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**VIETNAM NATIONAL PETROLEUM GROUP**

**SOCIALIST REPUBLIC OF VIETNAM**

**Independence – Freedom – Happiness**

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*Hanoi, 26<sup>th</sup> April 2024*



## **STATEMENT**

***On approval of Petrolimex Development Strategy  
in the period of 2021-2030 with vision to 2035***

**Attn: 2024 Annual General Meeting of Shareholders  
Vietnam National Petroleum Group (Petrolimex)**

### **Pursuant to:**

- The Law on Enterprises No. 59/2020/QH14 dated 17<sup>th</sup> June 2020;
- Petrolimex's Restructuring Project in the period of 2021-2025 with vision to 2035 approved by the Commission for the Management of State Capital at Enterprises (CMSC) at the Document No. 1989/UBQLV-CN dated 5<sup>th</sup> December 2022 and approved by Petrolimex Extraordinary General Meeting of Shareholders at the Resolution No. 03/2022/PLX-NQ-DHDCD dated 6<sup>th</sup> December 2022;
- Petrolimex's Production & Business and Development Investment Plan in the period of 2021-2025 with vision to 2025 approved by the CMSC at the Document No. 1990/UBQLV-CN dated 5<sup>th</sup> December 2022 and approved by Petrolimex Extraordinary General Meeting of Shareholders at the Resolution No. 03/2022/PLX-NQ-DHDCD dated 6<sup>th</sup> December 2022;
- "***Petrolimex Development Strategy in the period of 2021-2030 with vision to 2035***" approved by the CMSC at the Document No. 2896/UBQLV-CN dated 29<sup>th</sup> December 2023;
- Petrolimex's Charter approved on 26<sup>th</sup> June 2023 by the General Meeting of Shareholders;

Petrolimex's Board of Directors would like to report and propose the General Meeting of Shareholders (GMS) to approve "***Petrolimex Development Strategy in the period of 2021-2030 with vision to 2035***". Some main contents are summarized as follows:

### **I. Strategic mission and vision**

#### **1. Mission**

“Improve value to shareholders, offering benefits to the employees and community; improve the living value; contribute to serve for the nation’s socio-economic development career”. In the period of 2021-2030 with vision to 2035, Petrolimex shall “ceaselessly increase Petrolimex value; facilitate the national energy security assurance, harmonizing benefits between the Customers, Petrolimex and the State”.

## **2. Strategic vision**

Petrolimex becomes the local leading Energy Group in Vietnam for green, clean, premium and environmental friendly energy products based on the technology platform 4.0 and comprehensive digital transformation.

## **II. Objectives**

### **1. Overall objectives**

- Continue to develop Petrolimex as the key State-owned enterprise, the biggest enterprise in Vietnam market involving in downstream petroleum business; take petroleum as main hub in its business with other critical products and fields, outperforming the key enterprise role in supply and demand balance and ensuring good petroleum supply, upholding the key roles, stabilizing and developing petroleum market, petrochemical products to satisfy the consumption and business demands; provide essential items for the people, serving for the country’s economic development career and ensuring the national security, especially energy security-related issues.

- Become the local leading Energy Group in Vietnam for green, clean, premium and environmental friendly energy products based on the technology platform 4.0 and comprehensive digital transformation; Strive to fulfill 50% of revenue from clean and environmental friendly fuel and energy products by 2030, fulfilling 100% of clean and environmental friendly energy density by 2045.

- Be one of local leading enterprises by market scale and economic efficiency; Stable, sustainable and modern governance, production and business system by innovating the business organization and method, management and control mechanism, financial resource structuring to ensure the financial capacity, enhancing the technical and technological capacity and human resources both in terms of quantity and quality, properly organize the market and well manage the business activity, strive to conduct multi-national business before 2045; Develop and control the Group management in the Joint Stock Company model through Governance Regulations in accordance with the international practices, proximity to the enterprises having the world’s leading technology and governance qualifications; apply the digital platform-based governance, conduct business administration in proximity with OECD’s governance principles.

- Improve value to shareholders, offering benefits to the employees and community; improve the living value; contribute to serve for the nation’s socio-economic development career.

### **2. Specific objectives**

- Fulfill the objectives specified at the Petrolimex's Plan of Production & Business and Investment Development by years and whole period approved by the CMSC and Petrolimex's General Meeting of Shareholders; reserve and develop the State investment capital at Petrolimex.

- Synchronously and effectively launch the contents at the Petrolimex Restructuring Project in the period of 2021-2025 with vision to 2035 approved by the CMSC and Petrolimex General Meeting of Shareholders; Conduct divestment road-map out of the main business lines; Study to design and develop the restructuring solutions and options to improve the business efficiency, preserve and develop Petrolimex's resources invested in Subsidiaries/Affiliates.

- Implement the digital transformation solutions in accordance with the road-map of the Petrolimex's Digital Transformation Strategy in the period of 2021-2025 with vision to 2030; Fully, synchronously and effectively deploy the competent authorities' Decisions and directions to fulfill the digital transformation solutions at Petrolimex for the administration, governance, financial affairs and other production and business activities.

- Deploy in accordance with the contents and road-maps at the Decision, instructions and directions of the competent authorities or the world energy trend convention on transformation to green and clean energy, biofuel, and emission reduction, etc., in accordance with the Decision No. 1658/QD-TTg of the Prime Minister dated 1 October 2021 on approving the National Strategy on green growth in the period of 2021-2030 with vision to 2050; the Decision No. 450/QD-TTg of the Prime Minister dated 13 April 2022 on approving the National Environmental Protection Strategy to 2030 with vision to 2050; the Decision No. 53/2012/QD-TTg of the Prime Minister dated 22 November 2012 on road-map for application of ratios for blending bio-fuels with traditional fuels at levels 4 & 5 under the Decision No. 49/2011/QD-TTg dated 1 September 2011 providing the roadmap for application of exhaust emission standards to manufactured, assembled and imported brand-new cars and motorbikes, etc.

- Launch the green and clean projects at other terminals, ports and petrol stations and infrastructures owned by Petrolimex such as Trading in clean and environmental friendly fuels; Installation of boiler recovery system; Deployment of rooftop solar power system; Planting at proper sites, even study and investment in forestation to accumulate carbon credits; Study to recommend and report the competent authorities to participate into the pilot production, supply, distribution, transportation and storage projects for green and clean energies such as Hydrogen and Ammoniac.

- Strict adherence to the State's policies, regulations and laws on investment, management and State fund utilization at the enterprise; full and timely payment for taxes and amounts payable to the State budget; fulfillment of conclusions and recommendations from the inspection agency as prescribed.

### **III. Duties and solutions**

#### **1. Deployment opinions and orientations**

(1) Petrolimex's Development Strategy to 2025 with vision to 2035 shall be strictly adhered to the orientations, solutions and objectives in the Plan of Production- Business and Development Investment in the period of 2021-2025 with vision to 2035 approved by the CMSC and Petrolimex's Extraordinary General Meeting of Shareholders on 6<sup>th</sup> December 2022.

(2) Petroleum continues to be core business hub. It is required to well organize the sourcing and sales to ensure timely supply of society's consumption demand to serve for economic development and national energy security. Accordingly, it focuses on developing retail channel by a series of synchronous, systematic and breakthrough solutions in accordance with the Group's new guidelines and policies; Continue enhancing the powerful maintenance and development solutions for Franchise Trader and Wholesaler System. Determine the objectives of the Franchise Trader and Wholesaler System as an important composition of Petrolimex's customer and partner ecosystem.

(3) Maintain, enhance, refresh, modernize and advance the traditional petroleum business advantages, the physical and technical facility system of petroleum terminals, tanks, pipelines, petrol stations, and vehicles, etc. Also, well adopt and adapt, transform and shift successfully to the trends of green, clean and environmental protection fuel and energy products.

(4) The solution groups shall focus on main columns, including improvement of customer experience, goods management efficiency and business administration by launching the Group's Comprehensive Digital Transformation Strategy in the period of 2021-2025 with vision to 2030.

(5) For other business fields, continue successfully upholding and exploiting the overall strength of the non-petroleum ecosystem, including traditional fields and business lines such as Gas, Lubricant, Insurance, Transportation, Mechanical Assembly, etc., deploy the business restructuring in accordance with the Group's Restructuring Project in the period of 2021-2025 with vision to 2035.

## **2. Solution group for Strategy deployment**

### ***a) Sourcing solution groups***

- Actively develop the petroleum sourcing plans to satisfy annual plan objectives and comply with the road-map to transform to clean and green fuels and energy. Diversify and flexibly apply the loading sources to ensure sufficient sources to serve for Petrolimex's petroleum business.

- Closely adhere to petroleum market development in the world and the region, domestic market demand and fluctuations of the world oil price to take optimal sourcing plan, ensuring reasonable inventory, legal compliance and reasonable costs, enhancing Petrolimex's competitiveness in the market.

- Ensure that the imported sources are qualified and complied with the national standards, well matched with the tastes and pioneering the increasingly high consumption

demand for the high-quality standard product lines; Optimize the path to mobilize goods from the terminals to petrol stations to improve the business performance.

- Drastically apply technology and digitalize the operating procedures, develop the concentrated data management tools and dashboards at Petrolimex for sourcing and inventory control to enhance the market forecast and judgment, synchronize from the terminals, logistics, inventories, price formula, sales policies to ensure to maintain the supplies to be well matched with the market demand and reasonable inventories by location from time to time.

***b) Business, sales and marketing solution group***

- Reshape the development strategy and tactics of retail petrol station system in accordance with Petrolimex's new orientations.

- Develop the franchise trader and wholesaler system by strictly adhering to Petrolimex's new orientations and policies; Improve the competitiveness and enhance the output of temporary import and reexport by searching imported sources with competitive price, enhancing the market diligence, identify the customer's business demand and situation to improve the sales and customer care policies.

- Uphold Petrolimex value chains from exploitation to lease of petroleum terminals without prejudice to or harm to business competitiveness capacity of Petrolimex and its member units.

- Value and enhance the marketing activity, improve the competitiveness and market-based features from the Holding Company to member units to serve for market research and development, develop the customer care policies, development policies of synchronous and comprehensive sales channel.

***c) Financial solution group***

- Develop the master capital balance plan throughout the Group to ensure capital adequacy for petroleum business and development investment with the safe and effective principles; well manage the information regulations, inspect and control good trade account, liabilities, ensuring the safe trade management, improving the capital utilization efficiency.

- Continue perfecting, timely amending and supplementing the system of financial management regulations and procedures to be synchronous with the business mechanisms and practical conditions from time to time to ensure fulfillment of the plan objectives.

- Improve the cash flow utilization efficiency at the units via promotion of powerful deployment of non-cash payment programs, strict liability management in accordance with the contract, terms of payment, agreement with the SAP-ERP liability control policies to reduce bad debts and increase the financial safety and capital preservation at the system's units.

- Well review and manage to optimize the chain logistics costs, combine with

accelerating DOC project deployment throughout the Group to optimize the goods rotation path, minimize the costs and apply the modern, cutting-edge and automatic technologies to goods and logistics management phases to minimize risks, losses and improve the business performance and competitiveness of Petrolimex and its member units.

- Develop the risk management standard set in the financial fields, work closely with the Bank to launch the exchange rate and interest rate hedging tools, etc., to minimize exchange rate/interest rate impacts on business performance.

***d) Solution group for digital transformation and automation***

- Concentrate on powerful and comprehensive digital transformation at Petrolimex petrol station system, apply the advanced, smart and environmental protection technologies, reduce carbon footprint, ensuring fire safety as prescribed.

- Conduct the comprehensive digital transformation at terminals and tanks towards safe, green, clean and intelligent orientations to ensure actively and timely risk management, detection and prevention.

- Apply the cutting-edge technology solutions to serve for goods management, governance and supervision from early sourcing, warehouse, internal rotation/transportation to sales at petrol stations.

- Collect data and information by completely digitalizing the business, management and governance procedures, deploy and put into operation Data Warehouse, Datalake, etc., to satisfy the Big Data collection and processing requirements;

***e) Solution group for green transformation***

- Actively continue deployment in accordance with the roadmap of biofuel business under the Decision No. 53/2012/QĐ-TTg of the Prime Minister dated 22<sup>nd</sup> November 2012 on issuing the road-map for application of ratios for blending bio-fuels with traditional fuels at levels 4 & 5 under the Decision No. 49/2011/QĐ-TTg dated 1<sup>st</sup> September 2011 providing the roadmap for application of exhaust emission standards to manufactured, assembled and imported brand-new cars and motorbikes.

- Launch the green and clean projects at other terminals, ports and petrol stations such as Trading in clean and environmental friendly fuels; Installation of boiler recovery system; Deployment of rooftop solar power system, etc.

- Develop the CO<sub>2</sub> emission measurement plan for entire system in accordance with the Decision No. 01/2022/QĐ-TTg of the Prime Minister dated 18<sup>th</sup> January 2022 as the basis to plan the action program and deployment of emission reduction and Carbon Net-Zero-related projects.

- Study to involve into pilot production, supply, distribution, transportation, import and export projects for Hydrogen and Ammoniac; Study to develop the labs for new products such as hydrogen, biofuel and synthesis fuel, etc.

#### ***f) Management and administration solution group***

- Improve the risk control efficiency at petrol station systems through solutions on enhancing awareness on risk management, develop the internal control environment and culture effectively;

- Enhance the risk management, calculation and quantification of impacts caused by exchange rate difference and interest rate fluctuation, considering it as timely additional defense measures (if applicable) to minimize the damages incurred by Petrolimex.

- Study to develop new SAR-ERP Modules to consistently manage and focus synchronously the solutions of contract management, asset/physical facility management, physical and technical infrastructure investment projects at Petrolimex and Petroleum Companies.

- Conduct comprehensive digital transformation to enhance the efficiency of the management and governance management throughout the Group via digital tools.

- Enhance the inspection, control and enhance the capacity, responsibilities, activeness and coordination of the supervisors of the Companies and post-checking departments; Timely prevent and strictly handle the cases for personal benefits and fraud in the goods management, logistics and petroleum quality control at the terminals, vehicles and petrol stations.

#### ***g) Solution groups on human resources, communications and corporate culture***

- Well control the labor margin at petroleum companies and improve the labor productivity through technology and automation applications. Continue directing the units to properly arrange and use the workforce and minimize the new recruitment.

- Continue review and perfect the labor and salary-related regulations and policies; Instruct the Companies to strictly adhere to the regulations of the State and Petrolimex, to be well matched with the Company's real conditions.

- Design and develop the in-depth training and communication plans on thinking and awareness of renovation and technology application with objectives that 100% staff and employees understand and have high awareness of Petrolimex orientations and strategies.

- Create and develop the environment and culture to support and accelerate the renovation programs, developing the digital initiatives, international research and cooperation activities, pilot launching of technology projects practically and feasibly, etc., strictly closing to the Group's overall development strategy orientations and plans.

#### ***h) Solution groups of business structure***

- According to Petrolimex Development Strategy to 2025 with vision to 2035, reported at the Document No. 2339/PLX-NDDVNN dated 15<sup>th</sup> December 2023; supplement and complete Petrolimex Development Strategy in the period of 2021-2030 with vision to 2035 as basis to launch the business restructuring solutions.

- Launch the capital increase and divestment roadmap, reducing Petrolimex ownership percentage at the Subsidiaries/Affiliates in accordance with the roadmap specified at Petrolimex Restructuring Project in the period of 2021-2025 with vision to 2035 approved by the competent authorities.

- For the fields of aviation petroleum business fields, study M&A of other aviation petroleum businesses when there is a good chance and feasibility to expand the market shares and improve the competitiveness.

It would like to submit to GMS for review and approval of full text of *“Petrolimex Development Strategy in the period of 2021-2030 with vision to 2035”*, attached Statement above (approved by the Commission for the Management of State Capital at Enterprises at the Document No. 2896/UBQLV-CN dated 29<sup>th</sup> December 2023) and assign the BOD of Petrolimex for fulfillment direction.

**ON BEHALF OF BOARD OF DIRECTORS  
CHAIRMAN**

**Pham Van Thanh**