THANH THANH CONG – BIEN HOA
JOINT STOCK COMPANY

SOCIALIST REPUBLIC OF VIETNAM
Independence-Freedom-Happiness

Tayninh, September 28th , 2024

FY 2023-2024 AUDIT COMMITTEE'S PERFORMANCE REPORT AND ACTION PLAN OF AUDIT COMMITTEE FOR FY 2024-2025

To: **GENERAL MEETING OF SHAREHOLDERS**

Dear, Shareholders

Dear, Annual General Meeting of Shareholders

Based on

- Enterprise Law of Socialist Republic of Vietnam No.59/2020/QH14 dated 17 June 2020;
- Functions, Roles of Audit Committee prescribed in Company Charter; Regulation of organization and operation of audit committee;
- OECD Principles of Corporate Governance (revision 2023);
- COSO Internal Control Framework 2013;
- COSO ERM Framework 2017 & ISO 31000-2018;

Audit Committee submit Annual General Meeting of Shareholders about the performance report of Audit committee in FY 2023-2024 and Orientation of Activity in FY 2024-2025 as below:

PART 1 – OVERVIEW OF AUDIT COMMITTEE

1.1 Structure; function and task of Audit Committee

Audit committee are subordinate to Board of Director (BOD) and have main task as following:

- Supervise the operating performance status of the company
- Review the related party transactions (RPT)
- Review internal control system and risk management
- Oversee the operation of BOD, Board of management (BOM)
- Assess the coordination between Audit committee and BOD, CEO & Shareholders
- Oversee the operation of external audit & internal audit
- Others (If any)

1.2 Audit committee members

Audit Committee includes 3 members:

- Audit Committee Chairwoman–Independent member of the BOD -Vo Thuy Anh
- Audit Committee Vice Chairman -Non Executive member of the BOD - Dao Duy Thi
- Audit Committee Member–Independent member of the BOD - Tran Trong Gia Vinh

Audit Committee directly manage the operation of internal audit & do not participate in any management activity.

PART 2 – OPERATION PERFORMANCE REPORT FY 2023 – 2024

2.1 Remuneration, operation expense and other benefits of Audit Committee

Remuneration, operating expense of Audit Committee of FY 2023-2024 were under control within plan (detailed in audited finance statements).

Besides remuneration, operating expense; Not any other benefits were incured in the period.

2.2 Summary of Audit Committee's Operation in FY 2023-2024

2.2.1 Summary of Audit Committee's Meeting 2023-2024

In FY 2023-2024, Audit Committee organized 4 meetings and many call meeting; brainstorming session about extraordinary problem; arised high risk events. Audit committee members discussed; agreed about any solutions to operating issues and implementation of internal audit. Summary of main content which was discussed and agreed are as following:

- Main content of audit committee's overseeing function:
  - Consider and assess the estimated outcome of P/L quarterly, biannually, yearly.
  - Assess and comment about RPT (if any).
  - Consider main content of quarter/monthly internal audit report.
- Content of risk management:
  - Discuss about the preparation tasks of 2023-2024 harvesting season and 2024-2025 growing season; significant risk assessment maybe occured after announcement of sugarcanes procurement policy and sugarcane investment policy in order to orient to audit and cover risks.
- Content of Internal audit:
  - Consider the revision of internal audit plan in accordance with arising ad-hoc risks, therefore direct to extraodinary audit
  - Discuss about solution and improvement approach; Change audit approach with audited function, inclined to enhances the synergy with risk &legal function.
  - Consider the yearly internal audit report and orientation to internal audit's operation in FY 2024-2025
- Others:
  - Orient to implement solutions to protect the whistleblowers
  - Discuss about business continuity management status and improvement roadmap.
  - Critical thinking with BOM about orientation, method, approach to internal communication of changing the business model and through workshop to listen, get insights about the obstacles in the process of changing into 3 center, 3 services and 1 system in order to implement the AGM resolution in FY 22-23, as well as understand each other about the importance of change management from the old model to new one.

2.2.2 Audit committee's operation were performed in FY 2023-2024

In FY 2023-2024, Audit Committee carried out, led to carry out some activities according to function, from that support to enhance enterprise competency in areas such as risk management, internal control, internal audit aimed to achieve objectives, including:

- Make solution to enhance to protect the whistleblower through protection mechanism/policy and/or through independent third party such as law company
- Lead the risk department and Ernst &Young Viet Nam Ltd Co to success implementation under phase 1 of Business Continuity Management project through reviewing and improving crisis management process according to ISO 22301 & ISO 22361

2.3 The outcome of performing audit committee's task

2.3.1 The supervising outcome of the company operation performance

2.3.1.1 Business performance

Audit committee agree with the BOD report and BOM report about the company business report.

In 2023 & the half of 2024, we have seen the fluctuation of exchange rate, interest rate, financial market, inflation, climate change under El nino, Lanina which have great impact on agriculture in general and the sugarcane separately through hot storm in Southeast Asia & tropical hurricane. Along with prolonged geopolitical conflicts such as Russia-Ukraine, Israel-Hamas; Israel-Iran, Red Sea-Houthi rebel crisis, this leads to global supply chain disruption and the surging of logistic expense and raw material price.

Under above-mentioned circumstances, the business operation of company faced challenges but with great efforts of the TTC AgriS's members, the actual results of FY 2023-2024 still outperformed the planned target which annual shareholders meeting resoluted.

2.3.1.2 Financial Performance

Audit committee reviewed the 2023-2024 separated and consolidated financial statements (FS), audited by Ernst & Young Co, Ltd with assessment:

- Agree with assessment of external audit about the truth and fairness of FS;
- FS were prepared and presented according to Vietnam Accounting Standards; Moreover, the FS of overseas subsidiaries complied with the preparation & presentation according to National Accounting Standards (more nearly IFRS Standards than Vietnam Accounting Standard); the data on year-end FS for FY 2023-2024 reflected value of current assets of the Company completely;
- The financial ratios were relevant with current condition of the Company, not any abnormal fluctuation of financial ratio;
- Not any significant fraud or not any material errors;
- Accounting policies and accounting estimations were unchanged in comparison with the previous period.

2.3.2 **Assessment of related parties transactions**

2.3.2.1 Regarding the transactions between the company, subsidiaries, other companies which the Company owned > 50% chartered capital and BOD's member, BOM and other related persons:

Above the transactions which related to remuneration, salary and other benefits approved by Annual general shareholder's meeting, BOD's authorization and other company regulations, In FY 2023-2024 The Audit committee confirmed that Not any other significant transactions have occurred between the company, subsidiaries, other companies which the Company owned > 50% chartered capital and BOD's member, BOM and other related persons.

2.3.2.2 Regarding transactions between the Company and company which BOD's members, BOM's members was founder or manager within 3 latest year before transactions

Related Companies were listed and approved by FY 2021-2022 annual general shareholder's meeting about agreement of signing contracts and transactions with related companies. Transactions are mainly used for the business, finance activities and no abnormal transactions, no violation of company regulations or current statutory requirements.

2.3.3 Results of assessment on internal control system and risk management system

2.3.3.1 Assessment of internal control system

Based on COSO internal control system, The company search and study the world best practice of internal control system and applied best practice partly relevant to company's context. Based on that, TTC AgriS internal control framework has completed 5 components & nearly approach to best practice.

- Control environment:
  - o Regularly review and update about the delegation and separate responsibility of each BOD's member, BOM in proportion with their assignment and authorization's limit, ensure the transparency, no overlapping of right and responsibility between any level of advisor/reviewer or approval as well as ensure the independence between BOD and BOM appoach to corporate governance best practice.
  - o Among 3 members of Audit Committee, we has 2 independent board members and the AC chairwoman is independent board member. This is approach to best practice about theo independence of Audit committee; ensure the independence throughout the operation of BOD; balance the interest between the company and related stakeholders.
    The company promulgated the ethical code of supplier, demonstrate to manage risk and compliance requirement of third party. TTC AgriS inclined towards Comprehensive control enviroment, not just internal but alo external third party/supplier.
  - o Human policy pay attention to development and solidation of employee to attract high quality personnel. The company has completed the program of succession plan, applied to the best practice to ensure potential personnel for any position and also ensure one method for individual development for important position.
- Risk assessment:
  - o The complete process of planning and budgeting clearly set the business target. Simultaneously, the risk management is kept going on from Head office to Business

unit through risk coordinator and risk owner, help TTC AgriS to acchieve the objectives.

- o In the period, The risk management framework has upgraded by implementation of business continuity management project (BCM). From that, The company has completed phase 1- crisis management, including clearly defined, structured, organized, process and instructions on response to crisis situation under TTC AgriS's operation
- o The company also monitored and promulgated the new risk appetite aligned with business model change and better practice of ESG inclined to sustainable development. These adjustment is suitable for the change of company strategy towards integrity, ethical, green and sustainable business activities.
- o Under economic turbulences, The company proactively identify, assess and control risk before the outbreak of high risk event. The risk owners proactively coordinated with Risk-Process-Compliance Department in the process of identifying, assessing and build up strategy/plan, top risk and risk response to minimize the impact of risks on business
- o Risk monitoring system was activated, followed up, measured and oversee the KRIs by risk owner; and periodic and non-periodic risk supervision report submited to BOD monthly.
- o Risk owners and process owners monthly take accountable for any KPIs, KRIs in the function/BOM/BOD meetings.

- Control Activities:
  - o Renovate the company regulation systems according end-to-end process, in an systematic manner, ensure full control checkpoint, upgrade procedures/ work flows under the progress of business model change.
  - o Ensure appropriate authorities and responsibilities principles through RACI matrix; organization chart with board oversight; clear and transparent reporting lines
  - o Ensure principles of segregation of duties to be applied in job assignment. Occuring transactions is done and approved fully, correctly based on RACI and internal regulations.
  - o With comprehensive digital transformation & the time of digitalization, the errors by human are under better control by digital checkpoint which the company has pioneered. The data and information are managed, centralized to store, access/export/copy/transfer control under appropriate RACI matrix. The company maintain back up data system and has plan to build up disaster response plan aimed to business continuity management.
  - o The access authority to internal/external information is clearly defined with theo proportion to each function/task.
- Information and Communication systems:
  - o Management report system is gradually upgraded to supply information exactly, timely, fully for decision makers

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- The internal communication system have been thoroughly set up and maintained by MS Team, Email;Portal; ensure the integrity, the availability and confidentiality of information; ensure all employee to access neccessary information according to each functional department/task.

- Monitoring systems:
    - The company maintained the cross checking activity and cross KPI assessment between functions from the top to bottom, and from bottom to the top, make mechanism for effective cross checking.
    - The internal audit function is organized, structured, kept position independently from BOM (recruitment; salary/bonus/KPI assessment; reporting lines directly go through BOD). This ensure the independence, objectivity, no impact/influence by BOM. Above competency framework requirement adaptation, the ethical requirement always the top requirement/criteria to recruit, assess employee annually to ensure continuous independence, objectivity of internal auditor.
    - Internal audit function helps to find out the defect of control system. From that, communicate, follow up and push to correct the defect through audited report and performance report biannually/annually. The existing issues was identified and sent to right "address" to solve, make mechanism to remind/require to take accountable for defect biannually/annually to solve problem timely before exarcerbation

2.3.3.2 Assessment of risk governance operation

FY 2023-2024 marked great milestones of changing TTC AgriS into 3 center, 3 service, 1 system. From that, The company has identified external and internal risk impacted the strategic objectives and took the risk response into serious comprehensively

The enterprise risk governance of TTC AgriS was based on ISO 31000:2018 and COSO ERM Framework. From that, the company identified significant risks such as:

- Climate change risk–extreme weather
- Cyber attack risk, Information leak
- Geopolitical conflict risk, Food security
- Risk of main trend of consuming sector
- Business model change risk

Regarding above risks, TTC AgriS take risk response in timely and comprehensive manner as below:

- Roadmap to transformation and restructuring of company inclined towards transforming business sector structure, continuing the core business (sugar) and expand into FBMC business sector. Moreover, Transforming into integrated ESG corporate governance model aimed to manage risk comprehensively, sustainable development for the company and the community.
- Clearly identifying the turbulence in the business environment which could disrupt the operation, The company made the program of business continuity management and completed the phase 1- The crisis management which prioritized to focus on supply chain

crisis, exchange rate and interest rate, the missing of important employee risk, media crisis risk. The company start phase 2 which focus on disaster recovery plan and standardize the general IT control process

- Set up the Transformation Board and take responsible for follow up, monitoring risk in the progress of implementation of changing the business model into 3 center, 3 services, 1 system to ensure to achieve the company objectives.
- Completing risk governance framework and build up compliance management framework (including 01 regulation on compliance management and 02 procedures for compliance management)
- In the daily risk management, the company completed the risk profile in TTC AgriS and Subsidiaries. Simultaneously, kick off to systemize and pilot new risk strategy approach to routine risk and non routine risk at one BU. Maintain risk news, communication cards, risk management training session to maintain culture, to upgrade and penetrate into awareness of risk owner.

2.3.4 Results on supervision of BOD and BOM

2.3.4.1 Activity of BOD :

- Audit Committee realized that the corporate governance of BOD complied with current law, Company charter, Annual General Shareholder's Meeting's Resolution, Resolutions on organization and operation of BOD and other corporate governance resolution.
- Governance was implemented and closely pursued to target, orientation which annual general meeting of shareholders have already resolved to assign into specific tasks .
- BOD members have competencies and do duties with integrity, due care for the company/shareholders interest

2.3.4.2 Operation of CEO and BOM :

- CEO and Deputy CEO managed the company in compliance with their function, duties, current statutory requirement and internal corporate governance rules .
- Resolutions, Decisions of BOD were implemented by BOM timely and relevantly. Managing daily tasks have flexibility as well as neccessarily professional due care .
- Do all duties for state and ensure welfare and benefits policy for employee .

2.3.5 Results of assessment on coordination between Audit Committee and BOD, BOM and Shareholders .

2.3.5.1 Coordination between Audit committee and BOD, BOM :

- Audit Committee already set up close coordination with BOD, BOM in monitoring and internal audit .
- BOD and BOM facilitate Audit Committee to do their duties, function and Audit committee was supplied with full documents and study materials related to company activities .
- Audit Committee/Internal audit actively took part in periodic meeting, adhoc meeting of BOD, BOM arising in the period .

- Regarding FY 2023-2024 audit plan, Audit committee inspected and coordinated with departments in controling, monitoring the company's business operation .

2.3.5.2 Coordination between Audit Committee and Shareholders :

Audit committee always maintain "ready status" to receive, handle and feedback reasonable requirements, recommendations of shareholders in accordance with law and company charter related to inspection, oversight of BOD, BOM or any aspects of company activities as required and appropriately.

2.3.6 Activity of external and internal audit.

2.3.6.1 External Audit

Auditor for FY 2023-2024 is Ernst & Young Vietnam Co.Ltd and BOD still nominate this company as 2024-2025 auditor lists.

Audit committee followed up and assessed the independence, objectivity of external auditor in the process of audit, reviewed the separated and consolidated FS of 2023-2024 and ensured that act of external audit is appropriate as detail:

- Review and monitor qualifications, competencies, audit resource and the independence/objectivity of external auditor member and signs of the impairment of independence (If any).
- Consider the yearly external audit plan.
- Update with external audit about risk related items on FS periodically.
- Assess the quality and efficiency of external audit annually, base for next nomination of external audit.

2.3.6.2 Internal Audit

In the 2023-2024, Internal Audit department audit 95/70 topical requirements (including internal audit and others activity), including 18 topic unplanned/adhoc required by BOD, outperformed 120% annual plan

The topics which internal auditors are based on cover every aspect of activities of TTC AgriS (i) promptly detect, prevent violation of compliance lead to risk of asset loss or reputation of AgriS (ii) ensure to fix problem/shortcomings/violations, correct and implement recommendations on time (iii) promptly identify, recommend related to risks/shortcomings on operation

According to audit report, most findings are (i) financial compliance (ii) inventory management (iii) sales competency (iv) farmer and farm management. From that, internal audit team make recommendations to ensure compliance and enhance efficiency and effectiveness of activities on significant aspects. All recommendations are received, handled. In total finished recommendations, Short term deadline accounts for 19%, Medium term accounts for 43% and Long term accounts for 38%. 248/330 recommendations was implemented. The others is still on deadline and is being followed up to correct.

PHẦN 3 – ACTION PLAN FY 2024–2025

3.1 Objectives FY 2024-2025

3.1.1 The company target and significan risks

Next financial year continue on the road to main objectives up to 2030:

- Business target: (i) Get 60.000 sales (ii) Expand into FBMC inclined to FBMC sales accounts for 40% total sales (iii) Build up international sales unit
- Corporate governance target: Corporate governance comply with best practice and international standard about Accountability-Transparency-Responsibility-Fairness, reach to sustainable development for the company and stakeholders, add value to all stakesholders.

With above target, TTC AgriS still identify significant risks including:

- Climate change risk–Extreme weather
- Cyber attack risk, Information leak
- Geopolitical conflict risk, Food security
- Risk of main trend in consuming sector
- Business model change risk

The company will continue to manage risks as identified.

3.1.2 Objectives of audit committee

With own task, Audit Committee continue to maintain permanent tasks as well as take some initiatives to support company to achieve the objectives.

Permanent tasks

- Oversee and enhance internal audit function based on significant risks and inclined to global internal audit standard published on 9/1/2024
- Ensure the adequacy, effectiveness, efficicency of internal control. Review the risk management system
- Review the related party transactions
- Ensure the truth & fairness of disclosure of information on financial results and non finance results.
- Oversee to ensure the compliance with law, statutory agencies and internal regulations.
- Oversee risks related to develop distribution channel and internation trade in the market such as China, Australia, Indonesia

Other initiatives

- Oversee and support to manage risks of business model change into 3 center, 3 services, 1 system.
- Implement next phase to upgrade the business continuity management competency in TTC AgriS.
- Oversee the transformation of FS in compliance with IFRS on ready and still on roadmap.

- Oversee roadmap to ESG commitment, ensure the ESG implementation to the best practice.

3.2 Solutions

3.2.1 Permanent tasks

- Risk governance and internal control system:
    - Regarding operation risk bring to negative affect: Focus on building up the internal control system effectively, efficiently at all level as well as increase the advisory competency about regulations, policy and procedures.
    - Regarding risks related to bring opportunities at strategic level: oversee the enterprise risk management framework (including risk appetite statement; risk measurement; risk tolerance and KRIs)
    - Regarding external risk, uncontrollable risks: oversee the act of business continuity management plan
- Internal auditing:
    - Prioritize to supervise and audit based on significant risks with the objectives of well managing significant risks. Build up internal audit plan aligned with risks profile at every Centers/core activity, focus on significant risks register.
    - Audit resource is focus on operating procedure, high risk areas/activities, allocated and based on previous audited outcome.
    - Personnel: ensure adequate and appropriate human resource aligned with orientation; promote to self training.

3.2.2 Other initiatives

- Enhance competency and add more resources into supervision roles and support to manage risk of business model change into 3 center, 3 services, 1 system successfully.
- Supervise the activity of Risk department and advisory third party to continue the project of business continuity management through disaster recovery plan and standardize the procedure of general IT control system, business impact assessment, business continuity plan over significant operation and comlete business continuity management framework.

Best regards

AUDIT COMMITTEE

VO THUY ANH