

GO FURTHER,

go together

As a leading enterprise in the field of fertilizer and petrochemical in Vietnam, PVFCCo has been accompanying and serving the farmers to bring bountiful harvests, contributing to the positive changes in rural areas.



Chapter 5.

**SUSTAINABLE
DEVELOPMENT REPORT**

THE MESSAGE FROM THE PRESIDENT AND CEO

PVFCO's President and CEO undertakes the highest responsibility for the corporation's environmental policies/issues.

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Being proud of our development history and accumulated experience, as well as the support and belief of shareholders and customers in our values and commitment to sustainable development over the last nearly two decades, the PVFCO's management and employees are adamant about the coming period's brighter and more sustainable future with the spirit “Go further, go together!”



Dear valued shareholders, business partners and employees,

In 2021, the global economy continued to struggle with the pandemic's complicated developments, which wreaked havoc on commodity and energy markets. Nonetheless, it demonstrated long-term efforts to recover and adapt, reforming institutions and the business environment in order to adjust to market fluctuations.

PVFCO's managements and employees were quickly made aware of the benefits and challenges, as well as the opportunities for a breakthrough, as the market developed smoothly, achieving and exceeding key objectives in production and business activities.

When we reflect on the Corporation's accomplishments over the last difficult year, we are all acutely aware of how the Covid-19 pandemic significantly impacted our daily lives, as well as the critical nature of connectivity, responsibility, and sharing in order to overcome obstacles and work toward a common goal.

The PVFCO community has made tremendous strides. It had an upward trajectory in 2021, with impressive growth in production and business targets and a soaring scope of capitalization, which benefited shareholders and partners and contributed positively to the oil and gas industry's and agriculture's long-term sustainability. However, we should keep in mind that this is only the first step and will not be sustained unless the fundamental elements necessary for long-term development are reinforced. Meanwhile, growth ambitions are only sustainable if they are well-connected and aligned with the interests of all stakeholders, including all levels of the system's personnel, partners and consumers, present and future shareholders, and engagement in social and community responsibilities...

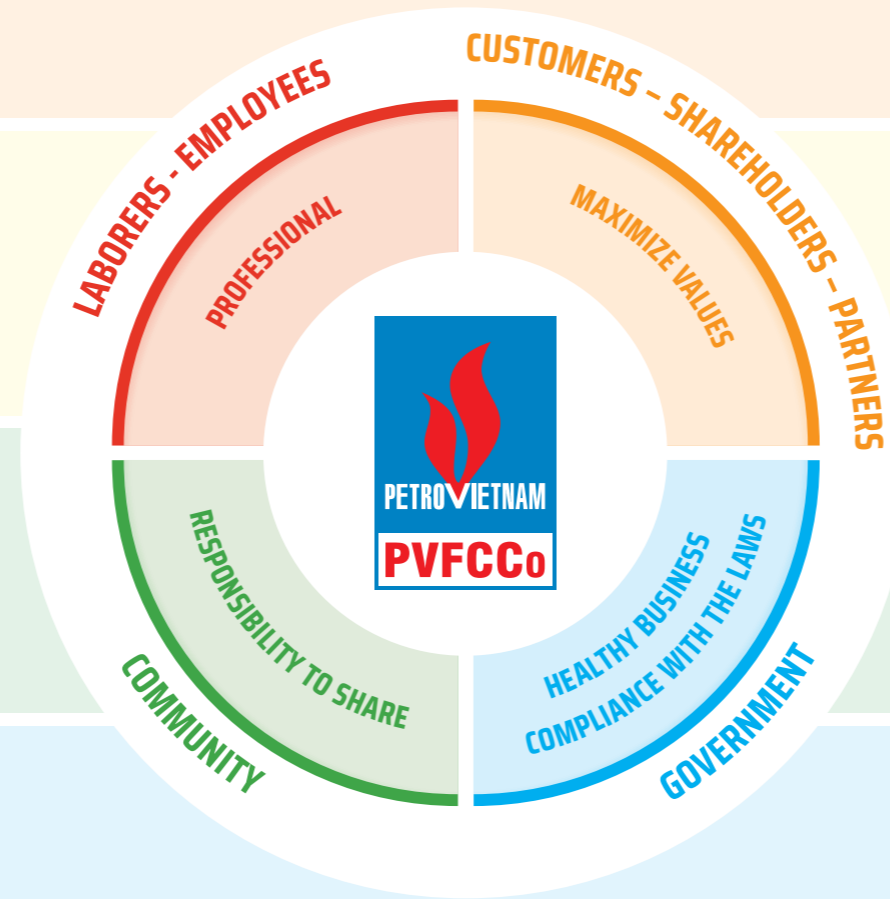
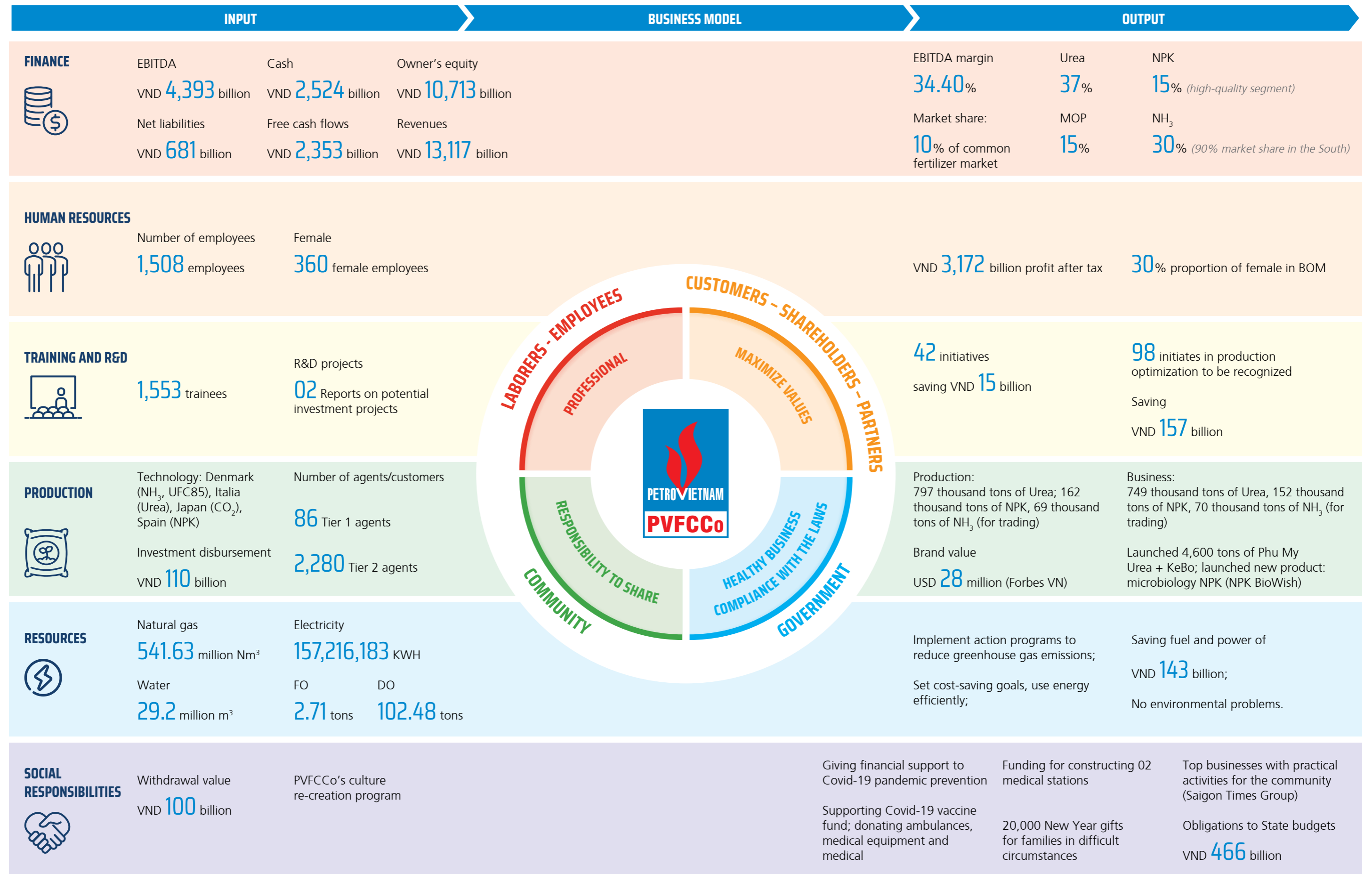
PVFCO's managements and employees remain committed to implementing policies and activity plans that will enable the Corporation to overcome obstacles, adapt to new circumstances, and quickly seize opportunities to accelerate and make a breakthrough in specific fields, including:



Being proud of our development history and accumulated experience, as well as the support and belief of shareholders and customers in our values and commitment to sustainable development over the last nearly two decades, the PVFCO's management and employees are adamant about the coming period's brighter and more sustainable future with the spirit “Go further, go together!”

President and CEO
LE CU TAN

VALUE CREATION MODEL BASED ON SUSTAINABLE DEVELOPMENT PRINCIPLES



PVFCCo'S SUSTAINABLE DEVELOPMENT OVERVIEW, TARGETS AND PRINCIPLES FOR SUSTAINABLE DEVELOPMENT

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In the past 20 years of developing, the business orientation “developing the enterprise integrated with environmental protection and social responsibility” has been preserved and developed by generations of employees as an asset and a cultural beauty of the enterprise.



The Corporation is a producer and distributor of fertilizer and chemicals. It is inextricably linked to agriculture, farmers, and rural Vietnam (the region accounts for 70 percent of the total population of Vietnam). In its development strategy, the Corporation considers sustainable development as its orientation, principle and core value. In the past 20 years of developing, the business orientation “developing the enterprise integrated with environmental protection and social responsibility” has been preserved and developed by generations of employees as an asset and a cultural beauty of the enterprise. The Corporation consistently pursues a balanced priority among goals and optimizes the execution thereof:



Growing profitably



Growing in harmony with social aspects; raising citizens' living standards and awareness, with a particular emphasis on agricultural regions, farmers, and rural areas; and



Improving the living environment, ensuring long-term and sustainable development for current and future generations

The Corporation has been acting in the interest of sustainable development, participating in society's activities in order to successfully implement Vietnam's strategic orientation toward sustainable development in particular, and the world's counterpart in general. The Corporation has recently implemented the following principles and activities:

Customers

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.



- ▶ PVFCCo maintains a product quality management system in accordance with the international standard ISO 9001:2015 to ensure that the product's quality remains consistent with its claims.

Employees

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.
- ▶ Implementing the plan for human resource development and training for the parent company in 2021: 1,553 times for domestic training and 1,724 times for internal training at a cost of VND 2.1 billion, or more than VND 660 thousand per person/year on average.

HUMAN RESOURCE DEVELOPMENT AND TRAINING

1,553 times for domestic training

1,724 times for internal training

at a cost of VND 2.1 billion

- ▶ 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.
- ▶ Assuring stable employment and income for the labor force. Fully implementing employee policies in accordance with national, Corporation, and labor agreements. Salary payments are made in accordance with the Corporation's regulations.

PVFCCo'S SUSTAINABLE DEVELOPMENT OVERVIEW, TARGETS AND PRINCIPLES FOR SUSTAINABLE DEVELOPMENT (Cont.)



Shareholders

In order to create products and services to maximize shareholder value, PVFCCo has carried out the following activities in 2021:

- PVFCCo implemented and completed targets and plans in production and business in 2021, especially the Profit before tax: VND 3,799 billion, reached 169% of the plan in 2021, a 348% increase from 2020. This was a new high record profit since the establishment of the Corporation.
- 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 Corporation's Management is constantly concerned with and actively manages activities aimed at improving and rationalizing production and business. In 2021, 42 initiatives were approved, resulting in a profit of VND 15 billion; and 98 initiatives to rationalize production were approved, yet not be quantified profits.
- The science and technology, research and development activities have been taken into consideration. Despite the pandemic's objective difficulties and the "three on the spot" situation, units and author groups successfully completed ten science and technology topics per category, completed two reports on investment opportunities for potential projects, and successfully tested a new type of product... At the end of 2021, 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.
- The Corporation effectively reformed administrative procedures, conserved resources, and avoided waste in order to reduce management and product costs. The total savings in 2021 were VND 157 billion, or 330% of the year's budget, with approximately VND 143 billion in fuel and energy savings.

PROFIT BEFORE TAX

VND **3,799** billion

which reached 169% of the plan in 2021 a 348% increase from 2020

TOTAL SAVINGS IN 2021

VND **157** billion

330% of the year's budget

Government

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

PVFCCo CONTRIBUTED TO THE STATE BUDGET

VND **466** billion
which reached 105% of the 2021 plan



Business partners

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

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.
- In 2021, the Corporation invested nearly VND 100 billion in numerous projects/programs (including additions) (details in the second part).

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.

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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:

- Implementing projects/programs to reduce greenhouse gas emission.
- Developing, promulgating, and enforcing regulations, processes, and standards in manufacturing and business. The Corporation has continued to adhere to programs for safe technology management and maintenance in accordance with the advancement of nations worldwide in order to stabilize the operation of technological devices, reduce energy consumption and carbon dioxide emissions.
- Applying and effectively maintaining the system for managing quality-health safety-environment-energy according to the international standard ISO 9001:2015, ISO 45001:2018, ISO 14001: 2015 and ISO 50001:2011.
- 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.
- In 2021, the Corporation continued to integrate views and objectives related to sustainable development into its operating.

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Due to the prolonged Covid-19 pandemic, 2021 was a difficult year for the Corporation's Safety-Health-Environment (SHE) orientation. Additionally, implementing SHE was complicated by the fact that the equipment and devices at the Phu My Fertilizer Plant have been in operation for 18 years, which in itself contributes many potential risks. While the 2020 environmental law is not yet available, the promulgated Decrees and Circulars will necessitate a close examination of environmental management in order to promptly update/supplement to meet requirements.



However, the Corporation has managed to overcome difficulties to execute plans and goals; suggested resolutions, plans; Reinforced saving, reduced costs to complete tasks of SHE in 2021, specifically.

Maintenance and improvement of the health, safety, and environment (HSE) management system according to international standards

- PVFCO continued to maintain, apply and ensure the tasks/requirements of managing system SHE according to standards: ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 in the difficult situation of Covid-19 pandemic.
- Each unit within the Corporation established and implemented SHE goals in accordance with the unit's policy, which was in accordance with the unit's production and business plans, as well as its reality. Each quarter, the results of SHE implementation were reviewed and assessed for completion; resolutions were issued for goals that were not met according to plan.
- The apparatus for HSE management in the Corporation and its subsidiaries was well maintained and had its operational efficiency promoted in 2021.

Safety - security, fire control, emergency response

- In 2021, there will be no serious industrial accidents, fires, or explosions that endanger people or property.
- Despite the challenges of social distance and executing "3 on the spot," emergency response rehearsals were maintained. Quarterly firefighting drills were held at the Phu My Fertilizer Plant to ensure compliance with legal requirements. Several subsidiaries' warehouses also conducted firefighting drills immediately following social distance.
- The Corporation consolidated the Occupational Safety and Health Council (OSH) and OSH-regulated activities within the Corporation, as well as strengthening the Corporation's emergency response management board and supporting groups.
- PVFCO documented workplace injuries at the grassroots level in 2021 and reported OSH violations to the Department of Labor, Invalids, and Social Affairs and the local Health Department in 2021.
- The Corporation notified the Ho Chi Minh City Fire and Rescue Police of its fire prevention, fighting, and rescue (FPF-R) activities. In six months and for the entire year, Phu My Fertilizer Plant and other units reported FPF-R to the local FPF police office as having been regulated.
- On 1 January 2021, at 0 o'clock, the Corporation took an inventory of rescue equipment. Inspection and maintenance activities on equipment in safety and fire prevention and fighting were carried out exactly as planned at the Phu My Fertilizer Plant. Meanwhile, at the unit, the firewater system and portable fire extinguishers were scheduled to be inspected on a regular basis and repaired or replaced as needed.
- PVFCO implemented repairs to the system of FPF at the building on 43 Mac Dinh Chi street and the building on 27 Dinh Bo Linh street as approved.
- The Corporation conducted inspections of FPF activities in six of the first months and the fourth quarter of 2021, as planned, at the company's buildings and regional warehouses.
- At the Phu My Fertilizer Plant, the Corporation continued to build the safety controlling system in PSM technology and to use controlling systems for equipment maintenance such as System 1, RBI, and so on.
- Statistics generation, reporting and detecting incidents were fully implemented in 2021. Every incident at Phu My Fertilizer Plant was analyzed to find causes and suggested solutions.
- Spreading safety information to employees was well maintained in the daily bulletin boards of the Corporation and of units.
- PVFCO estimated that the cost of fire prevention and suppression, as well as emergency response activities (including insurance against fire and explosion risks, rehearsals, trainings, propagandizing, purchasing and maintaining FPF equipment...) would be approximately VND 12 billion in 2021.



PVFCO ESTIMATED THE COST OF FIRE PREVENTION AND SUPPRESSION, AS WELL AS EMERGENCY RESPONSE ACTIVITIES IN 2021 WAS:

VND 12 billion



Activities to protect employees' health, prevent occupational diseases and the Covid-19 pandemic

Covid-19 prevention and fighting were the most profound among health-care activities in 2021. The Corporation held and synchronically executed pandemic-preventing resolutions with the orientation of seriously obeying the state's regulations, reinforced pandemic-preventing resolutions to complete the twin goals: ensuring employee health and disease prevention and maintaining continuous production and business activities of the Corporation. The following are the outcomes of Covid-19 prevention and fighting:

- Establishing a steering committee of the Corporation for pandemic prevention and fighting.
- Updating and implementing Covid-19 pandemic-preventing resolutions according to regulations, advice and guidance of the government, the Ministry of Health and Authorities about Covid-19 pandemic-preventing activities.
- Assessing, classifying risks, and the extent to which pandemic control has an effect on each production area in order to carry out appropriate employee work methods in accordance with the spirit of adapting safely and flexibly, controlling effectively, gradually returning to the new normal status, ensuring safety, and continuously operating the Plant's production activities in order to successfully accomplish production targets.
- The Corporation promptly issued and implemented resolutions to prevent and control the pandemic, reviewed and prepared sufficient necessary equipment to prevent and control the pandemic for the Corporation in accordance with local government regulations, advice, and guidance.



Apart from Covid-19 prevention activities, the Corporation continued to conduct health-related activities for its employees, including the following:

- Conduct periodic health checks on employees in accordance with applicable laws.
- 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.

TOTAL ELECTRICITY CONSUMPTION FOR PRODUCTION

157,261,183 KWH

TOTAL FO CONSUMPTION

2.71 tons

TOTAL DO CONSUMPTION

102.48 tons

Environmental protection and waste control

- In 2021, there was no environmental pollution incident.
- The reality of resolving petitions of the environmental inspection team: In 2021, the Environmental Police Department - Police of Ba Ria - Vung Tau province conducted an inspection of the Chemical-mixing mill for environmental protection purposes (9 March 2021). Petitions were explained and resolved.
- In 2021, units accounted for the periodic environmental observation plan and submitted it to the local Departments of Natural Resources and Environment, where it was implemented in accordance with the requirements of the EIA report.
- Domestic waste, industrial waste, hazardous waste, and wastewater were all controlled in accordance with the law's requirements (signing contracts on transferring treatment of domestic waste and harmful waste with the responsible unit).
- According to Circular 42/2020/TT-BCT regulations, the Corporation reviewed and reported PVFCCo's accounts that were associated with periodically reported objects in the Industry and Trade Environment's database.
- PVFCCo implemented online inspection of environmental management at units.
- The Corporation conducted impact assessments and announced new environmental-related legal documents, including 2020 environmental protection law, Circular 42/2020/TT-BCT and Decree 155/2021/NĐ-CP.
- Responding to the world wetland day, the earth hour campaign, in the environmental action month in response to the world environment day and the international biodiversity day in 2021: The Corporation conducted activities, reviewed results, and communicated findings.
- PVFCCo implemented the Executive Decision No. 12/2021/QĐ-TTg dated 24 March 2021, of the Prime Minister on oil spill response.
- The Corporation continued the installation of online observation equipment at the Phu My Fertilizer Plant.
- Here are some of the environmental performance results from PVFCCo's product and business activities in 2021:

Resource management in 2021:

- Total natural gas consumption for production: 541.63 million Nm³.

Energy Consumption in 2021:

- Total electricity consumption for production: 157,261,183 KWH
- Total FO consumption: 2.71 tons
- Total DO consumption: 102.48 tons
- Water consumption in 2021 (including: tap water and underground water for production and business activities, river water to cool the plants and equipment): 29,164,994 m³

Assessment statistics, waste management situation

No.	Type of waste	Unit	Emissions	Amount of treatment	Level of treatment
1	Production wastewater	m ³ /year	121,927	121,927	Good
2	Domestic wastewater	m ³ /year	10,216	10,216	Good
3	Cooling water	m ³ /year	26,222,627	26,222,627	Good
4	Air emission	m ³ / quarter	5,960,297,320	5,960,297,320	Good
5	Domestic solid waste	Kg/year	141,120	141,120	Good
6	Industrial solid waste	Kg/year	777,404	777,404	Good
7	Hazardous waste	Kg/year	212,138	212,135	Good

Implementing energy-saving and climate-change-prevention projects

- ▶ Implementing projects/programs to reduce greenhouse gas emission in accordance with the list in Appendix 1 of Vietnam Oil Corporation's action plan to mitigate and adapt to climate change from 2018 to 2030.
- ▶ In 2021, the Corporation and subsidiaries established the cost-saving goal. All results were observed, reviewed, and compared to the KPI completion rate.
- ▶ At Phu My Fertilizer Plant, goals for energy conservation and efficient energy use have been established. PVFCCo completed reporting on energy savings and efficient energy use in 2021 and developed a plan for 2022 to submit to the Ministry of Industry and Trade.

Building a health, safety and environmental (HSE) culture

- ▶ Due to the difficulties caused by the Covid-19 pandemic, building the orientation of safety, health, and environment in 2021 was limited. Propaganda activities during Occupational Safety and Health Week, World Environment Day, Earth Hour, All Citizens Day for Fire Prevention and Fighting, and other events were only held on online news.
- ▶ However, each quarter, assessment and reward activities based on the safety-environment reward regulation were implemented to encourage employees to take an active role in safety and environmental protection.
- ▶ At Phu My Fertilizer Plant, the STOP and 5S programs were maintained and reviewed on a regular basis. In 2021, the Corporation established a plant to implement 5S for its offices in order to increase employee knowledge of the importance of maintaining a clean and orderly work environment, hence enhancing the PVFCCo's cultural image.



Main tasks of the safety, health and environment work in 2022

Works on safety – fire prevention and fighting

- ▶ Ensuring the safe and efficient operation of Phu My Fertilizer Plant to complete the production and business plan of 2022.
- ▶ 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.
- ▶ Planning and conducting both scheduled and unscheduled safety-fire prevention-and-fighting inspections in compliance with applicable laws and regulations.
- ▶ The Corporation maintained to effectively apply the inspection and maintenance program on equipment at Phu My Fertilizer Plant. PVFCCo continued the implementation of the apply safety management system in PSM technology.
- ▶ Planning and training in safety fire prevention and suppression to assure worker competency.
- ▶ 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.
- ▶ Conducting activities aimed at spreading the word and increasing employee awareness about the importance of safety-fire and explosion prevention during the week of occupational safety and health and fire prevention, etc.

Environmental acts

- ▶ Ensuring no environmental incident and full compliance with legal regulations on environmental protection.
- ▶ Completing the installation of online observation systems at the Phu My Fertilizer Plant, as well as updating state agency guidelines on installing online emission observation systems at the granule-creating tower.
- ▶ Planning and inspecting environmental management work both periodically and randomly in accordance with requirements of the law and the Corporation.
- ▶ Bringing the construction of the new storage area of the water-supplying company into the Factory's 2022 plan.
- ▶ Employee health care and Covid-19 prevention
- ▶ Occupational hygiene and periodic medical checkup for occupational diseases were maintained for employees throughout the Corporation.
- ▶ PVFCCo continued to implement effective pandemic-prevention resolutions and developed pandemic-prevention plans to ensure fast response in the case of an outbreak.
- ▶ The Corporation updated promptly regulations on pandemic prevention of competent agencies/ local authorities to request and execute the Corporation's pandemic-preventing plan in accordance with each period.

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In the national context, particularly when agriculture faced difficulties and challenges as a result of the spread of the Covid-19 pandemic and significant market fluctuations, the Corporation boosted social welfare and promoted the spirit of cultural responsibility towards the community and farmers through meaningful social security programs with a total value of approximately VND 100 billion.



ACTIVITIES SUPPORTING HEALTHCARE AND COVID-19 PREVENTION

VND **56** billion

PVFCO, with a sponsorship value of nearly VND 56 billion, implemented major social programs, particularly activities supporting healthcare and Covid-19 prevention, in a timely and practical manner. Typically, the Corporation contributed VND 5 billion to the vaccine fund, 20 ambulances to provinces, supported the program “Connection and computers for students,” donated medical equipment, masks, and protective suits to medical agencies and pandemic-fighting frontline forces, completed funding and handed over two medical stations...



THE TYPICAL YEAR-END PROGRAM WAS “SPRING OF LOVE, TET OF SHARING” WHICH TOOK PLACE AT MORE THAN

100 stations in nearly 50 provinces and cities nationwide

20,000 gifts worth more than VND 10 billion

The typical year-end program was “Spring of love, Tet of sharing” which took place at more than 100 stations in nearly 50 provinces and cities nationwide with about more than 20,000 gifts worth more than VND 10 billion. Gift recipients were low-income households (poor, near-poor, policy households, households with special needs, disadvantaged households, households seriously affected by the Covid-19 pandemic, orphans due to the untimely death of PVFCO to households in challenging circumstances throughout the country, particularly in remote places, rural areas, and areas badly impacted by the Covid-19 pandemic. Additionally, this was one of the social welfare programs offered by PVFCO in 2021 to aid underprivileged individuals in having a more comfortable and enjoyable Tet holiday.

