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| VIETNAM NATIONAL INDUSTRY – ENERGY GROUP<br>**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION** | **SOCIALIST REPUBLIC OF VIETNAM**<br>**Independence – Freedom – Happiness** |
| No.: 25-603/QĐ-PBHC | *Ho Chi Minh City, September 15, 2025* |

# DECISION

**On the Approval and Promulgation of the Statement on Risk Appetite, Risk Tolerance and Risk Measurement Criteria of the Parent Company – Petrovietnam Fertilizer and Chemicals Corporation**

**THE BOARD OF DIRECTORS**

**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION**

- Pursuant to the current Charter of Petrovietnam Fertilizer and Chemicals Corporation – Joint Stock Company (the "Corporation");
- Pursuant to the proposal of the President & CEO of the Corporation in Submission No. 25-1854/TTr-PBHC dated 19 August 2025 regarding approval of the Risk Management Regulations, the Risk Management Framework and the Corporation's Risk Profile, and Report No. 93/BC-TH dated 29 August 2025 of the BOD's Office;
- Pursuant to Minutes No. 101/BB-HĐQT-25 dated 15 September 2025 compiling the opinions of the Board of Directors,

**HEREBY DECIDES:**

**Article 1.** To approve and promulgate together with this Decision the "Statement on Risk Appetite, Risk Tolerance and Risk Measurement Criteria" of the Parent Company – Petrovietnam Fertilizer and Chemicals Corporation – JSC.

**Article 2.** This Decision shall take effect from the date of promulgation.

**Article 3.** The Board of Directors, the President & CEO, Vice Presidents, Heads of departments/offices of the Corporation, affiliated units of the Corporation, and representatives of the Corporation's capital contributions at its subsidiaries shall be responsible for the implementation of this Decision./.

***Recipients:***
- As stated in Article 3;
- BOD, Board of Management, Board of Supervisors;
- Archives: Records, BOD's Office (TTV).

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**
**MEMBER**

**(Signed and sealed)**

**Nguyen Ngoc Anh**

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| VIETNAM NATIONAL INDUSTRY - ENERGY GROUP<br>**PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION** | **SOCIALIST REPUBLIC OF VIETNAM**<br>**Independence - Freedom - Happiness** |

# STATEMENT ON RISK APPETITE, RISK TOLERANCE AND RISK MEASUREMENT SCALES

*(Issued together with Decision No. 25-603/QĐ-PBHC dated 15 September 2025 of the Board of Directors of Petrovietnam Fertilizer and Chemicals Corporation)*

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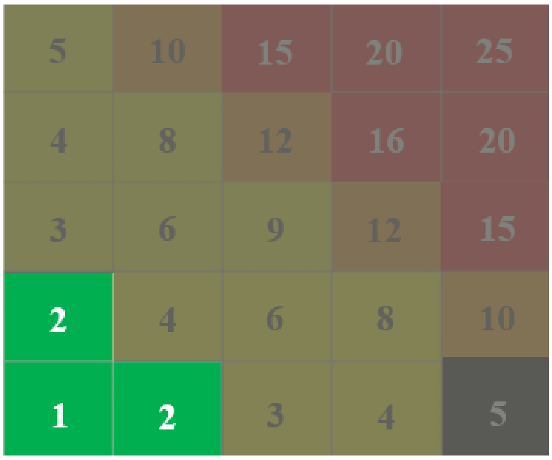
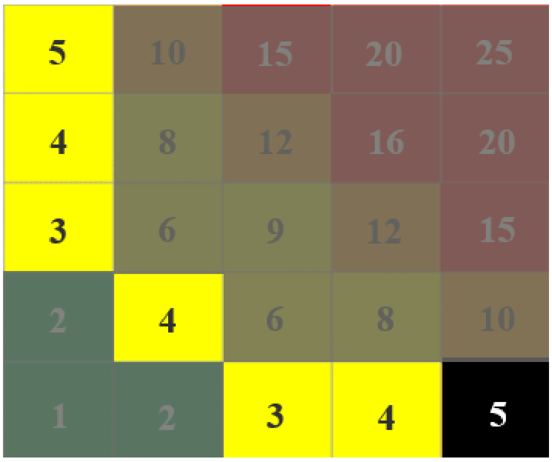
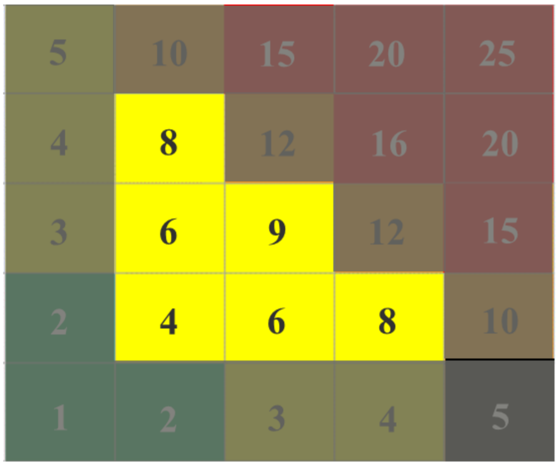
## 1. Risk Appetite and Key Risk Portfolio

### *1.1 Risk Appetite Levels and Corresponding Risk Zones on the Heat Map*

To quantify the Risk Appetite of Petrovietnam Fertilizer and Chemicals Corporation - JSC (PVFCCo), Risk Appetite is classified into five (05) levels, with the corresponding risk zones on the **Heat Map** as detailed below:

| **Risk Appetite Level** | **Description** | **Corresponding Risk Zone on the Heat Map** | **Heat Map Visualization** |
|---|---|---|---|
| Averse | Avoid risks and uncertainties when carrying out activities; activities shall only be undertaken where there is virtually no risk. | Only risks in the Green zone (1-2 points) are accepted. |  |
| Minimal | Preference is given to very safe activities or activities with a low level of risk. | Risks may be accepted up to the Yellow zone (3-5 points), plus black-swan risks (5 points). |  |
| Cautious | Preference is given to safe activities; benefits are carefully assessed against the cost of risk treatment to ensure reasonable outcomes. | Risks may be accepted up to the Yellow zone (6-9 points). |  |

| Risk Appetite Level | Description | Corresponding Risk Zone on the Heat Map | Heat Map Visualization |
|---|---|---|---|
| Open | Willing to undertake high-return activities and accept higher risks, provided that appropriate risk treatment and loss-limitation measures are in place. | Risks may be accepted up to the Orange zone and part of the Red zone (10-16 points), provided that appropriate controls are in place. |  |
| Eager | Proactively pursue activities offering the highest returns, even though the associated risks may be very high. | Risks may be accepted up to the highest-risk area of the Red zone (20-25 points). |  |

***Example: For risks with a "Minimal" Risk Appetite, PVFCCo may accept risks up to the Yellow zone (3-5 points) plus black-swan risks (5 points). If the materiality of a risk exceeds this zone (a higher-scoring Yellow zone, or the Orange/Red zone), the Corporation will select an appropriate risk response strategy to bring the risk back within the Risk Appetite zone (Yellow zone of 3-5 points, black-swan risk, or lower).***

### *1.2 Key Risks at PVFCCo and the Risk Appetite for Each Risk*

| Activity Group | # | Risk Description | Risk Owner | Risk Appetite |
|---|---|---|---|---|
| **Investment & Development** | 1 | Risk that investment portfolio selection, decision-making and change management may adversely affect investment progress and efficiency. | Planning & Investment Department | Cautious |
| | 2 | Risk that inaccurate market forecasts may adversely affect strategy and business plans. | Business Department | Cautious |

| Activity Group | # | Risk Description | Risk Owner | Risk Appetite |
|---|---|---|---|---|
| **Corporate Operations** | 3 | Risk of unstable or insufficient supplies of input gas, electricity or water for production. | Phu My Fertilizer Plant + Planning & Investment Department | Minimal |
| | 4 | Risk of inventory value decline. | Business Department | Cautious |
| | 5 | Risk of prolonged unplanned shutdowns or capacity reductions (exceeding the planned shutdown duration) due to technological incidents or machinery/equipment failures, resulting in production losses. | Phu My Fertilizer Plant | Minimal |
| | 6 | Risk of combustible gas leakage, fire and explosion during production, storage and product dispatch, causing serious consequences. | Phu My Fertilizer Plant | Minimal |
| | 7 | Risk of emissions (air emissions and wastewater) and chemical spills during production and storage causing significant environmental impacts. | Phu My Fertilizer Plant | Averse |
| | 8 | Risk that Phu My-branded products fail to meet internal quality standards. | Technical & Safety Department + Business Department | Cautious |
| **Sales, Marketing & Communications** | 9 | Risk that incidents are not handled promptly, leading to a communications crisis that damages the Corporation's reputation and brand. | Marketing & Communications Department | Cautious |
| **Resource Management / Internal Affairs** | 10 | Risk that the digital transformation strategy is not updated in a timely manner and is implemented slowly, resulting in missed opportunities to apply technology in management and administration. | Digital Transformation & Information Technology Department | Cautious |
| | 11 | Risk of cyberattacks causing data loss or leakage and disruption to production and business operations. | Digital Transformation & Information Technology Department | Cautious |
| **Financial & Accounti** | 12 | Risk that exchange-rate fluctuations increase costs compared with the | Finance & Accounting Department | Open |

| Activity Group | # | Risk Description | Risk Owner | Risk Appetite |
|---|---|---|---|---|
| **ng Manage ment** | | approved production and business plan. | | |
| | 13 | Risk of doubtful or uncollectible trade receivables from customers. | Finance & Accounting Department | Cautious |

**2. Risk Tolerance**

| Risk Tolerance Indicator | | Green Threshold | Yellow Threshold | Red Threshold | Risk Tolerance (*) |
|---|---|---|---|---|---|
| Production and Business Performance | Revenue | -3% | -5% | -8% | -10% (**) |
| | Profit after tax | -5% | -10% | -16% | -20% (**) |
| Risk Management | Hours of unplanned interruption to production and business operations | 3.6 hours | 6 hours | 9.6 hours | ≤ 12 hours |
| | Lost Time Injury (LTI) hours | Not applicable | Not applicable | Not applicable | 0 hours |
| | Number of written warnings issued by competent state authorities | Not applicable | Not applicable | Not applicable | 0 cases |
| Investment Performance | Variance between actual investment value and plan | Not applicable | Not applicable | Not applicable | At least 50% of the planned disbursement amount |

(*) Risk Tolerance is the acceptable range of variation in performance, reflecting the acceptable deviation of actual results from established business objectives within the limits of the Risk Appetite. Risk Tolerance is considered through a performance lens and is linked to the performance measures used for objectives rather than to the risks themselves.

**(**) Where actual performance exceeds the plan by 5% or more for Revenue or by 10% or more for Profit after tax, the Corporation shall conduct a review to promptly identify risks arising from rapid or overheated growth.**

**3. Risk Measurement Scales**

***3.1 Impact Scale***

The risk impact scale is developed based on five (05) criteria, including:

- *Criterion 1: Financial Impact*
- *Criterion 2: People Impact*
- *Criterion 3: Environmental Impact*

- *Criterion 4: Compliance Impact*
- *Criterion 5: Reputational Impact*

| Level | Criteria |
|---|---|
| **Criterion 1: Financial Impact** | |
| **5 - Very High** | Financial impact of VND 100 billion or more |
| **4 - High** | Financial impact from VND 50 billion to less than VND 100 billion |
| **3 - Moderate** | Financial impact from VND 20 billion to less than VND 50 billion |
| **2 - Low** | Financial impact from VND 5 billion to less than VND 20 billion |
| **1 - Very Low** | Financial impact of less than VND 5 billion |
| **Criterion 2: People Impact** | |
| **5 - Very High** | Fatality (≥1 person); or<br>Irreversible permanent disability >30% (Permanent Disability); or<br>Long-term incapacity for work based on medical assessment |
| **4 - High** | Serious injury not exceeding 30%; may result in extended leave or reassignment; or<br>LTI lasting multiple days with impairment of bodily functions |
| **3 - Moderate** | Typical LTI: loss of ≥1 working day due to an injury from which full recovery is expected (moderate severity) |
| **2 - Low** | Minor injury not resulting in LTI (First Aid Case - FAC): basic medical care only, with no lost working day |
| **1 - Very Low** | No injury; near-miss only, with no medical care required; or<br>Minor scratch requiring neither leave nor treatment |
| **Criterion 3: Environmental Impact** | |
| **5 - Very High** | Significant or long-term recoverable impact (>5 years) on the biological/physical environment over a large area (≥2 ha); or<br>Pollution and degradation of important environmental media and ecosystems, threatening the survival of species |
| **4 - High** | Serious or prolonged recoverable impact (≥2 years and <5 years) on the biological/physical environment over a large area (≥1 ha and <2 ha); or<br>Significant damage to ecosystems, affecting species recovery but not |

| Level | Criteria |
|---|---|
| **3 - Moderate** | Moderate or medium-term reversible impact (≥1 year and <2 years) on the biological/physical environment in a local area (≥0.5 ha and <1 ha); or<br>Damage to ecosystems affecting certain species, but recoverable within a relatively short period |
| **2 - Low** | Minor short-term reversible impact (≥6 months and <1 year) on the biological/physical environment over a very small area (<0.1 ha); or<br>Minor ecosystem damage affecting certain species, without long- |
| **1 - Very Low** | Limited impact (<6 months) on the biological/physical environment over an area (≥0.5 ha and <1 ha); or<br>No significant damage to ecosystems, or impact confined to a very small area |
| **Criterion 4: Compliance Impact** | |
| **5 - Very High** | May result in immediate intervention by third parties/state authorities; or<br>Risk of a prohibition order against the Corporation's activities; or A finding of criminal violation |
| **4 - High** | May result in intervention by third parties/state authorities; or Risk of financial penalties being imposed on the Corporation |
| **3 - Moderate** | Requirement to report/disclose to third parties; or Risk of receiving a formal written warning from regulatory/state authorities |
| **2 - Low** | Risk of receiving an informal warning from regulatory/state authorities; or<br>No mandatory external reporting/disclosure of the violation |
| **1 - Very Low** | Indications of immaterial legal impact |
| **Criterion 5: Reputational Impact** | |
| **5 - Very High** | Adverse information affecting PVFCCo's brand/reputation at an international level and widely reported by major, reputable international media (including print, online media, television, radio and social media); or<br>Loss of community support or calls for boycott by social organizations, causing serious damage to PVFCCo's image; or<br>Serious customer/partner complaints regarding product/service quality resulting in suspension of contract execution or refusal to make payment |
| **4 - High** | Adverse information affecting PVFCCo's brand/reputation nationwide and widely reported by major, reputable national media |

| Level | Criteria |
|---|---|
| | (including print, online media, television, radio and social media); or<br>A significant decline in social/community support, causing large-scale negative reactions; and/or<br>Customer/partner complaints regarding product/service quality requiring replacement with another product/service |
| **3 - Moderate** | Adverse information affecting PVFCCo's brand/reputation at provincial/city level and reported by official provincial/city media (newspapers, radio or television); or<br>Some conflicting opinions in the community that have not developed into a crisis; or<br>Customer/partner complaints regarding product/service quality that do not yet require product/service replacement or other compensation |
| **2 - Low** | Adverse information affecting PVFCCo's brand/reputation at provincial/city level through unofficial information channels; or<br>Mild social reaction in the form of individual feedback that does not spread widely; or<br>A small number of immaterial complaints regarding products/services, mainly intended as suggestions for improvement |
| **1 - Very Low** | Information is made public but raises no significant concern; or<br>No adverse community impact, or the impact is assessed positively; or<br>Virtually no customer/partner complaints |

### *3.2 Likelihood Scale*

To determine the likelihood of a risk event, the Corporation considers a combination of the following methods:

| Level | Qualitative Method | Deterministic Method | Stochastic Method |
|---|---|---|---|
| **5 - Very High** | Occurs very frequently within the unit or industry and has been recorded multiple times during the year | ≥1 time per quarter | Risk occurrence probability >80% |
| **4 - High** | Occurs periodically during the year, with clear precedent | 1-3 times/year | Risk occurrence probability >60% and ≤80% |
| **3 - Moderate** | Occurs occasionally within the unit or industry | 1 time every 2-3 years | Risk occurrence probability >30% and ≤60% |

| Level | Qualitative Method | Deterministic Method | Stochastic Method |
|---|---|---|---|
| **2 - Low** | There is information indicating that it has occurred in relevant industries, but there have been no recent recorded cases | 1 time every 4-5 years | Risk occurrence probability >10% and ≤30% |
| **1 - Very Low** | No recorded occurrence; exists only in theory, but by its nature the risk remains possible | <1 time every 5 years | Risk occurrence probability ≤10% |

***Notes:***

- *The qualitative method is used to assess risks for which the Corporation has limited historical information and which, by their nature, are difficult to quantify;*
- *The stochastic method shall only be used where the Corporation has reliable methods for estimating the likelihood of a risk occurring;*
- *Only one of the three methods shall be used to assess a risk, depending on which method is considered the most appropriate.*