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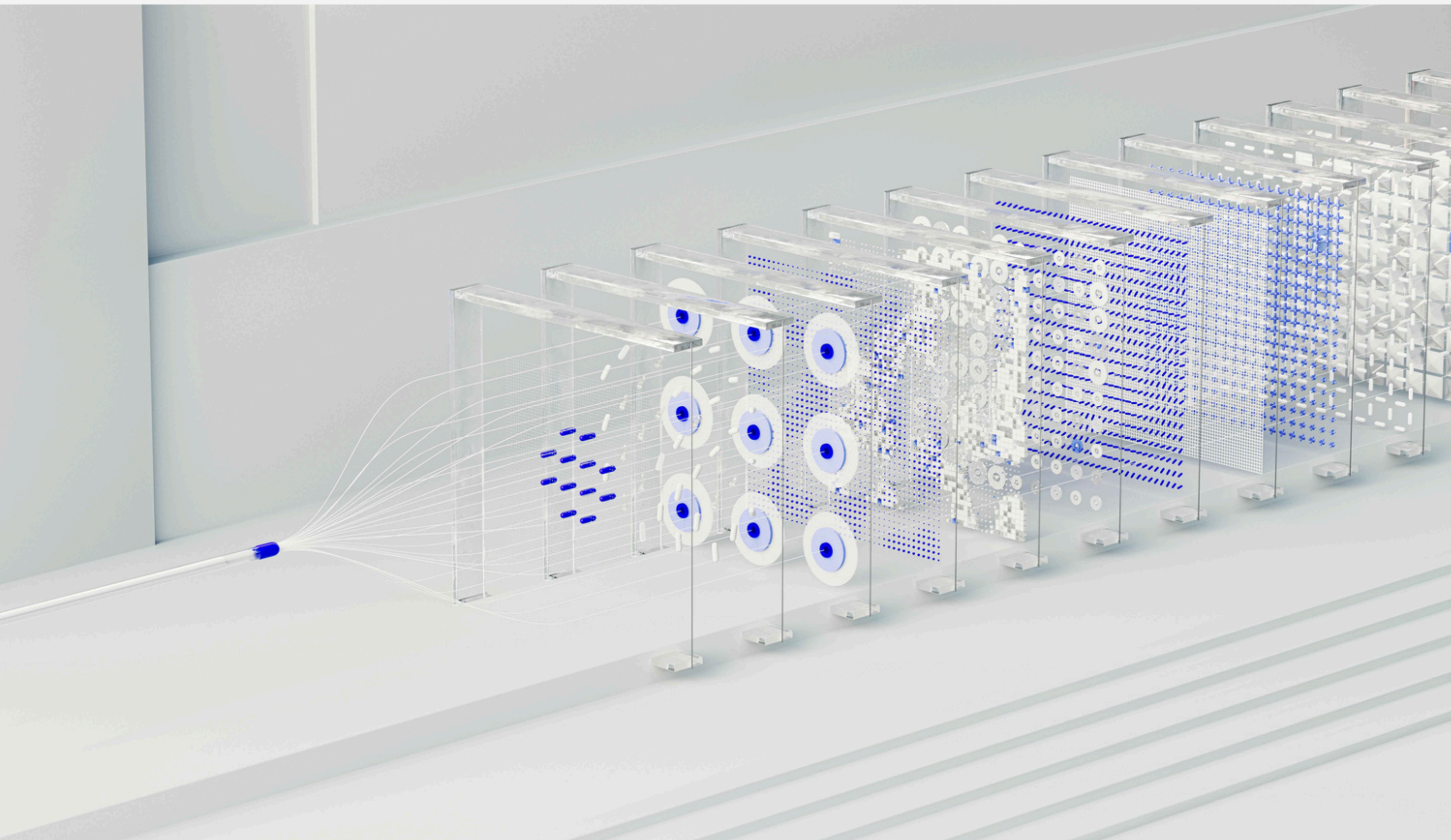
LEGAL GUIDELINES ON SOCIAL INSURANCE OBLIGATIONS APPLICABLE TO CORPORATE MANAGERS



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LEGAL GUIDELINES ON SOCIAL INSURANCE OBLIGATIONS APPLICABLE TO CORPORATE MANAGERS

According to Official dispatch No. 351/BHXH/QLT issued by the Social Insurance authority of Region XXXIII (“**the Official dispatch**”), the social insurance contributions of unpaid enterprise executives and part-time employees will be applied as follows, effective from July 1, 2025:

1. REGARDING THE SUBJECTS, CONTRIBUTION RATES, AND PAYMENT METHODS.

1.1. For enterprise and cooperative executives not receiving a salary

According to the Official dispatch, this group includes: enterprise executives, controllers, representatives of state-contributed capital, and representatives of contributed capital from enterprises as prescribed by law; members of the Board of Directors, General Directors, Directors, members of the Supervisory Board or controllers, and other managerial positions of enterprises or cooperatives as stipulated by the Law on Cooperatives (hereinafter collectively referred to as “enterprise and cooperative executives”) ***who do not receive a salary****.*

The monthly salary basis for contribution shall be voluntarily selected by the participant, provided that it is not lower than the reference salary (currently VND 2,340,000) and does not exceed 20 times the reference wage at the time of contribution. Accordingly, enterprise and cooperative executives may choose to pay contributions on a monthly basis, once every 3 months, or once every 6 months, at a rate of **29.5%** of the selected salary, which includes:

- Pension and survivorship fund: 22%.
- Sickness and maternity fund: 3%.
- Health insurance fund: 4.5%.

Additionally, please kindly note the following important points:
(1) Enterprise and cooperative executives may reselect the salary level used as the basis for contributions after having made social insurance and health insurance contributions for at least 12 months.
(2) In cases where contributions are made through an organization (enterprise, cooperative, or union of cooperatives) that is already participating in social, health, unemployment, occupational accident and disease insurance for other employees, **the monthly payment method must be applied** along with the organization.

*(3) If enterprise and cooperative executives are **part-time staff** in communes and neighborhoods concurrently, they must participate under the category of part-time staff.*
(4) In the case where enterprise and cooperative executives work at multiple enterprises, cooperatives, or unions of cooperatives, they must participate in compulsory social insurance and health insurance at the first unit where they take part in management or administration.

1.2 For Part-time workers

*According to the Official dispatch, this group includes individuals working under a labor contract (including cases where the employee and employer agree under a different name, but the content reflects a paid job with wages, salaries and management, supervision, and direction by one party), with a contract term of at least one month, **working part-time**, and receiving a monthly salary **equal to or higher than the reference salary**.*

Unlike enterprise executives, the salary used as the basis for social insurance contributions for part-time employees is the actual monthly salary agreed upon in the labor contract, including: job-based or position-based salary, salary allowances, and other supplemental payments as prescribed by law.

For employees paid based on time (hourly, daily, or weekly), the monthly salary used as the basis for social insurance contributions is determined as follows:

- Monthly salary = Hourly wage × Total working hours in the month as agreed in the labor contract.
- Monthly salary = Daily wage × Total working days in the month as agreed in the labor contract.
- Monthly salary = Weekly wage × Total working weeks in the month as agreed in the labor contract.

Part-time employees are required to pay social insurance on a monthly basis, at a rate of **32%** of the monthly salary used as the contribution base. This rate includes contributions to the following mandatory funds: Mandatory Social Insurance Funds, Health Insurance, Unemployment Insurance, Occupational Accident and Disease Insurance.

Employer					Employee				
Social Insurance			**UI**	**HI**	**Social Insurance**			**UI**	**HI**
Retire-ment	S-M	OA-OD			HT	S-M	OA-OD		
14%	3%	0.5%	1%	3%	8%	-	-	1%	1.5%
21.5%					10.5%				
TOTAL 32%									

Explanation:
OA-OD: Occupational accident - Occupational disease
S-M: Survivorship - Maternity
UI: Unemployee Insurance
HI: Health Insurance

Some important notes:
(1) Employees who do not receive any salary for 14 working days or more within a month are not required to pay social insurance contributions for that month, unless the employer and employee mutually agree to contribute, in which case the contribution base shall be the most recent salary used as the contribution base.
(2) In the case where the employee starts or returns to work and subsequently takes sick leave of 14 working days or more in the same month, social insurance contributions must be paid for that month.

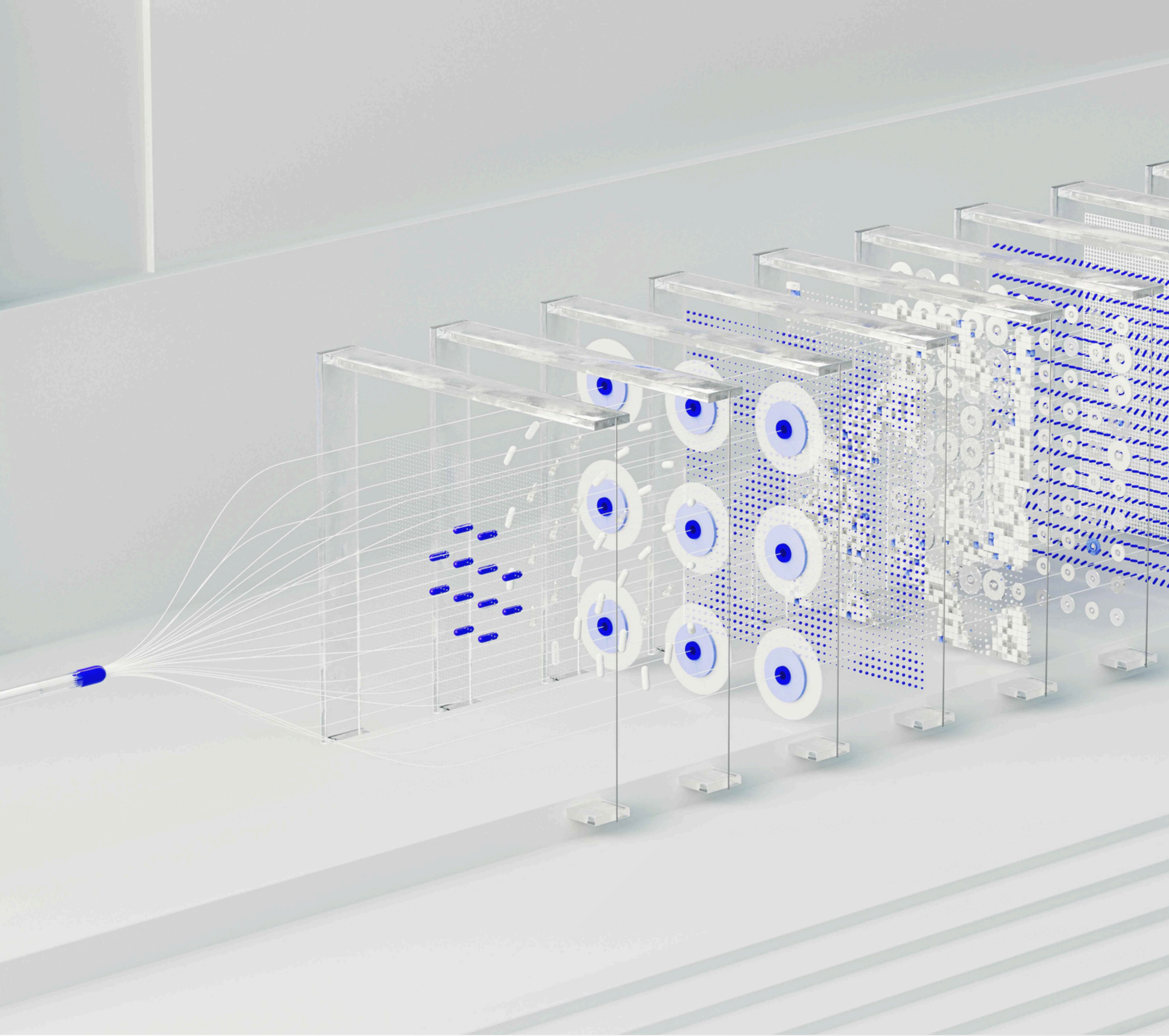
2. IMPLEMENTATION PROCESS:

According to the Official Letter, enterprises and cooperatives are required to:
- Promptly review and identify employees and other individuals newly subject to compulsory participation in Social Insurance, Health Insurance, Unemployment Insurance, and Occupational Accident and Disease Insurance.

- **Prepare initial registration dossiers** for Social Insurance, Health Insurance, Unemployment Insurance, and Occupational Accident and Disease Insurance participation **(for new units: Form TK3-TS with** copies of relevant legal documents regarding establishment or changes to unit information); and submit employee enrollment notices (Form D02-LT) to the Social Insurance Agency via electronic transactions **within 30 days** from the date new participants and employees become subject to compulsory insurance.

- **Proactively contact the Social Insurance Agency** for timely guidance and support.

Note: Enterprise executives and cooperatives who do not receive salaries may directly register for participation in Social Insurance and Health Insurance with the Social Insurance Agency. The required dossier includes the Declaration Form for Social Insurance and Health Insurance Enrollment and Information Adjustment (Form TK1-TS).



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