In addition, during the implementation of the EPC contract concerning NPK production, the change to tax law will also affect the investment efficiency of the project.

FINANCIAL RISKS AND OBJECTIVES OF RESTRUCTURING INVESTMENT IN THE ASSOCIATED COMPANIES



The long-term investment in associated companies such as VNPOLY and PVC Mekong is facing many difficulties in production and business operation. The goal of PVFCCo is to divest these companies, but it is difficult to restructure long-term investment in the context of existing associated companies. In order to support the associated companies in their efforts to improve performance, PVFCCo has strengthened its supervision over the management of these companies through the representative of the capital, and implemented a number of activities to support these companies in corporate governance.



RISK MANAGEMENT REPORT (CONTINUED)

Risk management is always PVFCCo's top priority. Therefore, with business administration using advanced practices, comprehensive risk management solutions are also continuously designed, developed and updated to successfully uphold the role and capacity building of Internal Audit Function - a critical function in risk management and business administration activities. Internal Audit processes advise the BOD and the BOS to assist in timely managing, controlling and supervising corporate activities. In 2020, the following tasks continued to be undertaken by the Internal Audit Division

- › Carrying out periodical audits which incorporate internal experts/specialists from different professional fields to examine the overall production and business activities of the branches and member companies in accordance with the audit program developed based on risk groups at PVFCCo.
- › Carrying out specialized audits on the operational risks that are forecasted, identified and evaluated to directly affect the business performance of PVFCCo.
- › In addition, the Internal Audit Department has coordinated with the training organization to develop and improve the management reporting system. The advanced practices of capacity building and technical auditing shall be included. The Internal Audit Department continued to implement the annual plan that was formulated with the international consultancy organizations: to develop the scope of work to improve internal control systems and corporate governance. In the immediate future, it will review and update the risk portfolio, optimize operational procedures and improve the effectiveness of monitoring activities.
- › During annual internal audit, the Internal Audit Board supplemented, reviewed and updated the supervision results to maintain the internal audit standard. In addition, the internal audit results are put into the periodical meetings of the Board of Directors
- › Consulted and advised the BOD in risk limitation and prevention. The BOM shall provide risk reporting to the Board of Directors.



PVFCCo focuses on the corporate governance with clear objectives on continuous improvement

Implementing the integrated risk management in the business operations, especially on forecast and business planning. The total resource optimization is improved using the phase 1 of ERP system. In 2018, PVFCCo implemented the phase 2. The system specifications included Hyperion Planning Management Software, Oracle Processing Manufacturing Software. Phase 3 is planned to include Business Intelligence. As a result, it can optimize corporate governance with a strong planning and control feature.

Project Salary Structure was completed with success. This led to a breakthrough in salary structure to increase productivity and effectiveness. It changed the payroll system, built the capacity for management roles, supported the leaders in KPI evaluation.

THE ORGANIZATIONAL DIMENSION OF PVFCCo IS "SUSTAINABLE, EFFECTIVE AND HUMANE". THERE IS AN EMPHASIS ON CORPORATE GOVERNANCE. THE SENIOR MANAGEMENT OF PVFCCo IS DETERMINED TO IMPROVE THE OPERATIONS BY USING ENTERPRISE RISK MANAGEMENT. THIS SERVES TO ENHANCE CORPORATE GOVERNANCE AND MAINTAIN THE POSITION AND REPUTATION AMONG THE INVESTOR COMMUNITY.





EVALUATION OF THE CORPORATE GOVERNANCE PRACTICES WAS CONDUCTED BASED ON THE ASEAN CORPORATE GOVERNANCE SCORECARD



Mr. Le Cu Tan - PVFCCo's President and CEO received the medal of Vietnam's Top 50 Brands by Forbes Vietnam.



National Brand in 2020.

The Corporate Governance Scorecard for the ASEAN region is a set of questions based on corporate governance principles of Organization for Economic Co-operation and Development (OECD) and the best corporate governance practices. The Scorecard is used as a standard to evaluate the corporate governance practices of major listed companies in Malaysia, Indonesia, Singapore, Thailand, the Philippines and Vietnam.

Jointly developed by the Asian Development Bank and the ASEAN Capital Markets Forum, the program seeks to enhance the image of ASEAN publicly-listed companies and their ability to attract investments as well as improve the image of capital markets towards integration into ASEAN. The evaluation criteria for corporate governance scores are based on publicly available corporate information sources such as the Annual Report, company website, shareholders notices, minutes and resolutions of the Annual General Meeting of Shareholders.

In November 2015, PVFCCo received "The ASEAN Corporate Governance Award" - in the Top 3 listed companies in Vietnam under the ASEAN Corporate Governance Scorecard.

In 2020, the Corporation continued its efforts to improve corporate governance to approach closer to the global standards in the region based on 04 principles of shareholders' rights, transparent information disclosure, responsibilities of the BOD, and roles of stakeholders to maintain and achieve the efficiency of corporate governance. In response to the development and events of 2020 (Covid-19 pandemics, input materials price increase, offering rate, market demand-supply, etc.), the BOD worked closely with the BOM to strictly fulfill its role in reviewing PVFCCo's strategic targets and annual plans, to adjust and assess adaptations of productivity output and sales volume. Accordingly, it successfully improved cost management, ensuring completion and outperformance of the annual plan's material targets as assigned by the shareholders.

PVFCCo was continued to be listed among the Top 5 mid-cap listed companies and won the Best Corporate Governance Award in December 2020. This is an important annual award presented by HOSE and HNX in coordination with the Awards Committee to honor businesses that have made great efforts in corporate governance activities such as improving information disclosure quality, role and responsibility fulfillment to stakeholders, organization of Annual General Meeting of Shareholders by providing thorough and sufficient information to shareholders, and most especially the performance of the BOD's roles and responsibilities in corporate governance.