

## **TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE**

### **1. Membership**

The Audit and Risk Management Committee (“ARMC” or “the Committee”) shall be appointed by the Board of Directors from amongst the Non-Executive Directors and shall consist of not less than three members, with a majority of them being Independent Directors. The members of the ARMC shall elect a Chairman from among their numbers, and who shall be an Independent Director. An alternate Director shall not be appointed as a member of the ARMC. The Chairman of the Board shall not be the Chairman of the ARMC.

All members of the ARMC should be financially literate. At least one member of the ARMC:

- i. shall be a member of the Malaysian Institute of Accountants; or
- ii. if not a member of the Malaysian Institute of Accountants, the member shall have at least three years’ working experience and:
  - a. shall have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - b. shall be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- iii. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Nomination & Remuneration Committee shall review the term of office and performance of the ARMC and each of its members annually to determine whether the ARMC members have carried out their duties in accordance with the terms of reference.

In the event a former audit partner is appointed as a member of the ARMC, the former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed.

### **2. Meetings and Minutes**

Meetings shall be held at least four times a year, and at least once a year, the Committee shall meet with the external auditors and internal auditors without any executive officer of the Group being present. The Chairman may request for additional meetings if they consider it necessary.

A quorum consists of two members present, both of whom must be Independent Directors.

The Company Secretary shall act as secretary to the ARMC. Minutes of each meeting shall be distributed to each Board member, and the Chairman of the Committee shall report on key issues discussed at each meeting to the Board.

### **3. Authority**

The ARMC shall have the following authority as empowered by the Board:

- to investigate any activity within its term of reference;
- full, free and unrestricted access to any information pertaining to the Group;
- direct communication channels with the external and internal auditors, as well as all employees of the Group;
- to obtain external independent professional advice as necessary; and
- to assess the suitability, objectivity and independence of the external auditors.

### **4. Duties**

The following are the main duties and responsibilities of the Committee collectively:

- i. to review the quarterly results to Bursa Securities and year-end financial statements of the Group before submission to the Board, focusing particularly on:
  - a. the going concern assumption;
  - b. any changes in or implementation of major accounting policies and practices;
  - c. significant issues arising from the audit including financial reporting issues, significant and unusual events or transactions, and how these matters are addressed;
  - d. compliance with accounting standards, regulatory and other legal requirements; and
  - e. major judgmental areas.
- ii. to consider the nomination and appointment of external auditors and, if found appropriate, to recommend their appointment and of their audit fee;
- iii. to consider letters of resignation, if any, from the external auditors and relevant questions pertaining to their resignation or dismissal;
- iv. to discuss with the external auditors, prior to the commencement of audit, their audit plan, which shall state the nature of the audit, and to ensure an effective co-ordination of audit, where more than one audit firm is involved;
- v. to review with the external auditors, their evaluation of system of internal controls, their management letter and the management's response;

- vi. to review the assistance given by the employees of the Company to the external auditors;
- vii. to review the following in respect of internal audit:
  - a. the adequacy of the audit scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its functions;
  - b. the internal audit plan, programme and activities including processes and systems on sustainability management and reporting;
  - c. the major findings of internal audit investigations and management's responses, and ensure appropriate actions are taken on the recommendations of the internal audit function;
  - d. assessment of the performance of the head of the internal audit function;
  - e. appointment or termination of senior staff members of the internal audit function; and
  - f. resignations of internal audit staff members and provide resigning staff members an opportunity to submit their reasons for resignation.
- viii. to monitor any related party transactions and situations where a conflict of interest may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and to ensure that the Directors report such transactions annually to the shareholders via the annual report;
- ix. to review and consider the following in respect of risk management:
  - a. the Enterprise Risk Profile/Register to ensure comprehensive and effective management key risks;
  - b. the risk management strategies, policies and risk tolerance limits for Board's approval;
  - c. the risk assessment, monitoring and management policies and procedures;
  - d. the appropriateness of management response to key risk areas and follow-up on management risk treatment action plans reported.
- x. to review the reports in relation to the adequacy and integrity of the Group's internal control system and to review the results of the annual review done on the system of internal control and the risk management framework;
- xi. to discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors and/or internal auditors may wish to discuss (in the absence of management, where necessary);
- xii. to review all prospective financial information provided to the regulators and/or to the public;
- xiii. to oversee any periodic or ad-hoc audit or assurance activities with respect to sustainability management and reporting processes;

- xiv. to report promptly to the stock exchange on any matter reported by it to the Board of Directors, which has not been satisfactorily resolved resulting in the breach of the Listing Requirements of Bursa Securities;
- xv. to conduct an annual assessment on the suitability, objectivity and independence of the external audit firm; and
- xvi. to consider other matters as may be directed by the Board from time to time.