

GELEX GROUP



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SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Hanoi, March 29, 2023

**REPORT OF THE BOARD OF DIRECTORS  
ON GOVERNANCE AND PERFORMANCE IN 2022 AND ORIENTATIONS FOR 2023**

**To: ANNUAL GENERAL MEETING OF SHAREHOLDERS OF 2023  
GELEX GROUP JOINT STOCK COMPANY**

The Board of Directors (“**BOD**”) of GELEX Group Joint Stock Company (“**GELEX Group**”) would like to submit to the annual General Meeting of Shareholders (“**GMS**”) of 2023 to approve the the BOD’ report on its governance and performance in 2022 and orientations for 2023, specifically as follows:

**I. ASSESSMENT OF THE COMPANY’S OPERATIONS IN 2022.**

Despite many fluctuations and adverse impacts the general difficulties of the economy in 2022, GELEX Group made every effort to firmly overcome challenges, stabilized production and business activities, improved financial indicators, and introduced innovations in system governance.

***Production and business:*** The Group adhered to the business plan assigned by the General Meeting of Shareholders of 2022 and maintained the growth momentum of revenue, profit, and operational efficiency (detailed in the CEO’s report).

***Financial picture:*** The Group’s financial picture was significantly improved, which is reflected in more positive financial indicators than previous years, such as: The debt-to-capital ratio decreased from 66.5% (in 2021) to 59.8% (in 2022) and the total debt-to-equity ratio decreased from 107.9% (in 2021) to 80.0% (in 2022).

***System administration innovation:*** The Group unified the orientations and implemented model-based governance across the system from the Group to the member companies. The first phase focused on implementing governance across three main areas: Finance, Internal Audit, and Human Resources. This is an appropriate governance strategy in the new context to meet the need to strengthen governance in depth, bring the Group’s image together with our member companies on key operational aspects, create a stepping stone for digital transformation throughout the entire system, and aim to optimize the system-wide use of shared resources in some fields.

***Environmental and social responsibility:*** GELEX Group as well as our member companies constantly studies and develops new power-saving and environmentally friendly equipment products with priority given to the renewable energy. In addition to stabilizing business activities

to create jobs for thousands of employees throughout the system, GELEX Group also made practical contributions to other social activities. In 2022, GELEX spent nearly VND 20 billion on supporting disadvantaged people in all parts of the country such as accompanying the 15th “Spring for Children” program of the Vietnam Children’s Protection Fund, providing funds to build 120 houses for poor households in Tuyen Quang province, and sponsoring the 15th walking program “For Victims of Agent Orange/Dioxin” held in Ho Chi Minh City, etc.

## **II. SUMMARY OF THE BOARD OF DIRECTORS’ ACTIVITIES IN 2022**

### **1. Summary of BOD meetings**

In 2022, the BOD held all four quarterly meetings and conducted many BOD consultations in writing. Some important decisions approved by the BOD are as follows:

- Successfully held the annual GMS in May 2022 in the online form with electronic voting.
- Implemented and completed the plan to pay dividends of 2021 in cash to shareholders.
- Approved the governance orientations throughout the system;
- Amended and supplemented important regulations; arranged and completed the whole organizational chart of departments and divisions;
- Oriented the Group's investment strategy;
- Approved the procurement plan to serve production and business activities in 2023.
- Approved the internal audit plan in 2023.
- Approved the policy of implementing a successor development program in the whole Group.

### **2. BOD supervisory activities**

Complying with the provisions of the Charter, Internal Governance Regulations, and current legal regulations, in 2022, the BOD actively supervised the general operations of the company and the activities of the Management Board, including:

- Supervised the implementation of Resolutions/Decisions issued by the GMS and the BOD; inspected the operating activities of the Chief Executive Officer and other officers;
- Supervised the information disclosure to ensure transparency and compliance;
- Directed the strict implementation of the regime of quarterly, semi-annual, and annual financial statements in 2022;
- Requested the CEO to report on the implementation of activities according to the delegated authority at the BOD meetings.
- Supervision was also carried out through the supervision of the Audit Committee as presented in the Report of the BOD independent members in the Audit Committee. Please see details in this Report.

The inspection and supervision of the BOD was consistent with its authority and did not interfere or overlap with the management of the CEO and the Management Board. Through inspection and supervision, the BOD recognized the efforts of the Management Board in leading the Group to overcome fluctuations, stabilize production and business, and improve financial indicators and being active in arrangement and innovation of system governance.

### **3. Transactions with related parties**

In 2022, the GMS and the BOD approved the signing and implementation of a number of transactions between GELEX and related parties of BOD members. Related parties are mainly member companies in the GELEX system that have been established to support capital and implement centralized procurement of materials and other economic transactions. The transactions were approved in accordance with the law and the approving resolution was made in the principle of transparency in information disclosure.

The list of transactions between the company, its subsidiaries, companies in which GELEX holds control of more than 50% of their charter capital with a BOD member and his/her related persons, transactions between GELEX and the companies in which a BOD member is a founding member or a manager for the last 3 years before the transaction date, and transactions with other related parties are aggregated and presented in the audited Financial Statements of 2022 and the Report of Corporate Governance of 2022. These reports are publicly available on GELEX's website at the following link: <https://gelex.vn/quan-he-co-dong>. Please see details of the transactions in these Reports.

### **4. Activities of BOD independent members and Audit Committee**

Details of activities of BOD independent members and the Audit Committee are presented in the Report of the BOD independent members in the Audit Committee. Please see details in this Report.

### **5. Remunerations, operating expenses, and other benefits of the BOD and each BOD member**

Remunerations, operating expenses, and other benefits of the BOD and each BOD member were reported and disclosed in accordance with the provisions of the Enterprise Law and the Securities Law.

Specific information and data are presented in detail in the audited Financial Statements of 2022 and the Annual Report of 2022. Please see the details in these reports posted on GELEX's website at the following link: <https://gelex.vn/quan-he-co-dong>.

## **III. ORIENTATIONS FOR 2023**

### **1. Corporate governance**

- Continue to implement governance according to the system-wide governance model approved by the BOD. In the immediate future, focusing on three areas: Finance and Planning, Internal Audit, and Human Resources.
- Professionally deploy human resource training and implement the successor development

program on a system-wide scale.

- Promote corporate communication (investor relations, internal communication, and communication of the images and brands of the Group and its member companies).
- Strengthen the internal audit of member companies.
- Prepare conditions and grounds to participate in prestigious domestic/international credit ratings and apply International Financial Reporting Standards (IFRSs).

## **2. Business and investment**

- Restructure the portfolio of power generation projects in operation to optimize investment capital and have large capital for other potential strategic investment activities.
- Focus resources on industrial real estate and expansion of the industrial/logistic real estate value chain.
- Direct R&D strategies.
- Effectively manage existing investment portfolios; continue to pursue the strategy of grow core business areas and develop new business areas with high added value through cooperation, joint venture, company establishment, and M&A, etc.
- Actively implement plans to mobilize international capital with a large scale, long-term capital sources and mobilize when it is deemed appropriate.
- Register to list shares of GELEX Electric when necessary and when the statutory requirements are met provided that the Group still holds the controlling percentage of shares.

The General Meeting of Shareholders is respectfully requested for consideration and approval of the full text of the Report.

**ON BEHALF OF BOARD OF DIRECTORS**

**Chairman**

***Recipients:***

- *GELEX shareholders;*
- *GELEX BOD;*
- *Information disclosure;*
- *Filed in GELEX's office.*

(Signed)

**Nguyen Hoa Cuong**