



GELEX GROUP



SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

No.: 01/2023/GELEX/BC-UBKT

Hanoi, March 29, 2023

**REPORT OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS
IN THE AUDIT COMMITTEE**

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

1. List of independent members of the Board of Directors (“BOD”)

At the reporting date, the BOD of GELEX Group Joint Stock Company (“**GELEX**”) has 2/7 independent members (accounting for 29% of the number of BOD members), which is in accordance with the provisions of the Enterprise Law 59/2020/QH14 promulgated on June 17, 2020 and also in line with the provisions of Clause 4 Article 276 Decree 155/2020/ND-CP guiding the Securities Law.

The list of independent members in the Audit Committee is as follows:

Full name	Appointment date	Position at GELEX
Mr. Dau Minh Lam	June 18, 2021	BOD Member, Chairman of the Audit Committee (“ AC ”)
Mr. Nguyen Trong Hien	March 31, 2021	BOD Vice Chairman, Member of the Audit Committee

2. Report of BOD independent members in the Audit Committee

2.1. Evaluation of activities of the Board of Directors and the Management Board

The BOD independent members supervised the activities of the BOD and the Management Board in the fiscal year 2022 in the following specific aspects:

- ***Financial reporting, operations, and financial position of GELEX***

- Financial statements were prepared and published in accordance with accounting standards and current regulations of law. The prepared financial statements give a fair and true reflection of the financial position of GELEX;
- Resolutions and decisions were issued validly by the right authority in compliance with the information disclosure regime applicable to listed companies;
- The selected auditor is qualified in terms of reliability, honesty, compliance with audit deadlines, compliance with professional regulations, independence, and objectivity when giving audit opinions;
- GELEX's financial position in 2022 was maintained healthy; in particular, indicators of solvency, capital structure, and operational capacity were in line with the Group's development reality.

- ***Compliance with regulations on holding BOD meetings***

- BOD meetings were convened and conducted in accordance with the process and procedures stated in the GELEX Charter. The contents of the BOD meetings were reported, discussed, and evaluated fully, openly, fairly, transparently, and carefully to give the best orientations and solutions for GELEX;
- Quarterly, the BOD held a meeting to evaluate and update the Group's business and financial situation, thereby discussing and making appropriate policies and decisions on development strategy, management system, developing and continuously revising necessary governance policies and decisions for GELEX;
- The BOD decisions at the meetings are in accordance with the law, the GELEX Charter, the GELEX Internal Governance Regulations, the annual GMS resolutions, and the strategy approved and reported at the GMS.

- ***Supervision of the Management Board***

The Audit Committee conducted supervision through:

- Directly participating in BOD meetings, supervising the activities of the Management Board through the observance of the BOD resolutions as well as the decentralization mechanism between the BOD and the Management Board;
- Deploying supervision activities by the Audit Committee in a variety of ways through reporting channels and contacting with Heads of specialized departments in building a system of internal governance documents at GELEX;
- Using the reporting channels and contacting the Internal Audit Department ("IAD").

- ***GELEX's internal control and risk management system***
 - Risk management was combined with internal control enhancement through the implementation and completion of the internal audit plan of 2022;
 - Advised the Management Board in perfecting the system of internal management documents and operating procedures, thereby minimizing risks and strengthening the mechanism to control the performance of departments/divisions and frequent activities;
 - The Management Board implemented a flexible combination of adaptive measures to prevent risks in the context of economic downturn, thereby minimizing the impact on business activities;
 - Management of legal issues and legal risks was carried out effectively. In 2022, GELEX did not incur any material legal risks;
 - The material risks detected in the internal audit were notified by the Audit Committee to the Management Board and the BOD for timely directions of remedial measures.
- ***Transactions between GELEX internal persons or related persons of internal persons and subsidiaries or companies controlled by GELEX***
 - GELEX complied with the relevant regulations on the authority to approve, monitor, and disclose transactions between GELEX internal persons or related persons of internal persons and GELEX, subsidiaries, or companies controlled by GELEX. These transactions were disclosed in accordance with the provisions of the law.

2.2. Report on activities of the Audit Committee

In 2022, the Audit Committee continued to operate based on the standards and conditions of members of the Audit Committee and the functions and duties of the Audit Committee as prescribed in the Enterprise Law of 2020 and Decree 155/2020/ND-CP. On this basis, the BOD approved:

- The amendment and supplementation to the “Operation Regulations of the Audit Committee of GELEX Group Joint Stock Company” according to Resolution 21/2022/GELEX/NQ-HDQT dated August 30, 2022 to be consistent with the actual operation of the Audit Committee;
- The amendment and supplementation to the “Internal Audit Regulations of GELEX Group Joint Stock Company” according to Resolution 22/2022/GELEX/NQ-HDQT dated August 30, 2022 to be consistent with the actual operation of the Audit Committee.

- ***Meetings, conclusions, and recommendations of the Audit Committee***
 - The Audit Committee advised and submitted to the BOD for approving the update of the Internal Audit Regulations and advised the Internal Audit Department on the Internal Audit Plan of 2023, action plans, and other professional issues;
 - The Audit Committee organized regular meetings as prescribed, and the recommendations of the Audit Committee and the Internal Audit Department were sent to relevant parties for implementation to mitigate risks.
- ***Coordination of the Audit Committee with the BOD and the CEO***
 - The Audit Committee actively coordinated with the BOD and the CEO in performing the duties in compliance with the provisions of the issued Regulations of the Audit Committee.
- ***Remunerations, operating expenses, and other benefits of the Audit Committee and each of its members***
 - Remunerations, operating expenses, and other benefits of the Audit Committee and each of its members were compliant with the provisions of the Enterprise Law and the GELEX Charter. Further details were presented in GELEX's Consolidated Financial Statements for the year ended December 31, 2022.

3. Recommendations of BOD independent members

The BOD independent members made several recommendations on the governance and management of the BOD and the Management Board of GELEX as follows:

3.1. General recommendations:

- The General Meeting of Shareholders should approve the list of independent auditors for the fiscal year 2023 as proposed by the Audit Committee;
- Continue to update, supplement, and complete the system of internal documents of GELEX in order to standardize operations and improve productivity and efficiency of the internal control system;
- Regularly inspect and assess the internal control system at GELEX in order to review and limit risks in the process of operation and business;
- Enhance and strengthen compliance in transactions between GELEX internal persons or related persons of internal persons and GELEX, subsidiaries, or companies controlled by GELEX through Group-wide clear communication, establishment of strong sanctions for violations that cause conflicts of interest, tightening of policies,

and supplement of methods and tools for monitoring and evaluation throughout the system to aim at publicity, transparency, and compliance with legal regulations;

- Identify the Group's overall goals and orientations as well as the roles and responsibilities of all levels in risk management, thereby building a risk management culture to become an important part of the Group's culture;
- Associate risk management with decision making and goal setting to balance risk and return;
- Continue to train successors, rotate staff in accordance with the Group's personnel policy, and develop a mechanism to attract and retain qualified personnel.

3.2. Recommendations on core business activities

- Build strategic orientations with a long-term vision for member companies, diversify products and customer segments to avoid the risk of focusing on a few key products and key customers;
- Strengthen research and development (R&D), including market research, competitor assessment, thereby capturing market trends, maintaining leading brands and enhancing competitive advantages;
- Develop a purchasing system towards saving and optimizing costs through learning and researching alternative materials, integrating, and closely contacting with the production system; strengthening regulations on supplier selection, conducting periodic reviews and monitoring;
- Complete the sales network, strengthen the regulations on sales policy and process, balance the development of new markets and customers with taking care of existing markets and customers, develop standards for periodic evaluation, and strengthen supervision and follow-up of the distribution system.

3.3. Recommendations on investment and finance

- Manage medium- and long-term capital mobilization in line with strategic directions, thereby ensuring balance, efficiency, rigor, and compliance;
- Determine clear strategies and goals in investment asset management and review and evaluate the profitability of investment assets throughout the system to balance risks and profits;
- Strengthen monitoring, supervision, and evaluation in project development and implement construction investment and project operation methodically and professionally.



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

Recipients:

- Shareholders;
- BOD;
- Information disclosure;
- Filed in office.

BOD INDEPENDENT MEMBER

BOD INDEPENDENT MEMBER

(Signed)

(Signed)

NGUYEN TRONG HIEN

DAU MINH LAM