



DELIVERING sustainable values

Strictly innovate in streamlined direction, digitalizing production and business management is a prerequisite for PVFCCo to promote the proud tradition in the coming integration period.

Chapter 4.

**INFORMATION ON
CORPORATE GOVERNANCE**

SHARES AND SHAREHOLDERS STRUCTURE



TOTAL NUMBER OF SHARES

391,400,000
shares

OWNED BY

15,217
shareholders

SHARES

Total number of shares of the Corporation: 391,400,000 common shares.

As end of 2021, there were 391,334,260 outstanding shares (excluding 65,740 treasury shares).

CHANGE IN OWNER'S EQUITY

In 2021, the Corporation had no change in owner's equity.

TREASURY SHARES

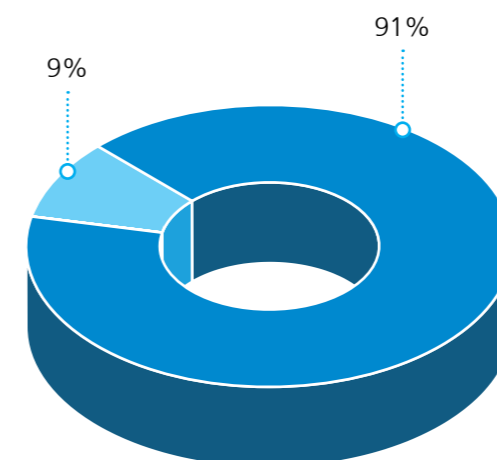
As start of 2021, there were 65,740 treasury shares.

In 2021, there were no transaction during the year. As at 31 December 2021, it remained at 65,740 shares.

SHAREHOLDERS STRUCTURE

Based on the shareholder listing in the Vietnam Securities Depository, as at 28 January 2022, there was a total of 391,334,260 shares owned by 15,217 shareholders.

Shareholder structure chart



Level	Number of Shares
● Domestic shareholders	355,531,018
● Foreign shareholders	35,803,242

DOMESTIC SHAREHOLDERS

Detailed information on domestic shareholder structure

Shareholders	Quantity	Number of shares	Proportion of outstanding shares
Legal entities	102	272,290,461	69.58%
Individuals	14,658	83,240,557	21.27%
Total	14,760	355,531,018	90.85%

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 Address: 18 Lang Ha Street, Ba Dinh District, Hanoi. State-Owned Corporation Website: www.pvn.vn	<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	67	34,451,954	8.80%
Individuals	390	1,351,288	0.35%
Total	457	35,803,242	9.15%

Detailed information on major foreign shareholders: None

STATE-OWNED SHAREHOLDER: VIETNAM OIL AND GAS GROUP (as above)

No.	Full name	Position	Number of DPM shares	
			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 (resigned effective 27/04/2021)		
2	Hoang Trong Dung	Chairman of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations (position held since 27/04/2021)	92,300,253	-
3	Le Cu Tan	Member of the BOD cum President and CEO, not concurrently holding any position in other organizations	62,624,000	170,500
4	Duong Tri Hoi	Member of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations	39,140,000	-
5	Trinh Van Khiem	Member of the BOD, Full-Time, Non-Executive, not concurrently holding any position in other organizations	39,140,000	-
6	Louis T Nguyen	Independent Member of the BOD, Non-Executive, CEO of SAM (Saigon Asset Management)	-	-
Board of Management				
1	Le Cu Tan	President and CEO	62,624,000	170,500
2	Le Van Quoc Viet	Vice President	-	-
3	Le Thi Thu Huong	Vice President	-	-
4	Tran Thi Phuong Thao	Vice President	-	65,700
5	Cao Trung Kien	Vice President	-	-
6	Dao Van Ngoc	Vice President	-	-
7	Ta Quang Huy	Vice President (appointed 27/04/2021)	-	-
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



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The Board of Directors (BOD) for 2021 was elected by the General Meeting of Shareholders (GMS) with 5 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 decisions depending on assigned fields.

ACTIVITIES OF THE BOD IN 2021

As the highest management body, the BOD represents the interests of shareholders. In 2021, the current BOD had 05 incumbent members (01 independent member) who actively and strictly fulfilled their roles and responsibilities in compliance with good corporate governance standards. The BOD conducts organized full-time activities, makes collective decisions, and assigns tasks to its members based on their respective fields of expertise.

In 2021, the BOD held 6 periodical meetings, in which they solicited written opinions from their members 85 times. Resulting from these requests, 62 resolutions, key decisions and many directional documents on critical matters were approved as follows:

Strategic plan

- ▶ Approved and monitored the implementation of the 2022 production and business plan;
- ▶ The BOD developed and reviewed the Corporation development strategy.

Organization - human resources

- ▶ Leadership positions (Chairman and member of the Board of Directors, Vice President) were consolidated;
- ▶ Continued to oversee of the reorganization of the parent company’s and subsidiaries’ management system, as well as the overall restructuring.
- ▶ The number of employees was approved.

Corporate governance, risk management and internal audit

Approved and implemented the internal audit plan in accordance with the processes and systems completed as part of the project supporting the establishment of the internal audit processes; Directed the implementation of digital transformation;

Investment and implementation of projects

Directed the implementation and handling of issues related to the completion of the final phase of the NH₃ Revamp - Phu My NPK Complex.

Issued and amended regulations

Submitted to the General Meeting of Shareholders the Corporation charter, Regulation on internal governance, Operational regulation of the BOD and BOS, issued the Regulation on management of representatives at organizations, Regulation on management of construction investment, procurement and bidding, Regulation on investment portfolio management, Regulation on Science and Technology, Regulation on information disclosure on the stock market...

ACTIVITIES OF THE BOD IN 2021 (Cont.)

Restructuring The overall restructuring of the Corporation and its subsidiaries was implemented;

Investor relations In April 2021, the Annual General Meeting of Shareholders was held successfully. The event was directed the IR team in order to actively implement online contact and information exchange activities to ensure continuous and full disclosure of information on performance to shareholders and investors.

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

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



The members of the BOD directed, monitored and ensured the performance of the BOM, through the following activities:

- ▶ The BOD attended and chaired the BOM's 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 provided guidance to the BOM.
- ▶ The BOD attended and directed meetings discussing matters relating to pricing, sales policies, staff policies, labor organization, and meetings on developing and assigning production and business plans for subsidiaries and associate companies, in reporting and reviewing of key missions, etc.
- ▶ The BOD monitored and reviewed the business operations through BOM's reports and documentation to BOD.
- ▶ The BOD provided guidelines and suggestions to the BOM on key issues arising from the management of operations.

LIST OF RESOLUTIONS AND EXECUTIVE DECISIONS OF THE BOARD OF DIRECTORS APPROVED AND PROMULGATED IN 2021

No.	Resolution/ Executive decision No.	Date	Contents
1	21-01-NQ-PBHC	05/01/2021	Resolution on the advance payment of dividends for the 1 st phase in 2020
2	21-14-QĐ-PBHC	13/01/2021	Executive Decision on approving the planning of warehouse - port system, period of 2020-2025, strategy to 2030 of the Corporation
3	21-22-NQ-PBHC	19/01/2021	Resolution on the approval of the 2021 operation plan of the Internal Audit Division of PVFCCo
4	21-23-NQ-PBHC	19/01/2021	Resolution on the approval of amendment No. 01 - Gas purchase and sales contract with PV Gas in 2020
5	21-28-NQ-PBHC	25/01/2021	Resolution on the plan to handle outstanding problems and disputes in EPC Contract for the construction of NH ₃ Revamp - Phu My NPK Complex
6	21-29-NQ-PBHC	27/01/2021	Resolution on the approval of PVFCCo's 2021 Science and Technology plan
7	21-30-QĐ-PBHC	27/01/2021	Executive Decision on the approval and issuance of the Regulation on complaints, denunciation, petition and reflection inspection and settlement at PVFCCo
8	21-40-NQ-PBHC	01/02/2021	Resolution on the approval of the plan for the 2021 Annual General Meeting of Shareholders
9	21-53-NQ-PBHC	24/02/2021	Resolution on approval of the 2021 cash flow plan and the implementation of the capital management in cash in Quarter 1/2021
10	21-52-NQ-PBHC	24/02/2021	Resolution on the approval of the credit limit for 2021 - 2022
11	21-51-NQ-PBHC	24/02/2021	Resolution on the approval of amendment No. 01 - Gas purchase and sales contract with PV Gas in 2020
12	21-69-QĐ-PBHC	12/03/2021	Executive Decision on the approval and issuance of the Science and Technology regulations of PVFCCo
13	21-77-NQ-PBHC	23/03/2021	Resolution on the approval of prudent spending and anti-wastefulness program in 2021
14	21-80-QĐ-PBHC	26/03/2021	Executive Decision on the approval and issuance of the Regulation on managing and using capital in cash of PVFCCo
15	21-81-NQ-PBHC	29/03/2021	Resolution on approval of adjusting the Norm No. 02
16	21-83-QĐ-PBHC	30/03/2021	Executive Decision on the reappointment of the position of Vice President of PVFCCo to Ms. Tran Thi Phuong Thao
17	21-84-QĐ-PBHC	30/03/2021	Executive Decision on the reappointment of the position of Chief Accountant of PVFCCo to Mr. Vo Ngoc Phuong
18	21-91-NQ-PBHC	31/03/2021	Resolution on the BOD's meetings
19	21-92-NQ-PBHC	31/03/2021	Resolution on the approval of the parent company's working capital plan for Phu My branded fertilizer products in 2021
20	21-93-QĐ-PBHC	31/03/2021	Executive Decision on the consolidation of the Science and Technology Council of PVFCCo

No.	Resolution/ Executive decision No.	Date	Contents
21	21-102-NQ-PBHC	08/04/2021	Resolution on the approval of the final settlement of salary fund in 2020 of PVFCCo
22	21-110-NQ-PBHC	14/04/2021	Resolution on the plan for the organization and arrangement of working locations of some functional divisions
23	21-112-QĐ-PBHC	16/04/2021	Executive Decision on approval and issuance of the regulation on management of construction investment, bidding and procurement of PVFCCo
24	21-113-NQ-PBHC	16/04/2021	Resolution on plan to handle outstanding problems and disputes in EPC Contract for the construction of NH ₃ Revamp - Phu My NPK Complex
25	21-117-NQ-PBHC	23/04/2021	Resolution on the approval of the program and documentation for the 2021 Annual General Meeting of Shareholders of PVFCCo
26	21-47-NQ-ĐHĐCĐ	27/04/2021	Resolution on the 2021 Annual General Meeting of Shareholders
27	21-48-NQ-ĐHĐCĐ	27/04/2021	Resolution on the Charter of PetroVietnam Fertilizer and Chemicals Corporation
28	21-118-NQ-PBHC	27/04/2021	Resolution on the election of the Chairman of the BOD
29	21-119-QĐ-PBHC	27/04/2021	Executive Decision on the appointment of Mr. Ta Quang Huy as the Vice President of PVFCCo
30	21-122-QĐ-PBHC	29/04/2021	Executive Decision on the internal regulations for governance of PVFCCo
31	21-123-QĐ-PBHC	29/04/2021	Executive Decision on the regulation on operation of PVFCCo's Board of Directors
32	21-139-NQ-PBHC	13/05/2021	Resolution on work assignment in the Corporation's Board of Directors in the areas of expertise and monitoring activities of the divisions/units directly under the Corporation
33	21-153-NQ-PBHC	26/05/2021	Resolution on the approval of the agreement on payment and final settlement of gas sales and purchases in 2020 with PVGAS
34	21-166-NQ-PBHC	26/05/2021	Resolution on the approval of the social security plan in 2021-2022
35	21-176-NQ-PBHC	04/06/2021	Resolution on the consolidation of personnel of divisions, offices and branches
36	21-177-NQ-PBHC	04/06/2021	Resolution on the approval of the plan on number, structure and personnel of the BOD, BOS of subsidiaries directly under the Corporation
37	21-180-QĐ-PBHC	09/06/2021	Executive Decision on the establishment of a Steering Committee for development and implementation of development strategy
38	21-181-QĐ-PBHC	09/06/2021	Executive Decision on the consolidation of the Steering Committee for corporate restructuring
39	21-183-NQ-PBHC	11/06/2021	Resolution on the approval of PVFCCo's Action Plan for Tasks in 2021
40	21-184-NQ-PBHC	11/06/2021	Resolution on approval of adjusting the Norms No. 1, 6, 7, 8,2, 8,3 and 8,4
41	21-191-NQ-PBHC	15/06/2021	Resolution on approval of the list of deposit investment credit institutions in 2021
42	21-208/NQ-PBHC	01/07/2021	Resolution on the allocation and management of contributed capital of PVFCCo's capital representative at the North PetroVietnam Fertilizer & Chemicals Joint Stock Company

No.	Resolution/ Executive decision No.	Date	Contents
43	21-209/NQ-PBHC	01/07/2021	Resolution on the allocation and management of contributed capital of PVFCCo's capital representative at the Central PetroVietnam Fertilizer and Chemicals Joint Stock Company
44	21-210/NQ-PBHC	01/07/2021	Resolution on the allocation and management of contributed capital of PVFCCo's capital representative at the South East PetroVietnam Fertilizer and Chemicals Joint Stock Company
45	21-211/NQ-PBHC	01/07/2021	Resolution on the allocation and management of contributed capital of PVFCCo's capital representative at the South West PetroVietnam Fertilizer and Chemicals Joint Stock Company
46	21-214/NQ-PBHC	02/07/2021	Resolution on the approval of the supplier selection result and contract conclusion to hire an audit firm for the review of the 2021 financial statements
47	21-215/QĐ-PBHC	02/07/2021	Executive Decision on assigning Ms. Nguyen Thi Kim Anh to take in charge of the Internal Audit Division
48	21-268/QĐ-PBHC	31/08/2021	Executive Decision on the approval and issuance of Regulation on investment portfolio management
49	21-286/NQ-PBHC	27/09/2021	Resolution on the approval and temporary issuance of Norm No. 4 - Norms for supplies; spare parts for periodic maintenance and repair at NH ₃ Revamp - Phu My NPK Complex
50	21-330/NQ-PBHC	12/11/2021	Resolution on the approval of the final settlement of the overall maintenance cost for Phu My Fertilizer Plant in 2021
51	21-342/NQ-PBHC	17/11/2021	Approval of the adjustment of the detailed list of Norms for minimum reserve supplies at NH ₃ Revamp - Phu My NPK Complex
52	21-352/QĐ-PBHC	25/11/2021	Executive Decision on the approval and issuance of regulation on spending and using capital of PVFCCo's scientific and technological development fund
53	21-353/QĐ-PBHC	25/11/2021	Executive Decision on the approval and issuance of science and technology regulation
54	21-371/NQ-PBHC	7/12/2021	Resolution on the approval of the provisional norm for NPK products
55	21-372/NQ-PBHC	7/12/2021	Resolution on the approval of the adjustment to the 2021 business plan of North PetroVietnam Fertilizer and Chemicals Joint Stock Company
56	21-373/NQ-PBHC	7/12/2021	Resolution on the approval of the adjustment to the 2021 business plan of Central PetroVietnam Fertilizer and Chemicals Joint Stock Company
57	21-374/NQ-PBHC	7/12/2021	Resolution on the approval of the adjustment to the 2021 business plan of South East PetroVietnam Fertilizer and Chemicals Joint Stock Company
58	21-375/NQ-PBHC	7/12/2021	Resolution on the approval of the adjustment to the 2021 business plan of South West PetroVietnam Fertilizer and Chemicals Joint Stock Company
59	21-395/NQ-PBHC	27/12/2021	Resolution on the approval and assignment of the 2022 business plan of PVFCCo
60	21-398/NQ-PBHC	29/12/2021	Resolution on the approval of adjustment to the PVFCCo's production targets and plans in 2021
61	21-399/QĐ-PBHC	29/12/2021	Executive Decision on the approval and issuance of regulation on information disclosure on the stock market of PetroVietnam Fertilizer and Chemicals Corporation
62	21-406/NQ-PBHC	31/12/2021	Resolution on approval of the 2021 planned salary payroll of PVFCCo

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

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

Mr. Louis T Nguyen, Mr. Ta Quang Huy are 2 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 from the independent members of the BOD on the governance/management of PVFCCo in 2021

The Board of Directors and the Board of Management implemented their roles and duties in accordance with the laws on corporate governance, the Corporation charter and the executive decisions of the General Meeting of Shareholders and the BOD. The BOD and BOM's members performed their duties and fully complied with the responsibilities and authorities assigned, as stipulated to protect the interests of all shareholders. The results were reflected in the production and business plans and targets that PVFCCo completed and exceeded in 2021.

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 States 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 and policies which were most beneficial to it in the field in both the short and long term. The BOD complied with corporate governance standards for listed companies, ensuring that both members and independent members of the BOD enforced their powers and responsibilities. In addition to the tasks mentioned above, in 2021, the Corporation continued to face many market fluctuations and risks from the Covid-19 outbreak, which affected both production and business activities. In that context, the BOD and the BOM carefully prepared resources and flexibly adapted to suit the context of new challenges, and closely followed the key objectives to assure stable operation of the system, as well as excellently reaching the targets with results that exceeded the expectations of shareholders and investors.

To approach and adhere to as closely as possible to the 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. In 2021, the Corporation actively coordinated with professional consulting units to implement a restructuring program

which would streamline the system while updating and perfecting the medium and long-term development strategy for the shareholders to consult and approve.

One independent member of the BOD holds responsibility for investor relations, considering that a significant portion of the ownership of the Corporation is with foreign investors. With the company's operating outcomes being improved in 2021, investor demand for information access has skyrocketed (especially during the period of prolonged lockdown and social distancing). The independent member of the BOD has actively connected with the Management and functional divisions to continue communication to investors about the Corporation's values and advantages, as well as the efforts of the BOM and the BOD, as well as bringing contributions and ideas from investors to the Board of Directors on guidelines, development strategies, or directions on finding strategic investors. Among other companies which have changed from being wholly state-owned enterprises, the Corporation has demonstrated solid governance foundations. Constant improvements to achieve even more efficiency is the desire of all shareholders.

TRAINING TO IMPROVE BOD'S CORPORATE GOVERNANCE KNOWLEDGE

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

To meet job requirements, members of the BOD actively learn, train, update, and increase their understanding of corporate governance.

IMPLEMENTATION OF THE RESOLUTIONS OF THE GENERAL MEETING OF SHAREHOLDERS AND MANDATED TASKS

According to the Resolutions of the 2021 Annual General Meeting of Shareholders, the BOD approved to issue the regulations: Internal regulations on governance, Regulation on operation of BOD and assigned the BOS to issue the Regulation on operation. The BOD and the BOS have implemented and issued these regulations.

According to the Resolutions of the 2021 Annual General Meeting of Shareholders, the General Meeting of Shareholders authorizes the BOD to seek out and actively decide on the purchase of raw gas supply for the production of Phu My Fertilizer Plant under the authority of the General Meeting of Shareholders, in accordance with the needs of the Corporation's business and production activities and directions of the competent authorities. As a first step, the BOD approved the extension of the gas purchase and sales contract for 2020 to the end of 2022 and then focused on efforts to implement gas supply contract for upcoming years.

“The BOD and BOM's members performed their duties and fully complied with the responsibilities and authorities assigned, as stipulated to protect the interests of all shareholders. The results were reflected in the production and business plans and targets that PVFCCo completed and exceeded in 2021.”

INCOME STATEMENT OF PVFCCo AND REPORT ON PERFORMANCE OF THE BOD AND THE PRESIDENT AND CEO

The BOS appraised the Income statement of the BOD, the Income statement submitted by the President and CEO to the General Meeting of Shareholders and assessed that, in 2021, the Corporation had exceeded many production plans and targets. These statements were a true, complete and honest reflection of the real performance of the Corporation.

Corporation's production results

Trading of imported fertilizers:
Consumption in 2021 reached

244 thousand tons

achieving 87% of the plan, an increase of 36% compared to 2020

Profit before tax in 2021
reached

VND **3,799** billion

an increase of 348% compared to 2020

Phu My Urea: Consumption in
2021 reached

749 thousand tons

achieving 100% of the plan, decreasing by 9% compared to 2020

In 2021, sales output of
chemicals reached

124 thousand tons

achieving 102% of the plan, a decrease of 6% compared to 2020

Profit after tax in 2021 reached

VND **3,172** billion

increasing by 352% from 2020

Phu My NPK: Consumption in
2021 reached

152 thousand tons

achieving 108% of the plan, an increase of 60% compared to 2020

Total revenue in 2021 reached

VND **13,117** billion

achieving 109% of the plan, an increase of 63% year-on-year

Implementation of investment projects

The NH₃ Revamp - Phu My NPK Complex was completed and went into operation and is now in process of deploying the Final Acceptance Certificate (FAC), Final settlement of EPC contract, other relevant contracts and project capital settlements.

Regarding restructuring and completion of the governance and administration

Continued to accelerate the implementation of overall restructure of PVFCCo's organizational and operational model, phase of 2020-2025, merged 13 functional divisions of the Parent company into 8 divisions, signed the contract of consulting and planning the Corporation's development strategy vision to 2035.

OPERATIONAL AND FINANCIAL SUPERVISORY ACTIVITIES

Production and business activities, as well as financial activities, were accurately and reasonably reflected in the financial statements; data and statistics were recorded, classified and presented in line with Vietnamese accounting standards and current regulations, and have been reviewed and audited by Deloitte Vietnam

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

In 2021, despite the prolonged Covid-19 pandemic, the BOS completed regular and periodical inspection and supervision, cooperated in organization and examination and made reports on production and business activities in 2020 and the first 6 months of 2021 of regional companies. Assessment: Well done.

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 EXPENSES AND OTHER BENEFITS OF THE BOS AND MEMBERS

Salary, bonus and remuneration of members were setup and complied with the Decree No. 53/2016/ND-CP and the Resolution approved by the 2021 Annual General Meeting of Shareholders.

SUMMARY OF THE MEETINGS OF THE BOS, CONCLUSIONS AND RECOMMENDATIONS, RESULTS OF SUPERVISION OF THE CORPORATION'S OPERATION AND FINANCIAL SITUATION

The BOS organized 4 regular meetings and 3 extraordinary meetings to elect a Chief Supervisor for new term of office, assigned tasks to members, approved the plans for inspection and supervision of units, appraised the quarterly/semi-annual/annual financial statements, approved the supervision reports, responded to shareholders' opinions, approved the report on salary appraisal and report on summary of task performance of the BOS's individuals and collectives.

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 2021, the total contributed capital to subsidiaries was unchanged, the capital contribution ratio of 75%/charter capital is VND 386.25 billion. These Companies are agents and distributors, making purchases and sales transactions in accordance with regulations and the Company's charter, ensuring the interests of shareholders.

TRANSACTIONS BETWEEN THE CORPORATION AND COMPANIES IN WHICH THE BOD MEMBER IS / WAS A FOUNDING MEMBER OR BUSINESS MANAGER (SUBSIDIARY) WITHIN THE 3 YEARS PRECEDING THE TRANSACTION: None

MONITORING RESULTS OF THE BOD, PRESIDENT AND CEO AND OTHER MANAGERS

The members of the BOD are in charge of their own fields, directing items within their power on behalf of the BOD to make decisions, supervise, direct, and implement the BOD's resolutions and executive decisions, and completely organize regular meetings. In governance, the BOD works with a sense of responsibility and transparency. The decisions, in collaboration with the BOM to direct and implement the resolution of the General Meeting of Shareholders, swiftly exceeded the production and business plan targets in 2021.

ASSESSMENT ON COOPERATION BETWEEN THE BOS AND THE BOD, PRESIDENT AND CEO AND SHAREHOLDERS

The BOS received close coordination from the Corporation's BOD and BOM in carrying out management and administration. There was participation in and contribution of ideas to meetings, as well as directing the functional divisions to implement and respond in writing to recommendations and opinions of the BOS and BOM.

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

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

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

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



DETAILS OF SALARIES, REMUNERATION AND BONUSES IN 2021

Unit: VND million

No.	Full name	Position	Salary and bonus fund		
			Salary fund	Bonus fund	Total income
I	Board of Directors		6,460	770	7,230
1	Nguyen Tien Vinh	Chairman of the BOD (until 27/04/2021)	373	47	420
2	Hoang Trong Dung	Chairman of the BOD (commencing 27/04/2021)	1,240	155	1,395
3	Le Cu Tan	Member of the BOD cum President and CEO	1,712	214	1,926
4	Duong Tri Hoi	Member of the BOD	1,486	186	1,672
5	Trinh Van Khiem	Member of the BOD	1,348	168	1,516
6	Louis T Nguyen	Member of the BOD (Part-time)	301	-	301
II	Vice President and Chief Accountant		9,821	1,228	11,049
1	Le Van Quoc Viet	Vice President	1,486	186	1,672
2	Le Thi Thu Huong	Vice President	1,486	186	1,672
3	Dao Van Ngoc	Vice President	1,323	165	1,488
4	Tran Thi Phuong Thao	Vice President	1,486	186	1,672
5	Cao Trung Kien	Vice President	1,370	171	1,542
6	Ta Quang Huy	BOD members (until 27/04/2022) and Vice President (commencing 28/04/2021)	1,323	165	1,488
7	Vo Ngoc Phuong	Chief Accountant	1,348	168	1,516

Unit: VND million

No.	Full name	Position	Salary and bonus fund		
			Salary fund	Bonus fund	Total income
III	Board of Supervisors		2,982	339	3,321
1	Huynh Kim Nhan	Chief Supervisor	1,486	186	1,672
2	Le Vinh Van	Member of the BOS	1,222	153	1,375
3	Luong Phuong	Member of the BOS (Part-time)	274	-	274
	Total		19,264	2,336	21,600

Trading of internal shareholders' and related persons' shares

On 15 June 2021, Ms. Le Thi Thu Huong, Vice President of PVFCO sold 63,500 DPM shares.

Contract or transaction with internal shareholders

In 2021, 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 with PetroVietnam Gas Joint Stock Corporation (PV Gas).
- ▶ Trademark transfer contract with Vietnam Oil and Gas Group (PVN).
- ▶ Purchase and sales contract between the Corporation and 4 affiliated subsidiaries.



Implementation of corporate governance regulations

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

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

On improving corporate governance capacity in accordance with regional and international governance standards: To conduct/participate in training courses for members of the BOM/BOS/BOD.

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, PVFCO received "The ASEAN Corporate Governance Award" - in the Top 3 listed companies in Vietnam under the ASEAN Corporate Governance Scorecard. In addition, over the past years, the Corporation has been awarded Top 5 Public Listed Companies for best corporate governance in the large and mid-capitalized group by the Ho Chi Minh City Stock Exchange Authority, in coordination with Dragon Capital and the Vietnam Investment Review. This is an annual award to honor public listed companies who have achieved the highest management scores based on corporate management principles of domestic and regional leading experts.

In 2021, both the world economy, and the Vietnamese economy continued to face challenges resulting from the Covid-19 pandemic, which led to interruptions in the supply chain of goods and service all around the world. While the economy was affected heavily due to prolonged supply interruptions, the BOD and BOM proactively developed and applied systems to respond to potential risks and crises arising from the pandemic. Overall, the Corporation excelled in the execution of the maintenance plans, maintaining stable production and business, demonstrating flexibility in seizing opportunities for strong price recovery to enhance capacity, improve product quality, and achieved breakthrough steps in operational efficiency and market capitalization size.

With excellent performance throughout the prolonged Covid-19 pandemic, the Corporation exceeded many of its targets and duties as assigned by the General Meeting of Shareholders, maintaining the belief and trust of shareholders and partners, and continued to enhance corporate governance efficiency in order to meet corporate governance standards in the region.

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Despite the many complicated developments of the pandemic, in 2021, the Vietnamese stock market achieved sublimation when VN-Index surpassed 1,500 points, the highest point in the market and in 21 years of operation. With a strong recovery in selling prices and positive developments in supply and demand, stock prices in the fertilizer sector in general and DPM in particular achieved breakthrough growth to the highest level in history, attracting large cash flow from the market.



VN-Index surpassed

1,500 points

the highest point in the market and in 21 years of operation

The price of DPM stock on 31 December 2021

VND **50,000**

increased by 179% in 2021

During 2021, Ho Chi Minh City and its neighboring provinces continued to experience prolonged periods of isolation and social distancing due to Covid-19 outbreaks which affected all aspects of social life including working conditions. PVFCCo was not an exception. All of PVFCCo’s leaders and employees promoted the spirit of overcoming difficulties, proactively and creatively adapting to volatile situations, taking advantage of favorable conditions to optimize production and business efficiency, achieving outstanding performance, and exceeding market expectations.

With income performance outpacing other companies in the same industry, as well as exceeding recent years, the price of DPM stock increased by 179% in 2021, reaching VND 50,000 on 31 December 2021, raising the capitalization level to nearly VND 20,000 billion. With this impressive growth in 2021, the stock liquidity

improved sharply to about 4 million stocks/trading day, more than 10 times higher than the average of recent years, attracting great interest from domestic and foreign institutional and individual investors, and brokerage organizations.

In 2021, as part of our continued orientations on investor relationship, and under the direction and support of the Management, the IR team performed the role of information link between PVFCCo and the market. The operational areas were connected to the Corporation’s strategic targets, with the aim of continuously enhancing the quality of corporate governance; transparently disclosing information in all fields; ensuring compliance with regulations and principles of fair treatment with shareholders; aiming for stable, sustainable development and constantly increasing value to society, shareholders, partners and employees.

IR operations are detailed as follows:

Improving governance quality associated with sustainable development goals

Updating the latest contents and regulations on corporate governance to continue the enhancement of governance in managing and administering the business, ensuring compliance with the laws and managing risks in the system.

The targets and plans were openly exchanged by the BOD and BOS with the BOM in an open and respect-based manner and voted with high rate by the shareholders at Annual General Meeting of Shareholders.

Information transparency

Developing information channels to ensure the prompt and full provision of information to shareholders and investors, in a fair and accurate manner:

- ▶ The Corporation assigns personnel in charge of investor relationships who have close connection and support from leaders and functional divisions throughout the Corporation.
- ▶ Regularly exchanging information with investors (periodically and upon request): Organizing online meetings to update quarterly performance (bilingual in English - Vietnamese); In 2021, PVFCCo had quarterly

meetings with the investment funds and brokerage organizations with massive participation of hundreds of domestic and foreign investors. Accordingly, the quarterly results were updated in detail to the investors and all their questions on operation in the quarter were answered.

- ▶ Ensuring compliance with the regulations on information disclosure (periodic and irregular).
- ▶ Documenting specialized publications for shareholders and investors: Annual Report, Sustainable Development Report, Investor Newsletter, The Corporation’s Introduction Slide (both in English and Vietnamese).
- ▶ Developing channels to respond to information from the market, making regular reports to the the Management on identification and assessment from the market along with matters receiving attention from Investors; assuring that information on DPM is conveyed in an accurate and timely manner while accurately reflecting the value and potential of the Corporation and ensuring the information control; avoiding taking advantage of incorrect or inaccurate information for personal gain, ensuring long-term and fair benefits in information provision for all shareholders.

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In 2021, the world economy encountered many difficulties when facing the complicated developments of the Covid-19 pandemic as well as unstable factors from the energy market, geopolitical situation, etc.

The increase in the world's oil price caused input and freight costs to increase; VAT policy has not been adjusted appropriately; The Covid-19 pandemic introduced complicated developments, the supply chain was severely disrupted, causing economic decline, increasing costs related to pandemic prevention and control, input costs for agriculture, especially sharp increases in fertilizer prices, directly affect farmers' profits, leading to a tendency to reduce fertilizer usage for crops, which in turn lead to long-term effects on general production and business activities of the Corporation. The Phu My Fertilizer Plant continues to manage carefully the many potential risks from machinery and equipment after 18 years of operation.

In 2021, key risk groups were identified, and effective risk management solutions were implemented to limit those risks for safety assurance in production, business, and investment activities:

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



To realize the above-mentioned goals for the sustainable development and best protection of shareholders' interests while fulfilling social responsibilities in 2021, PVFCCo successfully managed the following key risk groups:



MARKET RISK

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

Oversupply risk

Over the past years, the competition in the fertilizer market has continued to increase, following Vietnam's entry into a series of Free Trade Agreements, and as a result of the impact of climate change. These factors have all strongly influenced PVFCCo's business. Faced with these challenges, PVFCCo has focused 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. Goods are strategically dispatched to the key consumption sectors to dominate the market, maintaining 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 pipeline.

Input material prices risk

Price of the main source of raw materials - gas - increased sharply in 2021, as a result of the geopolitical situation in the world with continuous changes affected the oil sources for countries, especially in the final months of 2021. As the Covid-19 pandemic was gradually controlled, the demand for oil consumption for economic development strengthened. This volatility has affected the PVFCCo's production costs. The global oil price has fluctuated considerably over the recent years. The unpredictability of oil prices has directly and greatly impacted the Corporation's production and business plans.

PVFCCo's profitability is highly dependent on variations in the cost of raw materials used in the manufacture of its fertilizer. The Corporation has managed the price risk of natural gas through short-term arbitrage and actions. Based on pricing scenarios, the Corporation proactively implemented flexible planning and budgeting. This provided the Corporation with control over unforeseen changes as business conditions varied. At the same time, PVFCCo negotiated with suppliers to achieve the suitable price path for production.



Commodity price risk

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

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

Liquidity risk

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

Noting this, PVFCCo has developed sales and credit guidelines that conformed to the needs of the local market. These guidelines are systematically implemented, controlled and administered from top down starting with the Corporation and extending to its subsidiaries. Credit terms are specific to each customer for every product group. The terms of credit are given after a financial assessment of the buyer, based on credit ratings and customer repayment ability. At PVFCCo, the working capital plans and inventory control are approved, monitored and reported in a timely and adequate manner. In 2021, with this proper understanding and effective management, PVFCCo did not have any non-performing accounts.

Product development risk

In order to respond to the market demand for high quality fertilizers, and regulations on environmental protection which introduce increasingly diverse and rigorous demands, the Corporation has continued to promote its research and development activities to innovate and improve products, creating more high-quality products to meet product requirements for farmers as well as leading the market.

Particularly, Phu My NPK, which is manufactured with the most advanced chemical production technology and continuously receives product formula improvements, in the past year has met increased market acceptance and growing consumption has resulted in increasing production.

Implementing the flexible and synchronous solutions to respond to the influences of market risk, in a timely and effective manner, ensuring the risk management plan in 2021:

- ▶ In order to support sales, PVFCCo has focused on distribution management and developed communication and branding strategies. These efforts have supported our competitive advantage and maintained profitability and the positioning of Phu My fertilizer in the domestic market.
- ▶ PVFCCo has developed communication channels with member companies and agents for capturing reliable just-in-time information to help manage changing markets affecting the industry.
- ▶ 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 the brand portfolio of 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; Implementation of customer care programs, etc. The policy changes helped to enhance corporate governance in PVFCCo as it faces new market challenges.
- ▶ Much importance has been placed on this restructuring. PVFCCo has capitalized on its strengths and utilized resources in the most efficient way, improving its competitive advantage for the days ahead.

In addition to market-based risk response solutions, PVFCCo has prepared a long-term market growth strategy:

- ▶ To retain its No.1 position in production, fertilizer trade and chemical production with a primary focus on petrochemicals.
- ▶ To retain and expand the market share of Phu My Urea and Phu My NPK through: Leveraging the distribution network, best-in-class technical support, customer centric after-sales policy, growing distribution networks in selected potential countries.
- ▶ PVFCCo is at the forefront of Research and Development (R&D) such as: Investment in fertilizer production, selected choice of Urea on the acceleration roller (pilot scale), diversification of the product range for Phu My Urea, a new NPK formula, new fertilizer products, enhanced application organizational model, improved agricultural business model, value chain alignment with the PVFCCo business standards. In addition, PVFCCo is continuing researching and diversifying chemical products of UFC 85/Formaldehyde Plant.
- ▶ PVFCCo implemented policies to preserve its image and brand in the investor community.
- ▶ The Corporation reinforced managing resolutions integrated with cutting-edge information technology system to achieve strategic goals, boost automatic rather over manual control, optimizing technology to manage risks effectively.



RISKS IN THE PRODUCTION ACTIVITIES OF PVFCCo

In 2021, PVFCCo operated the plant safely after 31 - day shutdown for turnaround maintenance. However, the plant has been continuously operated for 18 years, thus, there potential risks remain. Therefore, risk management activities in the following years would focus on:

- ▶ Managing product quality;
- ▶ Managing and resolving production problems;
- ▶ Completing the NH₃ Revamp - Phu My NPK Complex capital settlements.
- ▶ Enhancing application in technological advancement and initiative promotion.

In recent years, the Phu My Fertilizer Plant has continued to operate safely and effectively. With an operating life of more than 18 years and maintenance performed every two years, there is a risk of technical issues halting the machinery, increasing the operating and maintenance cost and affecting common goals of PVFCCo.

The NH₃ Revamp - Phu My NPK Complex has been accepted and commercialized. The upcoming period will be devoted to resolving potential issues and concluding the NH₃ Revamp - Phu My NPK Complex.

PVFCCo has been recognizing and resolving issues using the following method in 2021, and will continue to do so in upcoming years:

- ▶ To maintain the operating methods which produces the maximum output of Urea products of Phu My Fertilizer and NPK Plant, as well as stably operating the UFC85/Formaldehyde plant to improve the hardness of Urea granules, enhance the product quality of PVFCCo, customers and Urea plants.
- ▶ To adjust and enact economic and technical norms including; consumption norms of chemicals, material and energy; consumption norms of oil, grease and lubricants; norms of minimum spare materials; norms of materials and spare parts for periodic maintenance to optimize production costs.
- ▶ To concentrate on updating, developing, and promulgating technical procedures that are realistic in nature in order to quickly address abnormal manufacturing issues.
- ▶ To seriously conduct periodic maintenance, preventive maintenance, purchase backup materials for important and high-risk equipment in the plant, especially for important static equipment. In addition, to maintain annual participation in workshops on maintenance and repair of the oil processing plants of Vietnam Oil and Gas Group where we can learn, share experiences, establish orientations, and provide management strategy for maintenance and repair according to the trends of aging machinery.
- ▶ To optimize the application of existing software systems such as: CMMS system - Computerized Maintenance Management System: the activities of maintenance and repair of the plant have been completed through the CMMS system: from requesting tasks to creating execution plans, exporting materials for maintenance, keeping records of maintenance results and inventory control; Oracle Process Manufacturing, specifically:
 - » To manage the execution of equipment maintenance/ repair; To keep records of the total background of machinery and equipment.
 - » Simultaneously, to update the service profile to the equipment list of the new project (NH₃ Revamp - Phu My NPK Complex) and CMMS system.
 - » To control inventory, update minimum material list according to the norm into CMMS system; To make a comparison between maintenance material norms and the allocated materials in reality. To automatically export the list of materials and accessories in accordance with maintenance requirements.
 - » To execute MTA (Maintenance Task Analysis) and utilize MTA functions to analyze PMO (Preventive Maintenance Optimization).
- ▶ In addition, to exploit and apply AIMS-Asset Integrity Management System, SYSTEM 1 and to execute RBI (Risk Base Inspection) in the second period to manage maintenance, assess equipment status, collect data for analysis and determination of equipment failure causes. Simultaneously, examining CUI (Corrosion under Insulation).
- ▶ To organize and manage the investigation and inspection of machinery and equipment which have requirements regarding safety in the plant. Ensuring that equipment is inspected prior to use.
- ▶ Continue to implement and enforce the system for standardizing PVFCCo material codes in accordance with the norm of Shell Mesc.





Continuing the success in production management in 2021 and upcoming years, PVFCCo would maintain and effectively execute the key investment strategy in the system of managing production of the plant, focusing on the leverage to optimize production and operation costs:

- ▶ To apply management standards for safety and the environment, such as ISO 14001-2004 and OSHAS 18001-2007, effectively. To recognize and assess risks; to propose additional safety measures to mitigate risks; to inform employees and contractors.
- ▶ To focus on training the current labor force to operate the Phu My NPK Plant so that it can meet long-term production requirements of the Corporation.
- ▶ To review current sets of economic and technical norms at Phu My Fertilizer Plant, building up the norm for the Phu My NPK plant and integrating those with current sets of norms to create a common norm for Corporation's Plants.
- ▶ To enhance the role regarding improvement and initiative, as well as rationalize production, maintenance mode approaches preventively to prevent sudden equipment failure.
- ▶ Continue to study maintenance strategy to optimize and be appropriate with the reality of Phu My Fertilizer Plant, maintain planning periodic maintenance (mid-term, short-term and long-term), pay attention to important static equipment which has operated for more than 15 years to prevent incidents and ensure that Phu My Fertilizer Plant continuously operates safely, stably and effectively.
- ▶ To review and update the risk-and-environment identifying table of the Plant in accordance with the process.
- ▶ To update the project on enhancing the operation, maintenance and capacity of Phu My Fertilizer Plant and newly commercial operated Plants of PVFCCo.

RISKS IN PROJECT'S INVESTMENT PROGRESS

In 2021, PVFCCo concentrated its resources on resolving most of the outstanding issues of NH₃ Revamp - Phu My NPK Complex to achieve the long-term strategy of PVFCCo.

In addition, PVFCCo is also focusing on creating new investment projects to invest in various products while taking all advantage of available resources.

RISKS REGARDING EXCHANGE RATE

In recent years, the foreign exchange rate has been fluctuating with an upward trend. Exchange rate fluctuations can affect the performance of business activities as well as the performance of PVFCCo's investment projects which use foreign currency. Recognizing the importance of managing exchange-rate risks, PVFCCo frequently updated the macro-economic situation, domestic and global financial status, seriously monitored exchange rate fluctuations to build up and execute appropriate and flexible import and business plans and enhance the efficiency of capital use. In addition to this, PVFCCo also seriously considered its financial management, analyzing and assessing the effect of exchange rate differences on executed projects.

FINANCIAL RISKS AND THE GOAL OF REFORMING INVESTMENT ACTIVITIES CONTRIBUTING CAPITAL TO ASSOCIATES

In 2021, PVFCCo established groups to gradually find solutions to divest investments in joint ventures and associates. Although PVFCCo's objective was to divest capital in these enterprises, it proved extremely difficult to reform long-term capital investment activity when the associate is not operating effectively. To support such members to gradually improve their performance, PVFCCo reinforced supervising associates managing activities through capital representatives while executing activities to support members in managing and directing enterprises.



RISKS REGARDING ENVIRONMENT AND REGULATIONS

In recent years, climate change has impacted the majority of regions in our country, in which some have suffered from the detrimental effects of tropical storms, flash floods and long-lasting heavy rain, others have suffered from long-lasting drought, and were affected by soil salinity, and so on. Climate change also negatively influenced agricultural production and plants. In the future, climate change is expected to become even more unpredictable, indirectly affecting the business and production activities of fertilizer companies in general, and PVFCCo in particular.

Vietnam has to open its fertilizer market in the integration progress, and many foreign enterprises are expected to invest in fertilizer production and business which can partly alter Urea. Foreign enterprises with experience and great business management will become our strong counterparts in Vietnam.

With the objective of developing PVFCCo sustainably, risks management is always among of major concern to PVFCCo. Therefore, PVFCCo continuously develops, implements and systematically updates risks management solutions with corporate management using advanced methods. This fulfills the role and enhances the ability of internal audit which is a crucial function in both risk and corporate management, consultation for the BOD and BOS in administration, management and prompt supervision for corporate's activities. In 2021, the internal audit division continued to perform the following tasks:

- ▶ Conducting periodic audits with internal experts in different fields to totally examine production and business activities at branches and subsidiaries with audit program being built based on risk groups at PVFCCo.
- ▶ Conducting thematic audits based on anticipated, recognized, and assessed operational risks can have a direct impact on PVFCCo's business efficiency.
- ▶ In addition, the Internal Audit Division (IAD) cooperated with the training consultation organization to establish a management report system at PVFCCo according to advanced method, enhancing the ability and skills of audit. Accordingly, PVFCCo's IAD has continued to execute its plan by collaborating with international consulting organization to perfect its internal managing system,

Inauthentic and low-quality fertilizers that are not strictly managed would lead to disadvantages for prestigious business and production enterprises as PVFCCo.

The tax policies of Vietnam are currently in a consolidation period, which means that there are frequent changes and supplements directly related to the fertilizer industry. Therefore, risks regarding tax policy application, changes to taxes on fertilizers will have great effects on PVFCCo's operation. Fertilizer products transferred from having a 5% VAT applied to being VAT non-applied has led to the fact that the entire input VAT for fertilizer production and business would not be deducted and be accounted into expenses, which significantly impacts profits. Besides this, executing the EPC contract on the NPK fertilizer production project while there are changes in tax policies can affect the investment efficiency of the project.

perfect the corporate management framework for the upcoming period and review and update the risks list, build compliance matrix and optimize the execution process.

- ▶ Through annual internal audits, the Internal Audit Division (IAD) of PVFCCo continuously amends significant control issues and assesses the control efficiency in order to maintain an internal control system operating effectively. In addition, internal audits' results are discussed in periodic meetings of the BOD to strengthen management at PVFCCo.
- ▶ Consulting for the BOD in limiting and preventing risks through reporting, examining and appraising reports submitted by BOM under the handling competence and decision of the BOD.

Not only does PVFCCo focus on target-oriented risks management but it also pays attention to other resources to continuously implement synchronous solutions to improve the efficiency of corporate management in general:

- ▶ Integrating risks management into management processes, especially focusing on business anticipation and planning; the general resources management system of the enterprise is continuously enhanced, while having successfully operated Enterprise Resources Planning (ERP) in the first period, operated ERP in the second period with Hyperion Planning Management (HPM), Oracle Processing Manufacturing (OPM) was enhanced after being operated, and next would be the third period with Business Intelligence module BI, to maximize automatic control and direct control on the system, which contributes to improve managing competence at PVFCCo.
- ▶ Completing and continuing to amend, and optimizing operation of the reformation project related to the salary policy, which creates a breakthrough in salary distribution to enhance productivity and work efficiency, specifically: amending employee policy; amending and supplementing the Corporation's regulation on salary, bonus and welfare fund; Developing the competence framework for positions and the Key Performance Indicators (KPIs), which helps the Management evaluate PVFCCo's accomplishment of divisional and overall targets.
- ▶ Recognizing the importance of digital transformation, particularly when the Covid-19 pandemic created impacts all over the country, PVFCCo quickly applied digital office solutions and digitalized documents to all of divisions and regional companies, managed online activities through technological applications, and applied digitalized apps in operating to reduce manual work and optimize costs.
- ▶ In addition, PVFCCo gradually hired consultants to train officials in digital transformation in order to change managers' operational mindsets. Digital transformation enables businesses to save money on operational costs and invest in long-term growth plans. Managing through technological applications allows sellers to easily assess customers and improves the buyer's experience. This would increase PVFCCo's competitiveness in providing products and services that meet the needs of its customers.

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