# CHAPTER VI.
# CORPORATE GOVERNANCE

## RISK MANAGEMENT & COMPLIANCE REPORT FROM THE RCA:

# "Transparent Infrastructure" for Growth

Amidst fiscal year 2026 revenue scaling to approximately VND 34,340 billion alongside a record Backlog of VND 70,000 billion, Coteccons faces the imperative not merely to sustain growth momentum, but to govern systemic risk rigorously.

### THE THREE LINES MODEL

**BOARD OF DIRECTORS**

Accountable to stakeholders for organizational oversight.

**DEMONSTRATING INTEGRITY, LEADERSHIP AND TRANSPARENCY**

**BOARD OF MANAGEMENT**

Carry out risk management responsibilities to achieve development objectives safely and sustainably.

**FIRST LINE**

DEPARTMENTS AND SITE MANAGEMENT TEAMS

Own and directly manage risks within their areas of responsibility.

Implement control measures and submit reports.

**SECOND LINE**

RCA COMMITTEE – RISK MANAGEMENT AND COMPLIANCE

Develop the risk management framework and support its implementation.

Monitor, challenge and review first-line activities.

**AUDIT AND RISK COMMITTEE**

Operate under the Board of Directors and approves risk appetite

**THIRD LINE**

INTERNAL AUDIT

Provide comprehensive, independent and objective assurance on the effectiveness of the risk management system.

Test control measures, audit risk culture and recommend improvements.

**INDEPENDENT ASSURANCE PROVIDERS**

CÔNG TY CỔ PHẦN XÂY DỰNG COTECCONS
Digitally signed by CÔNG TY CỔ PHẦN XÂY DỰNG COTECCONS
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Supervisory Board members of Coteccons.

On the morning of October 20 at Coteccons Headquarters (HCMC), Coteccons Construction JSC (HOSE: CTD) convened its FY2025 Annual General Meeting of Shareholders. Targeting a FY2026 revenue of VND 30,000 billion - the highest in history - Coteccons affirmed: "There is no need to run, only the need to walk the right path."

Transcending conventional compliance procedures, Coteccons pioneers redefining the internal audit role as a "transparent infrastructure" for growth. Through empirical data and independent oversight mechanisms spanning the entire value chain, the Group demonstrates that operational transparency is not an administrative friction, but a core competitive advantage safeguarding long-term safety and sustainability. From the analytical perspective of the Board of Supervisors, Risk Management, Compliance, and Internal Audit (RCA) Division, Coteccons' expansion is endorsed by a comprehensively restructured defense system, converting compliance discipline into sustainable development momentum rather than operational drag.

## THE RCA FRAMEWORK AND THREE LINES DEFENSE MODEL

To ensure control systems do not lose momentum against scaling velocity, the RCA Division at Coteccons is structured as a strategic consolidation of three core functions: Risk Management, Compliance Control, and Internal Audit. Unlike traditional control models that remain segregated and generate friction, RCA at Coteccons operates as a seamless bridge connected with practical execution:

• **Repositioning Audit Roles:** Rather than functioning as a "police officer blowing whistles" (focusing purely on fault-finding and punitive measures), RCA operates with a collaborative and sharing mindset. RCA preserves Line 1 (Project Operations Division) flexibility while establishing early risk barriers via data, enabling Line 1 to recognize and self-correct prior to incidents arising.

• **Proactive Risk Governance:** Facing major volatilities, auditing systems eschew lagging indicators, proactively identifying near-misses through quarterly and semi-annual direct jobsite reviews.

## QUANTIFYING ESG INTO STRICT COMPLIANCE STANDARDS

Sustainable development (ESG) at Coteccons transcends communication declarations, transforming into measurable, appraisable, and rigorously controlled audit criteria.

• **Redefining "Social" via Safety Standards:** At Coteccons, safety is integrated deeply into corporate culture, constituting the secondary "S" within the Social pillar. The philosophy of "Safety First" and "Zero Incidents" is executed via continuous cross-inspections.

• **A True Measure of Corporate Culture:** System health is proven via factual data. The company's confidential Hotline recorded zero serious incidents related to ethical violations, sexual harassment, or unmanageable friction between management and staff. This reflects an effective "Human-hearted" culture and "One team, one vision" ethos.

• **Multi-Layer Evaluation Systems:** Compliance is not imposed unilaterally by RCA. Coteccons establishes an intermediate evaluation layer (BU Heads) responsible for reviewing ESG targets at unit levels prior to independent RCA auditing, guaranteeing objectivity and preempting risks.

## CROSS-BORDER RISK MANAGEMENT

Venturing into international markets "Go Global", Coteccons encounters rigorous local regulatory compliance challenges, where environmental or labor violations can trigger multi-million dollar damages.

• **Upgrading Governance Capacity:** Governance ("G") represents the most formidable pillar. To address this, Coteccons continuously updates internal compliance criteria closely tracking international legal norms and standards. RCA establishes control structures ensuring outbound commercial initiatives remain commercially viable and legally secure.

• **Forging International Brand Equity:** Investing in RCA systems and standardizing ESG represents a strategic investment reshaping Coteccons' image. Transitioning from a domestic contractor, the Company builds the stature of a global-standard engineering institution, generating sustainable value and consolidating trust from international shareholders and financial institutions.

# BOARD OF SUPERVISORS

Nationality: **Vietnam**
Birth Year: **1985**
Qualification:
**Bachelor of Accounting and Auditing**

## MR. Nguy Gia Hoang

**Head of the Supervisory Board**
**Appointment Date: October 20, 2025**

### PROFESSIONAL BACKGROUND

Graduated with a Bachelor's degree in Accounting and Auditing from the University of Economics Ho Chi Minh City, holding a corporate management accounting certification awarded by the Association of Chartered Certified Accountants (ACCA UK). Possesses over 18 years of experience in Finance and Accounting across major enterprises.

**Voting Share Ownership:** 0%

### KEY MANAGEMENT POSITIONS HELD

| | |
|---|---|
| 07/2021 - Present | Chief Financial Officer at Eisai Vietnam Co., Ltd. |
| 04/2012 - 06/2021 | Accounting & Internal Control Manager; Senior Financial Analyst / Accounting Manager at Hoffmann-La Roche Representative Office in Ho Chi Minh City |

Nationality: **Kazakhstan**
Birth Year: **1978**
Qualification:
**Bachelor of Finance and International Trade**

## MR. Zhaidarzhan Zatayev

**Member of the Supervisory Board**
**Appointment Date: April 25, 2022**

### PROFESSIONAL BACKGROUND

Graduated with a Bachelor's degree in Finance and International Trade, holding a CFO designation from the CIMA program. Possesses over 26 years of experience in business, finance, and risk management across major organizations and enterprises in Kazakhstan and Vietnam.

**Voting Share Ownership:** 0%

### KEY MANAGEMENT POSITIONS HELD

| | |
|---|---|
| 2021 - Present | Risk Management Director at Coteccons Construction JSC |
| 2020 - 2021 | Risk Management Director at Be Group |
| 2018 - 2020 | Head of Retail Credit Center at Maritime Bank |
| 2013 - 2017 | Senior Management Positions at Techcombank |
| 2009 - 2013 | Risk Management Director & Managing Director at Alliance Bank, Kazakhstan |

Nationality: **Vietnam**
Birth Year: **1988**
Qualification:
**Bachelor of Finance – Business Administration**

## MR. Vu Hoang Nam

**Member of the Supervisory Board**
**Appointment Date: October 20, 2025**

### PROFESSIONAL BACKGROUND

Graduated from Victoria University and Monash University, Australia, having held senior investment positions across major Vietnamese and international enterprises.

**Voting Share Ownership:** 0.004%

### KEY MANAGEMENT POSITIONS HELD

| | |
|---|---|
| 12/2023 - Present | Head of Internal Audit, Compliance & Systems Department at Coteccons Construction JSC |
| 04/2022 - 11/2023 | Deputy Head of Internal Audit; Head of Asset Management Department at Chuong Duong Corporation |
| 03/2012 - 12/2021 | Internal Control Manager; Deputy Director at Tri Viet Thanh LLC |

SUPERVISORY BOARD REPORT

# FY2026 Annual General Meeting of Shareholders

## Board of Supervisors Activity Report for Fiscal Year 2026 (July 1, 2025 – June 30, 2026)

### 1. BOARD OF SUPERVISORS' ACTIVITIES

**Share Ownership Ratio Relative to Charter Capital (as of June 30, 2026):**

| No. | Supervisory Board Member | Position | Appointment / Cessation Date |
|---|---|---|---|
| 1 | Mr. Nguy Gia Hoang | Head of Supervisory Board | Appointed on October 20, 2025 |
| 2 | Mr. Zhaidarzhan Zatayev | Supervisory Board Member | Appointed on April 25, 2022 |
| 3 | Mr. Vu Hoang Nam | Supervisory Board Member | Appointed on October 20, 2025 |
| 4 | Mr. Tran Van Thuc | Head of Supervisory Board | Dismissed on October 20, 2025 |
| 5 | Mr. Doan Phan Trung Kien | Supervisory Board Member | Dismissed on October 20, 2025 |

**Shareholding Ratios of the Members of the Board of Supervisors**

| No. | Supervisory Board Member | Ownership Ratio (%) | Date |
|---|---|---|---|
| 1 | Mr. Nguy Gia Hoang | 0% | 30/06/2026 |
| 2 | Mr. Zhaidarzhan Zatayev | 0% | 30/06/2026 |
| 3 | Mr. Vu Hoang Nam | 0,004% | 30/06/2026 |

**Supervisory Board Meeting Attendance and Voting Rates:**

| No. | Supervisory Board Member | Meetings Attended | Attendance Rate | Voting Rate |
|---|---|---|---|---|
| 1 | Mr. Nguy Gia Hoang | 05 | 100% | 100% |
| 2 | Mr. Zhaidarzhan Zatayev | 05 | 100% | 100% |
| 3 | Mr. Vu Hoang Nam | 05 | 100% | 100% |

### DETAILS OF SUPERVISORY BOARD MEETINGS:

| No. | Meeting No. | Date | Content |
|---|---|---|---|
| 1 | Meeting No. 01 | 29/10/2025 | Appointed Mr. Ngụy Gia Hoàng as Head of the Supervisory Board for the 2022–2027 term. |
| 2 | Meeting No. 02 | 10/12/2025 | Evaluated and selected the independent auditing firm for fiscal year 2026. |
| 3 | Meeting No. 03 | 03/03/2026 | Evaluated and discussed the internal audit plan. |
| 4 | Meeting No. 04 | 04/04/2026 | Consultation prior to issuing the internal audit report. |
| 5 | Meeting No. 05 | 25/06/2026 | Discussed: Evaluation of FY2026 performance & FY2027 action plan of the Supervisory Board. |

## 2. SUPERVISORY AND COORDINATING ACTIVITIES WITH THE BOARD OF DIRECTORS, BOM AND SHAREHOLDERS

Participated in corporate governance meetings to monitor the BOD/Management's directives across functional departments.

• Coordinated with RCA to execute audits across functional departments and jobsite projects.

• Formulated the 2026 annual action plan, submitted to the BOD and Executive Board for information and direction of functional departments supporting Supervisory Board operations.

• Dispatched quarterly financial and operational evaluation reports.

### CHRONOLOGICAL RECORD OF SUPERVISORY ACTIVITIES EXECUTED IN FY2026:

| Date | Supervisory Content |
|---|---|
| 19/09/2025 | Submitted evaluation report on company operational performance for fiscal year 2025. |
| 22/10/2025 | Submitted operational evaluation for subsidiary Unicons. |
| 29/10/2025 | Dispatched Supervisory Board meeting minutes regarding the appointment of the Head of the Supervisory Board. |
| 29/11/2025 | Submitted company operational evaluation report for Q1/FY2026. |
| 10/12/2025 | Dispatched Supervisory Board meeting minutes to the Secretariat regarding independent auditor appointment. |
| 31/12/2025 | Submitted operational evaluation report synthesizing 9 audits (period July 1, 2025 – December 31, 2025). |
| 03/01/2026 | Submitted Risk Evaluation Report on Environmental Management across Coteccons Projects. |
| 04/03/2026 | Dispatched notification to RCA Division regarding internal audit coordination. |
| 06/04/2026 | Submitted Coteccons Internal Audit Report. |
| 30/04/2026 | Submitted feedback on current Subcontractor/Supplier selection procedures. |
| 13/05/2026 | Submitted company operational evaluation report for Q3/FY2026. |
| 15/06/2026 | Submitted evaluation and recommendations via Unicons project audit report. |
| 29/06/2026 | Submitted feedback on unannounced compliance inspection activities across Coteccons projects. |



## EVALUATION OF FY2026 BUSINESS PLAN EXECUTION AND KEY FINANCIAL INDICATORS

### 1. Business Plan Execution Evaluation

(Unit: VND Billion)

| Financial Metric | FY2026 Actual | Vs. FY2025 Actual | Vs. Annual Plan |
|---|---|---|---|
| Revenue | 34,340 | ↑ **38.0%** (vs. 24,885) | ↑ **114.5%** (vs. 30,000) |
| Net Profit After Tax | 788 | ↑ **72.7%** (vs. 456) | ↑ **112.6%** (vs. 700) |

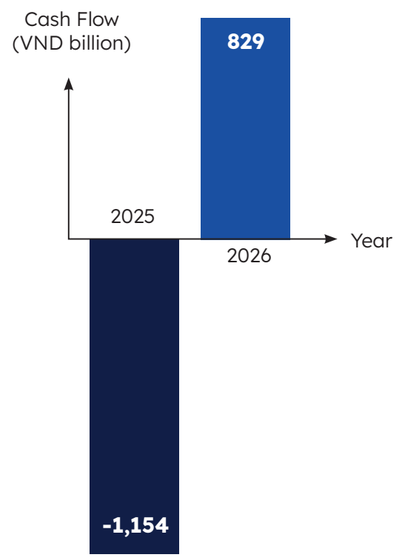
### 2. Key Financial Indicators

| No. | Indicator Category | Unit | FY2026 | FY2025 |
|---|---|---|---|---|
| **I** | **Profitability Margins** | | | |
| 1 | Gross Profit Margin | % | 4.21 | 3.28 |
| 2 | Profit Before Tax/Revenue | % | 2.97 | 2.22 |
| 3 | TProfit Before Tax/Equity | % | 10.57 | 6.16 |
| 4 | Profit Before Tax/Total Assets | % | 2.64 | 1.86 |
| **II** | **Efficiency Indices** | | | |
| 1 | Inventory Turnover Days | Days | 88 | 69 |
| 2 | Accounts Receivable Turnover Days | Days | 172 | 205 |
| 3 | Accounts Payable Turnover Days | Days | 276 | 265 |
| **III** | **Liquidity & Leverage** | | | |
| 1 | Current Ratio | Times | 1.33 | 1.35 |
| 2 | Quick Ratio | Times | 0.97 | 1.06 |
| 3 | **Financial Leverage (Liabilities / Equity)** | % | 3.01 | 2.31 |

## FY2026 BUSINESS RESULTS ANALYSIS & WORKING CAPITAL PRESSURES

The Company successfully exceeded its sales and profit targets, accompanied by tangible cash flow improvements in FY2026. Specifically, net operating cash flow reached VND 829 billion (compared to negative VND 1,154 billion in the previous year). This achievement resulted from concerted project-level efforts to accelerate collections and govern accounts receivable. Nevertheless, inventory volume expanded, and select ongoing projects encountered loss conditions.

To rectify these conditions across subsequent quarters in FY2027, the Company must enforce rigorous oversight across: (i) Execution output and inventory control on jobsites, (ii) Identification and containment of "Red Zone" projects.




OPERATING CASH FLOW
IN 2025 AND 2026

## INTENSIFIED WORKING CAPITAL & LIQUIDITY PRESSURES

• **Rising Accounts Receivable:** Trade receivables reached VND 15,326 billion in FY2026, marking a 3% YoY increase and a 37.4% surge compared to 2024. This compressed operating cash flow while the enterprise remained obligated to sustain operating expenditures, subcontractor payments, supplier settlements, employee compensation, and financial obligations.

• **Concentration Risk:** Risks escalate when receivables concentrate among major clients, compelling the enterprise to increase reliance on borrowings or short-term financing to cover client-absorbed capital, thereby inflating financial costs and liquidity risks.

• **Surge in Inventories:** Inventories expanded sharply from VND 5,964 billion to VND 9,906 billion in FY2026, representing a 66% jump. Unbilled contract revenue and unfinished construction work generate extreme cash flow strain, as costs materialize physically while client cash inflows remain uncollected. Beyond capital pressures, protracted inventories amplify impairment risks, storage expenses, spoilage, or required provisions.

• **Debt & Interest Expenses:** Enterprise borrowing scales rapidly, introducing significant financial and liquidity risks. Specifically, short-term debt surged to VND 4,401 billion in 2026 (up 47.5% vs. FY2025), while interest expenses escalated by 145.6% (from VND 143 billion to VND 351 billion), reflecting intensifying financial cost pressures.

• **Management Strategic Imperatives:** Management must concentrate on three fundamental objectives: (1) Accelerate cash collections → (2) Release dormant capital → (3) Curtail borrowing demands. Controlling receivables and inventory must serve as the foundational solution to improve cash flow, replacing reliance on short-term borrowings to bridge working capital deficits.

## SPECIAL CONTROL FOR "RED ZONE" PROJECTS

The Supervisory Board observes that margin erosion across select ongoing projects impairs overall business efficiency. Consequently, early-detection mechanisms and stringent control over projects harboring "Red Zone" potential must be reinforced.

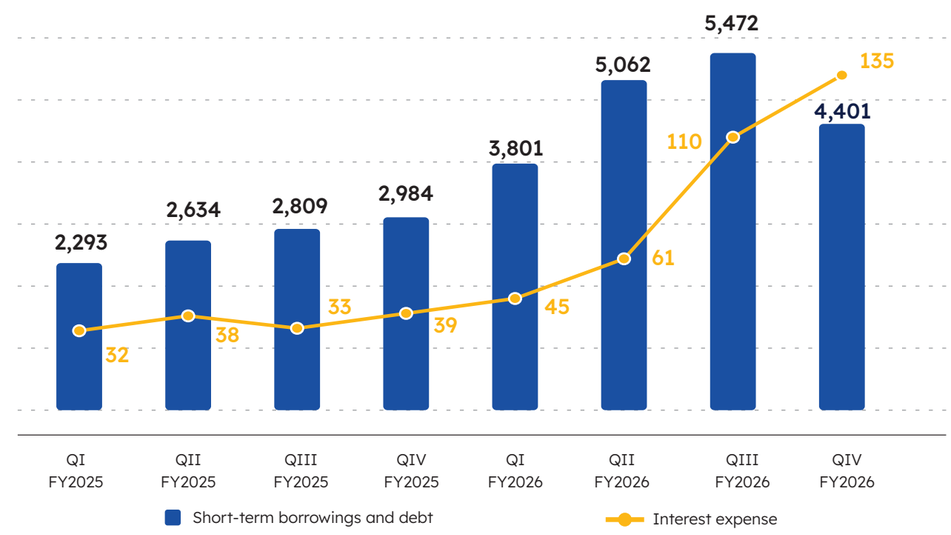
The RCA Division must lead, collaborating with functional departments to establish and unify Red Zone classification criteria encompassing financial, schedule, technical execution, EHS, and quality parameters. Based thereon, the Company must formulate control frameworks and processing mechanisms submitted to Management for uniform deployment.

## PRUDENT GOVERNANCE AND UTILIZATION OF BOND PROCEEDS

On February 5, 2026, Coteccons announced the successful issuance of 14 million bonds raising a total principal of VND 1,400 billion, with a 3-year maturity from January 30, 2026, a fixed coupon of 9% p.a., and semi-annual interest payments. While diversifying capital sources, enhancing liquidity, and supporting operating capital demands, the Supervisory Board underscores that the BOD must intensify oversight over the deployment of these proceeds to guarantee intended purposes, efficiency, and alignment with approved financial plans.

SHORT-TERM BORROWINGS AND DEBT STATUS AT CTD
(Q1FY25 – Q4FY26)

(Unit: VND billion)



# CORPORATE GOVERNANCE TRAINING ACTIVITIES

## CORPORATE GOVERNANCE TRAINING & PROFESSIONAL DEVELOPMENT PROGRAMS

Throughout fiscal year 2026, key personnel and governance officers actively participated in specialized professional training programs and forums focused on corporate governance standards, ESG integration, financial transparency, and regulatory compliance:

01 Market stakeholder consultation workshop on the draft Corporate Governance Code (CG Code) 2026.

02 Training program on raising awareness regarding the ASEAN Corporate Governance Scorecard (ACGS).

03 The 8th Annual Corporate Governance Forum (AF8).

04 Introduction workshop on the Green Bond Information Disclosure Handbook.

05 Updating corporate governance orientations aligned with ASEAN and OECD principles and best practices.

06 Specialized forum themed "Climate Change Governance: Strategy, Commitments and Corporate Action".

07 The 2025 Forum themed "Toward an Innovative Annual General Meeting Season".

08 2026 Annual General Meeting Season Forum: Compliance vs. Breakthrough – Efficiency vs. Sustainability.

09 Participation in the GRI – ISSB standard climate reporting guidance program.

10 Dissemination conference on listing and listed securities trading regulations; amended and supplemented regulations on information disclosure at the Vietnam Stock Exchange and subsidiaries.

11 Workshop on elevating financial transparency through the adoption of International Financial Reporting Standards (IFRS).

12 Participation in the Securities Law Compliance and Financial Statement Preparation Error Precaution program.

13 Participation in the Conference "Securities Issuance – Catalyst for Economic Growth".

# Enterprise Risk Management (ERM)

## RISK MANAGEMENT OVERVIEW

Coteccons fully recognizes the critical importance of Enterprise Risk Management (ERM) in safeguarding growth achievements and guaranteeing sustainable development.

The ERM system is deployed under the direction of the Board of Directors, via the Audit and Risk Subcommittee, targeting the identification, evaluation, and control of critical risks across both Company and project tiers.

During the ERM reporting period, Coteccons identified two primary risk categories: Project-Level Risks and Corporate-Level Risks.

## PROJECT-LEVEL RISK MANAGEMENT

Coteccons focuses on identifying and controlling risks arising during execution to ensure schedule adherence, quality standards, and financial performance.

Representative risk groups comprise:

• **External Factors:** Pertaining to developers, supervision consultants, suppliers, subcontractors, labor forces, alongside macroeconomic, weather, and legal variables.

• **Internal Factors:** Organizational setup, personnel capacity and training; project finance; construction and design management; occupational safety and security; material and equipment management; documentation, archiving, and ISO standards.

**Mitigation measures include:** Rigorously evaluating stakeholder capability and reputation, adopting advanced management processes and technologies, investing in occupational safety and human capital training, while enhancing cost and schedule control through transparent reporting mechanisms.

## CORPORATE-LEVEL RISK MANAGEMENT

Coteccons has identified four primary corporate-level risk groups:

**1. Strategic Risks:** Encompassing market volatility and brand risk, particularly amid market expansion, sector diversification, and intense competition.

**2. Operational Risks:** Pertaining to occupational safety and security, bidding, personnel management, and related-party transactions.

**3. Financial Risks:** Comprising material and labor price volatility, delayed client payments, and capital management and utilization risks.

**4. Compliance Risks:** Regulatory changes domestically and internationally, unfavorable contractual terms, and dispute exposure.

Mitigation measures focus upon:

• Enhancing market intelligence and analytical capabilities, strategic partnerships, and M&As to expand market share.

• Upgrading occupational safety benchmarks, deploying safe construction technologies, along with personnel training and supervision.

• Stringently governing contracts, payment terms, and executing cash flow optimization measures.

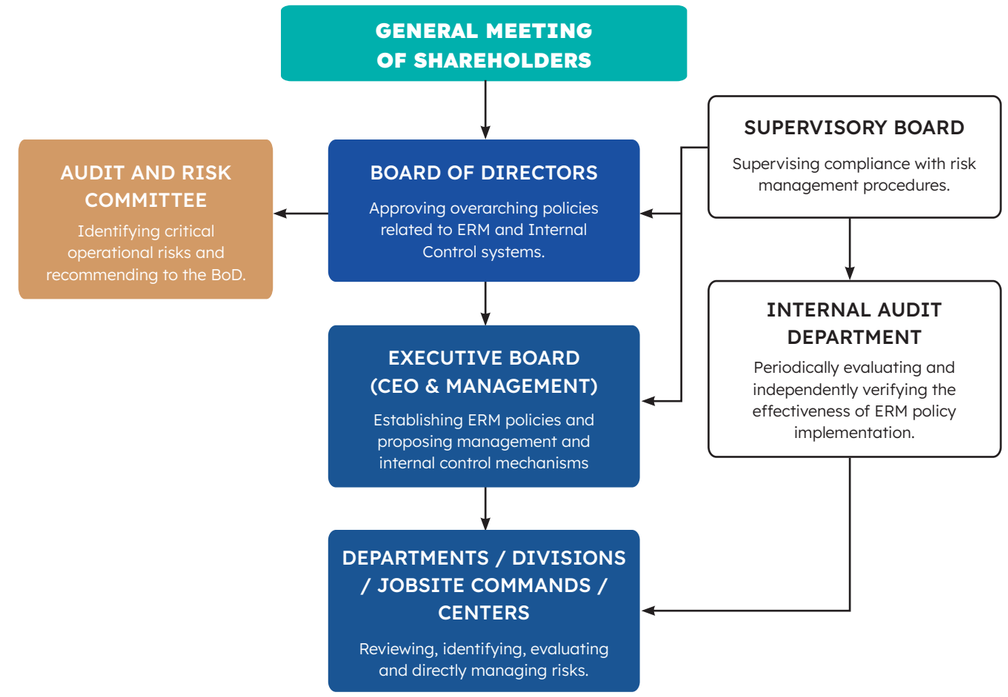
• Updating and complying with legal regulations, cultivating a robust legal corps, and standardizing Standard Operating Procedures (SOPs).

The ERM system of Coteccons serves not merely a preventive function, but reinforces resilience against internal and market shocks, particularly during diversification strategy deployment. This represents a pivotal strategic tool enhancing competitiveness and ensuring the Company attains targeted growth and sustainable development.





## ENTERPRISE RISK MANAGEMENT GOVERNANCE STRUCTURE




## DETAILED ERM ORGANIZATIONAL ARCHITECTURE

At Coteccons, the Board of Directors plays a central role in establishing and supervising a comprehensive ERM system. The Audit and Risk Subcommittee - a specialized body reporting directly to the BOD - discharges advisory functions while assuming responsibility for evaluating, identifying, and tracking critical operating risks, ensuring risk control mechanisms operate effectively and remain aligned with approved risk appetites.

The Subcommittee also supports the BoD in strategic decision-making by providing complete, timely, and highly reliable information regarding latent risks. Currently, the Company is consolidating the personnel structure of the Audit and Risk Subcommittee to guarantee professional capacity and accountability in formulating, deploying, and supervising ERM policies applicable system-wide across Coteccons and its subsidiaries.

## CORE ERM GUIDING VALUES

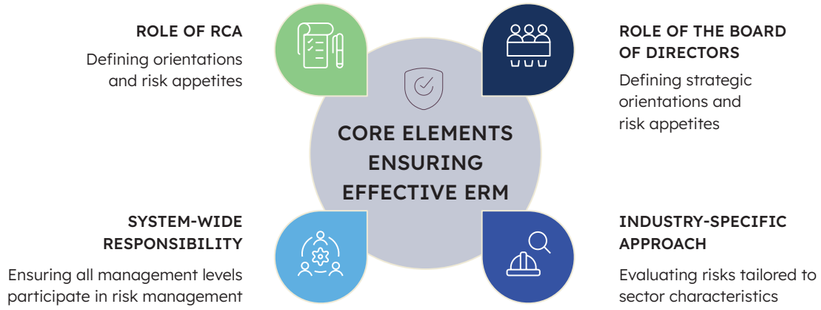
• **Establishing Consistent and Controllable Control Mechanisms:** By formulating and applying optimal ERM policies and procedures, the Company ensures operations occur within appropriate control frameworks aligned with approved risk appetites.

• **Elevating Decision-Making and Planning Quality:** ERM supports leadership in strategic decision-making and prioritizing tasks based on a comprehensive understanding of business operations, operating environments, opportunities, and challenges.

• **Optimizing Resource Allocation and Utilization:** Identifying and evaluating risks enables the Company to utilize resources efficiently, eliminating waste and boosting operational performance.

• **Minimizing Errors and Operational Risks:** ERM mitigates procedural, systemic, and human errors, thereby elevating compliance and internal control reliability.

## EFFECTIVE ERM CORE ELEMENTS




• **Safeguarding Assets and Corporate Reputation:** Through proactive risk control measures, the Company protects tangible and intangible asset values while consolidating market brand image.

• **Developing Organizational Capacity and Internal Knowledge:** ERM establishes foundations for cultivating capable personnel, fostering cultures of learning and continuous improvement system-wide.

## CORE REQUIREMENTS FOR THE ERM FUNCTION

Fully recognizing the critical role of ERM in ensuring sustainable and efficient operations, Coteccons has established an ERM policy featuring the following core requirements:

• **Role of the Board of Directors:** Via the Audit and Risk Subcommittee, assuming responsibility for establishing orientations, risk appetites, strategies, and organizational structures for the ERM function. The objective is to ensure that the ERM system maximizes support for the Company's operational efficiency.

• **Industry-Specific Risk Approach:** The ERM policy is designed based on risk identification methodologies tailored to construction sector characteristics through evaluating the frequency and impact severity of each risk type. Consequently, corresponding risk control measures are formulated to mitigate negative impacts.

• **System-Wide Responsibility:** All management levels and departments bear the responsibility for awareness, deployment, and supervision of the ERM system within their functional scopes. Specialized units must integrate ERM into daily operations while fostering a risk-awareness culture and internal risk communication.

• **Role of RCA**: Executing independent evaluations regarding the effectiveness of ERM deployment through audit programs and plans approved by the Board of Directors and the Board of Supervisors. The evaluation results serve as a crucial basis for refining the control system and elevating enterprise-wide risk management capabilities.

## ERM ACTIVITIES DURING THE REPORTING PERIOD

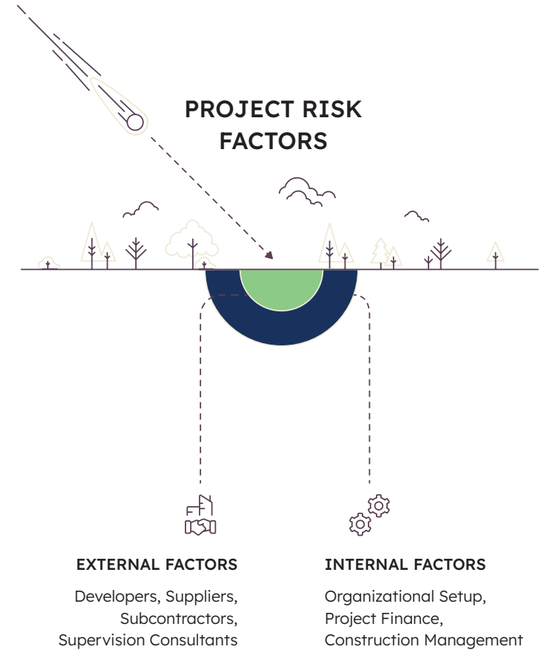
Over the past year, under complex and multidimensional market impacts alongside Coteccons' robust growth velocity, the requirements for ERM have become increasingly urgent and necessitate heightened emphasis. Building upon the planned mandates and methodologies, Coteccons establishes its ERM system across two primary tiers:

• **Project-Level Risk Management:** Focusing on identifying, evaluating, and controlling risks arising during the execution of specific projects. This aims to ensure schedule adherence, quality standards, and financial performance for each project while complying with internal regulations and applicable laws.

• **Company-level Risk Management:** Encompasses systemic, strategic, and operational risks that may affect the organization as a whole. Risk management at this level is carried out through the establishment of policies, procedures, and internal control mechanisms to ensure the stability and sustainable development of Coteccons and its subsidiaries.








## PROJECT-LEVEL RISK MANAGEMENT

Representative risks for Coteccons' projects are specifically identified as follows:

• **Risks from external factors:** Developers/Supervision consultants; Suppliers/Subcontractors/Construction workforces; Other external factors.

• **Risks from internal factors:** Organizational setup/Personnel and training; Project finance; Construction management; Design management; Occupational safety, security, and hygiene; Materials and equipment; Documentation, archiving, and ISO procedures; Other internal factors.

## CORPORATE-LEVEL RISK MANAGEMENT

Based on close monitoring of situations, thorough evaluation, and adequate analysis, Coteccons has identified four primary corporate risk groups:

• **Strategic risks:** Market, brand.
• **Operational risks:** Occupational safety, bidding, related-party transactions, personnel and welfare policies.
• **Financial risks:** Price volatility, delayed payments, capital management.
• **Compliance risks:** Legal regulations, contracts.

Within the scope of this report, Coteccons presents the identification of key risks and mitigation measures for primary risk groups at the corporate level.

| STRATEGIC RISKS | |
|---|---|
| MARKET | |
| **Risk Identification** | **Mitigation Measures** |
| • Amidst the deployment of diversification strategies, operational and market expansion, the Company may face numerous difficulties and challenges when the personnel team lacks sufficient experience, alongside financial risks, debt recovery, pricing volatility, and project technical hurdles.<br>• Developing construction activities in public investment/infrastructure projects will encounter numerous challenges due to a lack of experience capacity, deficient information channels, and exposure to legal-compliance risks.<br>• Real estate market headwinds (offtake challenges, capital funding sources, lending rates, investment procedures, project legal bottlenecks) will impair developer project execution, resulting in cash flow and business result risks for the Company. | • Conduct thorough research and due diligence on all market characteristics and aspects prior to participation.<br>• Prioritize risk identification as a primary compliance rule; including evaluating developer capabilities, analyzing contract terms, identifying opportunities and threats to empower Company Management to decide on project participation or establish viable execution roadmaps alongside developers.<br>• Proactively seek joint ventures, partnerships, and collaborations with reputable, experienced partners in prospective target sectors (considering M&A options).<br>• Recruit and source elite talent, personnel with relevant experience, capability, and credentials. |

| BRAND | |
|---|---|
| **Risk Identification** | **Mitigation Measures** |
| • Coteccons remains a robust, Industry Leader brand for many consecutive years.<br>• However, amidst intense industry competition, alongside localized operational errors over recent periods (technical incidents, waste-environmental management failures), the Company may sustain adverse impacts from smear campaigns/negative media, undermining the trust of investors, clients, partners, and employees. | • Continue strict compliance with legal regulations, successfully fulfilling commitments made to clients, partners, and employees.<br>• Build a formidable communications team, establishing relationships with reputable media partners to strengthen official, reliable communication capabilities.<br>• Maintain proactive crisis communication management. |
| **OPERATIONAL RISKS** | |
| **OCCUPATIONAL SAFETY & SECURITY** | |
| **Risk Identification** | **Mitigation Measures** |
| • Construction sector specifics require labor forces to operate under harsh conditions, impacted by weather, heights, heavy machinery, intensive manpower, compressed schedules, etc., perpetually sustaining safety exposures.<br>• Rapid workforce expansion subjects project security control to immense pressure and overload. Furthermore, mobilizing labor sources with unverified backgrounds or underage workers poses high legal liabilities for the Company. | • Tighten the enforcement of safety procedures and regulations, constantly upholding the motto "Safety First".<br>• Capitalize in new construction equipment and safety controls, ensuring regular maintenance and servicing.<br>• Deploy safe and efficient construction technologies.<br>• Provide full technical safety equipment to all site command personnel and subcontractor labor forces.<br>• Regularly organize training, toolbox talks, evaluations, and safety inspections.<br>• Execute safety control, evaluation, and corrective reporting mechanisms monthly and quarterly with highest priority.<br>• Frequently communicate and strictly control worker background records. Ensure compliance with law and Coteccons business conduct rules: Prohibition of child labor under 18 years of age.<br>• Execute periodic quarterly inspections and evaluations, incorporating them into the HSE team's routine audit schedules. |



| SUPPLY CHAIN | |
|---|---|
| **Risk Identification** | **Mitigation Measures** |
| • Material and labor price volatility alongside raw material shortages are primary catalysts for supply chain disruption, inflating project execution costs, compressing gross margins, impairing schedules, and degrading the Group's backlog execution capacity. | • For Coteccons across 2026–2027, the focus is not "material price control" as this represents an uncontrollable market factor. Instead, attention must be directed toward the following solutions:<br>• Construct Early Warning capabilities,<br>• Deploy Strategic Purchasing strategies,<br>• Strengthen Supply Chain Resilience via supplier diversification,<br>• Enhance Commercial Protection price-adjustment clauses within contracts,<br>• Pursue Productivity enhancement solutions,<br>• Manage Margin-at-Risk in real time. |
| **HUMAN CAPITAL** | |
| **Risk Identification** | **Mitigation Measures** |
| • The Company maintains highly evaluated HR policies and working environments; nevertheless, personnel fluctuations may impact collective morale.<br>• Brain drain risks may materialize amid intensifying market competition. High-caliber human resources face poaching threats from external competitors. | • Enhance internal communication effectiveness so all members comprehend Company policies and practical realities.<br>• Conduct internal employee satisfaction surveys regarding existing welfare policies, benchmarking against peer enterprises to adjust policies reasonably.<br>• Maintain pioneering HR policies, prioritizing succession planning and talent cultivation to guarantee robust talent pools.<br>• Establish clear career development paths for personnel, accurately appraising capability and contribution while offering commensurate welfare and reward systems.<br>• Conduct hard and soft skill training, promote and empower qualified personnel to take on challenging roles.<br>• Forge strategic alliances with premier industry universities to secure continuous young talent pipelines for future succession.<br>• Collaborate with reputable recruitment partners to attract and supplement talent across areas requiring upgrading and expansion. |

| LEGAL & CONTRACTUAL | |
|---|---|
| **Risk Identification** | **Mitigation Measures** |
| Legal:<br>Coteccons' operating environment is governed by extensive regulatory frameworks including Enterprise, Construction, Commercial, Real Estate, Labor, Investment, Securities, Tax, and Social Insurance laws... Newly enacted and continuously updated legal provisions may challenge the Company's capacity to adapt promptly, introducing non-compliance exposures.<br>Accelerating expansion into international markets introduces host-country legal risks.<br>Contractual:<br>Client pressure and compressed execution deadlines may precipitate contractual loopholes, generating vulnerabilities, disagreements, disputes, and subsequent litigation.<br>Select projects harbor unfavorable contractual terms signed with developers (price escalation clauses, force majeure health clauses, schedule penalty provisions...) threatening financial loss to the Company. | • Build and recruit professional legal personnel, continuously monitoring regulatory policy shifts.<br>• Collaborate with professional legal experts and partners to secure timely counsel.<br>• Conducting rigorous research and formulating host-country legal risk assessment reports is "mandatory".<br>• Formulate dedicated SOPs governing aforesaid operations.<br>• Select legal advisory partners and host-country consortium partners to share risks and experience.<br>• Continuously monitor and evaluate risks pertaining to contract terms.<br>• Strengthen contract controls across multi-layered reviews from the Bidding Department, Cost Control & Contracts Department, Finance & Accounting Department, and Legal Department.<br>• Standardize template contract documentation systems.<br>• Establish project legal risk evaluation systems. |
| **RISK MANAGEMENT PROCESS** | |
| **Risk Identification** | **Mitigation Measures** |
| Risk assessment and identification awareness remains uncoordinated and fragmented across divisions, departments, and projects, resulting in operational passivity and avoidable costs against risks detectable at early stages. | • Mandatory formulation of risk identification reports and mitigation action plans across all divisions, departments, subsidiaries, and projects.<br>• Risk Management Department: Quarterly mandatory submission of risk evolution evaluation reports covering "Red Zone" projects.<br>• Formulate SOPs to curb operational risk exposures. |
| **FINANCIAL RISKS** | |
| **TAX COMPLIANCE** | |
| **Risk Identification** | **Mitigation Measures** |
| Vietnamese tax authorities increasingly crack down on illegal illicit invoice trading and tax evasion/ghost enterprises. | • Disseminate company-wide messaging establishing that tax violations constitute illegal acts violating internal regulations. |
| Coteccons engages a massive supplier/subcontractor network scaling proportionally with annual revenues. Inadequate pre-qualification evaluation and lax contract execution monitoring regarding suppliers/subcontractors provoke severe tax exposures, specifically:<br>- Tax/expense arrears<br>- Legal and Criminal Liability<br>- Reputational and brand damage | • Establish rigorous pre-qualification evaluation systems and payment documentation controls for all suppliers/subcontractors.<br>• Deploy AI applications and filtering platforms to screen suppliers/subcontractors exhibiting tax violations/violation indicators monthly.<br>• Retain independent advisors cooperating with Internal Audit to conduct periodic reviews, evaluations, and advisory consultations. |
| **DELAYED PAYMENTS** | |
| **Risk Identification** | **Mitigation Measures** |
| • Project financial performance inevitably suffers cash flow strains driven by delayed client payments and settlement realizations.<br>• Market headwinds impact multiple stakeholders, including developers. Developer financial deterioration triggers payment delays, potential bad debts, imbalances in project cash inflows/outflows, and company-wide cash flow disruptions.<br>• Subjective causes also impair project cash flows: inaccurate project financial reporting, incomplete cost settlement verifications contravening contract terms... resulting in delayed or obstructed client receivables recovery. | • Rigorously regulate and negotiate payment terms within contracts during bidding preparation.<br>• Deploy joint task forces comprising Debt Collection, Finance & Accounting, Cost Control, and Legal Departments to thoroughly appraise developer financial health and engage developers for appropriate remediation plans.<br>• Update project financial statements punctually to establish accurate baselines for revenue, cost, and debt forecasting.<br>• Accelerate the compilation and approval of payment request documentation pursuant to contractual stipulations. |
| **CAPITAL MANAGEMENT & LEVERAGE** | |
| **Risk Identification** | **Mitigation Measures** |
| • Throughout FY2026, markets face elevated interest rate environments without short-term easing trends. Surging inventory and accounts receivable indices compel aggressive financial leverage utilization, imposing heavy future pressures on corporate financial health and liquidity.<br>• Furthermore, corporate bond issuances executed during the year may provoke investor scrutiny regarding capital utilization efficiency and near-term business results. | • Calculate, allocate, and deploy raised capital sources efficiently to attain strategic objectives while safeguarding Company and investor interests.<br>• Accelerate revenue recognition, cash collections, and gross margin optimization as top operational priorities.<br>• Amplify investment activities, particularly via Covestcons, optimizing cash funds while uncovering partnership opportunities, generating enduring long-term value for shareholders and the Company. |