

## **REPORT ON THE ACTIVITIES OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS IN THE AUDIT COMMITTEE IN 2023**

**To: The 2024 Annual General Meeting of Shareholders**

### **I. Activities of the Audit Committee in 2023:**

#### **1. Composition and structure of the Audit Committee:**

No.	Member of the Audit Committee	Position	Date of joining the Audit Committee	Date of leaving the Audit Committee
1	Le Quang Phuc	Chairperson of the Audit Committee	17/04/2021	
2	Nguyen Tuan Hai	Member of Audit Committee	17/04/2021	
3	Huynh Thi Xuan Lien	Member of Audit Committee	27/07/2022	27/04/2023

#### **2. Meetings of the Audit Committee:**

No.	Members of the Audit Committee	Number of meetings attended	Meeting attendance rate	Voting rate
1	Le Quang Phuc	8/8	100%	100%
2	Nguyen Tuan Hai	8/8	100%	100%
3	Huynh Thi Xuan Lien	3/3	100%	100%

Ms. Huynh Thi Xuan Lien's term as Member of the Board of Directors and Member of the Audit Committee expired on April 27, 2023.

#### **3. The Audit Committee organizes and oversees activities related to its mandate and provides guidance to the Internal Audit Committee.**

- Assign tasks to remaining members of the Audit Committee following the resignation of Ms. Huynh Thi Xuan Lien from her position as Member of the Board of Directors and Member of the Audit Committee due to the expiration of her term.
- Collaborate with the Board of Directors and Executive Board to ensure the company's compliance with applicable laws, charter provisions, and operational regulations.
- Work closely with the Executive Board to establish and enforce the Audit Committee's oversight mechanisms, conduct communication and training on risk management, and implement the 3-line model across the organization.
- Direct the Internal Audit Committee to refine and finalize regulations governing the supervision and review of transactions involving internal and related parties, and oversee the process of preparing and auditing the auditor's financial statements for independence.
- Provide guidance and assessment of the Internal Audit Committee's activities throughout 2023.

#### 4. Monitor financial reports, operations, and financial situation of the company:

- The Audit Committee conducts an assessment and provides recommendations to the Board of Directors regarding the appointment of an independent auditor for the 2023 financial statements, and oversees the auditing process carried out by the selected auditor.
- The Audit Committee conducts oversight and supervision of the preparation of the semi-annual and full-year 2023 financial reports.

#### 5. Oversight of transactions between the Company and entities, individuals, internal personnel, and related parties.

#### 6. Assessment of the company's internal control and risk management framework.

#### 7. Supervision of the Board of Directors and Executive Board of the company.

#### 8. Compensation, salaries, bonuses, and allowances for the Audit Committee in 2023:

The remuneration of Audit Committee members is detailed in the Board of Directors' Activity Report.

**In accordance with their responsibilities, Audit Committee members diligently reported the committee's activities, pertinent findings, and recommendations during Board of Directors meetings.**

## II. Results of inspection and supervision by the Audit Committee:

### 1. Results of monitoring the Company's financial statements, operations, and financial situation:

#### 1.1 Review and evaluation of the Company's 2023 financial statements

- The Audit Committee agrees with the assessment provided by the independent auditing firm (the Ho Chi Minh City branch of KPMG Co., Ltd., a subsidiary of KPMG Co., Ltd.) regarding the company's financial statements for the fiscal year ending December 31, 2023: The financial statements present, in all material respects, a fair and accurate depiction of the financial position of PNJ Company and its subsidiaries, in accordance with Vietnamese Accounting Standards, the Vietnamese Enterprise Accounting System, and relevant legal regulations governing the preparation and presentation of financial reports.
- The Audit Committee directs the Internal Audit Committee to oversee the process and maintain ongoing communication with the Independent Auditor and the Executive Board throughout the audit of the 2023 Financial Statements.
- Summary of audited financial report data

Unit: Billion VND

Report on Business Results	2023	2022	% 2023/2022	Growth Rate 2023
Net Revenue	33,137	33,876	-2.2%	93.1%
Profit Before Tax	2,489	2,312	7.6%	100.6%
Profit After Tax	1,971	1,811	8.9%	101.8%

Balance Sheet	31/12/2023	01/01/2023
Current Assets	12,958	11,966
Fixed Assets	1,470	1,371
<b>Total Assets</b>	<b>14,428</b>	<b>13,337</b>

<b>Balance Sheet</b>	<b>31/12/2023</b>	<b>01/01/2023</b>
<b>Short-term Debt</b>	4,612	4,883
<b>Long-term Debt</b>	9	10
<b>Liabilities</b>	<b>4,621</b>	<b>4,893</b>
<b>Equity</b>	<b>9,806</b>	<b>8,444</b>
<b>Total Capital</b>	<b>14,428</b>	<b>13,337</b>

<b>Profitability Ratios</b>	<b>2023</b>	<b>2022</b>
<b>ROS</b>	<b>5.9%</b>	<b>5.3%</b>
<b>ROA</b>	<b>14.2%</b>	<b>15.1%</b>
<b>ROE</b>	<b>21.6%</b>	<b>25.0%</b>

### **1.2 Assessing the accomplishment of the company's business objectives in 2023**

- Despite facing economic challenges impacting overall consumer demand within the retail sector in 2023, the Board of Directors and Executive Board navigated strategic initiatives and practical measures. These included expanding store networks, attracting more customers, diversifying product offerings, and optimizing costs, leading to notably positive outcomes amidst adverse conditions.
- Through concerted efforts from the management team and staff, PNJ Group accomplished the following milestones:
  - Net revenue experienced a 2.2% decrease in 2023 compared to 2022, achieving 93.1% of the 2023 target.
  - Pre-tax profit surged by 8.9% in 2023 compared to 2022, reaching 101.8% of the 2023 plan.

### **2. Evaluation report on transactions between the Company and related entities:**

Under the guidance of the Audit Committee, the Internal Audit Committee diligently oversees and assesses transactions between the Company and related entities. The Audit Committee consistently engages in periodic evaluations and discussions with the Board of Management to enhance monitoring mechanisms. Transactions conducted between the Company and related entities throughout 2023 adhere to Operational Protocols, the Company's Charter, and prevailing legal regulations.

### **3. Evaluation results of the Company's internal control and risk management system:**

The Board of Directors and the Executive Board have demonstrated a keen interest in fortifying the Company's internal control and risk management framework to ensure comprehensive and efficient operation, aligning with industry best practices:

- Various training and communication initiatives on Risk Management have been undertaken, aiming to cultivate risk awareness among all staff members. These include regular risk management newsletters, workshops tailored for management tiers, and specialized training sessions for new employees based on their roles.
- A risk inventory for the company's key activities has been established, and risk management endeavors have been extended to subsidiary companies, with preliminary digitization of relevant information. Moving forward, the Executive Board is urged to broaden the application of risk management practices across various activities, enhancing their efficacy.
- There is a concerted effort to review, refine, optimize, and explore digital solutions for the system of processes and regulations under the Executive Board's supervision. Training courses and workshops focused on Operational Excellence have been

conducted to bolster employee awareness in this domain. To yield tangible outcomes, the Company should allocate ample resources to this endeavor in 2024.

- Compliance inspection activities are being executed in a synchronized manner, with emphasis placed on reinforcing post-inspection remedial and preventative measures to bolster effectiveness and efficiency following inspections.

#### **4. Internal audit activities:**

- Throughout 2023, the Internal Audit Committee diligently conducted internal audits on activities deemed highly significant. The audit findings were promptly relayed to the Audit Committee and subsequently conveyed to the Executive Board for necessary corrective actions and recommendations.
- Internal audits were meticulously executed as per the devised plan, taking into account the expectations and focal points highlighted by the Audit Committee and the Executive Board. These audits adhered strictly to established processes, ensuring independence and objectivity in their assessments.
- Regular training initiatives aimed at enhancing the professional competencies of the audit team were consistently administered. PNJ Internal Audit actively participates as a contributing member of the Vietnam Institute of Internal Auditors (IIA Vietnam).
- Operating in accordance with prescribed regulations, the Internal Audit Committee diligently follows directives issued by the Audit Committee. This includes overseeing and scrutinizing the Company's transactions involving internal parties and affiliated individuals, as well as supervising the preparation and auditing processes conducted by independent auditors. In line with its mandate, the Internal Audit Committee promptly reports its findings to the Audit Committee and proffers recommendations to the Executive Board to bolster the effectiveness of the Company's internal control and risk management framework.

#### **5. Results of supervision of the Board of Directors and Executive Board of the Company:**

- Throughout 2023, the Board of Directors exhibited commendable flexibility and decisiveness in charting the Company's developmental trajectory. Moreover, they faithfully executed the resolutions set forth by the General Meeting of Shareholders.
- In response to the myriad economic challenges and the concomitant decline in purchasing power pervading the retail landscape, both domestically and within the jewelry industry, the Executive Board adeptly devised and enacted timely, innovative, and astute policies. These initiatives played an instrumental role in steering the Company towards notable achievements, bolstering customer confidence, and fostering staff solidarity and cohesion.
- The Board of Directors, alongside the Executive Board, diligently adhered to the resolutions endorsed by the General Meeting of Shareholders and those promulgated by the Board of Directors, all while ensuring strict adherence to the Company's Charter and Regulations.

#### **6. Results of evaluating the coordination between the Audit Committee and the Board of Directors, General Director, and shareholders:**

- The Audit Committee benefited from the full support of the Board of Directors, the CEO, and the Executive Board throughout its tenure, operating in strict accordance with internal regulations governing corporate governance and the operating guidelines of the Audit Committee.
- Regular meetings between the Audit Committee and the Executive Board facilitated timely information dissemination, enabling the Audit Committee to furnish requests and recommendations promptly. These interactions served to enhance awareness regarding risk management, drive the implementation of measures aimed at bolstering the internal

control system, address issues arising from internal audit findings, and streamline coordination mechanisms within the 3-line model. The Executive Board promptly addressed the raised concerns, directing the relevant units to coordinate and effect necessary actions accordingly.

### **III. Recommendations of the Audit Committee:**

The Audit Committee proposes that the Executive Board persist in executing the following initiatives:

1. Continuously enhance and implement the risk management framework, aligning risk appetite and metrics with PNJG's growth strategy and industry dynamics.
2. Finalize the coordination mechanism within the 3-line model, delineating and amplifying the assurance role of each tier through the assurance matrix. Integrate risk management tools and information channels across the internal control system to bolster the company's resilience to risks.
3. Conduct a comprehensive review, refinement, and standardization of operational procedures. Establish an evaluation mechanism to enhance the efficiency and coherence of the internal control system.
4. Allocate additional resources and attention to compliance inspections and post-inspection remediation and preventive measures. Promptly devise solutions to address emerging risks.
5. Heighten focus on risk management and ensure compliance with tax laws and prevailing regulations. Adjust promptly to changes in governmental policies within PNJG's operational sphere.

### **IV. Orientation for Audit Committee activities in 2024:**

The Audit Committee envisions the following key tasks for 2024:

1. Spearhead the enhancement of the corporate governance framework in line with best practices. Oversee its implementation to augment the effectiveness of risk management and internal control within PNJG.
2. Enhance the operational capacity of Internal Audit by adopting a proactive and adaptable approach to assurance activities. Elevate the professional proficiency of the Internal Audit team and cultivate advisory capabilities.
3. Supervise the Board of Directors and Executive Board to ensure full adherence to the resolutions passed by the General Meeting of Shareholders and the Board of Directors. This supervision aims to ensure the Company attains its objectives while complying with legal mandates and internal management regulations.
4. Execute all functions delineated for the Audit Committee as per the operating regulations ratified by the Board of Directors.

Respectfully submitted to the General Meeting of Shareholders for consideration and approval.

**ON BEHALF OF THE AUDIT COMMITTEE  
CHAIRPERSON OF THE AUDIT COMMITTEE**

*(Signed)*

**LE QUANG PHUC**