

INTERNAL AUDIT REGULATION

**BINH MINH PLASTICS JOINT STOCK
COMPANY**

Hochiminh City, 08 Jul. 2022

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INTERNAL AUDIT REGULATION

OF BINH MINH PLASTICS JOINT STOCK COMPANY

(Issued under Decision No. 11 /QĐ-BM/HĐQT/2022 dated 08 Jul.2022 of the Board of Directors)

CHAPTER I

GENERAL RULES

Article 1. Scope

This Regulation stipulates the objectives, scope of activities, positions, tasks, authority and responsibilities of internal audit at Binh Minh Plastics Joint Stock Company and its relationships with other departments, including the scope and manner of providing information for audit purposes and requirements for independence, objectivity, basic principles, professional qualifications, and quality assurance of internal audit and other relevant matters.

Article 2. Subjects of application

This Regulation applies to all members of the internal audit department of Binh Minh Plastics Joint Stock Company, as well as units and individuals in Binh Minh Plastics Joint Stock Company that are related to internal audit activities throughout the Company, including the head office, branches and representative offices.

Article 3. Interpretation of terms

1. Internal audit: The examination, evaluation and monitoring of the adequacy, legitimacy and effectiveness of internal control.
2. Internal auditor: The person who performs the internal audit of the Company.
3. Head of internal audit: The person assigned by a competent authority in accordance with the law or the Company's regulations to be in charge of the Company's internal audit.
4. Risk Management and Internal Control Subcommittee: A specialized unit under the command of the Board of Directors as specified in the Company's Charter.
5. Related parties of an internal auditor: Including the biological father, biological mother, adoptive father, adoptive mother, father-in-law, mother-in-law, wife or husband, biological child, adopted child, biological brother, biological sister, brother-in-law and sister-in-law of an internal auditor.

Article 4. Objectives of internal audit

Through examination, evaluation and consulting activities, internal audit provides independent, objective assurances and recommendations on the following matters:

- a) Proper establishment and operation of the internal control system of Binh Minh Plastics Joint Stock Company to prevent, detect and handle risks of Binh Minh Plastics Joint Stock Company;
- b) High efficiency of the governance processes and risk management processes of Binh Minh Plastics Joint Stock Company;
- c) Operational and strategic goals, plans and tasks achieved by Binh Minh Plastic Joint Stock Company.

Article 5. Positions of internal audit

1. The internal audit department is established by the Board of Directors. The Board of Directors directly manages the internal audit department.
2. The head of internal audit reports technical issues to the Board of Directors.
3. The head of internal audit reports daily administrative tasks (for example, notification of audit schedules, travel and business trip expenses, etc.) directly to the General Director or the person authorized by the General Director.
4. The head of internal audit has the authority to report and discuss directly with the Board of Directors when necessary.
5. The head of internal audit periodically reports to the Board of Directors on the purposes, authority, responsibilities and performances of the internal audit department in relation to the department's plans. The reports also include significant risk and control issues, fraud risks, governance issues and other matters as may be required by the Board of Management or the Board of Directors.

Article 6. Authority of internal audit

1. Internal audit includes independent and objective consulting activities designed to add value to and improve the operation of Binh Minh Plastics Joint Stock Company. Internal audit helps Binh Minh Plastics Joint Stock Company to achieve its goals by applying a systematic and principled approach to evaluate and improve the effectiveness of risk management, control and governance processes.
2. The authority of internal audit includes, but is not limited to, examining and evaluating the adequacy and effectiveness of corporate governance, risk management and internal control, as well as the quality of performance of assigned responsibilities, and making recommendations for improvement to help the Company achieve its goals and objectives.
3. The authority of internal audit specifically includes:
 - a) Provide assurance through inspection and assessment of the adequacy and effectiveness of governance, risk management and internal control to help Binh Minh Plastics Joint Stock Company achieve its strategic goals, operations, compliance and finance:
 - i. Monitor and evaluate governance processes.

- ii. Monitor and evaluate the effectiveness of the Company's risk management processes.
 - iii. Assess the risks involved in achieving the Company's strategic goals.
 - iv. Evaluate systems in place to ensure compliance with policies, plans, procedures and laws, as well as financial, accounting and regulatory regimes, which can have a significant impact on the Company.
 - v. Inspect and confirm the quality and reliability of the information presented in financial statements and management accounting reports before submitting for approval.
 - vi. Evaluate means of safeguarding assets and verify the existence of such assets if necessary.
 - vii. Report significant risks and control issues, including risks of fraud, governance and other matters as required by the Board of Management or the Board of Directors.
- b) Provide insightful analyses and recommendations based on assessment of the Company's data and processes:
- i. Assess the reliability and integrity of management information systems, as well as of the means used to identify, measure, classify and report such information.
 - ii. Analyze activities or programs to determine whether results are consistent with established goals and objectives.
 - iii. Evaluate whether activities or programs are carried out as planned.
 - iv. Evaluate the efficiency and effectiveness of the use of resources.
- c) Provide independent, objective advice and recommendations: Implement consulting activities related to the process of governance, risk management and internal control suitable for Binh Plastics Joint Stock Company.
- d) Perform pre-implementation audits of projects, programs, and operational plans of the audited unit, in order to assess the reliability of information and documents, the economy, feasibility and effectiveness of projects, programs, and operational plans, thus helping managers to obtain critical information for decision-making.
- e) Perform concurrent audits while the implementation of projects, programs, and operational plans of the audited unit is taking place, in order to assess the progress and quality of the implementation process, to promptly detect issues, deviations and weaknesses and to recommend solutions accordingly during the implementation of projects, programs and operational plans, thus ensuring the best achievement of objectives and plans devised for the audited unit.
- f) Perform post-implementation audits after the implementation of projects, programs and operational plans of the audited unit has been completed, in order to implement the scope and objectives of financial statement audits, compliance audits and operational audits of the audited unit.

- g) Consult the Company in selecting and monitoring the use of independent audit services to ensure efficiency.
- h) Provide periodic reports on the purpose, authority, responsibility, and performance of the internal audit department in relation to the department's plans.
- i) Inspect and evaluate specific activities at the request of the Board of Management or the Board of Directors.
- k) Depending on the specific audit subject, upon planning an internal audit, it is possible to combine pre-implementation, concurrent and post-implementation audits.

Article 7. Basic principles of internal audit

1. Independence:

- a) Internal auditors must not concurrently undertake other professional duties within the audited objects. Internal auditors shall not be subjected to any interference while performing the reporting and evaluation tasks.
- b) Internal auditors are not allowed to participate in auditing activities and departments which they were in charge of or manage in the last 03 years.
- c) Internal auditors are not allowed to participate in auditing activities and departments which any of their related parties are in charge of or manage.

2. Objectivity: Internal auditors must ensure objectivity, accuracy, honesty and fairness in the process of internal audit.

3. Compliance: Internal auditors must comply with the law and take responsibility before the law for internal audit activities.

Article 8. Professional standards

1. The internal audit department must comply with legal provisions on internal audit, internal audit standards and principles of professional ethics issued or announced by competent State agencies.

2. In addition, the internal audit department must comply with the relevant policies and procedures of Binh Minh Plastics Joint Stock Company on internal audit, including the internal audit procedures approved and issued by Binh Minh Plastic Joint Stock Company.

Article 9. Ethical principles of internal audit

1. Integrity: Internal auditors must perform their professional duties with honesty, prudence and responsibility, comply with legal regulations and disclose necessary information as required by law and professional requirements of internal audit. Internal auditors cannot participate in illegal activities that damage the reputation of Binh Minh Plastics Joint Stock Company.

2. **Objectivity:** Internal auditors must demonstrate the highest degree of professional objectivity in collecting, evaluating, and communicating information about audited activities and processes. Internal auditors should make unbiased judgments about all relevant circumstances, not influenced by their own or others' personal interests in making judgments, decisions and conclusions.
3. **Professional competence and prudence:** Internal auditors apply professional knowledge, skills and experience in internal audit. Also, internal auditors act with caution, consistent with applicable professional and technical standards.
4. **Confidentiality:** Internal auditors must respect the value and ownership of the information provided and do not disclose such information without the permission of an authorized person, unless such disclosure is under a professional responsibility or as required by law.
5. **Professional conduct:** Internal auditors must comply with relevant laws and regulations, and avoid any actions that degrade their professional reputation.
6. **The head of internal audit must take measures to monitor, evaluate and manage his/her personnel, ensuring that every internal auditor complies with the principles of professional ethics of internal audit.**

Article 10. Professional competencies of internal audit

1. The head of internal audit considers the scope and complexity of audit activities in order to determine the necessary resources for the internal audit department to submit to the Board of Directors for approval. The head of internal audit establishes appropriate criteria for recruiting internal auditors.
2. The head of internal audit should have relevant education/professional qualifications and adequate audit experience. The head of internal audit also needs to have the in-depth business knowledge and other relevant skills.
3. The head of internal audit should assess the knowledge and competencies of the internal audit department for the effective performance of process auditing. If necessary, the use of external experts/consultants may be proposed, in which case the head of internal audit shall make a plan to submit to the Board of Directors for consideration and approval. The head of internal audit is responsible for internal audit activities related to the results of the work of external experts/consultants.
4. The head of internal audit is responsible for audit activities performed by internal auditors. The head of internal audit should ensure that the audit objectives outlined in the approved audit plan are achieved. The head of internal audit should establish a detailed plan for conducting each audit (from the starting of the audit to the issuance of the audit report), taking into consideration the nature and complexity of the audit.
5. Internal auditors should be trained in the necessary knowledge to perform audit tasks. The training should be maintained on a regular basis so that all levels of internal audit personnel can keep up with industry developments and improve their professional skills. The head of internal audit should ensure that all internal auditors are appropriately trained for their assigned responsibilities.

Article 11. Authority of the internal audit department

1. To actively perform tasks according to the approved audit plan.
2. To be equipped with the necessary resources to carry out the work according to the approved audit plan.
3. To be fully and promptly provided with all necessary information, documents and records for internal audit activities.
4. To access and review all business processes and assets when performing an internal audit.
5. To approach and interview all employees of the audited unit on issues related to the audit scope.
6. To receive documents, reports and meeting minutes of the Board of Directors and other functional departments related to the work of internal audit.
7. To attend internal meetings as prescribed by law or in accordance with the Charter and internal regulations of Binh Minh Plastic Joint Stock Company such as:
 - The Board of Directors' meetings, if the agenda has contents related to the internal audit department and is invited by the Chairman of the Board of Directors.
 - The General Meeting of Shareholders, if invited by the Chairman of the Board of Directors.
 - The Control Board's meetings, if invited by the Head of the Control Board.
 - Meetings with the Board of Management and/or functional departments that involve internal audit.
 - Other meetings at the request of the Chairman of the Board of Directors.
8. To supervise, evaluate and monitor the correction, remedy and improvement activities of heads of functional departments on issues noted and recommended by the internal audit.
9. To be protected against any uncooperative actions of the audited unit.
10. To be trained to enhance professional competencies within the internal audit department.
11. All employees and executives in Binh Minh Plastics Joint Stock Company are responsible for providing fully and timely documents, explanations and coordination to support the internal audit department in performing its roles and responsibilities.

Article 12. Responsibilities of the internal audit department

1. To keep confidential all documents and information in accordance with current laws and regulations of Binh Minh Plastic Joint Stock Company.

2. To take responsibility before the Board of Directors for the results of the internal audit work, for all evaluations, conclusions, recommendations and proposals in internal audit reports.
3. To promptly monitor, support and inspect the implementation of recommendations after audit in all departments and affiliations of Binh Minh Plastics Joint Stock Company.
4. To organize continuous training to improve and ensure professional competencies of the internal audit personnel.
5. Other responsibilities as prescribed by law and the Internal Audit Regulation of Binh Minh Plastic Joint Stock Company.

Article 13. Responsibilities and authority of internal auditors

1. Responsibilities

- a) To implement the approved audit plan;
- b) To specify and collect information that is complete, reliable, relevant and useful for the achievement of audit objectives;
- c) To base on appropriate analysis and assessment to draw conclusions and audit results independently and objectively;
- d) To retain relevant information to support audit conclusions and results;
- đ) To take responsibility for the results of audits assigned;
- e) To ensure confidentiality in accordance with the provisions of law;
- g) To improve professional competence and maintain professional ethics;
- h) Other responsibilities as prescribed by law and the Internal Audit Regulation of Binh Minh Plastic Joint Stock Company.

2. Authority:

- a) To exercise their own discretion in making comments, evaluations, conclusions and recommendations on the audited area during an audit;
- b) To request the audited unit to fully and timely provide all documents and information related to the audited area;
- c) To reserve written opinions on audit results within the scope of their assignment;
- d) To exercise other authority in accordance with the law and the Internal Audit Regulation of Binh Minh Plastics Joint Stock Company.

Article 14. Responsibilities and authority of the head of internal audit

1. Responsibilities

- a) To manage the internal audit department to perform the tasks as prescribed;
- b) To ensure that internal audit staff are regularly trained and have sufficient qualifications and professional competence to perform their tasks;
- c) To take measures to ensure the independence, objectivity and transparency of internal audit;
- d) To report to the Board of Directors when detecting any shortcomings in the internal control system;
- đ) To take responsibility for the results of audits performed by the internal audit department;
- e) To ensure confidentiality in accordance with the provisions of law;
- g) Other responsibilities as prescribed by law and the Internal Audit Regulation of Binh Minh Plastic Joint Stock Company.

2. Authority:

- a) To propose to the Board of Directors to issue Internal Audit Regulation, procedures and technical methods;
- b) To request the mobilization of staff from other departments or units and the hiring of experts and consultants to set up an internal audit department and/or to participate in internal audits when necessary, provided that the independence of internal audit is ensured;
- c) To attend meetings according to the internal regulations of the Company and the laws;
- d) To exercise his/her own discretion in making comments, evaluations, conclusions and recommendations on the audited area during an audit;
- đ) To request the audited unit to fully and timely provide all documents and information related to the audited area;
- e) To reserve written opinions on audit results;
- g) Other responsibilities as prescribed by law and the Internal Audit Regulation of Binh Minh Plastic Joint Stock Company.

Article 15. The independence and objectivity of internal audit

1. The internal audit department shall not be subjected to interference by any forces within the Company, on issues including audit selection, audit scope, procedures, frequency, timeline or reporting, in order to maintain the necessary independence and objectivity.

2. Internal auditors have no direct operational responsibility or authority in any audited area. Accordingly, internal auditors must not participate in implementing internal controls,

developing processes, installing systems, preparing records, or engaging in any other activity that may impair their audit judgment.

3. Internal auditors must demonstrate the highest degree of professional objectivity in collecting, evaluating, and communicating information about the activity or process being audited. Internal auditors must make fair assessments of all relevant circumstances and are not influenced by their own or others' interests in making judgments.

4. The head of internal audit shall annually commit and confirm to the Board of Directors about the independence of the internal audit department.

CHAPTER II

INTERNAL AUDIT ACTIVITIES

Article 16. Internal audit methodology

The internal audit methodology adopted is “risk-based” auditing, which focuses resources on auditing units/processes that are assessed as having high risks.

Article 17. Internal audit planning

1. Every year, before December 30, the internal audit department shall submit an internal audit plan for the next financial year to the Board of Directors for review and approval.

2. The internal audit plan shall include the audit scope, subjects, objectives, contents, periods, timelines and schedules, as well as requirements on budgets and resources for the next financial year.

3. The internal audit plan is made based on audit priorities identified through a risk-based approach, taking into account the comments of the Board of Directors and the Risk Management and Internal Control Subcommittee. The head of internal audit must conduct a comprehensive risk assessment of business activities, processes, and divisions to make the internal audit plan. The head of internal audit shall review and adjust the plan as necessary, in response to changes in the business situations, risks, operations, programs, systems and controls of Binh Minh Plastics Joint Stock Company. Any significant adjustments from the approved internal audit plan shall be communicated to the Board of Management, the Risk Management and Internal Control Subcommittee and the Board of Directors through periodic reports.

4. The annual internal audit plan must be approved at the earliest meeting of the Board of Directors since it is submitted to the Board of Directors by the head of internal audit.

5. The approved internal audit plan must be sent to the Board of Management, the Risk Management and Internal Control Subcommittee, and the Board of Directors within 05 days from the date of approval.

Article 18. Internal audit process

The head of internal audit develops a detailed internal audit process in accordance with the operational characteristics of Binh Minh Plastics Joint Stock Company, then consults the General Director and the Board of Directors before issuance.

Article 19. Audit reports and inspection of the implementation of the audit recommendations

1. Individual internal audit reports:

a) A report of each internal audit is prepared by the leader of the designated internal audit team and submitted to the Board of Directors through the head of internal audit within 10 days after completion of the audit. The report must be signed by the audit team leader.

b) The audit report must clearly present the following contents: the audit area and scope; assessments and conclusions on the audited area and the bases for these opinions; weaknesses, errors, violations, and proposed measures to tackle them; proposals to improve technical processes; proposals to strengthen the risk management policy and organizational structure of Binh Minh Plastics Joint Stock Company (if any).

c) The audit report must have the opinion of the management team of the audited unit. In the event that the audited unit disagrees with the audit results, the internal audit report should clearly state the dissenting opinion of the audited unit and its rationale.

d) The audit report, once completed, shall be sent to the Board of Directors and concurrently to the Control Board, General Director, head of the audited unit and relevant departments.

2. Annual internal audit reports:

a) No later than 30 days from the end of each financial year, the head of internal audit must submit an annual audit report to the Board of Directors and the General Director.

b) The annual internal audit report must include at least the following contents:

- The proposed audit plan; the audit work that has been performed;
- Major violations and issues that have been detected; measures that have been recommended by internal auditors;
- Evaluations of the internal control system related to the audited activities and proposals to improve the internal control system;
- Implementation of measures, recommendations and proposals of the internal audit;
- Self-assessment of internal audit achievements and future developments.

c) The annual internal audit report must be signed by the head of internal audit.

3. Extraordinary reports:

In case serious violations are detected or there are high risks that may adversely impact the Company's operations, the internal audit department must immediately report to the Board of

Directors and the General Director. The extraordinary report of issues arising during the financial year includes the following contents:

- a) Risk issues that internal auditors pay attention to;
- b) Weaknesses or issues arising in the internal control system at the Company or in the relevant divisions;
- c) Significant findings that must be handled and tackled by the Board of Directors and the General Director;
- d) The extraordinary report presents issues or findings along with recommendations to tackle them,

The significance and nature of the risk(s) are to be determined by the internal audit department.

4. Inspection of the implementation of internal auditors' recommendations:

- a) Inspect and evaluate results of the work performed by the audited unit at the recommendation of internal auditors.
- b) Report results of the inspection of the implementation of internal auditors' recommendations at audited unit to the Board of Directors and concurrently to the General Director.

Article 20. Archival of internal audit reports, records and working documents:

1. Working documents in each audit must be made in writing (paper or electronic format) and kept in an orderly manner so that competent individuals and units can consult them to understand the activities and results presented in the audit report.
2. Internal audit reports, records and working documents must be archived in accordance with current regulations of the State and Binh Minh Plastics Joint Stock Company.

Article 21. Quality assurance and improvement of internal audit

1. The internal audit department should maintain a quality assurance and improvement program that covers all aspects of its functions.
2. The program should include an assessment of the internal audit department's compliance with internal audit standards, regulations and code of ethics. The program should also evaluate the effectiveness and performance of the internal audit department, thus identifying opportunities for improvement.
3. A performance assessment at the end of each audit and an annual self-assessment of the overall internal audit operation shall be performed by the internal audit department to ensure internal audit quality. In case of necessity, it is possible to hire a qualified audit firm to conduct independent assessments.

4. The head of internal audit shall report to the Board of Directors on the quality assurance and improvement program of the internal audit department, including the results of annual internal assessments and independent assessments (if applicable).

CHAPTER III

RESPONSIBILITIES OF STAKEHOLDERS REGARDING INTERNAL AUDIT

Article 22: Responsibilities of the Board of Directors

1. To promulgate the Internal Audit Regulation of Binh Minh Plastics Joint Stock Company.
2. To approve risk-based internal audit plans and annual internal audit reports.
3. To approve internal audit budgets and resource plans.
4. To receive reports from the head of internal audit on the performance of the internal audit department in relation to the department's plans and other matters.
5. To decide to comply with appropriate requests by the Board of Management and the head of internal audit in determining if there are any inappropriate scope or resource limitations.
6. To create favorable conditions so that the internal audit department fully implements its authority and duties as prescribed.
7. To decide on and approve the implementation of internal auditors' recommendations; to direct the General Director to implement internal auditors' recommendations; to respond timely to internal auditors' recommendations and proposals.

Article 23. Responsibilities of the Risk Management and Internal Control Subcommittee

The Risk Management and Internal Control Subcommittee is responsible for directly supporting and supervising the activities of the internal audit department.

1. To review, inspect and evaluate the effectiveness of the internal audit; to take the main responsibility for ensuring the quality of internal audit activities.
2. To ensure that the internal audit is appropriately positioned within the Company's organizational structure and that there are no unreasonable obstacles to internal audit activities.
3. To develop, amend, supplement and enhance internal audit methodology and policies to submit for the Board of Directors' approval.
4. To ensure effective coordination with independent auditors.
5. To perform other responsibilities according to the Internal Audit Regulation of Binh Minh Plastic Joint Stock Company.

Article 24. Responsibilities of the Control Board

1. To exercise rights and obligations towards internal audit in accordance with the Law on Enterprises.
2. To implement the contents specified in this Regulation.

Article 25. Responsibilities of the General Director

1. To create favorable conditions for the internal audit department to perform its assigned tasks; to direct other departments to cooperate with the internal audit department in accordance with the Internal Audit Regulation.
2. To supervise the relevant departments to implement the recommendations agreed with the internal audit department or directed by the Board of Directors; to notify the internal audit department on the implementation of the agreed recommendations.
3. To ensure that the internal audit department is fully informed of changes and new issues arising in the Company's operations in order to early identify relevant risks.

Article 26. Responsibilities of directors and heads of departments in the Company

1. To create favorable conditions for the internal audit department to perform its assigned tasks; to direct other departments to cooperate with the internal audit department in accordance with the Internal Audit Regulation.
2. To supervise the departments to implement the recommendations agreed with the internal audit department or directed by the Board of Directors; to notify the internal audit department on the implementation of the recommendations agreed with the internal audit department.
3. To ensure that the internal audit department is fully informed of changes and new issues arising in the departments' operation in order to identify the related risks early.
4. To implement approved internal audit recommendations; to respond timely to internal auditors' recommendations and proposals.

Article 27. Responsibilities of audited units

1. To provide all necessary information, documents and records for internal audit at the request of the internal audit department in an honest, accurate and transparent manner.
2. To immediately notify the internal audit department when detecting weaknesses, errors, violations, risks, major loss of assets or risk of loss of assets.
3. To implement the recommendations agreed with the internal audit department or directed by the Board of Directors and/or the General Director.
4. To create favorable conditions for the internal audit department to work at the highest efficiency.

CHAPTER IV

TERMS OF ENFORCEMENT

Article 28. Effectiveness

This Regulation takes effects from 08 Jul.2022

Article 29. Amendment, supplement and replacement of the Regulation

1. The head of internal audit is responsible for periodically reviewing this Regulation and proposing necessary amendments, supplements and replacements.
2. The amendments, supplements and replacements of this Regulation shall be approved by the Board of Directors.

Article 30. Implementation

The members of the Board of Directors, the General Director, the head of internal audit, and all other units and individuals in Binh Minh Plastic Joint Stock Company are responsible for implementing this Regulation.

C.P.H.

ON BEHALF OF THE BOARD OF DIRECTORS

CHAIRMAN



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