

No.: /BC-DHDCD

Ho Chi Minh City, , 2020

DRAFT

REPORT

SALARY AND REMUNERATION FINALIZATION IN 2019 AND SALARY AND REMUNERATION PLAN FOR 2020 OF BOARD OF MANAGEMENT, BOARD OF SUPERVISORS OF PVOIL

To: Annual General Meeting of Petro Vietnam Oil Corporation

Pursuant to the Law on Enterprises No. 68/2014/QH13 passed by the National Assembly of the Socialist Republic of Vietnam on November 26, 2014 and taken effect from July 1, 2015;

Pursuant Charters of Organization and operation of Petro Vietnam Oil Corporation (PVOIL);

Pursuant Decree No. 53/2016/ND-CP dated June 13, 2016 of the Government regulating labor, salary, remuneration, bonus for joint-stock companies, controlling State-owned capital; Circular No. 28/2016/TT-BLDTBXH dated September 1, 2016 of the Ministry of Labor, War invalids and Social Affairs guiding the implementation of regulations on labor, salary, remuneration, bonus for joint-stock companies, controlling State-owned capital;

Based on the business performance in 2019 and business plan for 2020 of Petro Vietnam Oil Corporation,

Petro Vietnam Oil Corporation would like to report to the shareholders about the finalization of salary and remuneration in 2019 and the salary and remuneration plan for 2020 of the Board Of Management (BOM) and Board Of Supervisors (BOS) as follows:

1. Salary and allowance fund for BOM, BOS:

Salary and allowances fund applied in 2019 and plan of 2020 for Managers at PVOIL are determined according to the standards specified in Decree 53/2016/ND-CP dated June 13, 2016, Circular 28/2016/TT-BLDTBXH dated September 1, 2016 and the instruction documents of the Parent company – Vietnam Oil and Gas Group.

- Implemented in 2019: The average salary and allowance of the BOM and the BOS was reduced by 0.2% compared to the plan approved by the Annual General Meeting (AGM); the average remuneration equaled to the target approved by the AGM.

- Plan for 2020:

+ The average **basic** salary of PVOIL managers is VND 36 million/person/month;

+ The adjustment coefficient of the average salary increases in proportion with the profit of the Corporation under the guidance of the Government and Vietnam Oil and Gas Group: Coefficient_{Profit} = 1.25 (Plan 2020 = VND 350 billion is in the range of VND 300 – 700 billion);

Therefore, the average salary of PVOIL managers in 2020 is calculated to a maximum of 36 million x (1 + 1.25) = 81 million/person/month;

However, to balance the basic salary standard as well as to ensure profit target, the Corporation chooses to **reduce** the average salary of the managers **by 7.41%** compared to the regulated average maximum salary and **equaling to the average salary paid in 2019**.

Details of the salary fund paid in 2019 and planned for 2020 are as follows:

Unit: VND million

No.	Title	Amount	Total salary fund planned for 2019 (approved at the AGM)	Total salary fund paid in 2019	Total salary fund planned for 2020
I	Board of Management	6	5,750	5,738	5,746
1	Chairman of the Board	1	1,074	1,071.5	1,073
2	CEO cum Member of the Board	1	1,074	1,071.5	1,073
3	Member of the Board	4	3,602	3,595	3,600
	<i>Average monthly</i>		79.86	79.70	79.81
II	Board of Supervisors	3	2,425	2,420	2,423
4	Chairman of the Board	1	901	899	900
5	Member of the Board	2	1,524	1,521	1,523
	<i>Average monthly</i>		67.35	67.22	67.31
III	Total	9	8,174	8,158	8,170

Note:

- *The figures above are rounded to millions;*
- *The total salaries and allowances of the members of the BOM and BOS (before tax) above do not include: bonuses, benefits... which are rewarded based on the regulations of the Government and PVOIL.*

2. Remuneration fund

No.	Title	Amount	Remuneration per month	Total remuneration fund paid in 2019	Total remuneration fund planned for 2020
1	Member of the BOM	1	VND 15 million	VND 180 million	VND 180 million

Petro Vietnam Oil Corporation respectfully presents to the AGM for consideration and approval.

Sincerely,

**ON BEHALF OF
THE BOARD OF MANAGEMENT
CHAIRMAN**

Nguyen Hoang Tuan