

An aerial photograph of terraced rice fields, showing the intricate patterns of the terraces and the green rice plants. A large, semi-transparent white circle is overlaid on the left side of the image, containing the chapter title and table of contents. The circle is bordered by a thick, blue, dashed line that follows its circumference. The background image shows the terraces curving and winding through the landscape, with some small figures of people visible in the upper left section.


CHAPTER 5

SUSTAINABLE DEVELOPMENT REPORT

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OVERVIEW OF SUSTAINABLE DEVELOPMENT

 **SUSTAINABLE DEVELOPMENT IS DEVELOPMENT THAT MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS.**

(As defined by the Brundtland Commission of the United Nations on March 20, 1987).



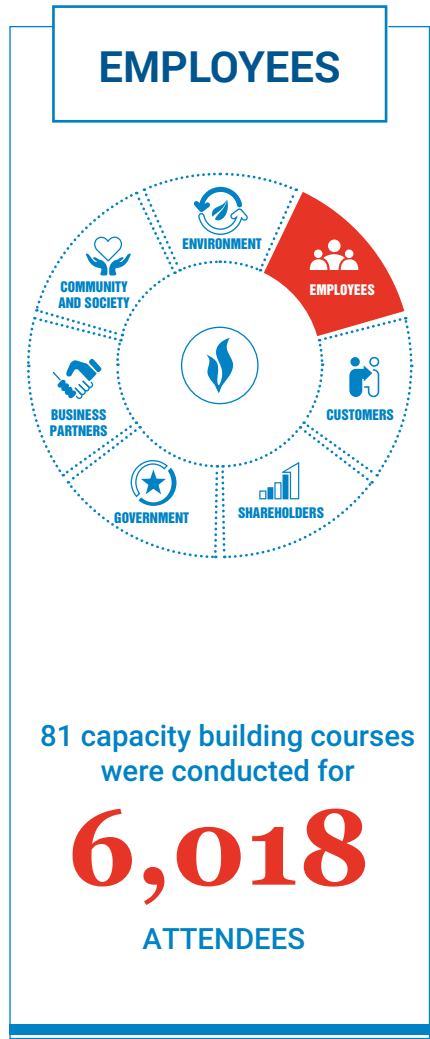


PVFCCo's PRESIDENT & CEO UNDERTAKES THE HIGHEST RESPONSIBILITY FOR THE CORPORATION'S ENVIRONMENTAL POLICIES/ISSUES.

Sustainable development is a combination of three aspects: Economic development, social development and environment protection. Over the last decade, there has been an increasing global interest in sustainable development, a requirement for globalization. Sustainable development is a humanity goal and it is in line with the guidelines of the Vietnam's Party and the Government.

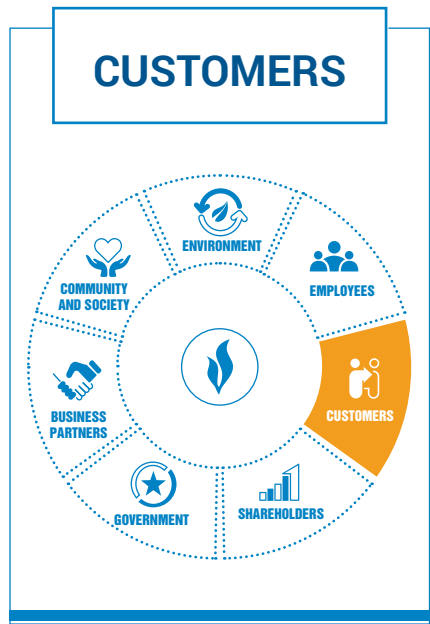
PVFCCo's core business activities are fertilizer and chemicals production and distribution. It is linked to the Vietnamese agriculture, farmers and rural livelihoods and affects 70% of the population. Through its economic strategy, PVFCCo adopts the sustainable development principle and its core values. Over the past 18 years of sustainable development, the motto of "Entrepreneur development to be accompanied by environmental protection and social responsibility" has been preserved and developed by generations of employees as an asset, a beauty culture of business. The Corporation ensures that the balanced and optimal implementation of the following targets: (1) Effective economic development; (2) Promoting social harmony, raising living standards and residential strata's awareness, especially focusing on agriculture and farmers; and (3) Improving the environment to guarantee long-term development for today's generation and generations to come.

With the mentioned above objectives, PVFCCo has taken steps to achieve its sustainable development targets, regulations and specific activities conducted by the Corporation. The specific principles and activities that have been implemented in the past include:



PVFCCo has built a culture of “Professionalism - Efficiency; Dynamics - Creativity; Aspiration - Outreach; and Responsibility - Sharing”, through a positive and professional work environment, fair employee policy and a friendly workplace. In particular, the achievements of PVFCCo are as follows:

- › PVFCCo has invested in a manufacturing plant system and an office building, which are well-designed, properly ventilated, well-lit and air-conditioned. The Corporation has achieved energy efficiency and provided good working conditions for its workers.
- › PVFCCo introduced key performance indicators (KPI) and improved their reward system. The Corporation also set up a framework to ensure a fair and professional working environment. At the same time, PVFCCo improved its human resource policies to ensure its employees have the amicable working conditions and career advancement opportunities.
- › Human Resource Development for parent Company: 81 capacity building courses were conducted for 6,018 attendees with a budget of VND 3,653 billion. The development program in 2020 achieved its performance target, met the corporate goals, and succeeded in delivering human resource courses.
- › Building Corporate Culture: The first PVFCCo Culture Handbook was published in 2011, with the values and standards of conduct applicable for all employees. The Handbook was disseminated to all employees and posted on the corporate website.



The Corporation provided customers with high-quality products, effective solutions and services as mentioned below:

- › Ensuring high quality products is a top priority. All Phu My fertilizer products, other fertilizers and chemicals are complied with registered standards.
- › To help farmers optimize the ratio of fertilizer usage and crop yield, PVFCCo partners with local authorities and scientists to organize cultivation technique workshops at experimental gardens and sample fields to train farmers.
- › PVFCCo maintains its warehouse and logistics management systems well nationwide, so that their products are delivered to farmers on time at reasonable prices.

CODES OF CONDUCT TO STAKEHOLDERS (CONTINUED)

SHAREHOLDERS



In order to create products and services to maximize shareholder value, PVFCCo has carried out the following activities in 2020:

- PVFCCo implemented and achieved production and business targets. In particular, profit before tax reached VND 848 billion, or 1.7 times higher than the plan assigned by the General Meeting of Shareholders.
- To ensure optimal use and control of its resources, PVFCCo has invested in IT such as business support software, document management software and other innovative approaches. The Corporation also invested and built its own resources planning application software such as ERP, STOP, 5S, APC, System 1, RBI, KPI, etc.
- The Board of Directors of PVFCCo provided guidance in streamlining the project initiatives. In 2020, 112 innovation initiatives benefited the Corporation in value amounting to VND 7.9 billion plus other qualitative benefits.
- Science and technology activity was focused on 15 topics/items which were mostly completed and accepted in accordance with both the schedule and cost effectiveness requirements. The 2020 science and technology items shared the same points, i.e., strategy, long-term planning and practicality for the Corporation such as alternative sources for raw materials, optimizing the master maintenance cycle for Plants, etc. At the end of 2020, VND 20 billion was added to the Science and Technology Fund to ensure compliance with relevant laws and regulations, including those of the Corporation, and to meet the future demand for applying science and technology to initiatives, etc.
- An anti-waste savings action program was launched in 2020. VND 438 billion was saved in total, fulfilling 185% of the plan. Savings mainly originated from input material costs.

438

BILLION VND

WAS SAVED IN TOTAL
fulfilling 185% of the plan

GOVERNMENT



Total payments to the State

287

BILLION VND

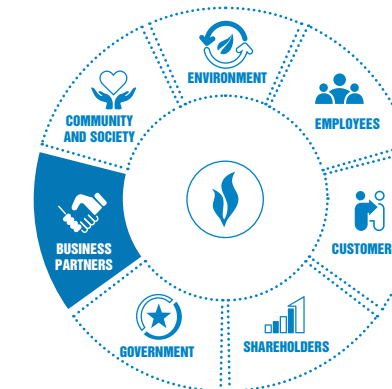
achieved 225% of annual plan

PVFCCo has ensured that its business activities complied with the laws. PVFCCo has achieved the following results:

- Total payments to the State in 2020 was VND 287 billion - achieved 225% of annual plan.



BUSINESS PARTNERS



In working with strategic business partners, the principles and values applied were: Healthy competition, collaboration and advancing customer best interests.

- Besides supporting Phu My Fertilizer Plant, PVFCCo also provided experts and skilled workers to support other national projects such as Ca Mau Fertilizer Plant, Ninh Binh Fertilizer Plant, Nghi Son Oil Refinery and Dinh Vu Polyester Manufacturing Plant, ensuring their operations run smoothly and efficiently.

COMMUNITY AND SOCIETY



The Corporation is committed to carrying out its responsibilities to the community and society.

- Besides effective development and environmental protection, the Corporation was served both the employees and society.



ENVIRONMENTAL AND GLOBAL ISSUES



PVFCCo is committed to environmental protection and globalization, such as reduction in greenhouse gas emissions, climate change, sea level rise, etc.

PVFCCo is confident that sustainable development is most effective when embedded in the organizational policies and guidelines, corporate

strategy and business decision making. The Corporation believes that it can overcome challenges to develop a sustainable and long-lasting enterprise, preserve the environment and carry out its corporate social responsibility.

In particular, PVFCCo has implemented and achieved the following results:

- › In commissioning the Phu My Fertilizer Plant, PVFCCo has applied advance technologies in both safety management and equipment maintenance. This has stabilised the engineering operations and reduce energy consumption and carbon emissions.
- › For new projects, the Corporation has deployed only the most advanced production technologies to optimize effective usage of input materials, especially natural gas, and minimize carbon emissions.
- › PVFCCo complied with statutes, regulations and processes in production and business in accordance with the ISO 9001:2015, OHSAS 18001:2007, ISO 14001:2015 and ISO 50001:2011 standards.



PVFCCo presented medical supplies at the Covid-19 pandemic control station.

REPORT ON SAFETY, HEALTH AND ENVIRONMENTAL PROTECTION



Safety, health and environment work in business is always the top concern of PVFCCo. As a production and trading company in the field of fertilizers and chemicals with high risk of fire and explosion, PVFCCo has determined that the exclusion or reduction of risks causing potential harm to human health and life, property and the environment is the highest responsibility of the Corporation.

Every year, PVFCCo's safety, health and environment work is continually reviewed and renewed with many improvements in terms of content, implementation method and performance. The safety, health and environment work has played an active role in prevention of accidents and incidents and contributed greatly to the fulfillment of PVFCCo's business and production targets.

With these achievements, since its inception, PVFCCo has always been proud of its pioneering work in ensuring the safety, health and environmental protection of Vietnam's Oil and Gas industry. This has enabled PVFCCo not only to achieve sustainable development, but also to ensure a safe environment for the community and society.

In 2020, the remarkable results that PVFCCo achieved in the area of health, safety, and the environment were recognized and highly appreciated by PVN and by other agencies, divisions and departments.



REPORT ON SAFETY, HEALTH AND ENVIRONMENTAL PROTECTION (CONTINUED)



THE MAINTENANCE AND IMPROVEMENT OF THE MANAGEMENT SYSTEM FOR HEALTH, SAFETY, AND ENVIRONMENT (HSE)

- › The HSE management system was maintained at high efficiency according to ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007. The Corporation's HSE management system was certified by DNV. During 2020, the Corporation also successfully completed the standard transformation from OHSAS 18001:2007 to ISO 45001:2018.
- › In 2020, based on the HSE policies, the Corporation and its subsidiaries established and implemented HSE targets in line with the production and business plan and the actual conditions of units. The performance results of those HSE targets were reviewed and assessed quarterly for the level of completion to provide remedial measures, which formed the bases for targets to be performed off schedule.
- › The apparatus for HSE management in the Corporation and its subsidiaries was well maintained and had its operational efficiency promoted in 2020. In addition to units specializing in HSE at the Corporation such as the Division of Safety, Health, and Environment and the Safety and Protection Division of Phu My Fertilizer Plant, a network of HSE employees was developed both within the Corporation and within regional companies, acting as a strong support force to ensure safety and environmental protection.
- › Internal assessments of the HSE Management System and HSE inspections were planned and fully implemented as prescribed. In 2020, theme-based inspections were also additionally initiated, for example, inspecting for compliance with the legal documents on the environment, Covid-19 preparation, prevention and control, etc. The inspection results were reviewed and evaluated so that preventive & corrective actions could be taken to ensure readiness for conducting HSE activities.

SAFETY - SECURITY, FIRE CONTROL, EMERGENCY RESPONSE

In 2020, the Corporation ensured safety in its operation and production with no labor accidents as well as fire and explosion incidents at Phu My Fertilizer Plant and its port warehouses. Highlight safety, security, fire control, and emergency response activities in 2020 include:

- › In 2020, there were no serious labor accidents or fire and explosion incidents causing injuries or property damage.
- › A Management System and sets of indicators (PSM & PSI) for technology safety were implemented to strengthen the safe operation of the Plant.
- › In technical inspection: All equipment with strict safety requirements has been tested, thereby contributing to reducing the risk of equipment damage and accidents.
- › Inspection and supervision of gas leakage and explosion at Phu My Fertilizer Plant has been strengthened, contributing to a reduction in the number of explosion and gas leakage incidents.
- › The application of advanced technologies in Safety Management Programs such as the RBI Program (equipment failure risk control and management), SYSTEM 1 (Monitoring status of important dynamic devices, collecting data for root cause failure analysis), Asset Integrity Management System (AIMS), Computerized Maintenance Management System (CMMS) (maintenance and repair management, supply of materials for maintenance and repair, etc.) has been maintained to ensure the operational safety of Phu My Fertilizer Plant.
- › Regarding preparedness for Emergency Response: Promulgation of the "Emergency Response Procedure" and consolidation of the Corporation's

Steering Board of Emergency Response under the Decision No. 105/QĐ-PBHC dated 8 May 2020. Emergency response procedures, guidelines and solutions were also regularly updated by the Phu My Fertilizer Plant for emergency responses.

- › Consolidation of the local Firefighting, Prevention and Rescue Team at the Corporation Office, including 26 persons under the Decision No. 129/QĐ-PBHC dated 28 May 2020. Firefighting and prevention coaching was fully organized for the local firefighting and prevention team members of the Corporation Office and the Phu My Fertilizer Plant.
- › 2020 recorded 63 firefighting and prevention rehearsals (weekly, monthly, quarterly and annual rehearsals) at the Phu My Fertilizer Plant. The subordinate units were subject to periodic and unannounced inspections of safety and firefighting and prevention to ensure strict adherence to the legal regulations.
- › Regarding emergency response drills for chemical incidents, the Phu My Fertilizer Plant annually held drills at least once following the approved methods in the chemical incident response plan provided by the Ministry of Industry and Trade.
- › Training was conducted using the Corporation's database software modules for Health, Safety, and Environment (HSE)
- › Security and safety promotion, as well as fire and explosion prevention activities were strengthened during holidays.
- › Full and timely educational messaging, dissemination and understanding about firefighting, prevention and rescue were initiated as prescribed by the laws.





REPORT ON SAFETY, HEALTH AND ENVIRONMENTAL PROTECTION (CONTINUED)



- › Fires/explosions, storms/floods information were regularly updated on mass media to subordinate units and employees to assist in the timely preparation of response plans.
- › Activities were held: OSH action month in 2020 (from 1 to 30 June 2020). Response to the National Week on Natural Disaster Prevention.
- › 5S and STOP programs were effectively maintained at Phu My Fertilizer Plant and other units.

Expenditures for safety and firefighting activities in 2020 (including fire and explosion insurance, drills, training, propaganda, fire safety equipment purchase and maintenance, etc.) was VND 19 billion.



Firefighting and prevention rehearsals.

CARING FOR THE HEALTH OF EMPLOYEES AND PREVENTING OCCUPATIONAL DISEASES

In 2020, PVFCCo properly carried out employee health care. Here are the results:

- › As the financial support for employees in case of medical treatment and hospitalization, PVI Care, the employee insurance program, continued to be implemented and supplemented.
- › All units organized periodic health examinations for employees in accordance with the law. Employees had their health conditions classified and received intensive care as necessary. First-aid, general health examination and treatment services were provided.
- › Female workers were provided with health examination as prescribed by the law.

- › In 2020, Phu My Fertilizer Plant continued to conduct screening for occupational diseases and medical examinations for people who worked in heavy, hazardous and dangerous environments. The plant also carried out medical evaluation and provided social insurance to employees suffering from occupational diseases. At the same time, it adopted more remedies for corrective and preventative measures to ensure the health of employees working in high noise environments.
- › Monitored the conditions and protection, to ensure laborers' health and prevent occupational diseases.
- › Assurance of food hygiene and safety at collective kitchens. Organized and provided staff meals that have nutritional value, food hygiene, and safety, by strictly controlling the origin of used food must have clear origin and be provided from reputable units.

2020 witnessed the Covid-19 outbreak which spread widely to every corner of the world. Epidemic prevention and control measures were taken such as the design of the Virus Pandemic Prevention and Control Plan, establishment of Steering Committee for Covid-19 Prevention and Control, disinfectant spraying and cleaning of working environments, provision of masks, disinfectant water and the medical declarations. The Government and local regulations on Covid-19 prevention and control were regularly updated and strictly adhered to in the production areas, harbor terminals both onsite and offsite of the office, etc., to protect the health of workers and maintain the Company's uninterrupted production and business.



Measuring body temperature and disinfecting area before entering the Corporation.



Ensuring safety and hygiene for employees when working at Phu My Fertilizer Plant.

ENVIRONMENTAL PROTECTION AND WASTE CONTROL

The commitment to environmental protection and preservation is one of the most important commitments integrated into PVFCCo's production and business activities. To fulfill it, in 2020, PVFCCo completed many tasks to comply with the law to protect the environment:

- › In 2020, there was no environmental pollution incident and no case of environmental law violation found during inspections.
- › Environmental management measures were applied in accordance with ISO 14001:2015.
- › Impacts and compliance with the applicable laws on environment were updated and assessed.
- › During 2020, periodic environmental monitoring and environmental protection reporting were completely fulfilled at all works of the Corporation. All monitoring criteria met Vietnamese standards.

- › Environmental reports were produced based on the environmental database of the industry and trade. Information on environmental management was provided to competent authorities.
- › An automatic monitoring system was being installed and completed to continuously transmit signals to the Department of Natural Resources and Environment regarding coolant and chimneys at the Phu My NPK Plant and UFC85 Workshop. This was originally expected to be completed in 2021.
- › Hazardous waste was fully monitored, transferred, and reported in line with legal requirements.
- › Activities supporting the 2020 Earth Hour Campaign and the action month for the environment supporting the World Environment Day and Clean Up the World in 2020 were organized.

REPORT ON SAFETY, HEALTH AND ENVIRONMENTAL PROTECTION (CONTINUED)

ENVIRONMENTAL PROTECTION AND WASTE CONTROL (CONTINUED)

Here are some of the environmental performance results from PVFCCo's product and business activities in 2020:



- Resource management in 2020:
Total natural gas consumption for production: 575.29 million Nm³.



- Energy Consumption in 2020:
Total electricity consumption for production: 138,388,301 KWH
Total FO consumption: 2.32 tons
Total DO consumption: 119.44 tons



- Water consumption in 2020 (including: tap water and underground water for production and business activities, river water to cool the plants and equipment): 30,488,340 m³
- Assessment statistics, waste management situation:

NO.	TYPE OF WASTE	UNIT	EMISSIONS	AMOUNT OF TREATMENT	LEVEL OF TREATMENT (Good/Normal/Not good)
1	Production wastewater	m ³ /year	106,030	106,030	Good
2	Domestic wastewater	m ³ /year	13,102	13,102	Good
3	Cooling water	m ³ /year	36,275,843	36,275,843	Good
4	Air emission	m ³ /quarter	6,026,492,200	6,026,492,200	Good
5	Domestic solid	Kg/year	141,940	141,940	Good
6	Industrial solid waste	Kg/year	284,510	284,510	Good
7	Hazardous waste	Kg/year	128,443	128,391	Good

BUILDING A HEALTH, SAFETY AND ENVIRONMENTAL (HSE) CULTURE

Building the HSE culture is an ongoing process that helps heighten the staff's sense of compliance. In 2020, PVFCCo provided a variety of practical activities such as:

- Educational campaigns were made through an occupational safety week, the World Environment Day, the Earth Hour, the fire prevention and fighting day, etc. Staff awareness of compliance with the legal requirements for safety, fire prevention and fighting, environmental protection, and employee health protection were continuously developed.
- Application of Quarterly HSE Reward to encourage employees' participation in HSE activities.

EFFICIENT USE OF WATER RESOURCES AND ENERGY SAVINGS



- In 2020, Phu My Fertilizer Plant set up energy-saving and efficient energy use objectives. The performance results of these objectives were constantly monitored, reviewed and evaluated.
- Various energy-saving solutions were applied by Phu My Fertilizer Plant. The result of energy-saving and efficient energy use in 2020 was nearly VND 19.9 billion. Fuels saved include CNG, NH₃ fuel and electricity.
- The result of energy-saving and efficient energy use in 2020 was reported and a plan for 2021

was developed and filed to the Department of Industry and Trade of Ba Ria - Vung Tau Province.

- Cost-saving targets were set for all divisions at the Corporation's office. The performance results were also monitored, reviewed, and assessed for the level of KPI completion.
- All employees of the Corporation had improved awareness of energy efficiency through communication.



REPORT ON SAFETY, HEALTH AND ENVIRONMENTAL PROTECTION (CONTINUED)



Run for "A thousand cakes, ocean of gratitude" program.

MAIN TASKS OF THE SAFETY, HEALTH AND ENVIRONMENT WORK IN 2021

- Ensuring the safe and efficient operation of Phu My Fertilizer Plant to complete the production and business plan of 2021.
- The overall maintenance of the Phu My Fertilizer Plant was safely and effectively completed in 2021 as planned.
- Quality management at the Corporation was reviewed and consolidated to control product quality from production to transportation and storage at regional warehouses and agents.
- Ensuring no fire and explosion at all construction work. Ensuring no fire and explosion incidents causing injury and damage to the Corporation's properties. Ensuring no serious or more serious work accidents at all construction works.
- Ensuring no environmental incident and full compliance with legal regulations on environmental protection.
- Occupational hygiene and periodic medical checkup for occupational diseases were maintained for employees throughout the Corporation.
- Reinforcing the Emergency Rescue team and improving the readiness to respond to storms and floods to prevent and minimize human and property damage during storms.
- In 2020, Phu My Fertilizer Plant maintained the energy saving efficiency in both production and business, thereby saving management costs, searching for energy saving opportunities in the existing production lines.

Achievements in 2020 and targets set for 2021 reflected the ongoing efforts of management and staff to ensure Safety - Health - Environment. This strengthens PVFCCo's branding for sustainable development towards a secured future.



CORPORATE SOCIAL RESPONSIBILITY REPORT IN 2020

In the context of a significantly challenging year resulting from the multiple challenges of the Covid-19 pandemic, extreme climate change, serious natural disasters and floods faced by Vietnam and the agriculture industry, PVFCCo continued to hold a strong sharing spirit with the community and farmers through meaningful, practical and topical social security programs.

Right from the very beginning of 2020, after the initial Covid-19 outbreak, PVFCCo promptly launched supporting programs to stand with the central and local governments and Covid-19 prevention and control task forces particularly by offering disinfectant water, face masks, medical PPEs for nurses, doctors, officers and soldiers on duty at Cu Chi Field Hospital, as well as providing support to the pandemic prevention and control in some Central Highland and Northern provinces. PVFCCo also worked with the local authorities to accelerate progress and achieve timely handover into operation 03 Communal Medical Stations. These stations would play a significant part as the "front line" of the health sector in the fight against the pandemic. During 2020, VND 12 billion in total was provided in support by PVFCCo to social security activities in the health sector.

2020 was also witnessed extreme climate changes and historic natural disasters and floods, which adversely affected the Central Region of Vietnam. PVFCCo launched an emergency relief program package and facilitated the post-natural disaster production recovery. The activities carried out included: offering water tanks to local people in the salt-drought area, coordinating with the Red Cross, the Fatherland Front and local authorities to provide emergency relief with practical necessities such as life jackets, medicine, clothing, food, etc., to affected people and families who had lost loved ones; working closely with the local agricultural sector to launch feasible solutions to help the local persons to successfully recover agricultural production such as providing fertilizers, cultivation technique guidance, post-storm and flood pest and disaster control to stabilize life after these Acts of God had abated. The total value of aftermath recovery and relief reached almost VND 4 billion.

In addition to the health sector and relief of victims suffered from natural disasters, PVFCCo continued to actively support education programs and maintain traditional programs such as "A Thousand cakes, ocean of gratitude" program to offer Square cake and New Year gifts, doing our part to offer happiness to the wounded and sick soldiers and disadvantaged persons as the New Year began.



280 tons of Phu My Urea was presented to support farmers suffering from floods by PVFCCo.



Gifts was presented at Long Dat Nursing Center for wounded soldiers and national contributors in Ba Ria-Vung Tau.



Giving Tet gifts to Center for Social Protection (Tan Hiep - Binh Phuoc).



PVFCCo's employees actively participated in "A thousand cakes, ocean of gratitude" program.