VINACONTROL GROUP CORPORATION

No.: 165/HDQT-BC

REPUBLIC OF SOCIALIST VIETNAM

Independence - Freedom - Happiness

Hanoi, March 27th, 2025

REPORT

ACTIVITIES OF THE BOARD OF DIRECTORS IN 2024 AND DIRECTION FOR 2025

(Presented at the Annual Shareholders' Meeting on April 22nd, 2025)

I. ACTIVITY STATUS OF VINACONTROL - YEAR 2024

1. General economic situation:

The year 2024 witnessed numerous dramatic changes on the world stage, marked by changes in power dynamics, intertwined political polarization and far-reaching impacts from climate change and technology. It was a year ripe with challenges but also full of opportunities that required audacious and innovative decisions to adapt to these changes.
The political and security situation continued to be tense in South Korea, with missile tests in North Korea, and joint military exercises between the US, South Korea, and Japan. The situation in the Middle East likewise remained fraught, with numerous humanitarian and security challenges. The Gaze strip and the West Bank continued to witness severe conflicts that caused significant losses in terms of human life and property... The conflict in Ukraine, the correlation between the energy crisis and slow economic growth were pushing the European Union (EU) to the edge of recession. The reelection of former President Donald Trump brought about a number of changes in economic policy. The new administration focused heavily on stimulating domestic production and reducing dependence on international supply chains. A more rigid trade policy with China was predicted to have a profound impact on the global trade structure, while also posing numerous challenges for countries heavily dependent on exports.

Economically, 2024 continued to be a trying year for the global economy. While inflation cooled off from 6% in 2023 to 4.5%, the process of economic recovery remained sluggish. The main reason stemmed from weak consumer demand, stagnant investment, and disruption in the global supply chain.

In the Southeast Asia region, particularly Vietnam, significant strides have been made to attract foreign investment, thanks to stable political environments and improved infrastructure. Vietnam continues to shine as a prime destination, with a GDP growth rate surpassing 7% in 2024, a regional high. Industrial zones nationwide consistently lure substantial Foreign Direct Investment (FDI) projects, particularly in high-technology manufacturing, processing, and renewable energy sectors. The country has exploited Free Trade Agreements (FTAs) such as the Comprehensive and Progressive Agreement for Trans-

Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA), significantly expanding the export market, especially for agricultural and high-tech products.

2. A performance summary of Vinacontrol in 2024.

Vinacontrol entered 2024 with a host of opportunities and challenges:
Opportunities and benefits:

- Despite economic difficulties, the over 7% GDP growth facilitated business operations. Total export-import goods turnover of Vietnam reached an all-time high.
- Government departments and sectors favorably supported business enterprises, facilitated trade promotions, and expanded export markets, creating opportunities for Vinacontrol to broaden services, promoting certification services for heavy industries and Logistics.
- Vinacontrol's units were effectively implementing new services such as greenhouse gas inventory, energy auditing, sustainable forest management certification, compressed wood export testing, and organic agriculture certification.
- The tireless efforts, solidarity, and correct directions from the Board of Directors, Corporation Management, organizations together with all Vinacontrol workers have created a synergistic strength to overcome difficulties.

Alongside benefits and opportunities, Vinacontrol faced numerous challenges:

- Nearly 180,000 businesses withdrew, including some of Vinacontrol's large clients.
- Demands for certification, testing in some traditional goods, fields declined significantly due to competition from other units: machinery, production line, agricultural food...
- Competition from industry-rival organizations, units Under Ministry and Industry, regional Customs Testing Departments... put pressure on Vinacontrol's service fees and market share.
- Certification fees trended downwards due to fluctuations in the prices of oil products, construction materials.

➢ All these factors significantly affected Vinacontrol's business operations.

➢ Achieved economic targets:

- Total revenue on consolidated financial statements achieved VND 823,792,027,717 (reached 112.08% compared to the plan, equal to 116% compared to 2023).
- Total revenue on aggregate financial statements reached VND 454,705,592,042 (achieved 118% compared to 2023).
- The after-tax profit on the consolidated financial statements stands at 36,352,326,990 VND (achieving 103.86% as planned, equal to 96% compared to 2023);
- The after-tax profit on the aggregate financial statements stands at 34,512,582,861 VND (achieving 94% compared to 2023);
- The dividend advance for 2024 is 10% of the charter capital.

To achieve the above business indicators and maintain stability in the Company's operations including ensuring business tasks, stabilizing the income life of workers, fulfilling obligations to state agencies and responsibilities to shareholders required considerable effort, significantly commendable by the entire workforce of Vinacontrol; the correct orientation and policy of the Board of Directors and the company's management board.

The Vinacontrol brand continues to be affirmed in the domestic and international market, as a prestigious and largest inspection, verification, certification, and testing organization in Vietnam.

II. OPERATIONS OF THE BOARD OF DIRECTORS FOR YEAR 2024

In 2024, with the set goals and as representatives of Vinacontrol shareholders, the company's Board of Directors have strived diligently in devising strategies and making decision that are "accurate, timely" leading to effective, sustainable company development and elevating the position of Vinacontrol in the market.

Implementing the Resolution of the Annual General Meeting of Shareholders in 2024, the Board of Directors of Vinacontrol organized regular serious meetings to evaluate the business situation of the Company quarterly, issuing specific Resolutions/decisions.

2.1. Organizational structure and tasks of the Board of Directors (BOD):

<u>The organizational structure:</u>

The Board of Directors is a united, intelligent collective with a high level of expertise and vast experience in management, fairness, objectivity, and enthusiasm for the common development of the company.

At the General Meeting of Shareholders for the 2024-2026 term, a seven-member BOD was elected, which includes:

- The Chairman of the BOD and one non-executive member (one external shareholder) who serve as supervisory members, providing critical analysis required for the activities of the BOD, ensuring that the board operates in accordance with law, company charter, meeting the policies set out by the Annual General Meeting, BOD, and other modern management conventions;

- The remaining five members operate under a mechanism of holding other management positions within the company/division. One member with the concurrent position of Company General Director, one member with the concurrent position of Deputy General Director of the Company and three members concurrently holding leadership positions in member units.

<u>The responsibilities of each member:</u>

1. **Mr. Bui Duy Chinh - Chairman of the BOD**

- In charge overall.`
- The leadership oversees all facets of the Board of Directors' activities in accordance with the roles, responsibilities, and powers of the Chairman, as stipulated in the company's charter and current legislation.
- On behalf of the Board of Directors, sign resolutions, decisions, and documents within the jurisdiction of the Board of Directors.
- Perform other functions of the Board of Directors as stipulated by law.

2. **Mr. Mai Tien Dung - Board Member - Chief Executive Officer - Legal Representative.**

- In the execution of resolutions passed at the Shareholders' General Meeting, as well as directives and decisions issued by the Board of Directors, the company implements both the business and investment plans, which have been approved by the Shareholders' General Meeting and the Board of Directors.
- Directly manage all business operations of the company.
- Construct documents/guidelines for units in accordance with the policies of the Board of Directors (resolutions/decisions by the Board of Directors).
- Perform other functions of the Board of Directors as stipulated by law.

3. **Mr. Phan Van Hung - Board Member - Deputy CEO**

- Responsible for Technical and Professional Work, Digital Transformation, Investment, and Sector-wide Experimental Analysis.
- Provide advice and propose to the Board of Directors regarding the assigned areas.
- Perform other functions of the Board of Directors as stipulated by law.

4. **Ms. Duong Thanh Huyen - Permanent Board Member**

- Propose policies, guidance, advise on strategies for market development and customer growth.
- Advising on Corporate Management Practices
- Perform other functions of the Board of Directors as stipulated by law.

5. **Mr. Pham Ngoc Dung - Board Member, Chairman of the Management Board of VNC Ho Chi Minh**

- Managing the operations of the Vinacontrol HCM Member Council in accordance with the regulations of the Corporation and relevant laws.
- Responsible for developing the orientation for the development of the entire sector's Analytical Testing operations.
- Advising on Corporate Management Practices
- Perform other functions of the Board of Directors as stipulated by law.

6. **Mr. Lê Ngọc Lợi - Board Member - General Director of VNC Ho Chi Minh.**

- Managing VNC HCM operations
- "Advise the Board of Directors on strategic policies for market/customer development in the Southern region."
- Advising on Corporate Management Practices
- Perform other functions of the Board of Directors as stipulated by law.

7. **Mr. Phung Tan Phu - Board Member - Director of VNC Da Nang.**

- Managing VNC Operations in Da Nang
- Applying Advanced Technology in Management (Technology, Management Science)
- Provide strategic policy advice to the Board of Directors on market/customer development in the Central region.
- Advising on Corporate Management Practices

2.2. Organizing the Meetings of the Board of Directors.

To execute the resolutions established during the 2024 Shareholders' General Assembly, the Board of Directors at Vinacontrol has rigorously organized routine meetings every three months in quarter one. These have been conducted to evaluate, discuss, exchange and reach consensus on business management directions in time. The board has also issued specific resolutions progressively for each quarter, ensuring an effective operational flow in the company.

In 2024, the Board of Directors held 04 regular meetings and adopted 10 resolutions/decisions. The resolutions and decisions of the Board of Directors were based on the consensus and high agreement of all members in the Board of Directors in the best interests of shareholders and the sustainable development of the Company. The organization of the Board's meetings ensured compliance with the regulations in the Charter of Vinacontrol and Business Law.

All resolutions adopted were delegated by the Board of Directors to the General Director for implementation and reporting to the Board of Directors. In addition to supervising the activities of the units, on a quarterly basis, at regular meetings, the Board of Directors convened the Directors of the units and the Directors of the Departments of the corporate office to report on the implementation of plans, challenges, and sudden developments were all recorded and researched by the Board of Directors to have detailed, realistic and timely resolution instructions.

2.3. Remuneration of the Board of Directors in 2024

The remuneration is fully paid according to the resolution passed by the shareholders meeting in 2024.

2.4. Management and supervision activities of the Board towards the General Director and members of the Executive Board

The Board of Directors evaluates the General Director as a united, dynamic, diligent in work, proactive, creative in management, always adhering to reality, and strictly complying with the regulations of the law, the company charter, well-implementing the Resolutions of the General Meeting of Shareholders and the Resolutions, decisions of the Board of Directors.

Supervising the implementation of business plan targets assigned by the General Meeting of Shareholders and the Board of Directors.

The Chairman of the Board of Directors, the Control Committee conducts regular or sudden inspections of the implementation of Resolutions of the General Meeting of Shareholders and the Board of Directors, the implementation of Management Regulations and internal management regulations to have timely adjustment measures and draw experience when detecting errors;

The Board also focuses on corporate governance activities, applies information technology to management/control of all professional activities, improves the system of professional work implementation regulations/rules/processes; Control and manage activities of subsidiaries, and connect them into a unified whole, creating sustainable Vinacontrol brand.

The Board of Directors has clearly recognized the challenges and difficulties the company will face into 2024. Consequently, they have been proactive and adaptable in managing business operations, as well as implementing internal policies and documentation to control various aspects in an optimal manner, saving costs, utilizing and combining all available resources to achieve the highest efficacy. Therefore, they have steered the company to overcome all challenges and achieve the current business results.

IV. BOARD OF DIRECTORS OPERATING PLAN FOR 2025

1. Business targets for 2025

Based on the general economic situation and after thorough analysis and evaluation, the Board of Directors has set out several strategic goals:

- Registered capital:: 104,999,550,000 VND
- Total consolidated revenue:: 850 billion VND
- After-tax consolidated profit: 50 billion VND
- Minimum dividend: 10% of registered capital.

2. Operational direction for 2025

Predicted situation for 2025:

Despite a decrease in inflation, improved labor market conditions, and generally relaxed monetary conditions the global economy will continue to confront substantial uncertainties due to ongoing trade disputes between the U.S. and China, and the Trump administration's tariffs on trading partners that could create significant shocks in global trade policy not seen in the last 50 years.

The global economic growth rate is predicted to remain steady at 2.8% in 2025, similar to 2024.

In Vietnam, the Government has set a goal for the gross domestic product (GDP) to grow 8% or achieve favorable conditions, reflecting expectations for improvement in economic activities in 2025. More and more countries are taking on a strategic development trend called "Double Transition - green transition and digital transition", aiming concurrently at sustainable development objectives and digitalization, maximizing benefits from this double transition. Vietnam is emerging as one of the most dynamic countries in Asia as well as around the world, quick to adopt this trend, making digital transition and green transition an important driving force for its development. 2025 will be a pivotal year, as Vietnam is striving to achieve various key objectives, where the digital economy will constitute 25% of GDP and 10% of the economy will come from green credit. Additionally, Vietnam possesses significant potential in renewable energy. It has the most favorable natural conditions in Southeast Asia for the development of wind and solar energy.

With the responsibilities and powers of the Board of Directors outlined in the Articles of Association, the Board formulates business operation strategies for the Company to ensure the successful achievement of the business plan targets for the year 2025, as follows:

a. Implementing the rights and responsibilities of the Board of Directors as defined in the Articles of Association, ensuring the realization of the objectives of the General Meeting of Shareholders and the rights of shareholders.
b. Developing business operation strategies for the Company according to the General Meeting of Shareholders' Resolution for 2025, to ensure the successful completion of the business plan targets for 2025.
c. Deploying structured Digital Marketing initiatives, continuing to strengthen communication efforts with customers to promote the Vinacontrol brand.
d. Harmonizing specialized professional activities across the Corporation with a priority on managing a synchronized System of analytical testing throughout the Corporation.
e. Adopting vertical management for new services introduced by the Corporation such as Greenhouse Gas Inventory, Energy Audit, services in accordance with Decision 29, and establishing regulations on exploitation mechanisms based on revenue. All units should actively collaborate in customer engagement within their territories.
f. Focusing on perfecting digital transformation efforts, applying business software, a strategic and foremost task, coordinating, and unifying the implementation of software solutions to ensure stable and convenient operation for the field team.
g. Concentrating investment in expanding and enhancing technical capabilities, analysis, and testing for key sectors/products to support inspection, certification, State management, and tender projects.
h. Perfecting internal management practices to align with new situations and the unique characteristics of Vinacontrol.
i. Strengthening human resource management of quality and compatibility to meet the requirements of regulatory bodies and sustainable development of the Corporation.
j. Controlling and managing the operations of Subsidiaries, integrating them into a unified entity within the Corporation, ensuring brand sustainability. Units collaborate and share capabilities to enhance and promote the Vinacontrol brand broadly.
k. Collaborating with the Audit Committee to enhance the inspection and supervision of the Company's activities, maximizing the effectiveness of shareholders' investment capital while ensuring financial safety and transparency in accordance with regulations.
l. Preserving and efficiently utilizing capital, enhancing financial management efforts. Establishing/controlling the annual budget, setting up contingency funds, minimizing accounts receivable, and tightening cost control.
m. Emphasizing the importance of recognition and reward programs, continuing to maintain and develop Vinacontrol's culture deeply among all staff, serving as the foundation for development and success.
n. Paying attention to, sharing, and protecting the maximum legal rights of shareholders as well as the rights and interests of employees within the Company.

Presented herein is the Board of Directors' report summarizing Vinacontrol's activities for the year 2024 and outlining the direction for 2025. We earnestly invite our esteemed shareholders to contribute practical suggestions to help Vinacontrol's Board of Directors operate even more effectively, and to successfully formulate strategies and decisions appropriate for Vinacontrol's vigorous, stable, and sustainable growth.

On behalf of the Board of Directors of Vinacontrol, I sincerely thank you for the support and trust from all our respected shareholders.

We truly appreciate it.

ON BEHALF OF THE
BOARD OF DIRECTORS
CHAIRMAN OF THE BOARD

CÔNG TY CỔ PHẦN TẬP ĐOÀN VINACONTROL

Bui Duy Chinh